

CONDENSED CONSOLIDATED GENERAL PURPOSE FINANCIAL
STATEMENTS

Transamerica International Re (Bermuda) Ltd.
As at December 31, 2020 and 2019

Condensed Consolidated General Purpose Financial Statements

As at December 31, 2020

Contents

Auditor's Report.....	3
Condensed Consolidated General Purpose Financial Statements	
Condensed Consolidated Balance Sheets.....	5
Condensed Consolidated Statements of Income	9
Condensed Consolidated Statements of Capital and Surplus.....	11
Notes to the Condensed Consolidated General Purpose Financial Statements.....	12



April 23, 2021

Report of Independent Auditors

To the Board of Directors of Transamerica International Re (Bermuda) Ltd.

We have audited the accompanying condensed consolidated financial statements of Transamerica International Re (Bermuda) Ltd. and its subsidiaries, which comprise the condensed consolidated balance sheets and condensed consolidated statements of capital and surplus as of December 31, 2020 and 2019, and the related condensed consolidated statements of income for the years then ended, and the related notes to the condensed consolidated financial statements.

Management's responsibility for the condensed consolidated financial statements

Management is responsible for the preparation and fair presentation of the condensed consolidated financial statements in accordance with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to condensed general purpose financial statements (the 'Legislation'). Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the condensed consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the condensed consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the condensed consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the condensed consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the condensed consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the condensed consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for adverse opinion on U.S. generally accepted accounting principles

As described in Note 3 of the condensed consolidated financial statements, the condensed consolidated financial statements are prepared by the Company on the basis of the financial reporting provisions of the Legislation, which is a basis of accounting other than accounting principles generally accepted in the United States of America.



The effects on the condensed consolidated financial statements of the variances between the regulatory basis of accounting described in Note 3 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse opinion on U.S. generally accepted accounting principles

In our opinion, because of the significance of the matter discussed in the “Basis for adverse opinion on U.S. generally accepted accounting principles” paragraph, the condensed consolidated financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company and its subsidiaries as of December 31, 2020 and 2019, or the results of their operations or their cash flows for the years then ended.

Opinion on regulatory basis of accounting

In our opinion, the condensed consolidated financial statements referred to above present fairly, in all material respects, the financial position of Transamerica International Re (Bermuda) Ltd. and its subsidiaries as of December 31, 2020 and 2019, and the results of their operations for the years then ended in accordance with the financial reporting provisions of the Legislation described in Note 3.

A handwritten signature in black ink that reads "PricewaterhouseCoopers Ltd." in a cursive script.

Chartered Professional Accountants

CONDENSED CONSOLIDATED BALANCE SHEETS
TRANSAMERICA INTERNATIONAL RE (BERMUDA) LTD.

as at
December 31, 2020

expressed in
United States Dollars

ASSETS

STMT LINE NO.	December 2020	December 2019
1 CASH AND CASH EQUIVALENTS	12,264,969	36,794,301
2 QUOTED INVESTMENTS:		
(a) Bonds and Debentures		
(i) Held to maturity	-	-
(ii) Other	482,425,034	448,581,799
(b) Total bonds and debentures	<u>482,425,034</u>	<u>448,581,799</u>
(c) Equities		
(i) Common stocks	-	-
(ii) Preferred stocks	-	-
(iii) Mutual funds	-	-
(d) Total equity	<u>-</u>	<u>-</u>
(e) Other quoted investments	-	-
(f) Total quoted investments	<u>482,425,034</u>	<u>448,581,799</u>
3 UNQUOTED INVESTMENTS:		
(a) Bonds and debentures		
(i) Held to maturity	-	-
(ii) Other	-	-
(b) Total bonds and debentures	<u>-</u>	<u>-</u>
(c) Equities		
(i) Common stocks	-	-
(ii) Preferred stocks	-	-
(iii) Mutual funds	-	-
(d) Total equities	<u>-</u>	<u>-</u>
(e) Other unquoted investments	-	-
(f) Total unquoted investments	<u>-</u>	<u>-</u>
4 INVESTMENTS IN AND ADVANCES TO AFFILIATES		
(a) Unregulated entities that conduct ancillary services	-	-
(b) Unregulated non-financial operating entities	-	-
(c) Unregulated financial operating entities	-	-
(d) Regulated non-insurance financial operating entities	-	-
(e) Regulated insurance financial operating entities	-	-
(f) Total investments in affiliates	-	-
(g) Advances to affiliates	-	-
(h) Total investments in and advances to affiliates	<u>-</u>	<u>-</u>
5 INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:		
(a) First liens	-	-
(b) Other than first liens	-	-
(c) Total investment in mortgage loans on real estate	<u>-</u>	<u>-</u>
6 POLICY LOANS	-	-
7 REAL ESTATE:		
(a) Occupied by the company (less encumbrances)	-	-
(b) Other properties (less encumbrances)	-	-
(c) Total real estate	<u>-</u>	<u>-</u>
8 COLLATERAL LOANS	-	-
9 INVESTMENT INCOME DUE AND ACCRUED	2,799,063	3,061,806
10 ACCOUNTS AND PREMIUMS RECEIVABLE		
(a) In course of collection	39,047,748	56,492,955
(b) Deferred - not yet due	-	-
(c) Receivables from retrocessional contracts	-	-
(d) Total accounts and premiums receivable	<u>39,047,748</u>	<u>56,492,955</u>

CONDENSED CONSOLIDATED BALANCE SHEETS
TRANSAMERICA INTERNATIONAL RE (BERMUDA) LTD.

as at
December 31, 2020
expressed in
United States Dollars

STMT LINE NO.	December <u>2020</u>	December <u>2019</u>
11 REINSURANCE BALANCES RECEIVABLE		
(a) Foreign affiliates	1,330,784	4,978,033
(b) Domestic affiliates	-	-
(c) Pools and associations	-	-
(d) All other insurers	<u>5,948,960</u>	<u>5,303,813</u>
(e) Total reinsurance balances receivable	7,279,744	10,281,846
12 FUNDS HELD BY CEDING REINSURERS	-	-
13 SUNDRY ASSETS:		
(a) Derivative instruments	-	-
(b) Segregated accounts Long-Term business -variable annuities	-	-
(c) Segregated accounts Long-Term business - other	-	-
(d) Segregated accounts - General business	-	-
(e) Deposit assets	-	-
(f) Deferred acquisition costs	19,596,865	25,342,008
(g) Net receivables for investments sold	-	-
(h) Other sundry assets - Modco asset	11,949,846	13,776,343
(i) Other sundry assets	-	-
(j) Other sundry assets	-	-
(k) Total sundry assets	<u>31,546,711</u>	<u>39,118,351</u>
14 LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS:		
(a) Letters of credit	-	-
(b) Guarantees	-	-
(c) Other instruments	<u>-</u>	<u>-</u>
(d) Total letters of credit, guarantees and other instruments	-	-
15 TOTAL	<u><u>575,363,269</u></u>	<u><u>594,331,058</u></u>

CONDENSED CONSOLIDATED BALANCE SHEETS
TRANSAMERICA INTERNATIONAL RE (BERMUDA) LTD.

as at

December 31, 2020

expressed in

United States Dollars

**TOTAL INSURANCE RESERVES, OTHER LIABILITIES,
AND CAPITAL AND SURPLUS**

STMT LINE NO.	December <u>2020</u>	December <u>2019</u>
16 UNEARNED PREMIUM RESERVE		
(a) Gross unearned premium reserves	-	-
(b) Less: ceded unearned premium reserve		
(i) Foreign affiliates	-	-
(ii) Domestic affiliates	-	-
(iii) Pools & associations	-	-
(iv) All other reinsurers	-	-
(c) Total ceded unearned premium reserve	-	-
(d) Net unearned premium reserve	-	-
17 LOSS AND LOSS EXPENSE PROVISIONS		
(a) Gross loss and loss expense provisions	-	-
(b) Less: Reinsurance recoverable balance		
(i) Foreign affiliates	-	-
(ii) Domestic affiliates	-	-
(iii) Pools & associations	-	-
(iv) All other reinsurers	-	-
(c) Total reinsurance recoverable balance	-	-
(d) Net loss and loss expenses provisions	-	-
18 OTHER GENERAL BUSINESS INSURANCE RESERVES	-	-
19 TOTAL GENERAL BUSINESS INSURANCE RESERVES	-	-
LONG - TERM BUSINESS INSURANCE RESERVES		
20 RESERVES FOR REPORTED CLAIMS	-	-
21 RESERVES FOR UNREPORTED CLAIMS	-	-
22 POLICY RESERVES — LIFE	-	-
23 POLICY RESERVES — ACCIDENT AND HEALTH	-	-
24 POLICYHOLDERS' FUNDS ON DEPOSIT	-	-
25 LIABILITY FOR FUTURE POLICYHOLDERS' DIVIDENDS	-	-
26 OTHER LONG-TERM BUSINESS INSURANCE RESERVES	-	-
27 TOTAL LONG-TERM BUSINESS INSURANCE RESERVES		
(a) Gross long-term business insurance reserves	538,529,805	611,676,904
(b) Less: Reinsurance recoverable balance on long-term business		
(i) Foreign affiliates	-	-
(ii) Domestic affiliates	-	-
(iii) Pools & associations	-	-
(iv) All other insurers	538,529,805	611,676,904
(c) Total reinsurance recoverable balance	538,529,805	611,676,904
(d) Net long-term business insurance reserves	-	-

CONDENSED CONSOLIDATED BALANCE SHEETS
TRANSAMERICA INTERNATIONAL RE (BERMUDA) LTD.

as at

December 31, 2020

expressed in

United States Dollars

**TOTAL INSURANCE RESERVES, OTHER LIABILITIES,
AND CAPITAL AND SURPLUS**

STMT LINE NO.	December <u>2020</u>	December <u>2019</u>
OTHER LIABILITIES		
28 INSURANCE AND REINSURANCE BALANCES PAYABLE	58,145,478	67,687,131
29 COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE	-	-
30 LOANS AND NOTES PAYABLE	-	-
31 (a) INCOME TAXES PAYABLE	9,895,530	3,015,433
(b) DEFERRED INCOME TAXES	6,469,878	7,623,618
32 AMOUNTS DUE TO AFFILIATES	14,249	36,099
33 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	3,642,361	4,343,812
34 FUNDS HELD UNDER REINSURANCE CONTRACTS	439,862,805	441,651,057
35 DIVIDENDS PAYABLE	-	-
36 SUNDRY LIABILITIES:		
(a) Derivative instruments	-	-
(b) Segregated accounts companies	-	-
(c) Deposit liabilities	-	-
(d) Net payable for investments purchased	-	-
(e) Other sundry liabilities - Remittances and amounts unallocated	10,504,266	13,333,330
(f) Other sundry liabilities	-	-
(g) Other sundry liabilities	-	-
(h) Total sundry liabilities	<u>10,504,266</u>	<u>13,333,330</u>
37 LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS		
(a) Letters of credit	-	-
(b) Guarantees	-	-
(c) Other instruments	-	-
(d) Total letters of credit, guarantees and other instruments	<u>-</u>	<u>-</u>
38 TOTAL OTHER LIABILITIES	<u>528,534,567</u>	<u>537,690,480</u>
39 TOTAL LONG-TERM BUSINESS INSURANCE RESERVES AND OTHER LIABILITIES	528,534,567	537,690,480
CAPITAL AND SURPLUS		
40 TOTAL CAPITAL AND SURPLUS	46,828,702	56,640,578
41 TOTAL	<u><u>575,363,269</u></u>	<u><u>594,331,058</u></u>

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
TRANSAMERICA INTERNATIONAL RE (BERMUDA) LTD.

as at
December 31, 2020

expressed in
United States Dollars

STMT LINE NO.	December <u>2020</u>	December <u>2019</u>
GENERAL BUSINESS UNDERWRITING INCOME		
1 GROSS PREMIUMS WRITTEN		
(a) Direct gross premiums written	-	-
(b) Assumed gross premiums written	-	-
(c) Total gross premiums written	<u>-</u>	<u>-</u>
2 REINSURANCE PREMIUMS CEDED	-	-
3 NET PREMIUMS WRITTEN	-	-
4 INCREASE (DECREASE) IN UNEARNED PREMIUMS	-	-
5 NET PREMIUMS EARNED	-	-
6 OTHER INSURANCE INCOME	-	-
7 TOTAL GENERAL BUSINESS UNDERWRITING INCOME	<u>-</u>	<u>-</u>
GENERAL BUSINESS UNDERWRITING EXPENSES		
8 NET LOSS INCURRED AND NET LOSS EXPENSES INCURRED	-	-
9 COMMISSIONS AND BROKERAGE	-	-
10 TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	-	-
11 NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS	-	-
LONG-TERM BUSINESS INCOME		
12 GROSS PREMIUMS AND OTHER CONSIDERATIONS:		
(a) Direct gross premiums and other considerations	-	-
(b) Assumed gross premiums and other considerations	158,443,220	186,419,981
(c) Total gross premiums and other considerations	<u>158,443,220</u>	<u>186,419,981</u>
13 PREMIUMS CEDED	(158,443,220)	(186,419,981)
14 NET PREMIUMS AND OTHER CONSIDERATIONS		
(a) Life	-	-
(b) Annuities	-	-
(c) Accident and health	-	-
(d) Total net premiums and other considerations	<u>-</u>	<u>-</u>
15 OTHER INSURANCE INCOME	-	-
16 TOTAL LONG-TERM BUSINESS INCOME	<u>-</u>	<u>-</u>

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
TRANSAMERICA INTERNATIONAL RE (BERMUDA) LTD.

as at
December 31, 2020

expressed in
United States Dollars

STMT LINE NO.	December <u>2020</u>	December <u>2019</u>
LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES		
17 CLAIMS - LIFE	-	-
18 POLICYHOLDERS' DIVIDENDS	-	-
19 SURRENDERS	-	-
20 MATURITIES	-	-
21 ANNUITIES	-	-
22 ACCIDENT AND HEALTH BENEFITS	-	-
23 COMMISSIONS	5,745,142	-
24 OTHER	(1,279,515)	(1,020,333)
25 TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES	<u>4,465,627</u>	<u>(1,020,333)</u>
26 INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES)		
(a) Life	-	-
(b) Annuities	-	-
(c) Accident and health	-	-
(d) Total increase (decrease) in policy reserves	<u>-</u>	<u>-</u>
27 TOTAL LONG-TERM BUSINESS EXPENSES	<u>4,465,627</u>	<u>(1,020,333)</u>
28 NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS	(4,465,627)	1,020,333
29 COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS	(4,465,627)	1,020,333
UNDERNOTED ITEMS		
30 COMBINED OPERATING EXPENSE		
(a) General and administratiron	-	-
(b) Personnel cost	-	-
(c) Other	7,294,751	8,685,189
(d) Total combined operating expenses	<u>7,294,751</u>	<u>8,685,189</u>
31 COMBINED INVESTMENT INCOME - NET	(3,253,935)	(720,374)
32 COMBINED OTHER INCOME (DEDUCTIONS)	24,034,726	21,572,958
33 COMBINED INCOME BEFORE TAXES	9,020,413	13,187,729
34 COMBINED INCOME TAXES (IF APPLICABLE):		
(a) Current	3,861,974	(846,459)
(b) Deferred	(1,386,825)	3,733,739
(c) Total	<u>2,475,149</u>	<u>2,887,280</u>
35 COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	6,545,264	10,300,449
36 COMBINED REALIZED GAINS (LOSSES)	2,766,012	551,723
37 COMBINED INTEREST CHARGES	-	-
38 NET INCOME	<u>9,311,276</u>	<u>10,852,172</u>

CONDENSED CONSOLIDATED STATEMENTS OF CAPITAL & SURPLUS
TRANSAMERICA INTERNATIONAL RE (BERMUDA) LTD.

as at
December 31, 2020

expressed in
United States Dollars

STMT LINE NO.	December <u>2020</u>	December <u>2019</u>
1 CAPITAL		
(a) Capital stock		
(i) Common shares:	370,000	370,000
Authorized 370,000 shares of par value \$1 each issued and fully paid 370,000 shares		
(ii)		
(A) Preferred shares:	-	-
(B) Preferred shares issued by a subsidiary:	-	-
(iii) Treasury shares:		
(b) Contributed surplus	697,122,465	717,122,465
(c) Any other fixed capital		
(i) Hybrid capital instruments	-	-
(ii) Guarantees and others	-	-
(iii) Total any other fixed capital	<u>-</u>	<u>-</u>
(d) Total Capital	<u>697,492,465</u>	<u>717,492,465</u>
2 SURPLUS		
(a) Deficit - Beginning of Year	(660,851,887)	(672,231,707)
(b) Add: Income (Loss) for the Year	9,311,276	10,852,172
(c) Less: Dividends paid and payable	-	-
(d) Add (deduct) change in unrealized appreciation (depreciation) of investments	876,875	527,648
(e) Add (Deduct) change in any other surplus	(27)	-
(f) Deficit - End of Year	<u>(650,663,763)</u>	<u>(660,851,887)</u>
3 MINORITY INTEREST	-	-
4 TOTAL CAPITAL AND SURPLUS	<u><u>46,828,702</u></u>	<u><u>56,640,578</u></u>

GENERAL NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Transamerica International Re (Bermuda) Ltd., (the Insurer) is incorporated under the laws of Bermuda. The Insurer is a wholly owned subsidiary of Transamerica Corporation (TA Corp) (the Parent), which is incorporated in the United States of America and is an indirect, wholly owned subsidiary of AEGON N.V., a corporation incorporated under the laws of the Netherlands.

The condensed consolidated general purpose financial statements include the Insurer's subsidiary, Transamerica International Re Escritorio de Representacao No Brasil LTD, which is incorporated in Brazil.

2. The Insurer is authorized under the Insurance Act 1978 to carry on business as a Class C Insurer. The Insurer reinsures in force blocks of term life business ceded directly from unaffiliated client insurance companies as well as retroceded from affiliated companies. The risks assumed by the Insurer are retroceded to an unaffiliated reinsurer, therefore the primary risk is credit default by the reinsurer.
3. The condensed consolidated general purpose financial statements have been prepared in conformity with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to Condensed consolidated general purpose financial statements (the Legislation). The condensed consolidated general purpose financial statements are based upon accounting principles generally accepted in the United States of America (US GAAP) but are in accordance with the reporting requirements of the Legislation, which varies in certain respects from US GAAP. The more significant variances are as follows:
 - A statement of cash flows is not included;
 - A statement of comprehensive income is not included;
 - The presentation and classification of financial statement line items is in accordance with Schedules IX and XI of the Insurance Account Rules 2016 and differ from the expected presentation and classification under US GAAP; and
 - The notes included in the condensed consolidated general purpose financial statements have been prepared in accordance with Schedule X of the Insurance Account Rules 2016 and exclude certain information required under US GAAP.
4. The following is a summary of the significant accounting policies and practices employed by the Insurer:
 - (a) Life and health benefit reserves are developed by actuarial methods and generally based on the Company's experience.
 - (b) Cash and cash equivalents include cash at the bank and money market accounts which are short-term highly liquid investments with original maturities of three months or less.
 - (c) Quoted investments in bonds are classified as available-for-sale and carried at market value. Changes in net unrealized gains (losses) related to such investments are recorded on the Condensed consolidated statements of capital and surplus. Market value was determined using the following sources: indexes, third party pricing services, and brokers.
 - (d) Permanent diminution in value of investments is reviewed on an ongoing basis for credit deterioration or changes in estimated cash flows. If this review indicates a decline in fair value that is other than temporary the carrying amount of the investment is reduced to its fair value, and a specific write-down is recorded on the Condensed consolidated statements of income.
 - (e) Bermuda currently imposes no income, withholding or capital gains taxes, and the Insurer is not liable until at least March 2035 for any such taxes pursuant to the Bermuda Exempted Undertakings Protection Act 1966, as amended. However, the Insurer has elected to be treated as a United States corporation under Section 953(d) of the United States Internal Revenue Code of 1986, as amended. Therefore, the Insurer is a United States domestic insurance company for United States federal income tax purposes. The Insurer uses the asset and liability method to record deferred income taxes. Accordingly, tax assets and liabilities are recognized for the future

tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases, using enacted tax rates expected to apply when such temporary differences are expected to reverse.

- (f) Surrenders are incurred during the relevant year as a result of the surrender by policyholders, either for cash or in exchange for some other consideration of policies with cash surrender values. Surrenders are recorded on the basis of notifications received.
- (g) The costs of acquiring new business (principally commissions), which vary with and are primarily related to the production of new business, have been deferred. These deferred acquisition costs (DAC) have been determined in accordance with US GAAP. According to these accounting rules:
 - 1. DAC relating to cessions of traditional life insurance policies must be recoverable and have a value that is realizable through actuarially-determined margins between future (gross) premiums and the corresponding (net) valuation premiums. These valuation premiums are calculated in accordance with US GAAP requirements, and they are calculated to fund future benefits and expenses with appropriate margins for a diverse deviation.
- 5. (a) Premiums relating to long term business are recorded as reported by the ceding insurance companies. Premiums are recognized as revenue on a pro-rata basis over the periods covered by the reinsurance to which it relates.
- (b) Investment income is recorded on the accrual basis. Income on mortgage-backed securities includes amortization and accretion of purchase premiums and discounts using a method that approximates a level yield, taking into consideration assumed prepayment patterns. Realized gains and losses on the sale of investments are determined on the specific identification method and are included in the determination of net income.
- (c) Commissions allowed by reinsurers on business ceded are reported as income when incurred.
- 6. Not applicable.
- 7 - 12. Not applicable.
- 13. Fair Value

The Company has categorized its investments into the three-level hierarchy based on the priority of the inputs to the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument. Assets recorded at fair value on the Condensed Consolidated Balance Sheet are categorized as follows:

Level 1 - Unadjusted quoted prices for identical assets in an active market.

Level 2 - Quoted prices in markets that are not active or inputs that are observable either directly or indirectly for substantially the full term of the asset. Level 2 inputs include the following:

- a) Quoted prices for similar assets in active markets
- b) Quoted prices for identical or similar assets in non-active markets
- c) Inputs other than quoted market prices that are observable
- d) Inputs that are derived principally from or corroborated by observable market data through correlation or other means

Level 3 - Prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3. The circumstances for using unobservable measurement includes those in which there is

little, if any, market activity for the assets. Therefore, the Company must make assumptions about inputs a hypothetical market participant would use to value the assets

The following tables provide information about the Company's quoted and unquoted investments measured at fair value as of December 31, 2020 and 2019:

	2020			Total
	Level 1	Level 2	Level 3	
Quoted bonds and debenture	91,028,141	391,396,893	-	482,425,034

	2019			Total
	Level 1	Level 2	Level 3	
Quoted bonds and debenture	170,173,269	278,408,530	-	448,581,799

14. The contractual maturity profile of the Bonds and Debentures as of December 31, 2020 and 2019:

	Fair Value	
	2020	2019
Due in one year or less	\$ 62,454,513	\$ 162,774,049
Due after one year through five years	143,819,175	102,813,074
Due after five years through ten years	179,526,592	85,624,466
Due after ten years	96,624,754	97,370,210
	\$ 482,425,034	\$ 448,581,799

15. The Company shares certain officers, employees and general expenses with affiliated companies.

AEGON USA Investment Management, LLC acts as a discretionary investment manager under an Investment Management Agreement with the Company. The Company incurred expenses under this agreement of \$42,387 and \$30,812 for the years ended December 31, 2020 and 2019, respectively.

The Company is party to a services agreement with Transamerica (Bermuda) Services Center LTD. (TBSC). The amounts paid as a result of being a party to this agreement were \$57,276 and \$131,339 for 2020 and 2019, respectively. At December 31, 2020 and 2019, the Company reported a net amount of (\$14,249) and (\$36,099) (payable to)/receivable from parent, subsidiary and affiliated companies. Terms of settlement require that these amounts be settled within 90 days. Receivables from and payables to affiliates bear interest at the thirty-day commercial paper rate. During 2020 and 2019, the Company received net interest of \$0 and \$3,867 from affiliates.

On August 9, 2011, Aegon disposed of its life reinsurance operations, Transamerica Reinsurance, to SCOR in a complex reinsurance transaction. As a result, the Company has reinsured affiliated traditional life reinsurance transactions associated with the former Transamerica Reinsurance operations from U.S.-domiciled affiliates, Transamerica Life Insurance Company (TLIC) and Transamerica Financial Insurance Company (TFLIC). At December 31, 2020 and 2019, reinsurance balances receivable from foreign affiliates includes \$1,330,784 and \$4,978,033, respectively, due from TLIC and TFLIC. At December 31, 2020 and 2019, reinsurance balances payable to affiliates include \$2,071,664 and \$3,240,491 respectively, due to TLIC and TFLIC. Assumed gross premiums and other considerations of \$158,443,220 and \$186,419,981 reflect reinsurance assumed from affiliates, TLIC and TFLIC, during 2020 and 2019, respectively. The Company retrocedes the business primarily to Scor Global Life Reinsurance Ireland (SGLRI). In order to support the transactions, the assets held in the funds withheld account on deposit by SGLRI are provided in a trust for the benefit of TLIC and TFLIC as reserve credit security. Letters of Credits with Transamerica Corp and Aegon NV as a co-

applicant are provided to reinsurance counterparties, including TLIC and TFLIC as reserve credit security.

16. Not applicable.

17. Not applicable.

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS OF CAPITAL AND SURPLUS

- 1.(a) (a) Authorized, issued and fully paid \$370,000 common shares of par value \$1.00.
(b) Not applicable.
(c) Not applicable.
(d) Not applicable.
- 1.(b) On October 29, 2020, the Company paid a \$20,000,000 return of contributed surplus to its parent company, Transamerica Corporation.
- 2.(c) (a) Not applicable.
(b) Not applicable.
(c) Not applicable.

NOTES TO THE CONDENSED CONSOLIDATED BALANCE SHEETS

Line

1. Cash and cash equivalents the amount of \$3,270,359 and \$28,214,263 in 2020 and 2019, respectively, are held in a reserve credit trust for the benefit of affiliated life insurance companies to secure ceded reserve credits. Withdrawals from the trust by the Insurer are limited to income produced by the trust without a authorization by the beneficiary companies.
2. Quoted bonds in the amount of \$443,075,499 and \$411,120,500 in 2020 and 2019, respectively, are held in a reserve credit trust for the benefit of affiliated life insurance companies to secure reserve credits. See General Note 4(c).
3. - 8. Not applicable.
9. Accrued investment income as of December 31, 2020 and 2019 was \$2,799,063 and \$3,061,806, respectively.
10. Not applicable.
11. Not applicable.
12. Not applicable.
13. The amount reported in Sundry Assets at December 31, 2020 and 2019 includes deferred acquisition costs of \$19,596,865 and \$25,342,008 respectively. See General Note 4(g). Also included is a modified coinsurance asset of \$11,949,846 and \$13,776,343 as of December 31, 2020 and 2019, respectively.
14. Not applicable.
- 16.-17. Not applicable.
20. Long term insurance reserves for reported claims represent the estimated accrued liability for claims reported to the Insurer through the condensed consolidated balance sheet date. These reserves are estimated using individual case-basis valuations. These estimates are subject to the effects of trends in claim severity and frequency. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes available.
21. Long term insurance reserves for unreported claims represent the estimated accrued liability for claims incurred but not yet reported through the condensed consolidated balance sheet date. These reserves are

estimated using statistical analysis techniques. These estimates are subject to the effects of trends in claim severity and frequency. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes available.

- 22.-23. See General Note 4 (a).
- 24.-26. Not applicable.
27. (a) See Notes to the Condensed Consolidated Balance Sheet 1 and 2.
- (b) None. The Insurer uses letters of credit to provide security for reserve credit in excess of the assets held in trust.
28. Insurance and reinsurance balances payable includes amounts due to ceding insurers established in the normal course of business and will fluctuate due to the timing of settlements.
- 29.-30. Not applicable.
31. (a) The Insurer has elected to be treated as a United States corporation under Section 953(d) of the United States Internal Revenue Code of 1986, as amended. Therefore, the Insurer is a United States domestic insurance company for United States federal income tax purposes.
- (b) The Insurer records deferred income taxes which reflect the net tax effect of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.
32. Refer to General Note 15.
33. Accounts payable and accrued liabilities as of December 31, 2020 and 2019, was \$3,642,361 and \$4,343,812 and respectively.
34. Not applicable.
35. Not applicable.
36. Other sundry liabilities - Remittances and amounts unallocated represent suspense balances as a result of quarterly processing cutoffs primarily on reinsurance business assumed from affiliates TLIC and TFLIC and subsequently ceded to SCOR.
37. Not applicable.

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS OF INCOME

6. Not applicable.
15. Not applicable.
32. Other income represents income received from an unaffiliated reinsurer related to letter of credit bridge facility as outlined in the master trust agreement.
36. The balance reported reflects net realized gains on bonds and debentures.