



Aspida Life Re Ltd.

Audited Consolidated Financial Statements

December 31, 2025

With Report of Independent Auditors

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Report of Independent Auditors

The Board of Directors
Aspida Life Re Ltd.

Opinion

We have audited the consolidated financial statements of Aspida Life Re Ltd. (the Company), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations and comprehensive income, changes in shareholder's equity and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of ASU No. 2018-12

As discussed in Note 2 to the financial statements, on January 1, 2025, the Company adopted ASU No. 2018-12, *Financial Services – Insurance (Topic 944), Targeted Improvements to the Accounting for Long-Duration Contracts*, with a transition date of January 1, 2024.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company, as applicable to audits of financial statements of public interest entities, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst & Young Ltd.

Hamilton, Bermuda
April 30, 2026

Aspida Life Re Ltd.
Consolidated Balance Sheets
December 31, 2025 and December 31, 2024

(Expressed in thousands USD, except share information)

	December 31, 2025	December 31, 2024
ASSETS		
Investments:		
Fixed maturity securities, available for sale, at fair value (amortized cost of \$1,499,484 at December 31, 2025 and \$1,155,267 at December 31, 2024)	\$ 1,523,915	\$ 1,154,775
Funds withheld at interest (portion at fair value: (\$51,690) at December 31, 2025 and (\$186,090) at December 31, 2024)	10,848,321	10,164,037
Investment funds (related party: \$111,838 at December 31, 2025 and \$0 at December 31, 2024)	116,918	9,623
Other investments	90,684	85,190
Assets of consolidated variable interest entities:		
Fixed maturity securities, available for sale, at fair value (amortized cost of \$52,638 at December 31, 2025 and \$0 at December 31, 2024)	53,335	—
Investment funds (related party: \$0 at December 31, 2025 and \$100,516 at December 31, 2024)	—	425,239
Total investments	12,633,173	11,838,864
Cash and cash equivalents	358,281	235,859
Restricted cash and cash equivalents	81,222	12,771
Accrued investment income	18,388	14,389
Reinsurance recoverable	14,914	54,194
Deferred acquisition costs, deferred sales inducements and value of business acquired	337,488	337,502
Other assets	69,194	69,892
Total Assets	\$ 13,512,660	\$ 12,563,471
LIABILITIES AND SHAREHOLDER'S EQUITY		
Interest sensitive contract liabilities (portion at fair value: \$309,021 at December 31, 2025 and \$292,242 at December 31, 2024)	\$ 11,792,193	\$ 11,062,229
Future policy benefits	11,285	11,755
Market risk benefits	35,891	37,245
Liabilities of consolidated variable interest entity	14,904	—
Other liabilities	201,804	105,981
Total liabilities	12,056,077	11,217,210
Shareholder's Equity:		
Common stock (\$1.00 par value, 375,000 shares authorized, 375,000 shares issued and outstanding at December 31, 2025 and December 31, 2024)	375	375
Additional paid-in-capital	1,020,662	820,662
Accumulated other comprehensive income (loss)	14,696	(5,270)
Retained earnings	420,850	164,389
Total shareholder's equity	1,456,583	980,156
Non-controlling interest	—	366,105
Total shareholder's equity	1,456,583	1,346,261
Total Liabilities and Shareholder's Equity	\$ 13,512,660	\$ 12,563,471

The accompanying notes are an integral part of these financial statements.

Aspida Life Re Ltd.
Consolidated Statements of Operations and Comprehensive Income (Loss)
For the years ended December 31, 2025 and December 31, 2024

(Expressed in thousands USD)

	Year Ended December 31, 2025	Year Ended December 31, 2024
Revenues:		
Product fees and charges	\$ 25,994	\$ 24,572
Net investment income	57,062	38,889
Investment related gains	858,089	836,434
Net investment income of consolidated variable interest entity	467	—
Total revenues	941,612	899,895
Benefits and expenses:		
Interest sensitive contract benefits	536,683	453,288
Change in market risk benefits	(3,707)	(29,805)
Amortization of deferred acquisition costs, deferred sales inducements and value of business acquired	67,188	64,086
Interest expense	2,108	—
Policy and other operating expenses	82,879	79,093
Total benefits and expenses	685,151	566,662
Net income before income taxes	256,461	333,233
Less: Deferred income tax expense (benefit)	—	(39,974)
Net income	256,461	373,207
Less: Net income attributable to non-controlling interests	—	42,442
Net income attributable to Aspida Life Re Shareholder	\$ 256,461	\$ 330,765
Consolidated Statements of Comprehensive Income		
Net income attributable to Aspida Life Re Shareholder	\$ 256,461	330,765
Other comprehensive income (loss):		
Unrealized investment gains (losses) on available-for-sale securities	25,621	(6,479)
Hedging and other adjustments	(3,915)	—
Change in market risk benefits from own credit risk	(1,740)	(15,226)
Total other comprehensive income (loss)	19,966	(21,705)
Other comprehensive income (loss), after tax	19,966	(21,705)
Comprehensive income	\$ 276,427	\$ 309,060

The accompanying notes are an integral part of these financial statements.

Aspida Life Re Ltd.
Consolidated Statement of Shareholder's Equity (Deficit)
For the years ended December 31, 2025 and December 31, 2024

(Expressed in thousands USD)

	Common Stock	Additional Paid-in- Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Non- controlling interest in subsidiaries	Total Shareholder's Equity
Balance at December 31, 2023	\$ 375	\$ 730,685	\$ (275,320)	\$ 2,829	\$ —	\$ 458,569
Cumulative effect of change in accounting principle, net of tax	—	—	108,944	13,606	—	122,550
Balance at January 1, 2024	375	730,685	(166,376)	16,435	—	581,119
Net income	—	—	330,765	—	42,442	373,207
Other comprehensive loss	—	—	—	(21,705)	—	(21,705)
Contributions	—	89,977	—	—	—	89,977
Contribution from non-controlling interests of consolidated variable interest entities	—	—	—	—	323,663	323,663
Balance at December 31, 2024	375	820,662	164,389	(5,270)	366,105	1,346,261
Net income	—	—	256,461	—	—	256,461
Other comprehensive income	—	—	—	19,966	—	19,966
Contributions	—	200,000	—	—	—	200,000
Deconsolidation of variable interest entities	—	—	—	—	(366,105)	(366,105)
Balance at December 31, 2025	<u>\$ 375</u>	<u>\$ 1,020,662</u>	<u>\$ 420,850</u>	<u>\$ 14,696</u>	<u>\$ —</u>	<u>\$ 1,456,583</u>

The accompanying notes are an integral part of these financial statements.

Aspida Life Re Ltd.
Consolidated Statements of Cash Flows
For the years ended December 31, 2025 and December 31, 2024

(Expressed in thousands USD)

	Year Ended December 31, 2025	Year Ended December 31, 2024
Cash flows from operating activities		
Net income attributable to Aspida Life Re Shareholder	\$ 256,461	\$ 330,765
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of deferred acquisition costs, deferred sales inducements and value of business acquired	67,188	63,508
Net amortization of net investment premiums, discounts and other	(5,571)	(5,176)
Net recognized gains on investments and derivatives	(46,312)	(37,739)
Policy acquisition costs deferred	(67,874)	(76,691)
Change in operating assets and liabilities:		
Funds withheld receivable at fair value	(635,963)	(587,979)
Accrued investment income	(3,999)	(2,597)
Reinsurance recoverable	(414)	4,947
Other assets	1,312	(38,929)
Interest sensitive contract liabilities	839,389	632,489
Future policy benefits	(470)	(439)
Market risk benefits	(3,707)	(29,805)
Other liabilities	(21,726)	17,496
Net cash provided by operating activities	378,314	269,850
Cash flows from investing activities		
Sales, maturities, and repayments of:		
Available-for-sale securities	180,015	144,595
Derivative instruments and other investment assets	55,822	36,958
Short-term investments	9,200	8,000
Investment funds	6,048	5,249
Purchases of:		
Available-for-sale securities	(572,327)	(360,992)
Derivative instruments and other investment assets	(11,794)	(28,771)
Short-term investments	(9,673)	(3,948)
Investment funds	(45,851)	(64,082)
Other investing activities, net	922	96
Net cash used in investing activities	(387,638)	(262,895)

Aspida Life Re Ltd.
Consolidated Statements of Cash Flows (continued)
For the years ended December 31, 2025 and December 31, 2024

(Expressed in thousands USD)

	Year Ended December 31, 2025	Year Ended December 31, 2024
Cash flows from financing activities		
Capital contributions	200,000	89,977
Other financing activities, net	197	—
Net cash provided by financing activities	200,197	89,977
Net increase in cash and cash equivalents	190,873	96,932
Cash and cash equivalents at beginning of period ⁽¹⁾	248,630	151,698
Cash and cash equivalents at end of period ⁽¹⁾	<u><u>\$ 439,503</u></u>	<u><u>\$ 248,630</u></u>
Supplementary Information		
Cash paid for taxes	\$ 15,309	\$ 457
Cash paid for interest	1,808	827
Non-Cash Transactions		
Deposits on investment-type policies and contracts through reinsurance agreements	\$ 1,585,561	\$ 2,215,378
Withdrawals on investment-type policies and contracts through reinsurance agreements	1,537,239	899,105
Adoption of ASU 2018-12 ⁽²⁾	—	37,964
Consolidation of variable interest entities	—	366,105
Deconsolidation of variable interest entities	\$ 366,105	\$ —

(1) Cash and cash equivalents includes restricted cash and cash equivalents

(2) Reflects non-cash impact from the adoption of Accounting Standards Update ("ASU") 2018-12, "Targeted Improvements to the Accounting for Long Duration Contracts." See Footnote 2 — Summary of Significant Accounting Policies for additional information.

The accompanying notes are an integral part of these financial statements.

Aspida Life Re Ltd.
Notes to the Consolidated Financial Statements

Note 1. Description of Business

Aspida Life Re Ltd. (“we”, “us”, “our”, the “Company” or “Aspida Re”), a Bermuda domiciled company, is a wholly owned subsidiary of Aspida Bermuda Holdings Ltd., an indirect subsidiary of Ares Management Corporation (“Ares”). Aspida Re provides third party reinsurance solutions covering a variety of products including fixed, deferred and pay-out annuities.

The Company is registered with the Bermuda Monetary Authority (the “BMA”) as a Class E long-term insurer from a Class C reinsurer on December 18, 2020, under the Insurance Act 1978 of Bermuda.

Note 2. Summary of Significant Accounting Policies

Basis of Consolidation and Presentation — The accompanying consolidated financial statements include the accounts and operations of the Company and variable interest entities (“VIE”) in which we hold a controlling interest. The operating results and financial position pertaining to any non-controlling ownership interests are presented as non-controlling interest.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Use of Estimates — The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, and makes adjustments when facts and circumstances dictate. These estimates are based on information available as of the date of the financial statements; therefore, actual results could differ from those estimates and assumptions.

Our principal estimates impact:

- The fair value of investments;
- Impairment of investments and allowances for expected credit losses;
- Valuation of derivatives, including embedded derivatives;
- Deferred acquisition costs (“DAC”), deferred sales inducements (“DSI”) and value of business acquired (“VOBA”);
- Valuation of future policy benefit reserves;
- Valuation of market risk benefits (“MRB”)
- Interest sensitive contracts; and
- Valuation of deferred tax assets.

Investments — *Fixed Maturity Securities* — Fixed maturity securities include U.S. state, municipal and political subdivision, U.S. government and foreign bonds, U.S. corporate and foreign bonds, commercial mortgage-backed securities (“CMBS”), residential mortgage-backed securities (“RMBS”) and asset-backed securities (“ABS”). We classify fixed maturity securities as available-for-sale (“AFS”) at the time of purchase and subsequently carry them at fair value. Fair value hierarchy and valuation methodologies are discussed in *Note 5 – Fair Value Measurements*. Classification is dependent on a variety of factors including our expected holding period, election of the fair value option and asset and liability matching.

AFS Securities — All of the Company’s fixed-maturity securities are classified as AFS and reported at fair value on the Consolidated Balance Sheets with unrealized gains and losses, net of allowances for expected credit losses, tax and adjustments to DAC, DSI and VOBA and future policy benefits, if applicable, in accumulated other comprehensive income (loss) (“AOCI”) on the Consolidated Balance Sheets. Interest income is recognized when earned using an effective yield method based on the economic life of the securities, giving effect to amortization of premium and accretion of discount. The amortization of premium and accretion of discount also takes into consideration call and maturity dates.

Note 2. Summary of Significant Accounting Policies (Continued)

We typically record these transactions on a trade date basis, with any unsettled trades presented within other assets or other liabilities on the Consolidated Balance Sheets. Bank loans, investment funds, and private placements are recorded on a settlement date basis.

Funds Withheld at Interest — Funds withheld (“FWH”) at interest represents a receivable for amounts contractually withheld by ceding companies in accordance with FWH and modified coinsurance (“MODCO”) reinsurance agreements in which the Company acts as reinsurer. Generally, assets equal to statutory reserves are withheld and legally owned by the ceding company. Any excess or shortfall is settled periodically as detailed within each reinsurance agreement. Although the assets in FWH are legally owned by the ceding company, the assets are held separately from the general account of the cedants and all economic rights and obligations on the assets accrue to the Company. The underlying agreements typically contain embedded derivatives as discussed below.

Investment Funds — We invest in certain non-fixed income, alternative investments in the form of limited partnerships or similar legal structures (investment funds). For investment funds in which we do not hold a controlling financial interest, and therefore are not required to consolidate, we typically account for these investments using the equity method, where the cost is recorded as an investment in the fund. Adjustments to the carrying amount reflect our pro rata ownership percentage of the operating results as indicated by net asset value (“NAV”) in the investment fund financial statements, which can be on a lag of up to three months when investee information is not received in a timely manner. We record our proportionate share of investment fund income within net investment income on the Consolidated Statements of Operations and Comprehensive Income (Loss). Contributions paid or distributions received by us are recorded directly to the investment fund balance as an increase to carrying value or as a return of capital, respectively.

Short-term Investments — Short-term investments consist of financial instruments with maturities of greater than three months but less than twelve months when purchased. Short-term debt securities are accounted for as AFS consistent with our policies for those investments and are recorded within other investments on the Consolidated Balance Sheets. Fair values are determined consistent with methodologies described in *Note 5 – Fair Value Measurements* for the respective investment type.

Investment Income — We recognize investment income as it accrues or is legally due. Investment income on fixed maturity securities includes coupon interest, as well as the amortization of any premium and the accretion of any discount. Realized gains and losses on sales of investments are included in investment related gains (losses) on the Consolidated Statements of Operations and Comprehensive Income (Loss). Investment expenses are included in net investment income on the Consolidated Statements of Operations and Comprehensive Income (Loss). Realized gains and losses on investments sold are determined based on a first-in first-out method.

Credit Losses – Reinsurance Recoverables — We establish an allowance for expected credit losses at the time of purchase or acquisition for assets in scope, primarily composed of the Company’s reinsurance assets. The allowance for expected credit losses represents the portion that we do not expect to collect due to credit losses over the asset’s contractual life, considering past events, current conditions, and reasonable and supportable forecasts of future economic conditions.

We use a quantitative probability of default and loss given default methodology to develop our estimate of expected credit loss. We develop the estimate individually at the inception of the reinsurance agreement as each contract is with an individual ceding insurer that have different sizes and financial conditions, with different terms and contract maturities. In addition, each counterparty has its own credit risk characteristics. Allowance estimates are highly dependent on expectations of future economic conditions and macroeconomic forecasts, which involve significant judgment and subjectivity. We use quantitative methods to develop the allowance for expected credit losses. Key inputs into the model include data pertaining to the insurer’s history of reinsurer default rates and associated issuer credit ratings. Additionally, the model incorporates management’s expectations around future economic conditions and macroeconomic forecasts over a reasonable and

Note 2. Summary of Significant Accounting Policies (Continued)

supportable forecast period. These inputs are subject to a review process by management. Management also considers qualitative adjustments to the model output to the extent that any relevant information regarding the collectability of the asset is available and not already considered in the quantitative model.

Subsequent changes in the allowance are recorded through the provision for credit losses within interest sensitive contract benefits on the Consolidated Statements of Operations and Comprehensive Income (Loss). Upon determining that all or a portion of the asset is uncollectible, which is generally when all efforts for collection are exhausted, the amortized cost is written off against the existing allowance. Any write off in excess of the existing allowance is recorded through the provision for credit losses within interest sensitive contract benefits on the Consolidated Statements of Operations and Comprehensive Income (Loss). For the year ended December 31, 2025, there were no amounts determined to be uncollectible.

Credit Losses — Available-for-Sale Securities — We evaluate AFS securities with a fair value that has declined below amortized cost to determine how the decline in fair value should be recognized. If we determine, based on the facts and circumstances related to the specific security, that we intend to sell a security or it is more likely than not that we would be required to sell a security before the recovery of its amortized cost, any existing allowance for expected credit losses is reversed and the amortized cost of the security is written down to fair value. If neither of these conditions exist, we evaluate whether the decline in fair value has resulted from a credit loss or other factors.

For structured AFS securities, before performing a detailed quantitative present value of expected cash flows calculation, the Company first determines whether a security's potential credit loss could be material to the Company's financial condition and results given the cost/benefit principle. As such, any structured AFS debt securities meeting or exceeding established materiality thresholds are evaluated for potential credit losses using a quantitative present value of expected cash flows assessment. All other unrealized losses on structured AFS debt securities are recorded within other comprehensive income (loss) ("OCI").

A structured security's cash flow estimates are based on security-specific facts and circumstances that may include collateral characteristics, expectations of delinquency and default rates, loss severity, prepayments and structural support, including subordination and guarantees. The expected cash flows are discounted at the effective interest rate implicit to the security at the date of purchase or the current yield to accrete a structured security. For securities with a contractual interest rate that varies based on changes in an independent factor, such as an index or rate, the effective interest rate is calculated based on the factor as it changes over the life of the security. Inherently under the discounted cash flow model, both the timing and amount of expected cash flows affect the measurement of the allowance for expected credit losses.

For non-structured AFS securities, the Company completes a qualitative assessment based on whether the security is in an unrealized loss in greater than 20% of the security's book value or if the security's external credit rating has been downgraded below an A credit rating (using S&P rating system or its equivalent) since the prior reporting period and is in a 10% or greater unrealized loss position. If upon completion of this analysis it is determined that a potential credit loss exists, an allowance for expected credit losses is established equal to the amount by which the present value of expected cash flows is less than amortized cost, limited by the amount by which fair value is less than amortized cost. A non-structured security's cash flow estimates are derived from scenario-based outcomes of expected corporate restructurings or the disposition of assets using security-specific facts and circumstances including timing, security interests and loss severity. The allowance for expected credit losses is remeasured each period for the passage of time, any change in expected cash flows, and changes in the fair value of the security. All impairments, whether intent or requirement to sell or credit-related, are recorded through a charge to the provision for credit losses within investment related gains (losses) on the Consolidated Statements of Operations and Comprehensive Income (Loss). All changes in the allowance for expected credit losses are recorded through the provision for credit losses within investment related gains (losses) on the Consolidated Statements of Operations and Comprehensive Income (Loss). The

Note 2. Summary of Significant Accounting Policies (Continued)

allowance is never reversed to a negative amount and is limited by the amount that fair value is less than the amortized cost basis.

The Company has elected not to measure an allowance for credit losses or impairment on its accrued interest. Rather, the Company writes off uncollectible accrued interest receivable once it is more than 90 days past due through credit loss expense in investment related gains (losses) on the Consolidated Statements of Operations and Comprehensive Income (Loss). For the year ended December 31, 2025, the Company did not record any allowance for credit losses, impairments, recoveries, write-offs against the allowance, or additional provisions for expected credit losses related to AFS securities.

Variable Interest Entities — An entity that does not have sufficient equity to finance its activities without additional financial support, or in which the equity investors, as a group, do not have the characteristics typically afforded to common shareholders is a VIE. The determination as to whether an entity qualifies as a VIE depends on the facts and circumstances surrounding each entity and may require significant judgment.

We are required to consolidate a VIE if we are the primary beneficiary, defined as the variable interest holder with both the power to direct the activities that most significantly impact the VIE's economic performance and rights to receive benefits or obligations to absorb losses that could be potentially significant to the VIE. We determine whether we are the primary beneficiary of an entity based on a qualitative assessment of the VIE's capital structure, contractual terms, nature of the VIE's operations and purpose and our relative exposure to the related risks of the VIE.

For entities that we do not consolidate but can exercise significant influence over the entities' operating and financing decisions, we record our investment under the equity method. See *Note 3 — Investments* for discussion of our interest in entities that meet the definition of a VIE.

Consolidated VIEs — We have assets of \$53.3 million and \$425.2 million and liabilities of \$14.9 million and \$0 million at December 31, 2025 and 2024, respectively, in consolidated VIEs on the Consolidated Balance Sheets. The VIE's assets can only be used to settle the liabilities of the VIE. As of December 31, 2025, the activities of the VIE primarily relate to managing currency risk from currencies other than the U.S. dollar. No arrangement exists requiring us to provide additional funding in excess of our committed capital investment, liquidity, or the funding on losses or an increase to our loss exposure in excess of our investment in any of the consolidated VIEs.

Deconsolidation of VIE — Certain investment entities that have historically been consolidated in the financial statements were deconsolidated because the Company is no longer deemed to be the primary beneficiary of the VIE. The Company had four and no deconsolidations for the years ended December 31, 2025 and 2024, respectively. For deconsolidated investment entities, the Company continues as an investor in the investment fund.

Derivative Instruments — We invest in derivatives to hedge the risks associated with our ongoing operations, such as interest rate and foreign currency volatility, or other risk management purposes, which primarily involve managing liability risks associated with our indexed annuity products and reinsurance agreements. Derivatives are financial instruments with values that are derived from interest rates and foreign exchange rates, financial indices or other combinations of an underlying and notional. Derivatives are carried at fair value with asset and liability positions netted together on the Consolidated Balance Sheets. We record these transactions on a trade date basis, with any unsettled trades recorded within other assets or other liabilities on the Consolidated Balance Sheets. We classify derivative instruments in the Consolidated Statements of Cash Flows consistent with the classification of the underlying hedged transaction. See *Note 4 — Derivatives Instruments*. We may designate derivatives as fair value hedges.

Note 2. Summary of Significant Accounting Policies (Continued)

Derivatives designated as hedges — To qualify for hedge accounting, at the inception of the hedging relationship, we formally document our designation of the hedge as a fair value hedge and our risk management objective and strategy for undertaking the hedging transaction. In this documentation, we identify how the hedging instrument is expected to hedge the designated risks related to the hedged item and the method that will be used to retrospectively and prospectively assess the hedge effectiveness and the method which will be used to measure ineffectiveness. A derivative designated as a hedging instrument must be assessed as being highly effective in offsetting the designated risk of the hedged item. Hedge effectiveness is formally assessed at inception and periodically throughout the life of the hedge accounting relationship.

For a fair value hedge, changes in the fair value of the derivative and changes in the fair value of the hedged item related to the designated risk being hedged are reported on the Consolidated Statements of Operations and Comprehensive Income (Loss) according to the nature of the risk being hedged. Additionally, changes in the fair value of the amounts excluded from the assessment of effectiveness, if any, are reported in AOCI and amortized into income over the life of the hedge accounting relationship.

We discontinue hedge accounting when: (1) we determine the derivative is no longer highly effective in offsetting changes in the estimated fair value of a hedged item; (2) the derivative expires, is sold, terminated, or exercised; or (3) the derivative is de-designated as a hedging instrument. When hedge accounting is discontinued, the derivative continues to be carried on the Consolidated Balance Sheets at fair value, with changes in fair value recognized in investment related gains (losses) on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Derivatives not designated as hedges — Changes in the derivative's fair value and any income received or paid on derivatives at the settlement date are included in investment related gains (losses) on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Embedded Derivatives — We reinsure products, primarily fixed indexed annuity products, that contain embedded derivatives. If we determine the embedded derivative has economic characteristics not clearly and closely related to the economic characteristics of the host contract, and a separate instrument with the same terms would qualify as a derivative instrument, the embedded derivative is bifurcated from the host contract and accounted for separately, unless the fair value option is elected on the host contract. Under the fair value option, bifurcation of the embedded derivative is not necessary as the entire contract is carried at fair value with all related gains and losses recognized in investment related gains (losses) on the Consolidated Statements of Operations and Comprehensive Income (Loss). Embedded derivatives are carried on the Consolidated Balance Sheets at fair value in the same line item as the host contract.

Fixed indexed annuity contracts allow the policyholder to elect a fixed interest rate return or an equity market component for which interest credited is based on the performance of certain equity market indices. The equity market option is an embedded derivative. The benefit reserve is equal to the sum of the fair value of the embedded derivative and the host (or guaranteed) component of the contracts. The fair value of the embedded derivatives is computed as the present value of benefits attributable to the excess of the projected policy contract values over the projected minimum guaranteed contract values. The projections of policy contract values are based on assumptions for future policy growth, which include assumptions for expected index credits on the next index crediting date, expected future equity option costs in subsequent renewal periods, interest rates and policyholder behavior assumptions including lapses, partial withdrawals, mortality and the use of benefit riders. The projections of minimum guaranteed contract values include the same assumptions for policyholder behavior as were used to project policy contract values. The embedded derivative cash flows are discounted using a rate that reflects our own credit rating. The host contract is established at contract inception or in the case of an acquisition, the purchase date, as the initial account value less the initial fair value of the embedded derivative and accreted over the policy's life. The host contract accretion rate is calculated as of the policy issue date or purchase date, whichever is later, and remains locked in thereafter. Changes in the fair value of embedded derivatives associated with fixed indexed annuities, are included in interest sensitive contract benefits on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Note 2. Summary of Significant Accounting Policies (Continued)

Additionally, reinsurance agreements written on a FWH or MODCO basis contain embedded derivatives. We have determined that the right to receive the total return on the assets supporting the FWH at interest represents a total return swap with a floating rate leg. The fair value of embedded derivatives on FWH and MODCO agreements is computed as the unrealized gain (loss) on the underlying assets and is included within funds withheld at interest on the Consolidated Balance Sheets for assumed agreements. The change in the fair value of the embedded derivatives is recorded in investment related gains (losses) on the Consolidated Statements of Operations and Comprehensive Income (Loss). Assumed earnings from FWH at interest, and changes in the fair value of embedded derivatives are reported in operating activities on the Consolidated Statements of Cash Flows. Contributions to and withdrawals from FWH at interest are reported in operating activities on the Consolidated Statements of Cash Flows.

Reinsurance — We assume investment contracts under coinsurance, FWH and MODCO bases. Assets and liabilities assumed are presented gross on the Consolidated Balance Sheets. The change in assumed reserves is presented net in interest sensitive contract benefits on the Consolidated Statements of Operations and Comprehensive Income (Loss). Amounts owed to/from ceding companies are presented net in reinsurance recoverable and in other liabilities on the Consolidated Balance Sheets. See *Note 12 — Other Liabilities* for additional information.

Accounting for reinsurance requires the use of assumptions, particularly related to the future performance of the underlying business and the potential impact of counterparty credit risk. We attempt to minimize our counterparty credit risk through the structuring of the terms of our reinsurance agreements, including the use of trusts, and we monitor credit ratings of counterparties for signs of declining credit quality. When a ceding company does not report information on a timely basis, we record accruals based on the best available information at the time, which includes the reinsurance agreement terms and historical experience.

Cash and Cash Equivalents — Highly liquid securities and other investments with an original or remaining maturity of three months or less at the date of purchase are considered to be cash equivalents. The Company held cash of \$25.7 million and \$7.6 million at December 31, 2025 and 2024 respectively. The Company held cash equivalents of \$332.6 million and \$228.3 million at December 31, 2025 and 2024, respectively. At December 31, 2025 and 2024, substantially all cash balances were at major financial institutions earning interest. At times, the Company's cash balances exceed those that are federally insured. To date, the Company has not recognized any losses caused by uninsured balances.

Restricted Cash and Cash Equivalents — Restricted cash and cash equivalents consists of balances held in trust as part of certain reinsurance agreements to secure statutory reserves and liabilities of the insured parties. Restricted cash and cash equivalents is reported as a separate line item on the Consolidated Balance Sheets but is included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period amounts shown on the Consolidated Statements of Cash Flows.

Deferred Policy Acquisition Costs, and Value of Business Acquired and Deferred Sales Inducements — Costs related directly to the successful acquisition of new, or renewal of, insurance or investment contracts are deferred. These costs consist of commissions and policy issuance costs, sales inducements credited to policyholder account balances, and federal excise taxes, and are included in deferred acquisition costs, deferred sales inducements and value of business acquired on the Consolidated Balance Sheets. Costs deferred and recognized as DAC or DSI are amortized on a constant-level basis over the expected term of the contracts, independent of underlying profitability.

We establish VOBA for blocks of insurance contracts acquired through the acquisition of insurance entities. We record the fair value of the liabilities assumed in two components: reserves and VOBA. Reserves are established using our best estimate assumptions consistent with the policies described below for interest sensitive contract liabilities and future policy benefits. VOBA is the difference between the fair value of the liabilities and the reserves. VOBA can be either positive or negative. Any negative VOBA is recorded within the

Note 2. Summary of Significant Accounting Policies (Continued)

associated reserves. Positive VOBA is recorded in deferred policy acquisition costs, sales inducements and value of business acquired on the Consolidated Balance Sheets.

VOBA associated with investment contracts without significant revenue streams from sources other than investment of the policyholder funds and negative VOBA are amortized on a constant-level basis over the expected term of the contracts, independent of underlying profitability.

Interest Sensitive Contract Liabilities — Investment contracts include fixed indexed and traditional fixed annuities in the accumulation phase. We carry liabilities for fixed annuities at the account balances without reduction for potential surrender or withdrawal charges. Liabilities for immediate annuities without significant mortality risk are calculated as the present value of future liability cash flows and policy maintenance expenses discounted at contractual interest rates. For a discussion regarding our indexed products, refer above to the embedded derivatives discussion. Changes in interest sensitive contract liabilities, excluding deposits and withdrawals, are recorded in interest sensitive contract benefits or product fees and charges on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Future Policy Benefits — Liabilities for nonparticipating long-duration contracts are established using accepted actuarial valuation methods which require the use of assumptions related to expenses, mortality, morbidity and persistency, at the date of issue and updated periodically during the annual experience study and assumption review timeline as determined by the Company. We base key assumptions, such as mortality and morbidity, on industry standard data adjusted to align with actual company experience, if appropriate.

Market Risk Benefits — MRBs represent contracts or contract features that both provide protection to the contract holder from, and expose us to, other-than-nominal capital market risk. We reinsure deferred annuity contracts which contain guaranteed lifetime withdrawal benefit ("GLWB") and guaranteed minimum death benefit ("GMDB") riders that meet the criteria for, and are classified as, MRBs.

MRBs are measured at fair value at the contract level and may be recorded as an asset or a liability, which are included in other assets and market risk benefits, respectively, on the Consolidated Balance Sheets. Multiple MRBs on a contract are treated as a single, compound market risk. At conception, we assess the fees and assessments that are collectible from the policyholder and allocate them to the extent they are attributable to the MRB. These attributed fees are used in the valuation of the MRBs and are never negative or exceed total explicit fees collectible from the policyholder. If the fees are insufficient to cover the projected benefits, the MRB liability at contract inception will have an equal and offsetting adjustment recognized with deferred sales inducements on the Consolidated Balance Sheets.

Changes in fair value of the MRBs are recorded in change in market risk benefits in the Consolidated Statements of Operations and Comprehensive Income (Loss), with the exception of changes in fair value due to non-performance risk, which are recognized in OCI.

The determination of the fair value of MRBs requires the use of inputs related to explicit fees and assumptions in determining the projected benefits in excess of the projected account balance. The methods we use to estimate the fair value require both economic and actuarial assumptions, including observable and unobservable, which impact future policyholder account growth. Assumptions include policyholder behavior, which includes lapses, withdrawals and utilization of benefit riders; mortality; and market conditions affecting the account balance growth. See *Note 9 — Long Duration Contracts* for additional information.

Ceding Commission Payable — During the year ended December 31, 2022, the Company entered into a reinsurance treaty in which it is stated that a ceding commission of \$68.2 million is payable from the Company, as reinsurer, to the cedant. The commission is to be paid in ten equal annual installments of \$6.8 million and four of the ten installments have been paid as of December 31, 2025. The remaining amount payable is \$40.9 million, of which \$6.8 million is considered short-term and is due to be paid within 12 months of December 31,

Note 2. Summary of Significant Accounting Policies (Continued)

2025. The amount payable is presented in other liabilities on the Consolidated Balance Sheets and meets the criteria to be recorded as DAC.

Due to Related Parties — Amounts reported as due to related parties arise from operational, administrative and asset management services provided by certain affiliates. See *Note 14 — Related Party*.

Legal Matters and Contingencies — The Company records legal fees and accruals in accordance with Accounting Standards Codification (“ASC”) Topic 450, *Contingencies*. Contingencies arising from regulatory judgments, claims, assessments, guarantees, litigation, recourse reserves, fines, penalties, and other sources are recorded when deemed probable and reasonably estimable. Appropriate disclosure is made when a loss contingency is considered material and is either (i) probable but not reasonably estimable; or (ii) reasonably possible but not probable.

Recognition of Revenues and Related Expenses — Revenues for investment contracts, including surrender charges, market value adjustments, and GLWB and GMDB rider fees, are earned when assessed against policyholder account balances during the period. Interest credited to policyholder account balances and the change in fair value of embedded derivatives within fixed indexed annuity contracts is included in interest sensitive contract benefits on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Advertising Expenses — Advertising costs are expensed as incurred and included in policy and other operating expenses within the Consolidated Statements of Operations and Comprehensive Income (Loss).

Audit and Audit Related fees — Audit and audit related fees are expensed as incurred. Total audit and audit related fees were \$1.2 million and \$0.8 million for the years ended December 31, 2025, and 2024, respectively. Audit and audit related fees are recorded in policy and other operating expenses within the Consolidated Statements of Operations and Comprehensive Income (Loss). There were no non-audit related fees paid to the Company’s external auditors during the years ended December 31, 2025 or 2024.

Income taxes — On December 27, 2023, the Government of Bermuda enacted the Corporate Income Tax Act of 2023 (“Bermuda CIT”). The Corporate Income Tax Act 2023 introduces a 15% corporate income tax (“CIT”) on Bermuda businesses that are part of an In Scope Multinational enterprise (“MNE”) Group. An In Scope MNE Group is an MNE Group if, with respect to any fiscal year beginning on or after the commencement date, the MNE Group had annual revenue of EUR 750 million or more in the consolidated financial statements of the ultimate parent entity for at least two of the four fiscal years immediately preceding such fiscal year. The commencement date for the tax was January 1, 2025.

The Company has evaluated the impact that this new legislation has on its financial statements for the year ended December 31, 2025 (based on information available at the financial statement date) and recorded amounts where applicable. In addition, the Company has accessed further impacts for periods ending after December 31, 2025. Tax year 2025 impacts include the adjustment to the deferred tax asset for GAAP reporting from the amount recorded in tax year 2023. The adjustment in 2024 was made based on provisions in the Bermuda Corporate Tax allowing an opening tax benefit for the economic transition adjustment. The deferred tax amount recorded for economic transition adjustment asset is \$57.9 million. Additionally, the Company expects to be subject to current taxes for Bermuda Corporate Tax starting in tax year 2030 based on applicable guidance specifically the limited international presence safe harbour provisions.

Reclassifications — Certain reclassifications have been made in the Consolidated Statements of Operations and Comprehensive Income (Loss) and certain comparative footnote tables to conform with current year presentation. Such reclassifications had no impact on net income.

Recently adopted accounting pronouncements — In August 2018, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2018-12, *Targeted Improvements to the Accounting for*

Note 2. Summary of Significant Accounting Policies (Continued)

Long Duration Contracts," ("LDTI"), which included changes to the existing recognition, measurement, presentation and disclosure requirements for long-duration contracts issued by an insurance entity. The Company adopted LDTI effective January 1, 2025, with a transition date of January 1, 2024, using the full retrospective transition method relating to liabilities for traditional and limited payment contracts, DAC, DSI and VOBA and in relation to MRBs.

Under the full retrospective transition approach, the Company applied the guidance as of the transition date, using actual historical assumption information as of contract inception, as if the accounting principle had always been applied.

Amounts reported as of December 31, 2025 and 2024 and for the years ended December 31, 2025 and 2024 within these Consolidated Financial Statements are accounted for and presented in accordance with U.S. GAAP reflecting the adoption of LDTI.

LDTI resulted in three significant changes:

1. Market risk benefits: a new term for certain contract features that provide for potential benefits in addition to the account balance that expose the Company to other-than-nominal market risk. Changes in fair value are recorded and presented separately within the income statement, with the exception of changes in fair value due to non-performance risk, which are recognized in OCI;
2. Deferred acquisition costs: DAC, DSI, and VOBA are amortized on a constant-level basis, independent of profitability of the underlying business.
3. Enhanced disclosures, including disaggregated roll-forwards of certain balance sheet accounts which provide information about actual and expected cash flows, as well as information about significant inputs, judgments, assumptions and methods used in measurement, are required. The enhanced disclosures are intended to improve the ability to evaluate the timing, amount, and uncertainty of cash flows arising from long-duration contracts.

The adoption of LDTI resulted in an increase in total shareholder's equity of \$122.5 million as of the transition date of January 1, 2024, comprised of an increase in AOCI of \$13.6 million and an increase in retained earnings of \$108.9 million. The primary drivers for this impact to total shareholder's equity included:

1. the classification of certain benefits as MRBs, which were remeasured at fair value as of the transition date. The resulting change in the value of these benefits at the transition date is recognized in retained earnings, with the exception of the cumulative effect of changes in non-performance risk which is recognized in AOCI;
2. DAC, DSI, and VOBA previously amortized in the estimated gross profit amortization calculation are now amortized on a constant-level basis, independent of profitability of the underlying business;
3. the removal of certain shadow adjustments previously recorded in AOCI related to the impact of unrealized gains (losses) on investments that were included in the estimated gross profit amortization calculation for DAC, which, since the adoption of LDTI, are no longer recognized.

See *Note 9 — Long Duration Contracts* for further disclosures.

The following table presents the effect of transition adjustments on shareholder's equity due to the adoption of LDTI:

Aspida Life Re Ltd.
Notes to the Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Amounts presented in thousands (USD)

	January 1, 2024	
	Retained earnings	AOCI
DAC, DSI, and VOBA	\$ 92,782	\$ 3,156
Reserves for future policy and other benefits	67,428	—
MRBs	(51,266)	10,450
Total	<u>\$ 108,944</u>	<u>\$ 13,606</u>

The following table presents amounts previously reported as of December 31, 2023, to reflect the effect of the change due to the adoption of LDTI, and the adjustment amounts as of January 1, 2024.

Amounts presented in thousands (USD)

	As previously reported, December 31, 2023	Effect of changes	As of January 1, 2024
Assets			
Deferred acquisition costs, deferred sales inducements and value of business acquired	\$ 229,049	\$ 96,677	\$ 325,726
Total assets	9,969,201	96,677	10,065,878
Liabilities and Shareholder's Equity			
Liabilities			
Reserves for future policy benefits and claims payable	\$ 79,622	\$ (67,428)	\$ 12,194
Interest sensitive contract benefits (Negative VOBA)	9,307,636	739	9,308,375
Net MRB liabilities, at fair value	—	40,816	40,816
Total liabilities	9,510,632	\$ (25,873)	9,484,759
Shareholder's Equity			
Accumulated other comprehensive income (loss)	2,829	\$ 13,606	16,435
Retained earnings	(275,320)	108,944	(166,376)
Total shareholder's equity	458,569	\$ 122,550	581,119
Total liabilities and shareholder's equity	\$ 9,969,201	\$ 96,677	\$ 10,065,878

The following is a reconciliation of MRB from the consolidated balance sheets as of January 1, 2024. MRB assets are included in other assets on the Consolidated Balance Sheets.

Amounts presented in thousands (USD)

	As of January 1, 2024		
	Asset	Liability	Net liability
Indexed annuities	\$ 5,595	\$ 46,411	\$ 40,816
Total	<u>\$ 5,595</u>	<u>\$ 46,411</u>	<u>\$ 40,816</u>

The following table present amounts previously reported in the Consolidated Statements of Operations and Comprehensive Income (Loss) for the year ended December 31, 2024 to reflect the effect of the change due to the adoption of LDTI, and the adjusted amounts:

Aspida Life Re Ltd.
Notes to the Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Amounts presented in thousands (USD)

	As previously reported for the year ended December 31, 2024	Effect of changes	As adjusted year ended December 31, 2024
Benefits and expenses			
Future policy and other policy benefits	\$ 16,077	\$ (15,928)	\$ 149
Amortization of deferred acquisition costs, deferred sales inducements and value of business acquired	87,935	(23,849)	64,086
Change in market risk benefits	—	(29,805)	(29,805)
Policy and other operating expenses	78,912	32	78,944
Total benefits and expenses	636,212	(69,550)	566,662
Consolidated Statement of Comprehensive Income			
Net income attributable to Aspida Life Re Shareholder	261,215	69,550	330,765
Change in market risk benefits from own credit risk	—	(15,226)	(15,226)
Shadow deferred acquisition cost	577	(577)	—
Other comprehensive (loss) income	(5,902)	(15,803)	(21,705)
Other comprehensive (loss) income, after tax	(5,902)	(15,803)	(21,705)
Comprehensive income	\$ 255,313	\$ 53,747	\$ 309,060

The adoption of LDTI did not affect the previously reported totals for net cash flows provided by (used in) operating, investing, or financing activities, but did affect the following components of net cash flows provided by (used in) operating activities:

Amounts presented in thousands (USD)

	As previously reported for the Year Ended December 31, 2024	Effect of changes through Income	As adjusted year ended December 31, 2024
Cash flows from operating activities:			
Net income attributable to Aspida Life Re Shareholder	261,215	69,550	330,765
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization of deferred acquisition costs and value of business acquired	85,773	(23,441)	62,332
Amortization of deferred sales inducements	1,584	(408)	1,176
Policy acquisition costs deferred	(76,723)	32	(76,691)
Change in operating assets and liabilities			
Future policy benefits	15,489	(15,928)	(439)
Market risk benefits	—	(29,805)	(29,805)
Net cash provided by operating activities	269,850	—	269,850

Aspida Life Re Ltd.
Notes to the Consolidated Financial Statements

Note 3. Investments

AFS Securities — The following tables summarize the amortized cost, gross unrealized gains and unrealized losses, and estimated fair value of our AFS investments by security type at December 31, 2025 and 2024:

Amounts presented in thousands (USD)

	December 31, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
AFS Securities				
U.S. state, municipal and political subdivision	\$ 4,223	\$ 31	\$ (230)	\$ 4,024
U.S. corporate bonds	947,885	27,301	(9,410)	965,776
Foreign corporate bonds	20,139	425	(656)	19,908
ABS	277,810	3,162	(253)	280,719
CMBS	21,843	232	(880)	21,195
RMBS	256,457	5,348	(293)	261,512
Total AFS securities	1,528,357	36,499	(11,722)	1,553,134
AFS securities - related party				
U.S. corporate bonds	5,000	205	—	5,205
ABS	18,765	146	—	18,911
Total AFS securities - related party	23,765	351	—	24,116
Total AFS securities including related parties	<u>\$ 1,552,122</u>	<u>\$ 36,850</u>	<u>\$ (11,722)</u>	<u>\$ 1,577,250</u>

	December 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
AFS Securities				
U.S. state, municipal and political subdivision	\$ 6,271	\$ —	\$ (379)	\$ 5,892
U.S. corporate bonds	766,519	10,363	(13,041)	763,841
Foreign corporate bonds	17,686	216	(898)	17,004
ABS	182,267	3,023	(191)	185,099
CMBS	27,191	71	(1,506)	25,756
RMBS	155,333	3,025	(1,175)	157,183
Total AFS securities including related parties	<u>\$ 1,155,267</u>	<u>\$ 16,698</u>	<u>\$ (17,190)</u>	<u>\$ 1,154,775</u>

The amortized cost and fair value of AFS securities are shown by contractual maturity below:

Amounts presented in thousands (USD)

	December 31, 2025	
	Amortized Cost	Fair Value
AFS Securities		
Due in one year or less	\$ 36,759	\$ 36,742
Due after one year through five years	330,255	338,068
Due after five years through ten years	440,401	455,120
Due after ten years	164,831	159,778
ABS, CMBS, RMBS	556,111	563,426
Total AFS securities	1,528,357	1,553,134
AFS securities - related party		
Due after one year through five years	5,000	5,205
ABS, CMBS, RMBS	18,765	18,911
Total AFS securities - related party	23,765	24,116
Total AFS securities including related parties	<u>\$ 1,552,122</u>	<u>\$ 1,577,250</u>

Aspida Life Re Ltd.
Notes to the Consolidated Financial Statements

Note 3. Investments (Continued)

Actual maturities can differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Unrealized Losses on AFS Securities — The following tables summarize the fair value and gross unrealized losses for which an allowance for credit losses has not been recorded, AFS securities are aggregated by class of security and length of time the fair value has remained below amortized cost:

Amounts presented in thousands (USD)

	December 31, 2025					
	Less Than 12 Months		12 Months or Greater		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
AFS securities						
U.S. state, municipal and political subdivision	\$ —	\$ —	\$ 2,143	\$ (230)	\$ 2,143	\$ (230)
U.S. corporate bonds	108,685	(2,141)	56,502	(7,269)	165,187	(9,410)
Foreign corporate bonds	2,699	(18)	3,945	(638)	6,644	(656)
ABS	14,499	(164)	1,146	(89)	15,645	(253)
CMBS	785	(7)	13,804	(873)	14,589	(880)
RMBS	9,334	(29)	6,906	(264)	16,240	(293)
Total AFS securities including related parties	<u>\$ 136,002</u>	<u>\$ (2,359)</u>	<u>\$ 84,446</u>	<u>\$ (9,363)</u>	<u>\$ 220,448</u>	<u>\$ (11,722)</u>

	December 31, 2024					
	Less Than 12 Months		12 Months or Greater		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
AFS securities						
U.S. state, municipal and political subdivision	\$ 843	\$ (7)	\$ 5,049	\$ (372)	\$ 5,892	\$ (379)
U.S. corporate bonds	313,996	(6,456)	37,080	(6,585)	351,076	(13,041)
Foreign corporate bonds	4,163	(86)	3,786	(812)	7,949	(898)
ABS	6,481	(54)	1,275	(137)	7,756	(191)
CMBS	954	(23)	16,435	(1,483)	17,389	(1,506)
RMBS	45,981	(720)	4,967	(455)	50,948	(1,175)
Total AFS securities including related parties	<u>\$ 372,418</u>	<u>\$ (7,346)</u>	<u>\$ 68,592</u>	<u>\$ (9,844)</u>	<u>\$ 441,010</u>	<u>\$ (17,190)</u>

At December 31, 2025, the Company held one hundred fifty-four AFS securities that were in an unrealized loss position. Seventy-four of these securities were in an unrealized loss position longer than 12 months. At December 31, 2024, the Company held two hundred and sixty-six AFS securities that were in an unrealized loss position. Seventy-one of the AFS securities were in an unrealized loss position longer than 12 months.

Unrealized losses on AFS securities are primarily attributed to changes in market interest rates since acquisition. We did not recognize the unrealized losses in income as we intend to hold these securities and it is not more likely than not we will be required to sell a security before the recovery of its amortized cost.

At December 31, 2025 the balance for credit losses for AFS securities was \$0.2 million. The Company did not record any credit losses for the year ended December 31, 2025. For the year ended December 31, 2024, the Company recorded \$0.2 million of credit losses for AFS securities.

Aspida Life Re Ltd.
Notes to the Consolidated Financial Statements

Note 3. Investments (Continued)

Net Investment Income — Net investment income by asset class consists of the following:

Amounts presented in thousands (USD)

	Year Ended December 31, 2025	Year Ended December 31, 2024
Investment income:		
AFS	\$ 87,023	\$ 73,565
Cash, cash equivalents and short-term investments	190	94
Other	8,863	642
Total investment income	96,076	74,301
Less: Investment expenses	(39,014)	(35,412)
Net investment income	<u>\$ 57,062</u>	<u>\$ 38,889</u>

Investment Related Gains — The Company's investment related gains include the difference between the amortized cost and proceeds from the sale and redemption of AFS securities, net of impairment losses and expenses recorded through income. Investment related gains are also generated from changes in the fair values of derivatives and embedded derivatives.

Investment related gains (losses), net by asset class consist of the following:

Amounts presented in thousands (USD)

	Year Ended December 31, 2025	Year Ended December 31, 2024
Fixed maturity AFS securities:		
Realized gains on investment activity	\$ 127	\$ 711
Realized losses on investment activity	(52)	(885)
Net gains (losses) on AFS	75	(174)
Derivative gains, net	35,109	36,417
Embedded derivatives gains, net	820,601	751,043
Investment fund gains	—	49,303
Foreign exchange and other	2,304	(155)
Total investment related gains, net	<u>\$ 858,089</u>	<u>\$ 836,434</u>

Funds Withheld at Interest – FWH at interest represents a receivable for amounts contractually withheld by ceding companies in accordance with MODCO and FWH agreements in which we act as the reinsurer. Generally, assets equal to statutory reserves are withheld and legally owned by the ceding company.

The FWH at interest is composed of the host contract and an embedded derivative. We are subject to the investment performance on the withheld assets with the total return directly impacting the host contract and the embedded derivative. The change in the embedded derivative in our reinsurance agreements, which is similar to a total return swap on the income generated by the underlying assets held by the ceding companies, is recorded in investment related gains (losses) on the Consolidated Statements of Operations and Comprehensive Income (Loss). Although we do not directly control the underlying investments in the FWH at interest, in each instance the ceding company has hired Ares Insurance Solutions LLC (“AIS”) to manage the withheld assets in accordance with our investment guidelines.

Aspida Life Re Ltd.
Notes to the Consolidated Financial Statements

Note 3. Investments (Continued)

The following summarizes the underlying investment composition of the FWH at interest:

Amounts presented in thousands (USD)

	December 31, 2025	
	Carrying Value	Percent
U.S. Government and agencies	\$ 3,047	0.0 %
States, municipalities and territories	128,585	1.2 %
Foreign corporate securities and foreign governments	46,629	0.4 %
Corporate securities	3,938,549	36.3 %
RMBS	1,869,109	17.2 %
CMBS	379,294	3.5 %
Other asset backed securities	2,926,306	27.0 %
Equity securities	195,826	1.8 %
Cash and cash equivalents	536,732	4.9 %
Derivative instruments	4,731	0.1 %
Investment Funds	819,513	7.6 %
Total funds withheld at interest, including related party	<u>\$ 10,848,321</u>	<u>100 %</u>

	December 31, 2024	
	Carrying Value	Percent
U.S. Government and agencies	\$ 43,765	0.4%
States, municipalities and territories	134,774	1.3%
Foreign corporate securities and foreign governments	26,779	0.3%
Corporate securities	3,508,758	34.5%
RMBS	1,852,614	18.2%
CMBS	492,900	4.8%
Other asset backed securities	3,143,593	30.9%
Equity securities	189,438	1.9%
Cash and cash equivalents	231,855	2.3%
Derivative instruments	5,159	0.1%
Investment Funds	534,402	5.3%
Total funds withheld at interest, including related party	<u>\$ 10,164,037</u>	<u>100%</u>

Investment Funds — Our investment fund portfolio consists of funds and LLPs that employ strategies in which we gain exposure directly or indirectly to asset-backed, multi-credit, and opportunistic credit funds focused on generating excess returns through high-quality credit underwriting. Investment funds can meet the definition of VIEs, which are discussed further in *Note 2 — Summary of Significant Accounting Policies*. For investments for which NAV is used, we do not have any significant restrictions in our ability to liquidate our positions in these investments, other than obtaining general partner approval, nor do we believe it is probable a price less than NAV would be received in the event of a liquidation. Our investment funds do not specify timing distributions on the funds' underlying asset and maximum loss exposures is equal to carrying value plus unfunded commitments. At December 31, 2025 and 2024, our maximum loss exposure was \$203.6 million and \$797.4 million, respectively.

Aspida Life Re Ltd.
Notes to the Consolidated Financial Statements

Note 3. Investments (Continued)

The following summarizes our investment funds, including related parties and consolidated VIEs:

Amounts presented in thousands (USD)

	December 31, 2025		December 31, 2024	
	Carrying Value	Percent	Carrying Value	Percent
Investment funds				
Limited partnerships	\$ 116,918	100.0 %	\$ 9,623	2.2 %
Investment funds - consolidated VIEs	—	— %	425,239	97.8 %
Total investment funds - including related parties	<u>\$ 116,918</u>	<u>100.0 %</u>	<u>\$ 434,862</u>	<u>100.0 %</u>

At December 31, 2025, the Company had unfunded commitments related to these investments of \$86.6 million. See *Note 14 — Related Party* for further information.

Note 4. Derivative Instruments

We use a variety of derivative instruments to manage liability risks associated with our indexed annuity products. See *Note 2 — Summary of Significant Accounting Policies* for a description of our accounting policies for derivatives and *Note 5 — Fair Value Measurements* for information about the fair value hierarchy for derivatives.

The following table presents the notional amount and fair value of derivative instruments:

Amounts presented in thousands (USD)

	Year Ended December 31, 2025			Year Ended December 31, 2024		
	Notional Amount	Fair Value		Notional Amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
Derivatives designated as hedges						
Foreign currency forward contracts	\$ 233,916	\$ —	\$ 14,904	\$ —	\$ —	\$ —
Total derivatives designated as hedges		<u>\$ —</u>	<u>\$ 14,904</u>		<u>\$ —</u>	<u>\$ —</u>
Derivatives not designated as hedges						
Equity options	\$ 930,079	\$ 90,032	\$ —	\$ 991,272	\$ 85,190	\$ —
Embedded Derivatives:						
Funds withheld receivable		(51,690)	—		(186,090)	—
Interest sensitive contract liabilities		—	309,021		—	292,242
Total derivatives not designated as hedges		<u>38,342</u>	<u>309,021</u>		<u>(100,900)</u>	<u>292,242</u>
Total derivatives		<u>\$ 38,342</u>	<u>\$ 323,925</u>		<u>\$ (100,900)</u>	<u>\$ 292,242</u>

Derivatives Designated as Hedges

Fair Value Hedges — We use foreign currency forward contracts that are designated and accounted for as fair value hedges to hedge certain exposures to foreign currency risk. The foreign currency forward price is agreed upon at the time of the contract and payment is made at a specified future date. The carrying amount of interest sensitive contract liabilities in qualifying fair value hedges of foreign currency contracts was \$172.1 million and \$0 as of December 31, 2025 and 2024, respectively.

The fair value of the derivatives designated as hedges are included in liabilities of consolidated VIEs on the Consolidated Balance Sheets.

Aspida Life Re Ltd.
Notes to the Consolidated Financial Statements

Note 4. Derivative Instruments (Continued)

The following is a summary of the gains (losses) related to the derivatives and related hedged items in fair value hedge relationships:

Amounts presented in thousands (USD)

	Year Ended December 31, 2025	Year Ended December 31, 2024
<i>Foreign currency forwards</i>		
Derivatives	\$ (9,459)	\$ —
Hedged items	10,058	—
Net	599	—
Amounts excluded:		
Recognized in income through amortization approach	1,462	—
Recognized in income through changes in fair value	\$ (685)	\$ —

The gains and losses related to derivatives is recorded through Investment related gains and losses, and gains and losses related to the hedged items are recorded in hedging and other adjustments on the Consolidated Statements of Operations and Comprehensive Income (Loss).

There were no amounts recorded in the losses related to derivatives and related hedging excluded from the assessment of hedge effectiveness that were recognized in OCI.

Derivatives Not Designated as Hedges

Equity options — We use equity indexed options to economically hedge fixed indexed annuity products that guarantee the return of principal to the policyholder and credit interest based on a percentage of the gain in a specified market index, primarily the S&P 500. To hedge against adverse changes in equity indices, we enter into contracts to buy equity indexed options. The contracts are net settled in cash based on differentials in the indices at the time of exercise and the strike price.

Embedded derivatives — We have embedded derivatives which are required to be separated from their host contracts and reported as derivatives. Host contracts include reinsurance agreements structured on MODCO or FWH basis and indexed annuity products.

Credit Risk — We may be exposed to credit-related losses in the event of counterparty nonperformance on derivative financial instruments. Generally, the current credit exposure of our derivative contracts is the fair value at the reporting date less any collateral received from the counterparty. We manage credit risk related to over-the-counter derivatives by entering into transactions with creditworthy counterparties.

Aspida Life Re Ltd.
Notes to the Consolidated Financial Statements

Note 4. Derivative Instruments (Continued)

A summary of the gains (losses) included in the Consolidated Statements of Operations and Comprehensive Income (Loss) related to the Company's derivative instruments is presented below:

Amounts presented in thousands (USD)

	Year Ended December 31, 2025	Year Ended December 31, 2024
Derivatives:		
Equity options	\$ 35,109	\$ 36,417
Embedded derivatives FWH	820,601	751,043
Amounts recognized in investment related gains	855,710	787,460
Interest sensitive contract liabilities ⁽¹⁾	(16,779)	(27,486)
Total gains on derivatives not designated as hedges, net	<u>\$ 838,931</u>	<u>\$ 759,974</u>

(1) Amounts are included within interest sensitive contract benefits on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Note 5. Fair Value Measurements

Fair value is the price we would receive to sell an asset or pay to transfer a liability (exit price) in an orderly transaction between market participants. We determine fair value based on the following fair value hierarchy:

Level 1 — Unadjusted quoted prices for identical assets or liabilities in an active market;

Level 2 — Quoted prices for inactive markets or valuation techniques that require observable direct or indirect inputs for substantially the full term of the asset or liability. Level 2 inputs include the following:

- i. Quoted prices for similar assets or liabilities in active markets;
- ii. Observable inputs other than quoted market prices; and
- iii. Observable inputs derived principally from 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. These valuations use critical assumptions not readily available to market participants. Level 3 valuations are based on market standard valuation methodologies, including discounted cash flows, matrix pricing or other similar techniques.

Net Asset Value — Investment funds are typically measured using NAV as a practical expedient in determining fair value and are not classified in the fair value hierarchy. Our carrying value reflects our pro rata ownership percentage as indicated by NAV in the investment fund's financial statements.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (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.

The Company measures the fair value of its securities based on assumptions used by market participants in pricing the security. The most appropriate valuation methodology is selected based on the specific characteristics of the fixed maturity security and the Company will then consistently apply the valuation methodology to measure the security's fair value. The Company's fair value measurement is based on a market approach, which utilizes prices and other relevant information generated by market transactions involving identical or comparable securities. Sources of inputs to the market approach include third-party pricing services, independent broker quotations, or pricing matrices. The Company uses observable and unobservable inputs in its valuation methodologies. Observable inputs include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data. In

Aspida Life Re Ltd.
Notes to the Consolidated Financial Statements

Note 5. Fair Value Measurements (Continued)

addition, market indicators and industry and economic events are monitored, and further market data will be acquired when certain thresholds are met.

For certain security types, additional inputs may be used, or some of the inputs described above may not be applicable. For broker-quoted only securities, quotes from market makers or broker-dealers are obtained from sources recognized to be market participants. Management believes the broker quotes are prices at which trades could be executed based on historical trades executed at broker-quoted or slightly higher prices.

The fair value measurement of the call option derivatives is determined via market observable information. The market observable inputs are the market value of the option.

The Company's assets and liabilities measured at fair value on a recurring basis are summarized according to the fair value hierarchy as follows:

Amounts presented in thousands (USD)

	December 31, 2025				
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV	Total
Assets:					
AFS securities					
U.S. state, municipal and political subdivision	\$ —	\$ 4,024	\$ —	\$ —	\$ 4,024
U.S. corporate bonds	—	808,312	157,464	—	965,776
Foreign corporate bonds	—	17,209	2,699	—	19,908
ABS	—	212,934	67,785	—	280,719
CMBS	—	21,195	—	—	21,195
RMBS	—	256,189	5,323	—	261,512
Total AFS securities	—	1,319,863	233,271	—	1,553,134
AFS securities - related party					
U.S. corporate bonds	—	—	5,205	—	5,205
ABS	—	14,460	4,451	—	18,911
Total AFS securities - related party	—	14,460	9,656	—	24,116
Total AFS securities including related parties	—	1,334,323	242,927	—	1,577,250
Derivative assets	—	90,032	—	—	90,032
Investment funds	—	—	—	116,918	116,918
Cash and cash equivalents	358,281	—	—	—	358,281
Restricted cash and cash equivalents	81,222	—	—	—	81,222
FWH receivable - embedded derivative	—	—	(51,690)	—	(51,690)
Other assets	—	—	11,621	—	11,621
Total	\$ 439,503	\$ 1,424,355	\$ 202,858	\$ 116,918	\$ 2,183,634
Liabilities:					
Interest sensitive contract liability - embedded derivative	\$ —	\$ —	\$ 309,021	\$ —	\$ 309,021
MRBs	—	—	35,891	—	35,891
Total	\$ —	\$ —	\$ 344,912	\$ —	\$ 344,912

Aspida Life Re Ltd.
Notes to the Consolidated Financial Statements

Note 5. Fair Value Measurements (Continued)

	December 31, 2024				
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV	Total
Assets:					
Available-for-sale securities:					
U.S. government and agency	\$ —	\$ —	\$ —	\$ —	\$ —
U.S. state, municipal and political subdivision	—	5,892	—	—	5,892
U.S. corporate bonds	—	610,391	153,450	—	763,841
Foreign corporate bonds	—	17,004	—	—	17,004
ABS	—	109,707	75,392	—	185,099
CMBS	—	25,756	—	—	25,756
RMBS	—	151,843	5,340	—	157,183
Total AFS securities including related parties	—	920,593	234,182	—	1,154,775
Derivative assets	—	85,190	—	—	85,190
Investment funds	—	—	—	9,623	9,623
Cash and cash equivalents	235,859	—	—	—	235,859
Restricted cash and cash equivalents	12,771	—	—	—	12,771
FWH receivable - embedded derivative	—	—	(186,090)	—	(186,090)
Other assets	—	—	11,007	—	11,007
Assets of consolidated VIEs:					
Investment funds - including related party	—	—	—	425,239	425,239
Total	<u>\$ 248,630</u>	<u>\$ 1,005,783</u>	<u>\$ 59,099</u>	<u>\$ 434,862</u>	<u>\$ 1,748,374</u>
Liabilities:					
Interest sensitive contract liability - embedded derivative	\$ —	\$ —	\$ 292,242	\$ —	\$ 292,242
MRBs	—	—	37,245	—	37,245
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 329,487</u>	<u>\$ —</u>	<u>\$ 329,487</u>

Fair Value Valuation Methods — We used the following valuation methods and assumptions to estimate fair value:

AFS securities — We obtain the fair value for most marketable securities without an active market from a commercial pricing service or based on indicative broker quotes. These are classified as Level 2 and Level 3 assets. The pricing services incorporate a variety of market observable information in their valuation techniques, including benchmark yields, trading activity, credit quality, issuer spreads, bids, offers and other reference data. This category typically includes US state, municipal and political subdivision, U.S. government and foreign bonds, U.S. and foreign corporate bonds, ABS, CMBS and RMBS.

Derivatives — Derivative contracts can be exchange traded or over-the-counter. Exchange-traded derivatives typically fall within Level 1 of the fair value hierarchy depending on trading activity. Over-the-counter derivatives are valued using valuation models or an income approach using third-party broker valuations. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit curves, measures of volatility, prepayment rates and correlation of the inputs. We consider and incorporate counterparty credit risk in the valuation process through counterparty credit rating requirements and monitoring of overall exposure. We also evaluate and include our own nonperformance risk in valuing derivatives. The majority of our derivatives trade in liquid markets; therefore, we can verify model inputs and model selection does not involve significant management judgment. These are typically classified within Level 2 of the fair value hierarchy.

Note 5. Fair Value Measurements (Continued)

Cash and cash equivalents, including restricted cash and cash equivalents — The carrying amount for cash equals fair value. We estimate the fair value for cash equivalents based on quoted market prices. These assets are classified as Level 1.

Funds withheld at interest embedded derivative — We estimate the fair value of the embedded derivative based on the change in the fair value of the assets supporting the FWH receivable under MODCO and FWH reinsurance agreements. As a result, the fair value of the embedded derivative is classified as Level 3 based on the valuation methods used for the assets held supporting the reinsurance agreements.

Interest sensitive contract liabilities embedded derivative — Embedded derivatives related to interest sensitive contract liabilities with fixed indexed annuity products are classified as Level 3. The valuations include significant unobservable inputs associated with economic assumptions and actuarial assumptions for policyholder behavior.

Other assets and market risk benefits — Other assets at fair value consist of MRB assets. See *Note 9 — Long-duration Contracts* for additional information on MRBs valuation methodology and additional fair value disclosures. MRBs are classified as Level 3.

Aspida Life Re Ltd.
Notes to the Consolidated Financial Statements

Note 5. Fair Value Measurements (Continued)

The following are reconciliations for Level 3 assets and liabilities measured at fair value on a recurring basis:

Amounts presented in thousands (USD)

December 31, 2025						
	Fair Value at January 1, 2025	Gains (Losses) Included in Income	Gains (Losses) Included in OCI	Purchases, Issuances, Sales and Settlements	Transfers In (Out)	Fair Value at December 31, 2025
Assets						
FWH receivables	\$ (186,090)	\$ 134,400	\$ —	\$ —	\$ —	\$ (51,690)
AFS securities						
U.S. corporate bonds	153,450	14	2,097	11,001	(9,098)	157,464
Foreign corporate bonds	—	(12)	59	—	2,652	2,699
ABS	75,392	335	(470)	(5,492)	(1,980)	67,785
RMBS	5,340	73	(90)	—	—	5,323
AFS securities - related party						
U.S. corporate bonds	—	—	107	—	5,098	5,205
ABS	—	1	(4)	2,475	1,979	4,451
Total Level 3 Assets	\$ 48,092	\$ 134,811	\$ 1,699	\$ 7,984	\$ (1,349)	\$ 191,237
	Fair Value at January 1, 2025	Losses Included in Income	Gains (Losses) Included in OCL	Purchases, Issuances, Sales and Settlements	Transfers In (Out)	Fair Value at December 31, 2025
Liabilities						
Interest sensitive contract liabilities- embedded derivatives	\$ 292,242	\$ 16,779	\$ —	\$ —	\$ —	\$ 309,021
Total Level 3 Liabilities	\$ 292,242	\$ 16,779	\$ —	\$ —	\$ —	\$ 309,021
December 31, 2024						
	Fair Value at January 1, 2024	Gains (Losses) Included in Income	Gains (Losses) Included in OCI	Purchases, Issuances, Sales and Settlements	Transfers In (Out)	Fair Value at December 31, 2024
Assets						
FWH receivables	\$ (280,971)	\$ 94,881	\$ —	\$ —	\$ —	\$ (186,090)
AFS Securities						
U.S. corporate bonds	—	19	3,000	80,800	69,631	153,450
ABS	—	1,205	(297)	(11,606)	86,090	75,392
RMBS	—	46	129	—	5,165	5,340
Total Level 3 Assets	\$ (280,971)	\$ 96,151	\$ 2,832	\$ 69,194	\$ 160,886	\$ 48,092
	Fair Value at January 1, 2024	Losses Included in Income	Gains (Losses) Included in OCI	Purchases, Issuances, Sales and Settlements	Transfers In (Out)	Fair Value at December 31, 2024
Liabilities						
Interest sensitive contract liabilities - embedded derivatives	\$ 264,756	\$ 27,486	\$ —	\$ —	\$ —	\$ 292,242
Total Level 3 Liabilities	\$ 264,756	\$ 27,486	\$ —	\$ —	\$ —	\$ 292,242

Significant Unobservable Inputs — Significant unobservable inputs occur when we could not obtain or corroborate the quantitative detail of the inputs. This applies to fixed maturity securities and certain derivatives. Additional significant unobservable inputs are described below.

Aspida Life Re Ltd.
Notes to the Consolidated Financial Statements

Note 5. Fair Value Measurements (Continued)

Interest sensitive contract liabilities — embedded derivative — Significant unobservable inputs we use in the fixed indexed annuities embedded derivative of the interest sensitive contract liabilities valuation include:

1. Nonperformance risk — For contracts we issue, we use the credit spread, relative to the US Department of the Treasury (“US Treasury”) curve based on our public credit rating as of the valuation date. This represents our credit risk for use in the estimate of the fair value of embedded derivatives.
2. Option budget — We assume future hedge costs in the derivative’s fair value estimate. The level of option budgets determines the future costs of the options and impacts future policyholder account value growth.
3. Policyholder behavior — We regularly review the lapse and withdrawal assumptions (surrender rate). These are based on our initial pricing assumptions updated for actual experience. Actual experience may be limited for recently issued products.

The following table summarizes the unobservable inputs for the embedded derivatives of fixed indexed annuities:

Amounts presented in thousands (USD)

December 31, 2025							
	Fair Value	Valuation Technique	Significant Unobservable Inputs	Minimum	Maximum	Weighted Average of Inputs	Impact of increase in input on fair value
Interest sensitive contract liabilities - fixed indexed annuities embedded derivatives	\$ 309,021	Option budget method	Nonperformance risk	0.7%	0.7%	0.7%	Decrease
			Option budget	0.3%	6.6%	2.1%	Increase
			Surrender rate	1.2%	28.6%	7.9%	Decrease

Aspida Life Re Ltd.
Notes to the Consolidated Financial Statements

Note 5. Fair Value Measurements (Continued)

	December 31, 2024						
	Fair Value	Valuation Technique	Significant Unobservable Inputs	Minimum	Maximum	Weighted Average of Inputs	Impact of increase in input on fair value
Interest sensitive contract liabilities - fixed indexed annuities embedded derivatives	\$ 292,242	Option budget method	Nonperformance risk	0.8%	0.8%	0.8%	Decrease
			Option budget	0.8%	6.0%	2.4%	Increase
			Surrender rate	4.6%	12.7%	7.0%	Decrease

Fair Value of Financial Instruments Not Carried at Fair Value — The following represents our financial instruments not carried at fair value on the Consolidated Balance Sheets:

Amounts presented in thousands (USD)

December 31, 2025						
	Carrying Value	Fair Value	NAV	Level 1	Level 2	Level 3
Financial Assets						
FWH at interest	\$ 10,900,011	\$ 10,900,011	\$ —	\$ —	\$ —	\$ 10,900,011
Investment funds	116,918	116,918	116,918	—	—	—
Total Financial Assets Not Carried at Fair Value	<u>\$ 11,016,929</u>	<u>\$ 11,016,929</u>	<u>\$ 116,918</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 10,900,011</u>
Financial Liabilities						
Interest sensitive contract liabilities	\$ 11,483,172	\$ 11,483,172	\$ —	\$ —	\$ —	\$ 11,483,172
Total Financial Liabilities Not Carried at Fair Value	<u>\$ 11,483,172</u>	<u>\$ 11,483,172</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 11,483,172</u>
December 31, 2024						
	Carrying Value	Fair Value	NAV	Level 1	Level 2	Level 3
Financial Assets						
FWH withheld at interest	\$ 10,350,127	\$ 10,350,127	\$ —	\$ —	\$ —	\$ 10,350,127
Investment funds	9,623	9,623	9,623	—	—	—
Assets of consolidated VIEs - Investment funds including related parties	425,239	425,239	425,239	—	—	—
Total Financial Assets Not Carried at Fair Value	<u>\$ 10,784,989</u>	<u>\$ 10,784,989</u>	<u>\$ 434,862</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 10,350,127</u>
Financial Liabilities						
Interest sensitive contract liabilities	\$ 10,769,987	\$ 10,769,987	\$ —	\$ —	\$ —	\$ 10,769,987
Total Financial Liabilities Not Carried at Fair Value	<u>\$ 10,769,987</u>	<u>\$ 10,769,987</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 10,769,987</u>

We estimate the fair value for financial instruments not carried at fair value using the same methods and assumptions as those we carry at fair value. The financial instruments presented above are reported at carrying value on the Consolidated Balance Sheets; however, in the case of FWH at interest and interest sensitive contract liabilities the carrying amount approximates fair value.

Aspida Life Re Ltd.
Notes to the Consolidated Financial Statements

Note 5. Fair Value Measurements (Continued)

Net Asset Value — Our FWH at interest portfolio includes investments in certain non-fixed income, alternative investments in the form of limited partnerships or similar legal structures. Such investments are typically measured using NAV as a practical expedient in determining fair value and are not classified in the fair value hierarchy.

Note 6. Reinsurance

Reinsurance treaties typically provide for recapture rights on the part of the ceding company for certain events of default. Additionally, some agreements require us to place assets in trust accounts for the benefit of the ceding entity. The required minimum assets are equal to or greater than statutory reserves, as defined by the individual treaties, as of December 31, 2025, and 2024. Although we own the assets placed in trust, their use is restricted based on the trust agreement terms and recorded within fixed maturity securities, AFS at fair value, cash and cash equivalents, and restricted cash and cash equivalents on the Consolidated Balance Sheets. If the statutory book value of the assets, or in certain cases fair value, in a trust decline because of impairments or other reasons, we may be required to contribute additional assets to the trust.

Reinsurance transactions - Effective June 1, 2025, the Company entered into an assumed reinsurance agreement with a third party.

The following summarizes our reinsurance recoverable net of recorded expected credit losses by counterparties in excess of 10% of the total balance sheet amount:

Amounts presented in thousands (USD)

	December 31, 2025	December 31, 2024
Capitol Life Insurance Company	\$ 9,458	\$ (76)
Universal Life Insurance Company	7,758	5,756
National Western Life	2,826	2,202
F&G Life Insurance Company	(854)	46,356
Other ⁽¹⁾	(4,274)	(44)
	<u>\$ 14,914</u>	<u>\$ 54,194</u>

(1) Represents all other counterparties, with no single counterparty having a carrying value in excess of 10% of total recoverable.

The following summarizes our reinsurance other amounts payable to counterparties in excess of 10% of the total balance sheet amount:

Amounts presented in thousands (USD)

	December 31, 2025	December 31, 2024
F&G Life Insurance Company	\$ 111,585	\$ —
Universal Life Insurance Company	16,429	8,096
Other ⁽¹⁾	16,964	12,205
	<u>\$ 144,978</u>	<u>\$ 20,301</u>

(1) Represents all other counterparties, with no single counterparty having a carrying value in excess of 10% of total payable.

Aspida Life Re Ltd.
Notes to the Consolidated Financial Statements

Note 6. Reinsurance (Continued)

Allowance for Credit Losses — The following represents the expected credit losses included in reinsurance recoverables on the Consolidated Balance Sheets:

Amounts presented in thousands (USD)

December 31, 2025					
	Allowance for expected credit losses at January 1, 2025	Initial credit losses	Current period provision	Recoveries and write offs recorded against allowance	Allowance for expected credit losses at December 31, 2025
Reinsurance recoverables	(4,733)	—	(1,578)	—	(6,311)
Total	\$ (4,733)	\$ —	\$ (1,578)	\$ —	\$ (6,311)

December 31, 2024					
	Allowance for expected credit losses at January 1, 2024	Initial credit losses	Current period provision	Recoveries and write offs recorded against allowance	Allowance for expected credit losses at December 31, 2024
Reinsurance recoverables	(4,178)	\$ —	\$ (555)	\$ —	\$ (4,733)
Total	\$ (4,178)	\$ —	\$ (555)	\$ —	\$ (4,733)

Note 7. Deferred Acquisition Costs, Deferred Sales Inducements, and Value of Acquired Business

The following represents a roll forward of DAC, DSI, and VOBA:

Amounts presented in thousands (USD)

	DAC		DSI			
	Fixed interest annuities	Indexed annuities	Indexed annuities	VOBA	Negative VOBA	Total
Balance at December 31, 2023	\$ 171,212	\$ 48,501	\$ 1,852	\$ 7,484	\$ (5,064)	\$ 223,985
Cumulative effect of change in accounting principle	27,959	15,762	11,254	41,702	(739)	95,938
Balance at January 1, 2024	199,171	64,263	13,106	49,186	(5,803)	319,923
Additions	75,214	1,479	—	—	—	76,693
Amortization	(52,251)	(6,787)	(1,176)	(4,703)	831	(64,086)
Balance at December 31, 2024	222,134	58,955	11,930	44,483	(4,972)	332,530
Additions	67,873	—	—	—	—	67,873
Amortization	(55,506)	(6,746)	(1,155)	(4,480)	699	(67,188)
Balance at December 31, 2025	\$ 234,501	\$ 52,209	\$ 10,775	\$ 40,003	\$ (4,273)	\$ 333,215

Note 8. Equity

The Company has one class of common stock, which represents 100% of the Company's total voting shares. The Company is authorized to issue, and has issued, 375,000 shares at a par value of \$1.00 (one dollar) each. All issued shares are owned by the Company's direct parent, Aspida Holdings Ltd.

The Company received capital contributions of \$200.0 million and \$90.0 million during the years ended December 31, 2025, and 2024, respectively.

Aspida Life Re Ltd.
Notes to the Consolidated Financial Statements

Note 8. Equity (Continued)

Accumulated Other Comprehensive Income (Loss) — The following provides the details and changes in AOCI:

Amounts presented in thousands (USD)

	Unrealized investment gains (losses) on AFS securities	Hedging and other adjustments	Change in market risk benefits from own credit risk	DAC adjustments on AFS securities	Total
Balance at December 31, 2023	\$ 5,985	\$ —	\$ —	\$ (3,156)	\$ 2,829
Cumulative effect of change in accounting principle	—	—	10,450	3,156	13,606
Balance at January 1, 2024	5,985	—	10,450	—	16,435
Other comprehensive loss	(6,479)	—	(15,226)	—	(21,705)
Balance at December 31, 2024	(494)	—	(4,776)	—	(5,270)
Other comprehensive income (loss)	25,621	(3,915)	(1,740)	—	19,966
Balance at December 31, 2025	<u>\$ 25,127</u>	<u>\$ (3,915)</u>	<u>\$ (6,516)</u>	<u>\$ —</u>	<u>\$ 14,696</u>

Note 9. Long Duration Contracts

Interest sensitive contract liabilities — Interest sensitive contract liabilities primarily include:

- traditional fixed interest deferred annuities
- indexed annuities

The following represents a rollforward of the policyholder account balance by product within interest sensitive contract liabilities. When explicit policyholder account balances do not exist, the disaggregated rollforward represents the recorded reserve.

Amounts presented in thousands (USD)

	Year ended December 31, 2025		
	Fixed interest annuities	Indexed Annuities	Total
Balance at December 31, 2024	\$ 9,450,434	\$ 1,519,973	\$ 10,970,407
Deposits	1,792,484	9,815	1,802,299
Policy charges	—	(10,331)	(10,331)
Surrenders and withdrawals	(1,213,813)	(175,760)	(1,389,573)
Benefit payments	(163,479)	(14,249)	(177,728)
Interest credited	455,249	52,209	507,458
Foreign exchange and other	(9,841)	(965)	(10,806)
Balance at December 31, 2025	<u>\$ 10,311,034</u>	<u>\$ 1,380,692</u>	<u>\$ 11,691,726</u>
Weighted average crediting rate	4.7 %	3.5 %	
Net amount at risk	\$ —	\$ 253,911	
Cash surrender value	9,598,193	1,272,719	

Note 9. Long Duration Contracts (Continued)

	Year ended December 31, 2024		
	Fixed interest annuities	Indexed Annuities	Total
Balance at December 31, 2023	\$ 7,618,747	\$ 1,617,890	\$ 9,236,637
Deposits	2,126,992	23,074	2,150,066
Policy charges	—	(10,367)	(10,367)
Surrenders and withdrawals	(537,005)	(146,603)	(683,608)
Benefit payments	(130,386)	(10,854)	(141,240)
Interest credited	369,791	49,461	419,252
Foreign exchange and other	2,295	(2,628)	(333)
Balance at December 31, 2024	<u>\$ 9,450,434</u>	<u>\$ 1,519,973</u>	<u>\$ 10,970,407</u>
Weighted average crediting rate	5.0 %	3.0 %	
Net amount at risk	\$ —	\$ 228,718	
Cash surrender value	8,780,562	1,382,442	

The following is a reconciliation of interest sensitive contract liabilities to the Consolidated Balance Sheets:

Amounts presented in thousands (USD)

	December 31, 2025	December 31, 2024
Fixed interest annuities	\$ 10,311,034	\$ 9,450,434
Indexed Annuities	1,380,692	1,519,973
Reconciling items ¹	100,467	91,822
Interest sensitive contract liabilities	<u>\$ 11,792,193</u>	<u>\$ 11,062,229</u>

¹Reconciling items primarily includes derivatives (embedded) related to indexed annuities.

The following represents policyholder account balances by range of guaranteed minimum crediting rates ("GMCR"), as well as the related range of the difference between rates being credited to policyholders and the respective guaranteed minimums.

Amounts presented in thousands (USD)

	December 31, 2025				
	At guaranteed minimum	1-50 basis points above	51-150 basis points above	Greater than 150 basis points above	Total
Fixed deferred annuities					
<2.0%	\$ 6,095	\$ 89,872	\$ 142,216	\$ 1,142,509	\$ 1,380,692
2.0% - <4.0%	—	—	—	—	—
4.0% - 6.0%	—	—	—	—	—
6.0% and greater	—	—	—	—	—
Total fixed interest annuities	<u>\$ 6,095</u>	<u>\$ 89,872</u>	<u>\$ 142,216</u>	<u>\$ 1,142,509</u>	<u>\$ 1,380,692</u>

Note 9. Long Duration Contracts (Continued)

December 31, 2025					
	At guaranteed minimum	1-50 basis points above	51-150 basis points above	Greater than 150 basis points above	Total
Indexed annuities					
<2.0%	\$ 240,118	\$ 59,553	\$ 391,771	\$ 8,885,948	\$ 9,577,390
2.0% - <4.0%	42,214	39	2,626	688,765	733,644
4.0% - 6.0%	—	—	—	—	—
6.0% and greater	—	—	—	—	—
Total indexed annuities with GMCR	<u>\$ 282,332</u>	<u>\$ 59,592</u>	<u>\$ 394,397</u>	<u>\$ 9,574,713</u>	<u>\$ 10,311,034</u>
Other					—
Total indexed annuities					<u>\$ 10,311,034</u>

December 31, 2024					
	At guaranteed minimum	1-50 basis points above	51-150 basis points above	Greater than 150 basis points above	Total
Fixed deferred annuities					
<2.0%	\$ 52,026	\$ 14,623	\$ 383,211	\$ 8,499,595	\$ 8,949,455
2.0% - <4.0%	40,810	38	2,525	457,606	500,979
4.0% - 6.0%	—	—	—	—	—
6.0% and greater	—	—	—	—	—
Total fixed interest annuities	<u>\$ 92,836</u>	<u>\$ 14,661</u>	<u>\$ 385,736</u>	<u>\$ 8,957,201</u>	<u>\$ 9,450,434</u>

December 31, 2024					
	At guaranteed minimum	1-50 basis points above	51-150 basis points above	Greater than 150 basis points above	Total
Indexed annuities					
<2.0%	\$ 23,229	\$ 93,559	\$ 194,978	\$ 1,208,207	\$ 1,519,973
2.0% - <4.0%	—	—	—	—	—
4.0% - 6.0%	—	—	—	—	—
6.0% and greater	—	—	—	—	—
Total indexed annuities with GMCR	<u>\$ 23,229</u>	<u>\$ 93,559</u>	<u>\$ 194,978</u>	<u>\$ 1,208,207</u>	<u>\$ 1,519,973</u>
Other					—
Total indexed annuities					<u>\$ 1,519,973</u>

Market risk benefits — We reinsure traditional fixed indexed annuity products that contain riders that meet the criteria to be classified as MRBs. The following is a rollforward of net MRB liability by product:

Note 9. Long Duration Contracts (Continued)

Amounts presented in thousands (USD)

	Year ended December 31, 2025	
	Indexed Annuities	Total
Balance at December 31, 2024	\$ 26,238	\$ 26,238
Effect of changes in instrument-specific credit risk	(4,777)	(4,777)
Balance, beginning of period, before changes in instrument specific credit risk	21,461	21,461
Issuance	—	—
Interest accrual	2,464	2,464
Attributed fees collected	9,711	9,711
Benefit payments	(9)	(9)
Effect of changes in interest rates	(9,959)	(9,959)
Effect of changes in equity	3,007	3,007
Effect of actual policyholder behavior compared to expected behavior	(5,642)	(5,642)
Effect of changes in future expected policyholder behavior	—	—
Effect of changes in other future expected assumptions	(3,279)	(3,279)
Balance, end of period, before changes in instrument-specific credit risk	17,754	17,754
Effect of changes in instrument-specific credit risk	6,516	6,516
Balance at December 31, 2025	24,270	24,270
Balance at December 31, 2025, net of reinsurance	\$ 24,270	\$ 24,270
Net amount at risk	\$ 253,911	
Weighted-average attained age of contract holders (in years)	68	

	Year ended December 31, 2024	
	Indexed Annuities	Total
Balance at January 1, 2024	\$ 40,816	\$ 40,816
Effect of changes in instrument-specific credit risk	10,449	10,449
Balance, beginning of period, before changes in instrument specific credit risk	51,265	51,265
Issuance	—	—
Interest accrual	4,156	4,156
Attributed fees collected	9,853	9,853
Benefit payments	(15)	(15)
Effect of changes in interest rates	(26,104)	(26,104)
Effect of changes in equity	(7,318)	(7,318)
Effect of actual policyholder behavior compared to expected behavior	(7,321)	(7,321)
Effect of changes in future expected policyholder behavior	—	—
Effect of changes in other future expected assumptions	(3,055)	(3,055)
Balance, end of period, before changes in instrument-specific credit risk	21,461	21,461
Effect of changes in instrument-specific credit risk	4,777	4,777
Balance at December 31, 2024	26,238	26,238
Balance at December 31, 2024, net of reinsurance	\$ 26,238	\$ 26,238
Net amount at risk	\$ 228,718	
Weighted-average attained age of contract holders (in years)	68	

The following is a reconciliation of MRBs to the Consolidated Balance Sheets. MRB assets are included in other assets on the Consolidated Balance Sheets.

Note 9. Long Duration Contracts (Continued)

Amounts presented in thousands (USD)

	December 31, 2025		
	Asset	Liability	Net liability
Indexed annuities	\$ 11,621	\$ 35,891	\$ 24,270
Total	\$ 11,621	\$ 35,891	\$ 24,270

	December 31, 2024		
	Asset	Liability	Net liability
Indexed annuities	\$ 11,007	\$ 37,245	\$ 26,238
Total	\$ 11,007	\$ 37,245	\$ 26,238

The determination of the fair value of MRBs requires the use of inputs related to fees and assessments and assumptions in determining the projected benefits in excess of the projected account balance. Judgment is required for both economic and actuarial assumptions, which can be either observable or unobservable, that impact future policyholder account growth.

Economic assumptions include interest rates and implied volatilities throughout the duration of the liability. For indexed annuities, assumptions also include projected equity returns which impact cash flows attributable to indexed strategies, implied equity volatilities, expected index credits on the next policy anniversary date and future equity option costs. Assumptions related to the level of option budgets used for determining the future equity option costs and the impact on future policyholder account value growth are considered unobservable inputs.

Policyholder behavior assumptions are unobservable inputs and are established using accepted actuarial valuation methods to estimate withdrawals (surrender rate) and income rider utilization. Assumptions are generally based on industry data and pricing assumptions which are updated for actual experience, if necessary. Actual experience may be limited for recently issued products.

All inputs are used to project excess benefits and fees over a range of risk-neutral, stochastic interest rate scenarios. For indexed annuities, stochastic equity return scenarios are also included within the range. A risk margin is incorporated within the discount rate to reflect uncertainty in the projected cash flows such as variations in policyholder behavior, as well as a credit spread to reflect nonperformance risk, which is considered an unobservable input. We use our public credit rating relative to the US Treasury curve as of the valuation date to reflect our nonperformance risk in the fair value estimate of market risk benefits.

The following summarizes the unobservable inputs for MRBs:

Amounts presented in thousands (USD)

	December 31, 2025						Impact of increase in input on fair value
	Fair Value	Valuation Technique	Significant Unobservable Inputs	Minimum	Maximum	Weighted Average of Inputs	
Market risk benefits, net	\$ 24,270	Attributed fee method	Nonperformance risk	0.7 %	0.7 %	0.7 %	Decrease
			Option budget	0.0 %	6.6 %	2.1 %	Decrease
			Surrender rate	1.2 %	28.6 %	7.9 %	Decrease
			Utilization rate	80.0 %	95.0 %	88.4 %	Increase

Note 9. Long Duration Contracts (Continued)

		December 31, 2024					Impact of increase in input on fair value
	Fair Value	Valuation Technique	Significant Unobservable Inputs	Minimum	Maximum	Weighted Average of Inputs	
Market risk benefits, net	\$ 26,238	Attributed fee method	Nonperformance risk	0.8 %	0.8 %	0.8 %	Decrease
			Option budget	0.8 %	6.0 %	2.4 %	Decrease
			Surrender rate	4.6 %	12.7 %	7.0 %	Decrease
			Utilization rate	80.0 %	95.0 %	88.4 %	Increase

Note 10. Statutory Requirements

The Company is licensed by the BMA as a Class E long-term insurer and is subject to the Bermuda Insurance Act 1978, as amended (“Bermuda Insurance Act”) and regulations promulgated thereunder. Effective January 1, 2016, the BMA implemented the Economic Balance Sheet (“EBS”) framework into the Bermuda Solvency and Capital Requirement (“BSCR”) for commercial insurers which was granted equivalency to the European Union’s Directive (2009/138/EC) (“Solvency II”) in March 2016. Under this framework, a Class E long-term insurer must produce three sets of financial statements:

1. U.S. GAAP Financial Statements — Financial statements prepared in accordance with an internationally recognized comprehensive basis of accounting, and for which the Company has elected to prepare U.S. GAAP financial statements. These financial statements form the basis for the preparation of both the Statutory Financial Statements and the EBS.
2. Statutory Financial Statements (“SFS”) – Equal to the U.S. GAAP financial statements adjusted for:
 - a. Prudential filters that include adjustments to eliminate non-admitted assets including goodwill and other similar intangible assets not considered admissible for solvency purposes and include certain assets and liabilities that are generally off-balance sheet under general purpose reporting. These include items such as guarantees and other instruments that do not relate to the insurer’s own insurance contracts.
 - b. Directions or permitted practices issued by the BMA.

The SFS are subject to a standalone audit as set out in the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016.
3. Economic Balance Sheet — A balance sheet where assets are recorded based on U.S. GAAP fair values and insurance reserves are based on technical provisions comprised of a best estimate liability plus a risk margin. The best estimate liability may be calculated by applying the standard approach or the scenario approach. Under the standard approach the discount rate for insurance reserves is a rate prescribed by the BMA. Under the scenario approach the discount rate for insurance reserves is based on the yield on eligible assets owned by the insurer as determined under the worst result of nine prescribed stressed conditions. We utilized the scenario approach. The EBS is not subject to stand-alone audit procedures.

The Minimum Solvency Margin (“MSM”) is a prescribed regulatory capital floor as a function of business volume. The Enhanced Capital Requirement (“ECR”) is the maximum of the MSM and the BSCR requirements. The BMA imposes a target ECR coverage ratio of 120%.

The purpose of the BSCR for the Authority is to ensure the solvency and financial stability of insurance and reinsurance companies operating within Bermuda. The BSCR is a risk-based capital framework that assesses the capital adequacy of insurers based on the risks they face, including insurance, market, credit, and operational risks. By setting minimum capital requirements commensurate with the risks undertaken by insurers, the BSCR aims to protect policyholders and maintain confidence in the Bermuda insurance market.

Aspida Life Re Ltd.
Notes to the Consolidated Financial Statements

Note 10. Statutory Requirements (Continued)

The BSCR regime is currently in a transition phase with the new capital regime which came into effect January 1, 2019 ("2019 rules") replacing the previous capital regime ("2018 rules"). The transitional period is effective for 10 years beginning 2019, and as of December 31, 2025, the reported BSCR ("transitional BSCR") is based on 30% of the 2018 rules and 70% of the 2019 rules.

Under the Bermuda Insurance Act, Aspida Re Ltd. is required to maintain eligible capital and surplus sufficient to meet its ECR. The ECR is established using the BSCR model, a risk-based capital framework that applies prescribed risk factor charges to the Company's EBS.

In addition, the Company is required to maintain statutory capital and surplus in excess of the MSM, which is defined as the greater of: (i) \$8.0 million; (ii) 2.0% of the first \$500.0 million of statutory assets plus 1.5% of statutory assets in excess of \$500.0 million; or (iii) 25% of the ECR.

At December 31, 2025, and December 31, 2024, the Company's total eligible capital and surplus on an EBS basis and its BSCR ratio (defined as EBS eligible capital divided by the ECR) are summarized below:

Amounts presented in thousands (USD)

	EBS capital & surplus		BSCR ratio	
	December 31,		December 31,	
	2025	2024	2025	2024
Aspida Life Re Ltd.	\$ 1,251,301	\$ 1,029,441	200 %	206 %

** EBS capital and surplus and the BSCR ratio represent best estimates as at the time of reporting and are not subject to audit procedures.*

To enable the BMA to better assess the quality of the insurer's capital resources, a Class E long-term insurer is required to disclose the makeup of its capital in accordance with a "3-tiered capital system". Highest quality capital is classified as Tier 1 Capital, lesser quality capital is classified as either Tier 2 or Tier 3 Capital.

As of December 31, 2025, all of the Company's eligible capital used to meet the MSM and ECR was Tier 1 and Tier 3 Capital, broken down as follows:

Amounts presented in thousands (USD)

	December 31, 2025		December 31, 2024	
	Applied to MSM	Applied to ECR	Applied to MSM	Applied to ECR
Tier 1 Capital	\$ 1,101,301	\$ 1,101,301	\$ 929,441	\$ 929,441
Tier 2 Capital	—	—	—	—
Tier 3 Capital	—	150,000	—	100,000
Total Capital	\$ 1,101,301	\$ 1,251,301	\$ 929,441	\$ 1,029,441
Company met Capital Requirement	Yes	Yes	Yes	Yes

Under the EBS framework, statutory financial statements are generally equivalent to U.S. GAAP financial statements, with the exception of permitted practices granted by the BMA.

For the years ended December 31, 2025 and 2024, the Company was granted a permitted practice that caused a variance between the U.S. GAAP Shareholder's Equity and Statutory Capital and Surplus of \$130.6 and \$242.8 million, respectively.

This variance is driven by the FWH agreements the Company is party to as reinsurer. While U.S. GAAP reports the transaction as a derivative at fair value, the Company has received an exemption under Section 6C of the Bermuda Insurance Act from the Bermuda Monetary Authority to account for the FWH on the statutory financial

Aspida Life Re Ltd.
Notes to the Consolidated Financial Statements

Note 10. Statutory Requirements (Continued)

statements as reinsurance. Given this modification, the fixed maturity securities were recorded at amortized cost, while on the U.S. GAAP basis, it was recorded at fair value.

The following table represents the Company's Statutory capital and surplus:

Amounts presented in thousands (USD)

	December 31,	
	2025	2024
Total shareholder's equity per GAAP	\$ 1,456,583	\$ 1,346,261
LDTI Implementation	—	(176,297)
Total effect of permitted practice ⁽¹⁾	130,625	242,814
Tier 3 - LOC ⁽²⁾	150,000	100,000
Non-admitted assets ⁽³⁾	(19,638)	(31,593)
Statutory capital and surplus	<u>\$ 1,717,570</u>	<u>\$ 1,481,185</u>

1. For the fiscal years ended December 31, 2025 and 2024, the Company was granted a permitted practice that allowed for, on a Bermuda Statutory Basis, assets supporting the Company's embedded derivatives associated with the FWH portfolio to be reported at amortized cost.
2. Effective September 30, 2024, the Company entered into a \$100 million Tier 3 letter of credit ("2024 LOC") agreement which met the eligibility criteria for recognition as statutory capital. Effective June 30, 2025, the BMA agreed that the previously approved 2024 LOC would be discontinued and replaced with a new \$150 million letter of credit under the same terms and conditions, and by the same counterparty, as the previously approved 2024 LOC.

Effective June 30, 2025, the Company entered into a \$150 million Tier 3 LOC ("2025 LOC") agreement which met the eligibility criteria for recognition as statutory capital. Effective October 3, 2025, the 2025 LOC was amended and split into two Tier 3 letter of credit ("Amended 2025 LOC") agreements, each in the amount of \$75 million, issued by two separate issuers. The Amended 2025 LOC agreements meet the eligibility criteria for recognition as statutory capital. The Company did not borrow any funds under this agreement for the year ended December 31, 2025.

3. Non-admitted assets arose which are not admissible for the statutory capital and surplus. Such assets are comprised of prepaid expenses and deferred tax assets.

The Company's Bermuda insurance subsidiaries are subject to statutory restrictions on the payment of dividends under Bermuda law. Dividends may be paid only from statutory capital and surplus and are prohibited if they would result in non-compliance with applicable solvency or liquidity requirements. Dividends in excess of 25% of prior-year statutory capital and surplus are subject to regulatory review and may require approval or non-objection from the Bermuda Monetary Authority. Dividends are also subject to director solvency determinations under the Bermuda Companies Act 1981.

No dividends were paid during the years ended December 31, 2025 or 2024.

Note 11. Other Assets

Other assets at December 31, 2025 and 2024 include the following:

Amounts presented in thousands (USD)

	December 31, 2025	December 31, 2024
Deferred Tax Assets	\$ 57,860	\$ 57,860
Market risk benefits, at fair value	11,621	11,007
Right-of-use Asset	144	421
Other receivables	(431)	604
	<u>\$ 69,194</u>	<u>\$ 69,892</u>

Aspida Life Re Ltd.
Notes to the Consolidated Financial Statements

Note 12. Other Liabilities

Other liabilities at December 31, 2025 and 2024 include the following:

Amounts presented in thousands (USD)

	December 31, 2025	December 31, 2024
Reinsurance payables	\$ 144,978	\$ 20,301
Ceding commission payable	40,941	48,122
Intercompany payables	13,971	23,827
Other payables	1,914	13,731
	<u>\$ 201,804</u>	<u>\$ 105,981</u>

Note 13. Commitment and Contingencies

At times, the Company may be involved in various claims and legal actions arising in the ordinary course of business. Management believes that proceedings arising in the ordinary course of business will not have a material adverse impact on the financial position of the Company.

The Company, as lessee, entered into an operating lease for office space during the year ended December 31, 2022. This lease has a remaining term of 10 months at December 31, 2025. Lease expense incurred for the years ended December 31, 2025 and 2024, was \$0.2 million and \$0.3 million, respectively.

Lease expenses expected to be incurred over the remaining lease term are as follows:

Amounts presented in thousands (USD)

	Total Lease Commitments
2026	\$ 247
Total lease commitments	<u>\$ 247</u>

The Company has certain restricted assets which are related to reinsurance trusts established in accordance with coinsurance, FWH and MODCO treaty agreements and account control agreements.

Total restricted assets included on the Consolidated Balance Sheets are as follows:

Amounts presented in thousands (USD)

	December 31, 2025	December 31, 2024
AFS securities	\$ 1,577,250	\$ 1,154,775
Restricted cash	81,222	12,771
Short-term investments	651	—
Derivatives, net	75,128	85,190
Total restricted assets	<u>\$ 1,734,251</u>	<u>\$ 1,252,736</u>

Note 14. Related Party

The Company contracts with AIS to manage substantially all of its investments. AIS provides a full suite of services that includes: direct investment management; asset sourcing and allocation; mergers and acquisition sourcing, and strategic support and advice. AIS also provides certain operational support services for our investment portfolio including investment compliance, legal and risk management support. For the years ended December 31, 2025, and 2024, the Company incurred management fee expenses of \$38.5 million and \$36.6 million, respectively, and these amounts are included in investment related gains (losses) on the Consolidated

Aspida Life Re Ltd.
Notes to the Consolidated Financial Statements

Note 14. Related Party (Continued)

Statements of Operations and Comprehensive Income (Loss). As of December 31, 2025, and 2024, management fees payable of \$9.3 million and \$19.0 million, respectively, are included within other liabilities on the Consolidated Balance Sheets.

The Company is provided with operational and administrative services from an affiliated entity whereby the total cost of such services incurred by the affiliated entity is allocated to the Company, and other affiliates, based on a formal allocation agreement. Total expenses allocated to the Company were \$23.7 million and \$22.3 million for the years ended December 31, 2025 and 2024, respectively, and are presented in policy and other operating expenses on the Consolidated Statements of Operations and Comprehensive Income (Loss). At December 31, 2025 and 2024, amounts payable to the affiliated entity were \$4.6 million and \$4.6 million, respectively, and are included in other liabilities on the Consolidated Balance Sheets.

At December 31, 2025 and 2024, the Company held \$848.2 million and \$478.8 million, respectively of investments in related party assets consisting of investment funds and other securities for which an affiliate is the manager of the underlying securitization vehicles or owns equity through its funds in the underlying borrower. These investments are included on the Consolidated Balance Sheets in FWH at interest. Related to these investments the Company has unfunded commitments of \$86.6 million at December 31, 2025. We expect these commitments will be invested over the next 3 years, however, commitments could become due upon request.

Note 15. Subsequent Events

Management has evaluated events occurring after December 31, 2025, through April 30, 2026, the date the financial statements were available to be issued and identified no further subsequent events for disclosure.