

FINANCIAL STATEMENTS

SkyRidge Re Limited
Years Ended December 31, 2025 and 2024
With Report of Independent Auditors

SkyRidge Re Limited

Financial Statements

Years Ended December 31, 2025 and 2024

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Report of Independent Auditors

The Board of Directors
SkyRidge Re Limited

Opinion

We have audited the financial statements of SkyRidge Re Limited (the Company), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations, changes in stockholder'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.

Basis for Opinion

We conducted our audit 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 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.



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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 LLP

April 27, 2026

SkyRidge Re Limited

Balance Sheets

	December 31,	
	2025	2024
	<i>(In Thousands, except par and share amounts)</i>	
Assets		
Cash and cash equivalents	\$ 2,013	\$ 750
Funds withheld and held receivable	10,427,732	9,096,839
Deferred policy acquisition costs	544,106	458,908
Deferred sales inducement costs	333,919	227,816
Cost of reinsurance	165,682	200,642
Income tax receivable	—	5,649
Other assets	434,415	330,586
Total assets	<u>\$ 11,907,867</u>	<u>\$ 10,321,190</u>
Liabilities and stockholder's equity		
Liabilities:		
Policy reserves and annuity account values	\$ 10,676,843	\$ 9,369,422
Accounts payable and accrued expenses	—	4,027
Deferred income tax liability	100,665	56,951
Income tax payable	2,028	—
Other liabilities	30,290	2,016
Total liabilities	<u>10,809,826</u>	<u>9,432,416</u>
Stockholder's equity:		
Common stock, \$1 par value, 250,000 shares authorized, issued and outstanding	250	250
Additional paid-in capital	374,145	374,145
Retained earnings	723,646	514,379
Total stockholder's equity	<u>1,098,041</u>	<u>888,774</u>
Total liabilities and stockholder's equity	<u>\$ 11,907,867</u>	<u>\$ 10,321,190</u>

See accompanying notes.

SkyRidge Re Limited

Statements of Operations

	Year Ended December 31,	
	2025	2024
	<i>(In Thousands)</i>	
Revenues:		
Net investment income	\$ 717,572	\$ 630,912
Other product charges	16,162	25,985
Net realized/unrealized gains (losses) on derivatives	28,057	(2,833)
Net realized/unrealized gains on funds withheld and held investments	77,035	96,589
Other revenue	336,262	259,931
Total revenues	<u>1,175,088</u>	<u>1,010,584</u>
Benefits and expenses:		
Index credits and interest credited to account balances	486,461	390,660
Change in fixed index annuity embedded derivative and related benefits	137,854	114,823
Total benefits	<u>624,315</u>	<u>505,483</u>
Commissions and other operating expenses	102,256	16,970
Amortization of deferred policy acquisition costs, deferred sales inducement costs, and cost of reinsurance	126,660	98,780
Total benefits and expenses	<u>853,231</u>	<u>621,233</u>
Income before income tax expense	321,857	389,351
Income tax expense	67,590	81,764
Net income	<u>\$ 254,267</u>	<u>\$ 307,587</u>

See accompanying notes.

SkyRidge Re Limited

Statements of Changes in Stockholder's Equity

	Common Stock	Additional Paid-In Capital	Retained Earnings	Total
	<i>(In Thousands)</i>			
Balance at January 1, 2024	\$ 250	\$ 369,145	\$ 296,792	\$ 666,187
Net income	—	—	307,587	307,587
Dividend paid	—	—	(90,000)	(90,000)
Contribution from parent	—	5,000	—	5,000
Balance at December 31, 2024	250	374,145	514,379	888,774
Net income	—	—	254,267	254,267
Dividend paid	—	—	(45,000)	(45,000)
Balance at December 31, 2025	\$ 250	\$ 374,145	\$ 723,646	\$ 1,098,041

See accompanying notes.

SkyRidge Re Limited

Statements of Cash Flows

	Year Ended December 31,	
	2025	2024
	<i>(In Thousands)</i>	
Operating activities		
Net income	\$ 254,267	\$ 307,587
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:		
Index credits and interest credited to account balances	486,461	390,660
Policy acquisition costs deferred	(146,962)	(174,870)
Amortization of deferred policy acquisition costs, deferred sales inducement costs, and cost of reinsurance	126,660	98,780
Net realized/unrealized (gains) losses on derivatives	(28,057)	2,833
Net realized/unrealized (gains) on funds withheld and held investments	(77,035)	(96,589)
Change in fixed index annuity embedded derivative and related benefits	137,854	114,823
Change in deferred income tax expense	43,714	43,882
Change in income taxes receivable or payable	7,677	(21,119)
Change in other liabilities	28,274	(210)
Other changes in operating assets and liabilities	5,130	(9,725)
Net cash and cash equivalents provided by operating activities	837,983	656,052
Investing activities		
Acquisition of funds withheld and held	(2,546,482)	(2,587,438)
Settlement of funds withheld and held	1,320,680	1,232,630
Acquisition of derivative assets	(268,847)	(219,727)
Net cash and cash equivalents used in investing activities	(1,494,649)	(1,574,535)
Financing activities		
Contribution from parent	—	5,000
Dividend paid	(45,000)	(90,000)
Deposits to annuity account balances	1,681,997	1,965,869
Withdrawals from annuity account balances	(979,068)	(962,688)
Net cash and cash equivalents provided by financing activities	657,929	918,181
Increase (decrease) in cash and cash equivalents	1,263	(302)
Cash and cash equivalents at beginning of period	750	1,052
Cash and cash equivalents at end of period	\$ 2,013	\$ 750
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Income taxes	\$ 16,200	\$ 59,000
Supplemental disclosures of non-cash flow information		
Transfer of assets between portfolios	\$ 1,497	\$ —

See accompanying notes.

SkyRidge Re Limited

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

1. Nature of Operations, Basis of Presentation and Significant Accounting Policies

Nature of Operations and Basis of Presentation

SkyRidge Re Limited (SkyRidge Re or the Company) is a Bermuda domiciled reinsurance company and was incorporated on August 11, 2021. The Company was licensed in November 2021 as an insurance company by the Bermuda Monetary Authority (BMA). The Company commenced operations on November 30, 2021 commensurate with the effective date of the Company's first reinsurance agreement.

SkyRidge Cayman Holdings LLC (SkyRidge Holdings) is the ultimate parent of SkyRidge Re. SkyRidge Holdings is a company organized under the laws of the Cayman Islands, which wholly owns SkyRidge Re UK Limited, a limited company incorporated under the laws of England and Wales (UK HoldCo). UK HoldCo wholly owns SkyRidge Re MidCo LLC (MidCo). MidCo is a Delaware limited liability company and wholly owns the Company.

The financial statements of the Company are presented in accordance with U.S. generally accepted accounting principles (GAAP) on a stand-alone basis, as the Company does not have a controlling interest in any other entities.

The primary operations of the Company since inception have been to assume fixed annuity (FA) and fixed index annuity (FIA) business on a funds withheld coinsurance basis. The ceding company manages the funds withheld and held assets in accordance with agreements between the ceding company and the Company. The Company's management oversees reporting, risk management and investment management, which in part is outsourced to third parties.

Use of Estimates

The preparation of the financial statements and accompanying notes in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported and disclosed. Significant estimates and assumptions include the calculation of the embedded derivative relative to the Company's reinsurance agreement; the calculation of the index credit receivable derivative; amortization of deferred policy acquisition costs (DAC), deferred sales inducement costs (DSI), and cost of reinsurance; calculation of liabilities for future policy benefits; calculation of the embedded derivative relative to policy reserves and annuity account values; and calculation of

SkyRidge Re Limited

Notes to Financial Statements (continued)

1. Nature of Operations, Basis of Presentation and Significant Accounting Policies (continued)

income taxes and the recognition of deferred income tax assets and liabilities. Management believes that the estimates used in preparing its financial statements are reasonable.

Cash and Cash Equivalents

Cash and cash equivalents includes operating cash, other investments with original maturities of 90 days or less, and money market funds principally supported with cash and cash equivalent funds.

Funds Withheld and Held Receivable

Funds withheld and held receivable represents a receivable for amounts contractually withheld by the ceding company in accordance with a funds withheld coinsurance reinsurance agreement in which the Company is the reinsurer. Generally, assets equal to statutory reserves and unamortized statutory interest maintenance reserve are withheld yet beneficially owned by the assuming company, and any excess or shortfall is settled periodically.

The Company is contractually obligated, as a part of its funds withheld coinsurance reinsurance agreement, to hold an amount of assets equal to a certain percentage of the statutory reserves assumed less the index cost reimbursement amortization value and unamortized statutory interest maintenance reserve as additional collateralization. The index cost reimbursement amortization value is the straight-line amortization of index cost reimbursements paid or payable where the index term has not expired. This additional collateralization is reflected as funds held on the Balance Sheets of the Company in the *Funds withheld and held receivable* balance and is being held on deposit with and managed by the ceding company.

All investment income earned on the investing of the funds withheld and held receivable will be recorded by the Company as *Net investment income* on the Statements of Operations. Realized and unrealized gains and losses will be recorded by the Company within *Net realized/unrealized gains (losses) on derivatives* and *Net realized/unrealized gains on funds withheld and held investments* (see Note 2).

Asset and Liability Derivatives

The Company's funds withheld receivable is comprised of the host contract and an embedded derivative. The Company is subject to the investment performance on the withheld assets with the total return directly impacting the host contract and the embedded derivative. Additionally, the

SkyRidge Re Limited

Notes to Financial Statements (continued)

1. Nature of Operations, Basis of Presentation and Significant Accounting Policies (continued)

Company assumes certain products that contain a derivative that is embedded in the product. Both embedded derivatives must be accounted for under Accounting Standards Codification (ASC) 815, *Derivatives and Hedging* (ASC 815). Under ASC 815, the Company assesses whether the embedded derivative is clearly and closely related to the host contract. The Company bifurcates embedded derivatives from the host instrument for measurement purposes when the embedded derivative possesses economic characteristics that are 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.

Other assets represents the market value of the index credit receivable from Security Benefit Life Insurance Company (SBLIC). The Company pays SBLIC the cost of hedging index credits at the beginning of the index period. In exchange, SBLIC is obligated to pay the Company index credits, which are recorded as *Other revenue* on the Statements of Operations. The change in fair value of the index credit receivable is recorded within *Change in fixed index annuity embedded derivative and related benefits* on the Statements of Operations.

Deferred Policy Acquisition Costs, Deferred Sales Inducement Costs and Cost of Reinsurance

Incremental direct costs of contract acquisition (commissions) as well as certain costs directly related to acquisition activities (underwriting, other policy issuance and processing, and selling costs) assumed from the ceding company for the successful acquisition or renewal of deferred annuity business have been deferred. DAC is amortized on a constant level basis based on policy count. The period over which DAC is amortized was determined such that there is no longer a material portion of business remaining at the end of the period. This period is 30 years for FIA and 15 years for FA.

Significant assumption inputs to the calculation of DAC amortization for fixed index annuities and fixed annuities include mortality and full surrender rates. The Company reviewed assumptions developed by the ceding company. The ceding company relies on a tier approach for assumption review in which the most significant assumptions are reviewed with the highest frequency.

In 2025, the Company, in collaboration with the cedent, reviewed all significant assumptions and revised as necessary. FIA dynamic surrender rates were revised to allow greater sensitivity from changes in interest rates. FIA base surrender rates were also recalibrated and mortality rates were updated to utilize the 2012 Individual Annuity Reserving (IAR) mortality table. FA base surrender rates were revised upward post-surrender charge.

SkyRidge Re Limited

Notes to Financial Statements (continued)

1. Nature of Operations, Basis of Presentation and Significant Accounting Policies (continued)

In 2024, the Company, in collaboration with the cedent, reviewed all significant assumptions and revised as necessary. Full surrender rates were input as annual rates, the distribution with which the annual rates were allocated to months within the year (i.e. lapse skew) was updated for FIAs and one of the FAs effectively accelerating lapses within the year. Full surrender rates immediately following the end of the surrender charge period decreased 5-10% for FAs, varying by product and guarantee. Mortality rates were increased by a factor of 25%, such factor applied to the 2012 IAR mortality table.

The following table provides the policy count weighted-average durations for the policies issued after commencement of operations using the above assumptions over the DAC amortization period, in years ended December 31:

	2025	2024
Fixed Index Annuity	5.7	6.1
Fixed Annuity	2.6	3.4
Total	5.1	5.6

For insurance and annuity contracts, policyholders may desire different product benefits, features, rights, or coverages by exchanging a contract for a new contract or by an amendment or an endorsement. These transactions are known as internal replacements. The ceding company accounts for internal replacements as a termination of the original reinsured contract and an issuance of a new reinsured contract on a basis similar to the direct business being ceded. Any DAC or DSI associated with the original contract is written off.

DSI consists of bonus interest credits and premium credits added to certain annuity contract values assumed from the ceding company. It is subject to vesting requirements and is capitalized to the extent it is incremental to amounts that would be credited on similar contracts without the applicable feature. DSI is amortized using the same methodology and assumptions used to amortize DAC. DSI policy count weighted-average durations are the same as DAC.

Cost of reinsurance is an asset that reflects the net cash flows between the ceding company and the Company, including the ceding commission. Cost of reinsurance is amortized using the same methodology and assumptions used to amortize DAC.

SkyRidge Re Limited

Notes to Financial Statements (continued)

1. Nature of Operations, Basis of Presentation and Significant Accounting Policies (continued)

The following table provides the policy count weighted-average durations for the policies issued prior to commencement of operations, in years ended December 31:

	2025	2024
Fixed Index Annuity	4.2	5.2
Fixed Annuity	2.2	2.7
Total	3.7	4.6

Policy Reserves and Annuity Account Values

Liabilities for future policy benefits for deferred annuity products represent contract values accumulated with interest without reduction for potential surrender charges. Interest on accumulated contract values is credited to contracts as earned. Interest crediting rates ranged from 1.0% to 6.6% and 1.0% to 6.7% during 2025 and 2024, respectively, with weighted-average crediting rates by product type provided in Note 8.

The Company assumes fixed index annuity products with returns linked to the performance of certain indices. Policy reserves for index annuities are equal to the sum of the fair value of the embedded index options, the host components of the index account, and the fixed account accumulated with interest and without reduction for potential surrender charges. The host value is established at inception of the contract and is accreted over the policy's life at a constant rate of interest.

Reinsurance

The Company assumes investment-type insurance contracts under a coinsurance funds withheld agreement. Assets and liabilities assumed under funds withheld are presented gross on the Balance Sheets. 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 risks.

Deferred Income Taxes

Deferred income tax assets and liabilities are determined based on differences between the financial reporting and income tax bases of assets and liabilities and are measured using the enacted tax rates and laws. Deferred income tax expense or benefit, reflected in the Company's Statements of Operations as a component of *Income tax expense*, is based on the changes in deferred income tax assets or liabilities from period to period. Deferred income tax assets are subject to ongoing

SkyRidge Re Limited

Notes to Financial Statements (continued)

1. Nature of Operations, Basis of Presentation and Significant Accounting Policies (continued)

evaluation of whether such assets will be realized. The ultimate realization of deferred income tax assets depends on generating future taxable income during the periods in which temporary differences become deductible. The Company is required to record a valuation allowance to reduce its deferred income tax assets, if warranted, to an amount that represents management's best estimate of the amount of such deferred income tax assets that will more likely than not be realized using the enacted tax rates and laws.

Recognition of Revenues

Investment income, including interest and dividends, earned on funds withheld and held receivable is recorded in *Net investment income* on the Statements of Operations and is recognized when earned. Additional detail is provided in Note 2.

Interest Credits and Index Credited to Account Balances

The Company credits interest and index-based returns to policyholder account balances for FA and FIA products in accordance with contractual terms. For fixed account balances, interest is credited at declared rates, subject to contractual minimum guarantees, and is recognized as incurred. For FIA products, index credits are based on the performance of specified equity indices, subject to contractual limitations and are also recognized as incurred. Amounts credited are included in *Index credits and interest credited to account balances* in the Statements of Operations.

SkyRidge Re Limited

Notes to Financial Statements (continued)

1. Nature of Operations, Basis of Presentation and Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncements

The following table provides a description of future adoptions of other new accounting standards that may have an impact on the financial statements when adopted:

Standard	Description of Requirements	Effective date and method of adoption	Effect on the financial statements or other significant matters
ASU 2025-09, Hedge Accounting Improvements	Provides various targeted hedge accounting improvements with the goal of more closely aligning hedge accounting with the economics of an entity's risk management activities.	January 1, 2028, including interim periods, with early adoption permitted. The amendments apply prospectively to all hedging relationships.	The Company is in the process of determining the impact of adopting the provisions of ASU 2025-09.
ASU 2025-08, Financial Instruments—Credit Losses: Purchased Loans	Requires purchased seasoned loans—defined as non-PCD loans (excluding credit cards) acquired 90+ days after origination when the acquirer was not involved in origination, as well as all non-PCD loans acquired in a business combination—be accounted for using the gross-up approach.	January 1, 2027, including interim periods, with early adoption permitted. The amendments apply prospectively to loans acquired after the effective date.	The Company does not expect ASU 2025-08 to have a material impact on the Company's financial condition, results of operations, or cash flows.
ASU 2025-07, Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract	Expands the non-exchange-traded contract scope exception to exclude contracts with certain underlyings based on operations or activities specific to one party. The ASU also clarifies the scope of ASC Topic 606 includes share-based noncash consideration from a customer until the right to receive or retain such consideration becomes unconditional.	January 1, 2027, including interim periods, with early adoption permitted. The amendments may be applied prospectively to new contracts or on a modified retrospective basis.	The Company does not expect ASU 2025-07 to have a material impact on the Company's financial condition, results of operations, or cash flows.
ASU 2023-09, Improvements to Income Tax Disclosures	Requires entities to disclose additional information around the effective tax rate reconciliation and income taxes paid.	January 1, 2026 with early adoption permitted. The amendments should be applied on a prospective basis. Retrospective application is permitted.	ASU 2023-09 does not have a material impact on the Company's financial condition, results of operations, or cash flows.

SkyRidge Re Limited

Notes to Financial Statements (continued)

2. Funds Withheld and Held Receivables

Funds withheld and held receivable represent receivables for amounts contractually withheld by a ceding company in accordance with a funds withheld reinsurance agreement in which the Company is the reinsurer or other agreements between the Company and the ceding company. Generally, assets equal to statutory reserves and unamortized statutory interest maintenance reserve are withheld yet beneficially owned by the assuming company. Investment income on funds withheld includes the interest income earned on the segregated assets as defined by the treaty terms. The Company is subject to the investment performance on the withheld and held assets with the total return directly impacting the host contract and the embedded derivative.

Interest accrues based on the performance of the underlying assets that support the host receivable and is recorded as *Net investment income* in the Statements of Operations. The change in the embedded derivative in the Company's reinsurance agreement (as further discussed in Note 3) is recorded in *Net realized/unrealized gains on funds withheld and held investments* in the Statements of Operations. The change, as it relates to the derivatives utilized in the hedging of the equity index crediting features of the FIA business assumed, is recorded in *Net realized/unrealized gains (losses) on derivatives* on the Statements of Operations. The change, as it relates to non-derivative assets backing the statutory reserves of all business assumed, is recorded in *Net realized/unrealized gains on funds withheld and held investments* on the Statements of Operations.

The ceding company, under the direction and oversight of the Company's investment committee, and subject to the terms of the sub-advisory investment management agreement between SkyRidge Re Asset Management (SRAM) and the ceding company, manages funds withheld and held assets in accordance with the Company's investment guidelines.

Net investment income for the years ended December 31, 2025 and 2024 of \$717.6 million and \$630.9 million, respectively, is comprised of investment income on funds withheld and held.

SkyRidge Re Limited

Notes to Financial Statements (continued)

2. Funds Withheld and Held Receivable (continued)

Net realized/unrealized gains (losses) consist of the following for the periods:

	Year Ended December 31,	
	2025	2024
	<i>(In Thousands)</i>	
Net realized/unrealized gains (losses) on derivatives:		
Embedded derivative, funds withheld reinsurance	\$ 28,057	\$ (2,833)
Net realized/unrealized gains (losses) on derivatives	<u>\$ 28,057</u>	<u>\$ (2,833)</u>

	Year Ended December 31,	
	2025	2024
	<i>(In Thousands)</i>	
Net realized/unrealized gains on funds withheld and held investments:		
Embedded derivative, funds withheld reinsurance	\$ 84,882	\$ 114,812
Other	(7,847)	(18,223)
Net realized/unrealized gains on funds withheld and held investments	<u>\$ 77,035</u>	<u>\$ 96,589</u>

3. Derivative Instruments

The Company assumes fixed index deferred annuity contracts which credit interest based on a percentage of the gain in a specified market index. This index crediting feature is an embedded derivative.

The Company is party to a coinsurance funds withheld reinsurance agreement (see Note 7). Under ASC 815, the Company's reinsurance agreement contains an embedded derivative that requires bifurcation due to credit risks the reinsurer is assuming that are not clearly and closely related to the creditworthiness of the ceding company. The embedded derivative in the funds withheld reinsurance agreement has characteristics similar to a total return swap, as the Company assumes the total return on a designated investment portfolio from the ceding company. The ceding company passes risk associated with the interest credited to the policyholders on the policies covered by the agreement. The value of the embedded derivative in the funds withheld reinsurance agreement is equal to the value of the unrealized gain or loss on the designated investments.

SkyRidge Re Limited

Notes to Financial Statements (continued)

3. Derivative Instruments (continued)

The fair value of the Company's derivative financial instruments classified as assets and liabilities on the Balance Sheets as of December 31 is as follows:

	Derivative Asset		Derivative Liability		Balance reported in
	2025	2024	2025	2024	
	(In Thousands)				
Embedded derivatives:					
Index credit receivable derivative	\$ 408,750	\$ 295,764	\$ —	\$ —	Other assets
Fixed index annuity contracts	—	—	1,632,993	1,240,395	Policy reserves and annuity account values
Funds withheld and held receivable	51,048	(33,834)	—	—	Funds withheld and held receivable
Total embedded derivative financial instruments	\$ 459,798	\$ 261,930	\$ 1,632,993	\$ 1,240,395	

Index credits received from SBLIC as part of the reinsurance agreement were \$336.3 million and \$259.9 million for the years ended December 31, 2025 and 2024, respectively, and are included in *Other revenue* in the Statements of Operations.

The *Change in fixed index annuity embedded derivative and related benefits* is comprised of the following:

	Year Ended December 31,		Change of fair value reported in
	2025	2024	
	(In Thousands)		
Index credit receivable derivative (see Note 10)	\$ 155,861	\$ 135,260	Change in fixed index annuity embedded derivative and related benefits
Fixed index annuities - embedded derivatives (see Note 10)	218,047	181,297	Change in fixed index annuity embedded derivative and related benefits
Other changes in difference between policy benefit reserves computed using derivative accounting vs. long-duration contracts accounting	(236,054)	(201,734)	Change in fixed index annuity embedded derivative and related benefits
	\$ 137,854	\$ 114,823	

The amounts presented as “Other changes in difference between policy benefit reserves computed using derivative accounting vs. long-duration contracts accounting” represents the difference between policy benefit reserve change for fixed index annuities computed under the derivative accounting standard and the long-duration contracts accounting standard, less the change in fair value of our fixed index annuities embedded derivatives that is presented as Level 3 liabilities in Note 10.

SkyRidge Re Limited

Notes to Financial Statements (continued)

4. Deferred Policy Acquisition Costs

An analysis of the DAC asset balance is presented below for the periods:

	December 31, 2025			December 31, 2024		
	(In Thousands)					
	Fixed Index Annuity	Fixed Annuity	Total	Fixed Index Annuity	Fixed Annuity	Total
Balance at beginning of period	\$ 425,300	\$ 33,608	\$ 458,908	\$ 303,530	\$ 24,117	\$ 327,647
Cost deferred	134,029	12,933	146,962	158,989	15,881	174,870
Amortized to expense	(53,001)	(8,763)	(61,764)	(37,219)	(6,390)	(43,609)
Balance at end of period	\$ 506,328	\$ 37,778	\$ 544,106	\$ 425,300	\$ 33,608	\$ 458,908

5. Deferred Sales Inducement Costs

An analysis of the DSI costs asset balance is presented below for the periods:

	December 31, 2025			December 31, 2024		
	(In Thousands)					
	Fixed Index Annuity	Fixed Annuity	Total	Fixed Index Annuity	Fixed Annuity	Total
Balance at beginning of period	\$ 227,816	\$ —	\$ 227,816	\$ 137,948	\$ —	\$ 137,948
Costs deferred	136,039	—	136,039	107,324	—	107,324
Amortized to expense	(29,936)	—	(29,936)	(17,456)	—	(17,456)
Balance at end of period	\$ 333,919	\$ —	\$ 333,919	\$ 227,816	\$ —	\$ 227,816

6. Cost of Reinsurance

The Company recorded cost of reinsurance that is being amortized in a similar manner to DAC. An analysis of cost of reinsurance and associated amortization is presented below for the periods:

	December 31, 2025			December 31, 2024		
	(In Thousands)					
	Fixed Index Annuity	Fixed Annuity	Total	Fixed Index Annuity	Fixed Annuity	Total
Balance at beginning of period	\$ 171,464	\$ 29,178	\$ 200,642	\$ 198,710	\$ 39,647	\$ 238,357
Amortized to expense	(26,279)	(8,681)	(34,960)	(27,246)	(10,469)	(37,715)
Balance at end of period	\$ 145,185	\$ 20,497	\$ 165,682	\$ 171,464	\$ 29,178	\$ 200,642

SkyRidge Re Limited

Notes to Financial Statements (continued)

7. Reinsurance

In December 2021, the Company entered into an agreement (as amended) to assume certain FA and FIA liabilities from SBLIC, a Kansas domiciled life and health insurance company licensed in 49 states and the District of Columbia. The liabilities subject to the agreement are (i) liabilities on policies in-force with SBLIC as of November 30, 2021 and (ii) liabilities on policies as they are written through 2024, subject to the terms of the agreement. SBL Holdings Inc. (SBLH), the parent company of SBLIC, has a non-controlling minority interest in SkyRidge Holdings. SBLH and SBLIC are not affiliates of the Company for state insurance law purposes, and SBLH and SBLIC are not consolidated with the Company.

The Company entered into a funds withheld coinsurance amendment on April 29, 2022, with an effective date of January 1, 2022. This amendment excluded FIA derivatives from being allocated by SBLIC to the funds withheld amount in order to hedge future index credits. The amendment also included an index credit receivable derivative the Company entered into with SBLIC, in which the Company will pay SBLIC a fee related to the cost of hedging the future index credits of the ceded FIA policies and SBLIC will cover the future index credits of such policies.

By amendments entered into by the Company and SBLIC, the investment period has been established through 2027 and the quota share amounts were adjusted as follows:

Date Range	Quota Share
01/01/2024 to 09/30/2024	40 %
10/01/2024 to 12/31/2024	20 %
01/01/2025 to 08/31/2025	30 %
09/01/2025 to 11/30/2025	— %
12/01/2025 to 12/31/2025	30 %

SkyRidge Re Limited

Notes to Financial Statements (continued)

7. Reinsurance (continued)

Principal reinsurance assumed transactions are summarized as follows for the periods:

	Year Ended December 31,	
	2025	2024
	<i>(In Thousands)</i>	
Reinsurance assumed:		
Premiums received	\$ 1,820,544	\$ 2,077,142
Commissions paid	151,544	177,549
Claims paid	122,479	101,814
Surrenders paid	990,732	965,039

As of December 31, 2025 and 2024, the value of the Company's *Funds withheld and held receivable* under its reinsurance agreement was \$10,427.7 million and \$9,096.8 million, respectively, including overcollateralization.

8. Insurance Liabilities

The following table details the changes in the fixed portion of the policyholder account balances for the periods below:

	December 31, 2025			December 31, 2024		
	<i>(In Thousands)</i>					
	Fixed Index Annuity (Indexed)	Fixed Index Annuity (Fixed)	Fixed Annuity	Fixed Index Annuity (Indexed)	Fixed Index Annuity (Fixed)	Fixed Annuity
Balance at beginning of period	\$ 6,209,065	\$ 1,048,865	\$ 2,224,803	\$ 5,045,355	\$ 807,158	\$ 2,129,055
Issuances	1,135,473	187,176	399,970	1,290,379	326,759	389,374
Premiums received	55,301	20,297	22,326	12,141	21,694	36,795
Policy charges	(14,703)	(1,380)	(990)	(24,555)	(967)	(1,192)
Surrenders and withdrawals	(171,606)	(33,851)	(37,942)	(120,579)	(23,319)	(34,295)
Benefit payments	(285,243)	(37,539)	(395,819)	(340,954)	(25,940)	(390,887)
Net transfers	102,445	(102,445)	—	88,322	(88,322)	—
Interest credited/index credits	336,262	40,550	109,649	259,930	32,870	97,860
Other	(631)	(361)	(1,511)	(974)	(1,068)	(1,907)
Balance at end of period	\$ 7,366,363	\$ 1,121,312	\$ 2,320,486	\$ 6,209,065	\$ 1,048,865	\$ 2,224,803
Weighted-average crediting rate ⁽¹⁾	3.72 %	3.76 %	4.75 %	3.56 %	3.67 %	4.64 %
Cash surrender value	\$ 6,221,892	\$ 977,849	\$ 2,183,885	\$ 5,179,588	\$ 893,977	\$ 2,061,838

⁽¹⁾ The weighted average crediting rate is expressed as a percentage of indexed account value and represents the annual cost of hedging under market conditions at the beginning of the index period. This cost is paid by the Company to SBLIC to replicate the crediting strategy to the policyholder. In exchange, SBLIC pays the Company index credits.

SkyRidge Re Limited

Notes to Financial Statements (continued)

8. Insurance Liabilities (continued)

The following tables detail the policyholder account balances by range of guaranteed minimum crediting rates and the related range of difference between rates being credited to policyholders and the respective guaranteed minimums as of December 31.

		2025				
		<i>(In Thousands)</i>				
	Range of Guaranteed Minimum Crediting Rate	At Guaranteed Minimum	1 Basis Points-50 Basis Points Above	51 Basis Points-150 Basis Points Above	Greater Than 150 Basis Points Above	Total
Fixed Annuity	0.00% - 1.49%	\$ —	\$ —	\$ 80,066	\$ 652,555	\$ 732,621
	1.50% - 2.99%	26	473	16,732	1,036,421	1,053,652
	Greater than 2.99%	—	—	1,413	532,800	534,213
	Total	<u>\$ 26</u>	<u>\$ 473</u>	<u>\$ 98,211</u>	<u>\$ 2,221,776</u>	<u>\$ 2,320,486</u>
Fixed Index Annuity ⁽¹⁾	0.00% - 0.99%	\$ —	\$ —	\$ 12,109	\$ 44,940	\$ 57,049
	1.00% - 1.99%	270	640	287,439	241,023	529,372
	Greater than 1.99%	397	205	120,598	413,691	534,891
	Total	<u>\$ 667</u>	<u>\$ 845</u>	<u>\$ 420,146</u>	<u>\$ 699,654</u>	<u>\$ 1,121,312</u>

⁽¹⁾ The FIA indexed account is not included in this table because index credits are based on market performance and crediting parameters, not a rate declared to the policyholder. Additionally, the hedge cost used to represent the cost of these credits has guaranteed parameters but not a discernible guaranteed minimum.

		2024				
		<i>(In Thousands)</i>				
	Range of Guaranteed Minimum Crediting Rate	At Guaranteed Minimum	1 Basis Points-50 Basis Points Above	51 Basis Points-150 Basis Points Above	Greater Than 150 Basis Points Above	Total
Fixed Annuity	0.00% - 1.49%	\$ 43	\$ 197	\$ 169,064	\$ 902,867	\$ 1,072,171
	1.50% - 2.99%	10,582	13,616	2,650	813,392	840,240
	Greater than 2.99%	—	—	1,421	310,971	312,392
	Total	<u>\$ 10,625</u>	<u>\$ 13,813</u>	<u>\$ 173,135</u>	<u>\$ 2,027,230</u>	<u>\$ 2,224,803</u>
Fixed Index Annuity ⁽¹⁾	0.00% - 0.99%	\$ —	\$ —	\$ 24,217	\$ 48,326	\$ 72,543
	1.00% - 1.99%	239	1,268	282,161	262,746	546,414
	Greater than 1.99%	275	98	92,154	337,381	429,908
	Total	<u>\$ 514</u>	<u>\$ 1,366</u>	<u>\$ 398,532</u>	<u>\$ 648,453</u>	<u>\$ 1,048,865</u>

⁽¹⁾ The FIA indexed account is not included in this table because index credits are based on market performance and crediting parameters, not a rate declared to the policyholder. Additionally, the hedge cost used to represent the cost of these credits has guaranteed parameters but not a discernible guaranteed minimum.

SkyRidge Re Limited

Notes to Financial Statements (continued)

8. Insurance Liabilities (continued)

A reconciliation of the fixed annuity and fixed index annuity account balances to the total *Policy reserves and annuity account values* on the Balance Sheets as of December 31 is as follows:

	2025	2024
	<i>(In Thousands)</i>	
Fixed annuity account balances	\$ 2,320,486	\$ 2,224,803
Fixed index annuity account balances	8,487,675	7,257,930
Derivative accounting versus long-duration contracts accounting difference	(131,318)	(113,311)
Total policy reserves and annuity account values	<u>\$ 10,676,843</u>	<u>\$ 9,369,422</u>

The components of *Index credits and interest credited to account balances* are summarized as follows for the periods:

	Year Ended December 31,	
	2025	2024
	<i>(In Thousands)</i>	
Index credits	\$ 336,262	\$ 259,930
Interest credited to account balances	150,199	130,730
	<u>\$ 486,461</u>	<u>\$ 390,660</u>

9. Income Taxes

Effective in 2021, the Company made a qualifying election available to foreign insurance companies under Section 953(d) of the Internal Revenue Code to be treated as a U.S. corporation for U.S. federal income tax purposes. As part of the Section 953(d) election, the Company entered into a closing agreement with the Internal Revenue Service (IRS) and provided the IRS with security for the payment of future U.S. taxes due in the form of a \$10.0 million letter of credit. The Company files a U.S. federal income tax return on a standalone basis.

On December 27, 2023, Bermuda enacted the Corporate Income Tax Act of 2023. The enacted law introduced a 15% corporate income tax (CIT) on Bermuda businesses that are part of multinational enterprise (MNE) groups with annual revenue of EUR 750 million or more. The effective date for the CIT is January 1, 2025. Under the Bermuda CIT framework, U.S. income taxes (both current and deferred) are creditable against Bermuda corporate income tax. Based on its Section 953(d) election and the availability of foreign tax credits, the Company does not

SkyRidge Re Limited

Notes to Financial Statements (continued)

9. Income Taxes (continued)

expect to incur additional Bermuda income taxes. As of December 31, 2025 and 2024, the Company has not recorded any current or deferred income tax related to the Bermuda CIT.

The provision for income taxes includes current federal tax expense or benefit and deferred income tax expense or benefit due to temporary differences between the financial reporting and income tax bases of assets and liabilities.

As of December 31, 2025 and 2024, the Company had no gross unrecognized tax benefits. The Company recognizes interest and penalties (as applicable) related to unrecognized tax benefits as a component of *Commissions and other operating expenses* in the Statements of Operations. The Company recorded neither interest expense nor penalties for unrecognized tax benefits for the years ended December 31, 2025 and 2024.

Given the Company elected to be taxed in the U.S. and the Company does not expect to incur additional Bermuda taxes, our reconciliations below are presented on the basis of the U.S. Statutory rate of 21%; as opposed to the Bermuda 2025 statutory rate of 15%.

Income tax expense, on a U.S. basis, consists of the following for the periods:

	Year Ended December 31,	
	2025	2024
	<i>(In Thousands)</i>	
Current income tax expense	\$ 23,876	\$ 37,882
Deferred income tax expense	43,714	43,882
Income tax expense	<u>\$ 67,590</u>	<u>\$ 81,764</u>

There were no differences between reported *Income tax expense* and the results from applying the U.S. statutory federal rate of 21% to *Income before income tax expense* for the years ended December 31, 2025 and 2024.

SkyRidge Re Limited

Notes to Financial Statements (continued)

9. Income Taxes (continued)

Net deferred income tax assets and liabilities consist of the following as of December 31:

	2025	2024
	<i>(In Thousands)</i>	
Deferred income tax assets:		
Policyholder reserves	\$ 217,601	\$ 185,755
Net unrealized loss on embedded derivative - funds withheld investments	—	7,046
Other	3,001	3,951
Total deferred income tax assets	220,602	196,752
Deferred income tax liabilities:		
Deferred policy acquisition costs and deferred sales inducement costs	183,811	143,942
Net unrealized loss on embedded derivative - funds withheld investments	10,846	—
Fair value of index receivable	85,838	62,110
Investments	5,979	5,516
Cost of reinsurance	34,793	42,135
Total deferred income tax liabilities	321,267	253,703
Net deferred income tax liabilities	\$ (100,665)	\$ (56,951)

The Company assesses the available positive and negative evidence surrounding the recoverability of the deferred income tax assets and applies its judgment in estimating the amount of valuation allowance necessary under the circumstances. As of December 31, 2025 and 2024, the Company recorded no valuation allowance.

Tax years 2021 through 2025 remain open to IRS examination. The Company is not currently under IRS exam.

SkyRidge Re Limited

Notes to Financial Statements (continued)

10. Fair Value Measurements

Fair Value Hierarchy

In accordance with ASC 820, *Fair Value Measurement*, the Company groups its financial assets and liabilities measured at fair value in three levels based on the inputs and assumptions used to determine the fair value. The levels are as follows:

Level 1 – Valuations are based upon unadjusted quoted prices for identical instruments traded in active markets.

Level 2 – Valuations are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, model-based valuation techniques for which significant assumptions are observable in the market, and option pricing models using inputs observable in the market.

Level 3 – Valuations are generated from techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect the Company's assumptions that market participants would use in pricing the asset or liability. Valuation techniques include discounted cash flow models, spread-based models, and similar techniques, using the best information available in the circumstances.

Determination of Fair Value

Under ASC 820, the Company bases fair values on the price that would be received to sell an asset (exit price) or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the Company's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy in ASC 820.

SkyRidge Re Limited

Notes to Financial Statements (continued)

10. Fair Value Measurements (continued)

Index credit receivable derivative

The fair value of the index credit receivable is determined by the expected value of future index credits calculated using call option pricing with current market data and updated fund value allocations for policyholder balances. This fair value is classified as Level 3.

Embedded derivative - funds withheld and held receivable

The fair value of the embedded derivative is estimated based on the fair value of the assets supporting the funds withheld reinsurance liability under the coinsurance funds withheld agreement. The fair value of the embedded derivative is classified as Level 3.

Embedded derivative – fixed index annuity contracts

Fair values of the Company's embedded derivative component of the fixed index annuity policy liabilities are determined by (i) projecting policy contract values and minimum guaranteed contract values over the expected lives of the contracts and (ii) discounting the excess of the projected contract value amounts at the applicable risk-free interest rates adjusted for the nonperformance risk related to those liabilities. The projections of policy contract values are based on the Company's best estimate assumptions for future policy growth and future policy decrements. The Company's best estimate assumptions for future policy growth include assumptions for the expected index credit on the next policy anniversary date derived from the fair values of the underlying call options purchased by SBLIC to fund such index credits and the expected costs of call options SBLIC will purchase in the future to fund index credits beyond the next policy anniversary. The projections of minimum guaranteed contract values include the same best estimate assumptions for policy decrements as were used to project policy contract values. These liabilities are included in Level 3.

SkyRidge Re Limited

Notes to Financial Statements (continued)

10. Fair Value Measurements (continued)

Assets and Liabilities Measured and Reported at Fair Value

The following tables present categories measured at fair value on a recurring basis as of December 31:

		2025			
		Fair Value Hierarchy Level			
		Fair Value	Level 1	Level 2	Level 3
		(In Thousands)			
Assets:					
Index credit receivable derivative	\$	408,750	\$	—	\$ 408,750
Embedded derivative - funds withheld and held receivable		51,048		—	51,048
Total assets	\$	459,798	\$	—	\$ 459,798
Liabilities:					
Embedded derivative - fixed index annuity contracts	\$	1,632,993	\$	—	\$ 1,632,993
Total liabilities	\$	1,632,993	\$	—	\$ 1,632,993

		2024			
		Fair Value Hierarchy Level			
		Fair Value	Level 1	Level 2	Level 3
		(In Thousands)			
Assets:					
Index credit receivable derivative	\$	295,764	\$	—	\$ 295,764
Embedded derivative - funds withheld and held receivable		(33,834)		—	(33,834)
Total assets	\$	261,930	\$	—	\$ 261,930
Liabilities:					
Embedded derivative - fixed index annuity contracts	\$	1,240,395	\$	—	\$ 1,240,395
Total liabilities	\$	1,240,395	\$	—	\$ 1,240,395

SkyRidge Re Limited

Notes to Financial Statements (continued)

10. Fair Value Measurements (continued)

Changes in Level 3 Fair Value Measurements

The reconciliation for all Level 3 assets and liabilities measured at fair value using significant unobservable inputs for December 31, 2025 and 2024 is as follows:

December 31, 2025					
	Balance at January 1, 2025	Total Realized/ Unrealized Gains and Losses Included in Net Income	Purchases, Issuances, Sales, and Settlements	Transfers	Balance at December 31, 2025
	<i>(In Thousands)</i>				
Assets:					
Index credit receivable derivative	\$ 295,764	\$ 68,307	\$ 44,679	\$ —	\$ 408,750
Embedded derivative - funds withheld and held receivable	(33,834)	84,882	—	—	51,048
Total assets	\$ 261,930	\$ 153,189	\$ 44,679	\$ —	\$ 459,798
Liabilities:					
Embedded derivative - fixed index annuity contracts	\$ 1,240,395	\$ 218,047	\$ 174,551	\$ —	\$ 1,632,993
Total liabilities	\$ 1,240,395	\$ 218,047	\$ 174,551	\$ —	\$ 1,632,993

December 31, 2024					
	Balance at January 1, 2024	Total Realized/ Unrealized Gains and Losses Included in Net Income	Purchases, Issuances, Sales, and Settlements	Transfers	Balance at December 31, 2024
	<i>(In Thousands)</i>				
Assets:					
Index credit receivable derivative	\$ 211,297	\$ 25,967	\$ 58,500	\$ —	\$ 295,764
Embedded derivative - funds withheld and held receivable	(152,516)	118,682	—	—	(33,834)
Total assets	\$ 58,781	\$ 144,649	\$ 58,500	\$ —	\$ 261,930
Liabilities:					
Embedded derivative - fixed index annuity contracts	\$ 813,026	\$ 181,297	\$ 246,072	\$ —	\$ 1,240,395
Total liabilities	\$ 813,026	\$ 181,297	\$ 246,072	\$ —	\$ 1,240,395

SkyRidge Re Limited

Notes to Financial Statements (continued)

10. Fair Value Measurements (continued)

The details of the Level 3 purchases, issuances, sales, and settlements for the periods as follows:

		December 31, 2025				
		Purchases	Issuances	Sales	Settlements	Net
		<i>(In Thousands)</i>				
Assets:						
Index credit receivable derivative	\$	—	\$ 268,847	\$	—	\$ 224,168
Total assets	\$	—	\$ 268,847	\$	—	\$ 224,168
Liabilities:						
Embedded derivative - fixed index annuity contracts	\$	—	\$ 219,470	\$	—	\$ 44,919
Total liabilities	\$	—	\$ 219,470	\$	—	\$ 44,919

		December 31, 2024				
		Purchases	Issuances	Sales	Settlements	Net
		<i>(In Thousands)</i>				
Assets:						
Index credit receivable derivative	\$	—	\$ 219,727	\$	—	\$ 161,227
Total assets	\$	—	\$ 219,727	\$	—	\$ 161,227
Liabilities:						
Embedded derivative - fixed index annuity contracts	\$	—	\$ 290,115	\$	—	\$ 44,043
Total liabilities	\$	—	\$ 290,115	\$	—	\$ 44,043

Transfers

There were no transfers into and out of Level 3 assets and liabilities measured at fair value for the years ended December 31, 2025 and 2024.

SkyRidge Re Limited

Notes to Financial Statements (continued)

10. Fair Value Measurements (continued)

Quantitative Information about Level 3 Fair Value Measurements

The following tables provides quantitative information about the significant unobservable inputs used for fair value measurements categorized within Level 3, excluding assets and liabilities for which significant unobservable inputs primarily consist of those valued using broker quotes.

As of December 31, 2025				
	Assets / Liabilities Measured at Fair Value	Valuation Technique(s)	Unobservable Input Description	Input
	(In Thousands)			
Assets:				
Embedded derivatives:				
Index credit receivable derivative	\$ 408,750	Expected value of future index credits		
Funds withheld and held receivable	51,048	See Note (1)		
Total assets	<u>\$ 459,798</u>			
Liabilities:				
Embedded derivatives:				
Fixed index annuity contracts	\$ 1,632,993	Discounted Cash Flow	Own credit spread 1.57% Risk margin 0.06% - 0.30%	
Total liabilities	<u>\$ 1,632,993</u>			
As of December 31, 2024				
	Assets / Liabilities Measured at Fair Value	Valuation Technique(s)	Unobservable Input Description	Input
	(In Thousands)			
Assets:				
Embedded derivatives:				
Index credit receivable derivative	\$ 295,764	Expected value of future index credits		
Funds withheld and held receivable	(33,834)	See Note (1)		
Total assets	<u>\$ 261,930</u>			
Liabilities:				
Embedded derivatives:				
Fixed index annuity contracts	\$ 1,240,395	Discounted Cash Flow	Own credit spread 1.4% Risk margin 0.06%-0.30%	
Total liabilities	<u>\$ 1,240,395</u>			

- (1) Equal to the estimated net unrealized gains or losses of the assets supporting the funds withheld and held receivable under the coinsurance funds withheld agreement.

SkyRidge Re Limited

Notes to Financial Statements (continued)

11. Commitments and Contingencies

Pursuant to the Amended and Restated Limited Liability Company Agreement of SkyRidge Holdings, the Company was required to establish a contingent capital account consisting of assets with an aggregate book value equal to the lesser of (i) \$20.0 million as of January 1, 2022, \$45.0 million as of January 1, 2023, \$67.5 million as of January 1, 2024 and \$90.0 million as of January 1, 2025 or (ii) the aggregate net amounts paid to the Company pursuant to the reinsurance agreement entered into with SBLIC for each of the cumulative periods since inception of the reinsurance agreement. SBLH was entitled to the contingent capital account in future years if certain requirements were met. As of December 31, 2024, the Company was in compliance with this requirement. On June 30, 2025, the contingent capital account was paid to SBLH from SkyRidge Holdings in the amount of \$90.0 million. This payment was defined in the Amended and Restated Limited Liability Company Agreement of SkyRidge Holdings. Effective December 23, 2025, a Fourth Amended and Restated Limited Liability Company Agreement was entered into removing the contingent capital account requirement, among other related changes.

The Company is periodically party to legal and arbitral proceedings and subject to complaints, and the like, and is periodically examined by its regulators and may discuss certain matters with its regulators that come up during such examinations or otherwise. Management currently does not believe that any litigation, arbitration, complaint or other such matter to which the Company is party, or that any actions by its regulators with respect to any such examinations or matters under discussion with them, will, alone or collectively, materially adversely affect the Company's results of operations or financial condition.

12. Related-Party Transactions

The Company received no capital contributions from its parent, MidCo during 2025. The Company received \$5.0 million in capital contributions from MidCo during 2024. The Company paid dividends of \$45.0 million and \$90.0 million to MidCo during 2025 and 2024, respectively.

SBLH holds a less than 10% voting investment and 20% direct equity investment in SkyRidge Holdings, which is the ultimate parent of the Company. Effective November 30, 2021, SBLIC, a subsidiary of SBLH, entered into a funds withheld coinsurance reinsurance agreement to cede certain FA and FIA liabilities to the Company (see Note 7).

SkyRidge Re Limited

Notes to Financial Statements (continued)

12. Related-Party Transactions (continued)

The Company also entered into an Investment Management Agreement with SRAM, dated September 30, 2025 and effective as of January 1, 2025, subject to investment guidelines and oversight by the Company's Investment Committee and Board. SRAM is a subsidiary of MidCo.

The Company paid fees of \$35.5 million for the year ended December 31, 2025 to SkyRidge Re Business Services LLC (SRBS) for providing management and administrative services. SRBS is a subsidiary of MidCo.

13. Statutory Financial Information and Regulatory Net Capital Requirements

The Company is subject to insurance laws and regulations in Bermuda. Certain regulations include restrictions that limit the dividends or other distributions, such as loans or cash advances, available to shareholders without prior approval of the insurance regulatory authorities. The differences between financial statements prepared for insurance regulatory authorities and GAAP financial statements vary by jurisdiction.

The Company is licensed by the BMA as a long-term class E insurer and is subject to the Insurance Act 1978, as amended (Bermuda Insurance Act) and regulations promulgated thereunder. The BMA implemented the Economic Balance Sheet (EBS) framework into the Bermuda Solvency Capital Requirement (BSCR), which was granted equivalence to the European Union's Directive (2009/138/EC) (Solvency II).

Under the Bermuda Insurance Act, long-term insurers are required to maintain minimum statutory capital and surplus to meet the minimum solvency margin (MSM) and minimum economic statutory capital and surplus (EBS capital and surplus) to meet the Enhanced Capital Requirement (ECR). The Company is a Class E reinsurer. Accordingly, MSM is equal to the greater of \$8 million, 2% of the first \$500 million of statutory assets plus 1.5% of statutory assets above \$500 million or 25% of ECR. The ECR is calculated based on a risk-based capital model where risk factor charges are applied to the EBS. The ECR is floored at the MSM. As of December 31, 2025 and 2024, the Company was in excess of the minimum levels required. For the Company, the ECR is the binding regulatory constraint. The Company's MSM was \$181.3 million and \$159.0 million as of December 31, 2025 and 2024, respectively. Statutory capital and surplus was \$790.8 million and \$748.4 million as of December 31, 2025 and 2024, respectively, which is adequate to cover the MSM requirement for both periods.

SkyRidge Re Limited

Notes to Financial Statements (continued)

13. Statutory Financial Information and Regulatory Net Capital Requirements (continued)

Under the BMA framework, statutory financial statements are generally equivalent to GAAP financial statements, adjusted for permitted practices granted by the BMA. The Company has permission to exclude recognition of the embedded derivative related to the non-derivative assets underlying the funds withheld and held receivable. Additionally, to the extent derivatives are held in the funds withheld accounts, the Company has permission to adjust FIA reserve requirements to only include current indexed account value and the associated derivative market value less the derivative amortized cost. The following represents the effect of the permitted practices to the statutory financial statements as of December 31:

	2025	2024
	<i>(In Millions)</i>	
Increase/(decrease) to capital and surplus due to permitted practices	\$ (307.2)	\$ (140.4)
Increase/(decrease) to statutory net income due to permitted practices	\$ (166.8)	(160.7)

Under the Bermuda Insurance Act, the Company is prohibited from paying a dividend in an amount exceeding 25% of the prior year's statutory capital and surplus, unless at least two members of the Company's respective board of directors and its principal representative in Bermuda sign and submit to the BMA an affidavit attesting that a dividend in excess of this amount would not cause the Company to fail to meet its relevant margins. Prior to any dividends paid, the maximum dividend without attestation as of December 31, 2025 was \$187.1 million. In certain instances, the Company would also be required to provide prior notice to the BMA in advance of the payment of dividends. In the event that such an affidavit is submitted to the BMA, and further subject to meeting the MMS and ECR requirements, the Company is permitted to distribute up to the sum of 100% of statutory surplus and an amount less than 15% of statutory capital. Distributions in excess of this amount require the approval of the BMA. The maximum dividend without prior BMA approval as of December 31, 2025 was \$472.5 million. The Company paid dividends of \$45.0 million and \$90.0 million for the years ending December 31, 2025 and 2024, respectively.

14. Subsequent Events

Subsequent events have been evaluated through April 27, 2026, which is the date the financial statements were issued.

Subsequent to year end, the Company paid a dividend of \$25.0 million to MidCo.