

**AMERICAN NATIONAL VARIABLE LIFE SEPARATE ACCOUNT FINANCIAL STATEMENTS**

**December 31, 2022**

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors of  
American National Insurance Company and  
Policyholders of American National Variable Life Separate Account

### **Opinion on the Financial Statements and Financial Highlights**

We have audited the accompanying statements of net assets for each of the subaccounts of American National Variable Life Separate Account (the "Account") listed in Appendix A, as of December 31, 2022, the related statements of operations, the statements of changes in net assets, the financial highlights for each of the periods presented in Appendix A and the related notes. In our opinion, such financial statements and financial highlights present fairly, in all material respects, the financial position of each of the subaccounts comprising the Account as of December 31, 2022, and the results of their operations, the changes in their net assets, and the financial highlights for each of the periods presented in Appendix A, in conformity with accounting principles generally accepted in the United States of America.

The financial highlights for each of the two years or periods ended December 31, 2019 were audited by other auditors whose report, dated April 20, 2020, expressed an unqualified opinion on those financial highlights.

### **Basis for Opinion**

These financial statements and financial highlights are the responsibility of the Account's management. Our responsibility is to express an opinion on the Account's financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Account in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Account is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Account's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of December 31, 2022, by correspondence with the Account's fund managers. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas  
April 25, 2023

We have served as the auditor of American National Variable Life Separate Account since 2020.

## Appendix A

| Subaccount   | Statements of Net Assets as of | Statements of Operations for the | Statements Of Changes in Net Assets for the | Financial Highlights for the        |
|--|--------------------------------|----------------------------------|---|-------------------------------------|
| Alger Balanced Portfolio - Class I-2                             | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Alger Capital Appreciation Portfolio - Class I-2                 | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Alger Growth & Income Portfolio - Class I-2                      | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Alger Large Cap Growth Portfolio - Class I-2                     | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Alger Mid Cap Growth Portfolio - Class I-2                       | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Alger Small Cap Growth Portfolio - Class I-2                     | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Federated Hermes Fund for U.S. Government Securities II          | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Federated Hermes High Income Bond Fund II - Primary Shares       | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Federated Hermes Kaufmann Fund II - Primary Shares               | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Federated Hermes Managed Volatility Fund II - Primary Shares     | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Federated Hermes Quality Bond Fund II - Primary Shares           | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Fidelity VIP Asset Manager Growth Portfolio - Initial Class      | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Fidelity VIP Asset Manager Portfolio - Initial Class             | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Fidelity VIP Balanced Portfolio - Initial Class                  | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Fidelity VIP Contrafund Portfolio - Initial Class                | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Fidelity VIP Contrafund Portfolio - Service Class 2              | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Fidelity VIP Equity-Income Portfolio - Initial Class             | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Fidelity VIP Equity-Income Portfolio - Service Class 2           | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Fidelity VIP Government Money Market Portfolio - Initial Class   | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Fidelity VIP Government Money Market Portfolio - Service Class 2 | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Fidelity VIP Growth - Initial Class                              | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Fidelity VIP Growth and Income - Initial Class                   | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Fidelity VIP Growth and Income - Service Class 2                 | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Fidelity VIP Growth Opportunities Portfolio - Initial Class      | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Fidelity VIP Growth Opportunities Portfolio - Service Class 2    | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Fidelity VIP High Income - Initial Class                         | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Fidelity VIP Index 500 Portfolio - Initial Class                 | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Fidelity VIP Index 500 Portfolio - Service Class 2               | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Fidelity VIP Investment Grade Bond Portfolio - Initial Class     | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Fidelity VIP Investment Grade Bond Portfolio - Service Class 2   | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Fidelity VIP Mid Cap Portfolio - Initial Class                   | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Fidelity VIP Mid Cap Portfolio - Service Class 2                 | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Fidelity VIP Overseas Portfolio - Initial Class                  | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |
| Fidelity VIP Value Portfolio - Service Class 2                   | December 31, 2022              | Year Ended December 31, 2022     | Two Years Ended December 31, 2022           | Three Years Ended December 31, 2022 |

| Subaccount  | Statements of Net Assets<br>as of | Statements of Operations<br>for the | Statements Of Changes in<br>Net Assets for the   | Financial Highlights<br>for the  |
|---|-----------------------------------|-------------------------------------|--|--|
| Fidelity VIP Value Strategies - Service Class 2   | December 31,<br>2022              | Year Ended December<br>31, 2022     | Two Years Ended<br>December 31, 2022   | Three Years Ended<br>December 31, 2022   |
| Invesco V.I. Discovery Mid Cap Growth Fund        | December 31,<br>2022              | Year Ended December<br>31, 2022     | Two Years Ended<br>December 31, 2022   | Two Years Ended<br>December 31, 2022 and<br>Period from April 30,<br>2020* to December 31,<br>2020 |
| Invesco V.I. Diversified Dividend Fund - Series I | December 31,<br>2022              | Year Ended December<br>31, 2022     | Two Years Ended<br>December 31, 2022   | Three Years Ended<br>December 31, 2022   |
| Invesco V.I. Health Care Fund - Series I          | December 31,<br>2022              | Year Ended December<br>31, 2022     | Two Years Ended<br>December 31, 2022   | Three Years Ended<br>December 31, 2022   |
| Invesco V.I. Global Real Estate Fund - Series I   | December 31,<br>2022              | Year Ended December<br>31, 2022     | Two Years Ended<br>December 31, 2022   | Three Years Ended<br>December 31, 2022   |
| Invesco V.I. Managed Volatility Fund - Series I   | -                                 | -                                   | Period from January 1,<br>2021 to April 30, 2021#  | Period from January 1,<br>2021 to April 30, 2021#<br>and Year Ended<br>December 31, 2020           |
| Invesco V.I. Equity and Income Fund               | December 31,<br>2022              | Year Ended December<br>31, 2022     | Year Ended December<br>31, 2022 and Period from<br>April 30, 2021* to<br>December 31, 2021 | Year ended December<br>31, 2022 and Period<br>from April 30, 2021* to<br>December 31, 2021         |
| Invesco V.I. Small Cap Equity Fund - Series I     | December 31,<br>2022              | Year Ended December<br>31, 2022     | Two Years Ended<br>December 31, 2022   | Three Years Ended<br>December 31, 2022   |
| Invesco V.I. Technology Fund - Series I           | December 31,<br>2022              | Year Ended December<br>31, 2022     | Two Years Ended<br>December 31, 2022   | Three Years Ended<br>December 31, 2022   |
| MFS Core Equity Portfolio - Initial Class         | December 31,<br>2022              | Year Ended December<br>31, 2022     | Two Years Ended<br>December 31, 2022   | Three Years Ended<br>December 31, 2022   |
| MFS Growth Series - Initial Class                 | December 31,<br>2022              | Year Ended December<br>31, 2022     | Two Years Ended<br>December 31, 2022   | Three Years Ended<br>December 31, 2022   |
| MFS Investor Trust Series - Initial Class         | December 31,<br>2022              | Year Ended December<br>31, 2022     | Two Years Ended<br>December 31, 2022   | Three Years Ended<br>December 31, 2022   |
| MFS Research Series - Initial Class               | December 31,<br>2022              | Year Ended December<br>31, 2022     | Two Years Ended<br>December 31, 2022   | Three Years Ended<br>December 31, 2022   |
| T. Rowe Price Equity Income Portfolio             | December 31,<br>2022              | Year Ended December<br>31, 2022     | Two Years Ended<br>December 31, 2022   | Three Years Ended<br>December 31, 2022   |
| T. Rowe Price International Stock Portfolio       | December 31,<br>2022              | Year Ended December<br>31, 2022     | Two Years Ended<br>December 31, 2022   | Three Years Ended<br>December 31, 2022   |
| T. Rowe Price Limited-Term Bond Portfolio         | December 31,<br>2022              | Year Ended December<br>31, 2022     | Two Years Ended<br>December 31, 2022   | Three Years Ended<br>December 31, 2022   |
| T. Rowe Price Mid-Cap Growth Portfolio            | December 31,<br>2022              | Year Ended December<br>31, 2022     | Two Years Ended<br>December 31, 2022   | Three Years Ended<br>December 31, 2022   |

\* Date represents commencement of operations.

# Date represents liquidation of operations.

**American National Variable Life Separate Account**  
**Statements of Net Assets**  
**As of December 31, 2022**  
(Amounts in thousands except for unit and share information)

|                               | Alger Balanced Portfolio<br>- Class I-2 | Alger Capital<br>Appreciation Portfolio -<br>Class I-2 | Alger Growth & Income<br>Portfolio - Class I-2 | Alger Large Cap Growth<br>Portfolio - Class I-2 | Alger Mid Cap Growth<br>Portfolio - Class I-2 |
|-------------------------------|---|--|--|---|---|
| <b>ASSETS</b>                 |   |  |  |   |   |
| Investments, at fair value    | \$ 2,007                                | \$ 5,369   | \$ 1,725                                       | \$ 2,492  | \$ 3,445                                      |
| <b>Total assets</b>           | <b>\$ 2,007</b>                         | <b>\$ 5,369</b>  | <b>\$ 1,725</b>                                | <b>\$ 2,492</b>                                 | <b>\$ 3,445</b>                               |
| <b>NET ASSETS</b>             |   |  |  |   |   |
| Accumulation units            | \$ 2,007                                | \$ 5,369   | \$ 1,725                                       | \$ 2,492  | \$ 3,445                                      |
| <b>Total net assets</b>       | <b>\$ 2,007</b>                         | <b>\$ 5,369</b>  | <b>\$ 1,725</b>                                | <b>\$ 2,492</b>                                 | <b>\$ 3,445</b>                               |
| <b>Units Outstanding</b>      | <b>706,990</b>                          | <b>966,401</b>   | <b>466,505</b>                                 | <b>692,069</b>                                  | <b>972,459</b>                                |
| <b>FUND SHARE INFORMATION</b> |   |  |  |   |   |
| Number of shares              | 122,374                                 | 98,251   | 74,632   | 52,965  | 251,848                                       |
| Cost of investment            | \$ 1,992                                | \$ 8,193   | \$ 1,683                                       | \$ 3,848  | \$ 5,704                                      |
| <b>UNIT VALUE</b>             |   |  |  |   |   |
| Lowest                        | \$ 2.55                                 | \$ 5.29  | \$ 3.24  | \$ 3.38   | \$ 3.27                                       |
| Highest                       | \$ 3.22                                 | \$ 8.95  | \$ 4.41  | \$ 5.94   | \$ 5.52                                       |

**American National Variable Life Separate Account**  
**Statements of Operations**  
**Year ended December 31, 2022**

|   | Alger Balanced Portfolio<br>- Class I-2 | Alger Capital<br>Appreciation Portfolio -<br>Class I-2 | Alger Growth & Income<br>Portfolio - Class I-2 | Alger Large Cap<br>Growth Portfolio - Class<br>I-2 | Alger Mid Cap Growth<br>Portfolio - Class I-2 |
|---|---|--|--|--|---|
| <b>NET INVESTMENT INCOME/(LOSS)</b>                                 |   |  |  |  |   |
| Dividends   | \$ 24                                   | \$ —   | \$ 25  | \$ —   | \$ —  |
| Mortality and expense charge  | (1)                                     | (20)   | (3)  | (3)  | (6)   |
| <b>Net investment income/(loss)</b>                                 | <b>\$ 23</b>                            | <b>\$ (20)</b>   | <b>\$ 22</b>                                   | <b>\$ (3)</b>                                      | <b>\$ (6)</b>                                 |
| <b>NET REALIZED AND UNREALIZED GAINS/(LOSSES) ON INVESTMENTS</b>    |   |  |  |  |   |
| Net realized gains/(losses)   | 136                                     | 302  | 162  | 160  | (364)   |
| Change in unrealized gains/(losses)                                 | (434)                                   | (3,558)  | (491)  | (1,775)  | (1,698)                                       |
| Net realized and change in unrealized gains/(losses) on investments | (298)                                   | (3,256)  | (329)  | (1,615)  | (2,062)                                       |
| <b>Increase/(decrease) in net assets from operations</b>            | <b>\$ (275)</b>                         | <b>\$ (3,276)</b>                                      | <b>\$ (307)</b>                                | <b>\$ (1,618)</b>                                  | <b>\$ (2,068)</b>                             |

*See accompanying notes to the financial statements.*

**American National Variable Life Separate Account**  
**Statements of Net Assets**  
**As of December 31, 2022**  
(Amounts in thousands except for unit and share information)

|                               | Alger Small Cap Growth<br>Portfolio - Class I-2 | Federated Hermes Fund<br>for U.S. Government<br>Securities II | Federated Hermes High<br>Income Bond Fund II -<br>Primary Shares | Federated Hermes<br>Kaufmann Fund II -<br>Primary Shares | Federated Hermes<br>Managed Volatility Fund<br>II - Primary Shares |
|-------------------------------|---|---|--|--|--|
| <b>ASSETS</b>                 |   |   |  |  |  |
| Investments, at fair value    | \$ 1,895  | \$ 256  | \$ 1,021   | \$ 856   | \$ 457   |
| <b>Total assets</b>           | <b>\$ 1,895</b>                                 | <b>\$ 256</b>   | <b>\$ 1,021</b>  | <b>\$ 856</b>  | <b>\$ 457</b>  |
| <b>NET ASSETS</b>             |   |   |  |  |  |
| Accumulation units            | \$ 1,895  | \$ 256  | \$ 1,021   | \$ 856   | \$ 457   |
| <b>Total net assets</b>       | <b>\$ 1,895</b>                                 | <b>\$ 256</b>   | <b>\$ 1,021</b>  | <b>\$ 856</b>  | <b>\$ 457</b>  |
| <b>Units Outstanding</b>      | <b>425,131</b>                                  | <b>193,345</b>  | <b>326,857</b>   | <b>222,508</b>   | <b>182,621</b>   |
| <b>FUND SHARE INFORMATION</b> |   |   |  |  |  |
| Number of shares              | \$ 133,530                                      | \$ 27,784   | \$ 191,235   | \$ 56,680  | \$ 53,961  |
| Cost of investment            | \$ 3,797  | \$ 295  | \$ 1,142   | \$ 1,082   | \$ 552   |
| <b>UNIT VALUE</b>             |   |   |  |  |  |
| Lowest                        | \$ 4.16   | \$ 1.22   | \$ 2.90  | \$ 3.48  | \$ 2.29  |
| Highest                       | \$ 7.17   | \$ 1.51   | \$ 3.57  | \$ 5.59  | \$ 2.94  |

**American National Variable Life Separate Account**  
**Statements of Operations**  
**Year ended December 31, 2022**

|   | Alger Small Cap Growth<br>Portfolio - Class I-2 | Federated Hermes Fund<br>for U.S. Government<br>Securities II | Federated Hermes High<br>Income Bond Fund II -<br>Primary Shares | Federated Hermes<br>Kaufmann Fund II -<br>Primary Shares | Federated Hermes<br>Managed Volatility Fund<br>II - Primary Shares |
|---|---|---|--|--|--|
| <b>NET INVESTMENT INCOME/(LOSS)</b>                                 |   |   |  |  |  |
| Dividends   | \$ —  | \$ 5  | \$ 58  | \$ —   | \$ 10  |
| Mortality and expense charge  | (1)   | —   | (3)  | (3)  | (1)  |
| <b>Net investment income/(loss)</b>                                 | <b>\$ (1)</b>                                   | <b>\$ 5</b>   | <b>\$ 55</b>   | <b>\$ (3)</b>  | <b>\$ 9</b>  |
| <b>NET REALIZED AND UNREALIZED GAINS/(LOSSES) ON INVESTMENTS</b>    |   |   |  |  |  |
| Net realized gains/(losses)   | 115   | (5)   | (38)   | 118  | 108  |
| Change in unrealized gains/(losses)                                 | (1,361)   | (37)  | (156)  | (497)  | (197)  |
| Net realized and change in unrealized gains/(losses) on investments | (1,246)   | (42)  | (194)  | (379)  | (89)   |
| <b>Increase/(decrease) in net assets from operations</b>            | <b>\$ (1,247)</b>                               | <b>\$ (37)</b>  | <b>\$ (139)</b>  | <b>\$ (382)</b>  | <b>\$ (80)</b>   |

*See accompanying notes to the financial statements.*

**American National Variable Life Separate Account**  
**Statements of Net Assets**  
**As of December 31, 2022**  
(Amounts in thousands except for unit and share information)

|                               | <b>Federated Hermes<br/>Quality Bond Fund II -<br/>Primary Shares</b> | <b>Fidelity VIP Asset<br/>Manager Growth<br/>Portfolio - Initial Class</b> | <b>Fidelity VIP Asset<br/>Manager Portfolio -<br/>Initial Class</b> | <b>Fidelity VIP Balanced<br/>Portfolio - Initial Class</b> | <b>Fidelity VIP Contrafund<br/>Portfolio - Initial Class</b> |
|-------------------------------|---|--|---|--|--|
| <b>ASSETS</b>                 |   |  |   |  |  |
| Investments, at fair value    | \$ 183  | \$ 851   | \$ 734  | \$ 1,512   | \$ 14,866  |
| <b>Total assets</b>           | <b>\$ 183</b>   | <b>\$ 851</b>  | <b>\$ 734</b>   | <b>\$ 1,512</b>  | <b>\$ 14,866</b>   |
| <b>NET ASSETS</b>             |   |  |   |  |  |
| Accumulation units            | \$ 183  | \$ 851   | \$ 734  | \$ 1,512   | \$ 14,866  |
| <b>Total net assets</b>       | <b>\$ 183</b>   | <b>\$ 851</b>  | <b>\$ 734</b>   | <b>\$ 1,512</b>  | <b>\$ 14,866</b>   |
| <b>Units Outstanding</b>      | <b>112,808</b>  | <b>285,214</b>   | <b>219,142</b>  | <b>457,554</b>   | <b>1,952,406</b>   |
| <b>FUND SHARE INFORMATION</b> |   |  |   |  |  |
| Number of shares              | 18,609  | 45,471   | 51,263  | 78,026   | 392,456  |
| Cost of investment            | \$ 200  | \$ 815   | \$ 783  | \$ 1,433   | \$ 13,640  |
| <b>UNIT VALUE</b>             |   |  |   |  |  |
| Lowest                        | \$ 1.53   | \$ 2.44  | \$ 2.31   | \$ 2.99  | \$ 5.97  |
| Highest                       | \$ 1.83   | \$ 46.67   | \$ 4.71   | \$ 63.09   | \$ 170.82  |

**American National Variable Life Separate Account**  
**Statements of Operations**  
**Year ended December 31, 2022**

|   | <b>Federated Hermes<br/>Quality Bond Fund II -<br/>Primary Shares</b> | <b>Fidelity VIP Asset<br/>Manager Growth<br/>Portfolio - Initial Class</b> | <b>Fidelity VIP Asset<br/>Manager Portfolio -<br/>Initial Class</b> | <b>Fidelity VIP Balanced<br/>Portfolio - Initial Class</b> | <b>Fidelity VIP Contrafund<br/>Portfolio - Initial Class</b> |
|---|---|--|---|--|--|
| <b>NET INVESTMENT INCOME/(LOSS)</b>                                 |   |  |   |  |  |
| Dividends   | \$ 5  | \$ 17  | \$ 16   | \$ 21  | \$ 84  |
| Mortality and expense charge  | (1)   | (11)   | (8)   | (19)   | (186)  |
| <b>Net investment income/(loss)</b>                                 | <b>\$ 4</b>   | <b>\$ 6</b>  | <b>\$ 8</b>   | <b>\$ 2</b>  | <b>\$ (102)</b>  |
| <b>NET REALIZED AND UNREALIZED GAINS/(LOSSES) ON INVESTMENTS</b>    |   |  |   |  |  |
| Net realized gains/(losses)   | (9)   | 102  | 47  | 129  | 1,513  |
| Change in unrealized gains/(losses)                                 | (18)  | (303)  | (204)   | (496)  | (7,154)  |
| Net realized and change in unrealized gains/(losses) on investments | (27)  | (201)  | (157)   | (367)  | (5,641)  |
| <b>Increase/(decrease) in net assets from operations</b>            | <b>\$ (23)</b>  | <b>\$ (195)</b>  | <b>\$ (149)</b>   | <b>\$ (365)</b>  | <b>\$ (5,743)</b>  |

*See accompanying notes to the financial statements.*

American National Variable Life Separate Account  
Statements of Net Assets  
As of December 31, 2022  
(Amounts in thousands except for unit and share information)

|                               | Fidelity VIP Contrafund<br>Portfolio - Service Class<br>2 | Fidelity VIP Equity-<br>Income Portfolio - Initial<br>Class | Fidelity VIP Equity-<br>Income Portfolio -<br>Service Class 2 | Fidelity VIP Government<br>Money Market Portfolio<br>- Initial Class | Fidelity VIP Government<br>Money Market Portfolio<br>- Service Class 2 |
|-------------------------------|---|---|---|--|--|
| <b>ASSETS</b>                 |   |   |   |  |  |
| Investments, at fair value    | \$ 18,463   | \$ 5,003  | \$ 1,452  | \$ 7,566   | \$ 4,393   |
| <b>Total assets</b>           | <b>\$ 18,463</b>  | <b>\$ 5,003</b>   | <b>\$ 1,452</b>   | <b>\$ 7,566</b>  | <b>\$ 4,393</b>  |
| <b>NET ASSETS</b>             |   |   |   |  |  |
| Accumulation units            | \$ 18,463   | \$ 5,003  | \$ 1,452  | \$ 7,566   | \$ 4,393   |
| <b>Total net assets</b>       | <b>\$ 18,463</b>  | <b>\$ 5,003</b>   | <b>\$ 1,452</b>   | <b>\$ 7,566</b>  | <b>\$ 4,393</b>  |
| <b>Units Outstanding</b>      | <b>3,418,658</b>  | <b>866,404</b>  | <b>456,796</b>  | <b>6,129,503</b>   | <b>4,374,627</b>   |
| <b>FUND SHARE INFORMATION</b> |   |   |   |  |  |
| Number of shares              | 505,272   | 212,339   | 63,925  | 7,566,472  | 4,392,918  |
| Cost of investment            | \$ 20,068   | \$ 4,752  | \$ 1,485  | \$ 7,567   | \$ 4,395   |
| <b>UNIT VALUE</b>             |   |   |   |  |  |
| Lowest                        | \$ 4.97   | \$ 3.57   | \$ 2.73   | \$ 1.13  | \$ 0.96  |
| Highest                       | \$ 7.42   | \$ 99.06  | \$ 3.44   | \$ 1.53  | \$ 1.01  |

American National Variable Life Separate Account  
Statements of Operations  
Year ended December 31, 2022

|   | Fidelity VIP Contrafund<br>Portfolio - Service Class<br>2 | Fidelity VIP Equity-<br>Income Portfolio - Initial<br>Class | Fidelity VIP Equity-<br>Income Portfolio -<br>Service Class 2 | Fidelity VIP<br>Government Money<br>Market Portfolio - Initial | Fidelity VIP<br>Government Money<br>Market Portfolio - |
|---|---|---|---|--|--|
| <b>NET INVESTMENT INCOME/(LOSS)</b>                                 |   |   |   |  |  |
| Dividends   | \$ 54   | \$ 99   | \$ 25   | \$ 108   | \$ 55  |
| Mortality and expense charge  | (42)  | (56)  | (3)   | (88)   | (3)  |
| <b>Net investment income/(loss)</b>                                 | <b>\$ 12</b>  | <b>\$ 43</b>  | <b>\$ 22</b>  | <b>\$ 20</b>   | <b>\$ 52</b>   |
| <b>NET REALIZED AND UNREALIZED GAINS/(LOSSES) ON INVESTMENTS</b>    |   |   |   |  |  |
| Net realized gains/(losses)   | 1,864   | 222   | 118   | —  | —  |
| Change in unrealized gains/(losses)                                 | (8,774)   | (613)   | (224)   | —  | —  |
| Net realized and change in unrealized gains/(losses) on investments | (6,910)   | (391)   | (106)   | —  | —  |
| <b>Increase/(decrease) in net assets from operations</b>            | <b>\$ (6,898)</b>   | <b>\$ (348)</b>   | <b>\$ (84)</b>  | <b>\$ 20</b>   | <b>\$ 52</b>   |

*See accompanying notes to the financial statements.*



**American National Variable Life Separate Account**  
**Statements of Net Assets**  
**As of December 31, 2022**  
(Amounts in thousands except for unit and share information)

|                               | Fidelity VIP Growth -<br>Initial Class | Fidelity VIP Growth and<br>Income - Initial Class | Fidelity VIP Growth and<br>Income - Service Class 2 | Fidelity VIP Growth<br>Opportunities Portfolio -<br>Initial Class | Fidelity VIP Growth<br>Opportunities Portfolio -<br>Service Class 2 |
|-------------------------------|--|---|---|---|---|
| <b>ASSETS</b>                 |  |   |   |   |   |
| Investments, at fair value    | \$ 20,848                              | \$ 1,880  | \$ 927  | \$ 3,863  | \$ 3,585  |
| <b>Total assets</b>           | <b>\$ 20,848</b>                       | <b>\$ 1,880</b>                                   | <b>\$ 927</b>                                       | <b>\$ 3,863</b>   | <b>\$ 3,585</b>   |
| <b>NET ASSETS</b>             |  |   |   |   |   |
| Accumulation units            | \$ 20,848                              | \$ 1,880  | \$ 927  | \$ 3,863  | \$ 3,585  |
| <b>Total net assets</b>       | <b>\$ 20,848</b>                       | <b>\$ 1,880</b>                                   | <b>\$ 927</b>                                       | <b>\$ 3,863</b>   | <b>\$ 3,585</b>   |
| <b>Units Outstanding</b>      | <b>3,112,054</b>                       | <b>503,175</b>                                    | <b>244,841</b>                                      | <b>875,713</b>  | <b>663,797</b>  |
| <b>FUND SHARE INFORMATION</b> |  |   |   |   |   |
| Number of shares              | 291,546                                | 78,249  | 39,850  | 94,158  | 89,827  |
| Cost of investment            | \$ 20,224                              | \$ 1,705  | \$ 887  | \$ 4,242  | \$ 4,777  |
| <b>UNIT VALUE</b>             |  |   |   |   |   |
| Lowest                        | \$ 5.02                                | \$ 2.99   | \$ 3.27   | \$ 3.47   | \$ 5.06   |
| Highest                       | \$ 235.64                              | \$ 63.43  | \$ 4.24   | \$ 139.33   | \$ 8.89   |

**American National Variable Life Separate Account**  
**Statements of Operations**  
**Year ended December 31, 2022**

|   | Fidelity VIP Growth -<br>Initial Class | Fidelity VIP Growth and<br>Income - Initial Class | Fidelity VIP Growth and<br>Income - Service Class 2 | Fidelity VIP Growth<br>Opportunities Portfolio -<br>Initial Class | Fidelity VIP Growth<br>Opportunities Portfolio -<br>Service Class 2 |
|---|--|---|---|---|---|
| <b>NET INVESTMENT INCOME/(LOSS)</b>                                 |  |   |   |   |   |
| Dividends   | \$ 146                                 | \$ 32   | \$ 14   | \$ —  | \$ —  |
| Mortality and expense charge  | (260)                                  | (22)  | (4)   | (57)  | (4)   |
| <b>Net investment income/(loss)</b>                                 | <b>\$ (114)</b>                        | <b>\$ 10</b>                                      | <b>\$ 10</b>  | <b>\$ (57)</b>  | <b>\$ (4)</b>   |
| <b>NET REALIZED AND UNREALIZED GAINS/(LOSSES) ON INVESTMENTS</b>    |  |   |   |   |   |
| Net realized gains/(losses)   | 3,155                                  | 98  | 59  | 1,399   | 991   |
| Change in unrealized gains/(losses)                                 | (10,401)                               | (243)   | (124)   | (3,947)   | (3,272)   |
| Net realized and change in unrealized gains/(losses) on investments | (7,246)                                | (145)   | (65)  | (2,548)   | (2,281)   |
| <b>Increase/(decrease) in net assets from operations</b>            | <b>\$ (7,360)</b>                      | <b>\$ (135)</b>                                   | <b>\$ (55)</b>                                      | <b>\$ (2,605)</b>   | <b>\$ (2,285)</b>   |

*See accompanying notes to the financial statements.*

**American National Variable Life Separate Account**  
**Statements of Net Assets**  
**As of December 31, 2022**  
(Amounts in thousands except for unit and share information)

|                               | Fidelity VIP High<br>Income - Initial Class | Fidelity VIP Index 500<br>Portfolio - Initial Class | Fidelity VIP Index 500<br>Portfolio - Service Class<br>2 | Fidelity VIP Investment<br>Grade Bond Portfolio -<br>Initial Class | Fidelity VIP Investment<br>Grade Bond Portfolio -<br>Service Class 2 |
|-------------------------------|---|---|--|--|--|
| <b>ASSETS</b>                 |   |   |  |  |  |
| Investments, at fair value    | \$ 583                                      | \$ 24,333   | \$ 15,256  | \$ 654   | \$ 461   |
| <b>Total assets</b>           | <b>\$ 583</b>                               | <b>\$ 24,333</b>                                    | <b>\$ 15,256</b>   | <b>\$ 654</b>  | <b>\$ 461</b>  |
| <b>NET ASSETS</b>             |   |   |  |  |  |
| Accumulation units            | \$ 583                                      | \$ 24,333   | \$ 15,256  | \$ 654   | \$ 461   |
| <b>Total net assets</b>       | <b>\$ 583</b>                               | <b>\$ 24,333</b>                                    | <b>\$ 15,256</b>   | <b>\$ 654</b>  | <b>\$ 461</b>  |
| <b>Units Outstanding</b>      | <b>277,318</b>                              | <b>4,216,467</b>                                    | <b>3,564,981</b>   | <b>284,282</b>   | <b>301,392</b>   |
| <b>FUND SHARE INFORMATION</b> |   |   |  |  |  |
| Number of shares              | 132,183                                     | 64,926  | 41,265   | 60,515   | 43,991   |
| Cost of investment            | \$ 702                                      | \$ 11,957   | \$ 13,649  | \$ 776   | \$ 558   |
| <b>UNIT VALUE</b>             |   |   |  |  |  |
| Lowest                        | \$ 1.75                                     | \$ 4.09   | \$ 3.83  | \$ 1.87  | \$ 1.43  |
| Highest                       | \$ 24.12                                    | \$ 749.35   | \$ 5.31  | \$ 30.06   | \$ 1.79  |

**American National Variable Life Separate Account**  
**Statements of Operations**  
**Year ended December 31, 2022**

|   | Fidelity VIP High<br>Income - Initial Class | Fidelity VIP Index 500<br>Portfolio - Initial Class | Fidelity VIP Index 500<br>Portfolio - Service Class<br>2 | Fidelity VIP Investment<br>Grade Bond Portfolio -<br>Initial Class | Fidelity VIP Investment<br>Grade Bond Portfolio -<br>Service Class 2 |
|---|---|---|--|--|--|
| <b>NET INVESTMENT INCOME/(LOSS)</b>                                 |   |   |  |  |  |
| Dividends   | \$ 31                                       | \$ 388  | \$ 200   | \$ 16  | \$ 10  |
| Mortality and expense charge  | (7)   | (296)   | (21)   | (8)  | (2)  |
| <b>Net investment income/(loss)</b>                                 | <b>\$ 24</b>                                | <b>\$ 92</b>  | <b>\$ 179</b>  | <b>\$ 8</b>  | <b>\$ 8</b>  |
| <b>NET REALIZED AND UNREALIZED GAINS/(LOSSES) ON INVESTMENTS</b>    |   |   |  |  |  |
| Net realized gains/(losses)   | (10)  | 1,634   | 1,326  | 24   | 19   |
| Change in unrealized gains/(losses)                                 | (97)  | (7,756)   | (5,048)  | (145)  | (98)   |
| Net realized and change in unrealized gains/(losses) on investments | (107)                                       | (6,122)   | (3,722)  | (121)  | (79)   |
| <b>Increase/(decrease) in net assets from operations</b>            | <b>\$ (83)</b>                              | <b>\$ (6,030)</b>                                   | <b>\$ (3,543)</b>  | <b>\$ (113)</b>  | <b>\$ (71)</b>   |

*See accompanying notes to the financial statements.*

**American National Variable Life Separate Account**  
**Statements of Net Assets**  
**As of December 31, 2022**  
(Amounts in thousands except for unit and share information)

|                               | Fidelity VIP Mid Cap<br>Portfolio - Initial Class | Fidelity VIP Mid Cap<br>Portfolio - Service Class<br>2 | Fidelity VIP Overseas<br>Portfolio - Initial Class | Fidelity VIP Value<br>Portfolio - Service Class<br>2 | Fidelity VIP Value<br>Strategies - Service Class<br>2 |
|-------------------------------|---|--|--|--|---|
| <b>ASSETS</b>                 |   |  |  |  |   |
| Investments, at fair value    | \$ 13,749   | \$ 28,419  | \$ 1,410   | \$ 517   | \$ 965  |
| <b>Total assets</b>           | <b>\$ 13,749</b>                                  | <b>\$ 28,419</b>                                       | <b>\$ 1,410</b>                                    | <b>\$ 517</b>  | <b>\$ 965</b>   |
| <b>NET ASSETS</b>             |   |  |  |  |   |
| Accumulation units            | \$ 13,749   | \$ 28,419  | \$ 1,410   | \$ 517   | \$ 965  |
| <b>Total net assets</b>       | <b>\$ 13,749</b>                                  | <b>\$ 28,419</b>                                       | <b>\$ 1,410</b>                                    | <b>\$ 517</b>  | <b>\$ 965</b>   |
| <b>Units Outstanding</b>      | <b>1,461,845</b>                                  | <b>4,598,418</b>                                       | <b>510,055</b>                                     | <b>149,837</b>                                       | <b>252,781</b>  |
| <b>FUND SHARE INFORMATION</b> |   |  |  |  |   |
| Number of shares              | 420,216   | 910,854  | 64,969   | 31,548   | 66,346  |
| Cost of investment            | \$ 14,575   | \$ 30,964  | \$ 1,321   | \$ 553   | \$ 965  |
| <b>UNIT VALUE</b>             |   |  |  |  |   |
| Lowest                        | \$ 8.14   | \$ 5.39  | \$ 1.94  | \$ 2.94  | \$ 3.23   |
| Highest                       | \$ 135.09   | \$ 7.38  | \$ 58.10   | \$ 3.80  | \$ 4.29   |

**American National Variable Life Separate Account**  
**Statements of Operations**  
**Year ended December 31, 2022**

|   | Fidelity VIP Mid Cap<br>Portfolio - Initial Class | Fidelity VIP Mid Cap<br>Portfolio - Service Class<br>2 | Fidelity VIP Overseas<br>Portfolio - Initial Class | Fidelity VIP Value<br>Portfolio - Service Class<br>2 | Fidelity VIP Value<br>Strategies - Service Class<br>2 |
|---|---|--|--|--|---|
| <b>NET INVESTMENT INCOME/(LOSS)</b>                                 |   |  |  |  |   |
| Dividends   | \$ 71   | \$ 80  | \$ 16  | \$ 6   | \$ 9  |
| Mortality and expense charge  | (170)   | (56)   | (16)   | (2)  | (3)   |
| <b>Net investment income/(loss)</b>                                 | <b>\$ (99)</b>                                    | <b>\$ 24</b>   | <b>\$ —</b>  | <b>\$ 4</b>  | <b>\$ 6</b>   |
| <b>NET REALIZED AND UNREALIZED GAINS/(LOSSES) ON INVESTMENTS</b>    |   |  |  |  |   |
| Net realized gains/(losses)   | 1,130   | 2,200  | 42   | 42   | 115   |
| Change in unrealized gains/(losses)                                 | (3,729)   | (7,532)  | (526)  | (73)   | (200)   |
| Net realized and change in unrealized gains/(losses) on investments | (2,599)   | (5,332)  | (484)  | (31)   | (85)  |
| <b>Increase/(decrease) in net assets from operations</b>            | <b>\$ (2,698)</b>                                 | <b>\$ (5,308)</b>                                      | <b>\$ (484)</b>                                    | <b>\$ (27)</b>                                       | <b>\$ (79)</b>  |

*See accompanying notes to the financial statements.*

**American National Variable Life Separate Account**  
**Statements of Net Assets**  
**As of December 31, 2022**  
(Amounts in thousands except for unit and share information)

|                               | <b>Invesco V.I. Discovery<br/>Mid Cap Growth Fund*</b> | <b>Invesco V.I. Diversified<br/>Dividend Fund - Series I</b> | <b>Invesco V.I. Equity and<br/>Income Fund**</b> | <b>Invesco V.I. Health Care<br/>Fund - Series I</b> | <b>Invesco V.I. Global Real<br/>Estate Fund - Series I</b> |
|-------------------------------|--|--|--|---|--|
| <b>ASSETS</b>                 |  |  |  |   |  |
| Investments, at fair value    | \$ 99  | \$ 598   | \$ 2,015   | \$ 1,113  | \$ 2,217   |
| <b>Total assets</b>           | <b>\$ 99</b>   | <b>\$ 598</b>  | <b>\$ 2,015</b>                                  | <b>\$ 1,113</b>                                     | <b>\$ 2,217</b>  |
| <b>NET ASSETS</b>             |  |  |  |   |  |
| Accumulation units            | \$ 99  | \$ 598   | \$ 2,015   | \$ 1,113  | \$ 2,217   |
| <b>Total net assets</b>       | <b>\$ 99</b>   | <b>\$ 598</b>  | <b>\$ 2,015</b>                                  | <b>\$ 1,113</b>                                     | <b>\$ 2,217</b>  |
| <b>Units Outstanding</b>      | <b>3,884</b>   | <b>8,778</b>   | <b>689,537</b>                                   | <b>289,164</b>                                      | <b>599,985</b>   |
| <b>FUND SHARE INFORMATION</b> |  |  |  |   |  |
| Number of shares              | 1,785  | 23,910   | 124,872  | 44,254  | 170,023  |
| Cost of investment            | \$ 130   | \$ 625   | \$ 2,413   | \$ 1,270  | \$ 2,709   |
| <b>UNIT VALUE</b>             |  |  |  |   |  |
| Lowest                        | \$ 22.91   | \$ 59.08   | \$ 2.60  | \$ 3.27   | \$ 3.21  |
| Highest                       | \$ 36.54   | \$ 73.56   | \$ 3.25  | \$ 4.44   | \$ 4.94  |

**American National Variable Life Separate Account**  
**Statements of Operations**  
**Year ended December 31, 2022**

|   | <b>Invesco V.I. Discovery<br/>Mid Cap Growth Fund*</b> | <b>Invesco V.I. Diversified<br/>Dividend Fund - Series I</b> | <b>Invesco V.I. Equity and<br/>Income Fund**</b> | <b>Invesco V.I. Health Care<br/>Fund - Series I</b> | <b>Invesco V.I. Global Real<br/>Estate Fund - Series I</b> |
|---|--|--|--|---|--|
| <b>NET INVESTMENT INCOME/(LOSS)</b>                                 |  |  |  |   |  |
| Dividends   | \$ —   | \$ 11  | \$ 36  | \$ —  | \$ 73  |
| Mortality and expense charge  | —  | (1)  | (3)  | (2)   | (4)  |
| <b>Net investment income/(loss)</b>                                 | <b>\$ —</b>  | <b>\$ 10</b>   | <b>\$ 33</b>                                     | <b>\$ (2)</b>                                       | <b>\$ 69</b>   |
| <b>NET REALIZED AND UNREALIZED GAINS/(LOSSES) ON INVESTMENTS</b>    |  |  |  |   |  |
| Net realized gains/(losses)   | \$ 34  | \$ 75  | \$ 249   | \$ 160  | \$ (73)  |
| Change in unrealized gains/(losses)                                 | (92)   | (97)   | (452)  | (342)   | (779)  |
| Net realized and change in unrealized gains/(losses) on investments | (58)   | (22)   | (203)  | (182)   | (852)  |
| <b>Increase/(decrease) in net assets from operations</b>            | <b>\$ (58)</b>   | <b>\$ (12)</b>   | <b>\$ (170)</b>                                  | <b>\$ (184)</b>                                     | <b>\$ (783)</b>  |

\* Formerly named Invesco Oppenheimer V.I. Discovery Mid Cap Growth Fund.

\*\*This fund was opened on April 30, 2021.

*See accompanying notes to the financial statements.*

**American National Variable Life Separate Account**  
**Statements of Net Assets**  
**As of December 31, 2022**  
(Amounts in thousands except for unit and share information)

|                               | <b>Invesco V.I. Small Cap<br/>Equity Fund - Series I</b> | <b>Invesco V.I. Technology<br/>Fund - Series I</b> | <b>MFS Core Equity<br/>Portfolio - Initial Class</b> | <b>MFS Growth Series -<br/>Initial Class</b> | <b>MFS Investors Trust<br/>Series - Initial Class</b> |
|-------------------------------|--|--|--|--|---|
| <b>ASSETS</b>                 |  |  |  |  |   |
| Investments, at fair value    | \$ 616   | \$ 1,097   | \$ 274   | \$ 1,139                                     | \$ 350  |
| <b>Total assets</b>           | <b>\$ 616</b>  | <b>\$ 1,097</b>                                    | <b>\$ 274</b>  | <b>\$ 1,139</b>                              | <b>\$ 350</b>   |
| <b>NET ASSETS</b>             |  |  |  |  |   |
| Accumulation units            | 616  | 1,097  | 274  | 1,139  | 350   |
| <b>Total net assets</b>       | <b>\$ 616</b>  | <b>\$ 1,097</b>                                    | <b>\$ 274</b>  | <b>\$ 1,139</b>                              | <b>\$ 350</b>   |
| <b>Units Outstanding</b>      | <b>184,309</b>   | <b>404,192</b>                                     | <b>5,411</b>   | <b>223,731</b>                               | <b>83,321</b>   |
| <b>FUND SHARE INFORMATION</b> |  |  |  |  |   |
| Number of shares              | 40,936   | 87,101   | 11,555   | 23,712                                       | 10,851  |
| Cost of investment            | \$ 755   | \$ 1,984   | \$ 285   | \$ 1,470                                     | \$ 362  |
| <b>UNIT VALUE</b>             |  |  |  |  |   |
| Lowest                        | \$ 2.96  | \$ 2.49  | \$ 45.30   | \$ 4.67                                      | \$ 3.74   |
| Highest                       | \$ 4.30  | \$ 4.55  | \$ 61.38   | \$ 7.49                                      | \$ 5.08   |

**American National Variable Life Separate Account**  
**Statements of Operations**  
**Year ended December 31, 2022**

|   | <b>Invesco V.I. Small Cap<br/>Equity Fund - Series I</b> | <b>Invesco V.I. Technology<br/>Fund - Series I</b> | <b>MFS Core Equity<br/>Portfolio - Initial Class</b> | <b>MFS Growth Series -<br/>Initial Class</b> | <b>MFS Investors Trust<br/>Series - Initial Class</b> |
|---|--|--|--|--|---|
| <b>NET INVESTMENT INCOME/(LOSS)</b>                                 |  |  |  |  |   |
| Dividends   | \$ —   | \$ —   | \$ 1   | \$ —   | \$ 2  |
| Mortality and expense charge  | (2)  | (2)  | —  | (2)  | (1)   |
| <b>Net investment income/(loss)</b>                                 | <b>\$ (2)</b>  | <b>\$ (2)</b>                                      | <b>\$ 1</b>  | <b>\$ (2)</b>                                | <b>\$ 1</b>   |
| <b>NET REALIZED AND UNREALIZED GAINS/(LOSSES) ON INVESTMENTS</b>    |  |  |  |  |   |
| Net realized gains/(losses)   | 113  | 503  | 36   | 172  | 66  |
| Change in unrealized gains/(losses)                                 | (274)  | (1,230)  | (96)   | (719)  | (139)   |
| Net realized and change in unrealized gains/(losses) on investments | (161)  | (727)  | (60)   | (547)  | (73)  |
| <b>Increase/(decrease) in net assets from operations</b>            | <b>\$ (163)</b>  | <b>\$ (729)</b>                                    | <b>\$ (59)</b>                                       | <b>\$ (549)</b>                              | <b>\$ (72)</b>  |

*See accompanying notes to the financial statements.*

**American National Variable Life Separate Account**  
**Statements of Net Assets**  
**As of December 31, 2022**  
(Amounts in thousands except for unit and share information)

|                               | <b>MFS Research Series -<br/>Initial Class</b> | <b>T. Rowe Price Equity<br/>Income Portfolio</b> | <b>T. Rowe Price<br/>International Stock<br/>Portfolio</b> | <b>T. Rowe Price Limited-<br/>Term Bond Portfolio</b> | <b>T. Rowe Price Mid-Cap<br/>Growth Portfolio</b> |
|-------------------------------|--|--|--|---|---|
| <b>ASSETS</b>                 |  |  |  |   |   |
| Investments, at fair value    | \$ 158   | \$ 14,487  | \$ 4,217   | \$ 1,111  | \$ 8,663  |
| <b>Total assets</b>           | <b>\$ 158</b>                                  | <b>\$ 14,487</b>                                 | <b>\$ 4,217</b>  | <b>\$ 1,111</b>                                       | <b>\$ 8,663</b>                                   |
| <b>NET ASSETS</b>             |  |  |  |   |   |
| Accumulation units            | \$ 158   | \$ 14,487  | \$ 4,217   | \$ 1,111  | \$ 8,663  |
| <b>Total net assets</b>       | <b>\$ 158</b>                                  | <b>\$ 14,487</b>                                 | <b>\$ 4,217</b>  | <b>\$ 1,111</b>                                       | <b>\$ 8,663</b>                                   |
| <b>Units Outstanding</b>      |  |  |  |   |   |
|                               | 34,699   | 3,634,484  | 1,860,598  | 760,300   | 943,431   |
| <b>FUND SHARE INFORMATION</b> |  |  |  |   |   |
| Number of shares              | 5,682  | 536,370  | 323,402  | 242,066   | 335,144   |
| Cost of investment            | \$ 165   | \$ 14,724  | \$ 4,895   | \$ 1,167  | \$ 9,583  |
| <b>UNIT VALUE</b>             |  |  |  |   |   |
| Lowest                        | \$ 4.08  | \$ 3.27  | \$ 1.56  | \$ 1.38   | \$ 6.07   |
| Highest                       | \$ 5.53  | \$ 78.53   | \$ 31.91   | \$ 1.54   | \$ 141.47   |

**American National Variable Life Separate Account**  
**Statements of Operations**  
**Year ended December 31, 2022**

|   | <b>MFS Research Series -<br/>Initial Class</b> | <b>T. Rowe Price Equity<br/>Income Portfolio</b> | <b>T. Rowe Price<br/>International Stock<br/>Portfolio</b> | <b>T. Rowe Price Limited-<br/>Term Bond Portfolio</b> | <b>T. Rowe Price Mid-Cap<br/>Growth Portfolio</b> |
|---|--|--|--|---|---|
| <b>NET INVESTMENT INCOME/(LOSS)</b>                                 |  |  |  |   |   |
| Dividends   | \$ 1   | \$ 278   | \$ 34  | \$ 23   | \$ —  |
| Mortality and expense charge  | —  | (50)   | (21)   | (1)   | (78)  |
| <b>Net investment income/(loss)</b>                                 | <b>\$ 1</b>                                    | <b>\$ 228</b>                                    | <b>\$ 13</b>   | <b>\$ 22</b>  | <b>\$ (78)</b>                                    |
| <b>NET REALIZED AND UNREALIZED GAINS/(LOSSES) ON INVESTMENTS</b>    |  |  |  |   |   |
| Net realized gains/(losses)   | 24   | 893  | (32)   | (8)   | 265   |
| Change in unrealized gains/(losses)                                 | (58)   | (1,714)  | (833)  | (72)  | (2,931)   |
| Net realized and change in unrealized gains/(losses) on investments | (34)   | (821)  | (865)  | (80)  | (2,666)   |
| <b>Increase/(decrease) in net assets from operations</b>            | <b>\$ (33)</b>                                 | <b>\$ (593)</b>                                  | <b>\$ (852)</b>  | <b>\$ (58)</b>  | <b>\$ (2,744)</b>                                 |

*See accompanying notes to the financial statements.*

American National Variable Life Separate Account  
Statements of Changes in Net Assets  
Year ended December 31, 2022  
(Amounts in thousands)

|   | Alger Balanced Portfolio<br>- Class I-2 | Alger Capital<br>Appreciation Portfolio -<br>Class I-2 | Alger Growth & Income<br>Portfolio - Class I-2 | Alger Large Cap Growth<br>Portfolio - Class I-2 | Alger Mid Cap Growth<br>Portfolio - Class I-2 |
|---|---|--|--|---|---|
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            |   |  |  |   |   |
| Net investment income/(loss)  | \$ 23                                   | \$ (20)  | \$ 22  | \$ (3)  | \$ (6)  |
| Net realized gains/(losses)   | 136                                     | 302  | 162  | 160   | (364)   |
| Change in unrealized gains/(losses)                                 | (434)                                   | (3,558)  | (491)  | (1,775)   | (1,698)                                       |
| <b>Increase/(decrease) in net assets from operations</b>            | <u>\$ (275)</u>                         | <u>\$ (3,276)</u>                                      | <u>\$ (307)</u>                                | <u>\$ (1,618)</u>                               | <u>\$ (2,068)</u>                             |
| <b>INCREASE/(DECREASE) IN NET ASSETS FROM CONTRACT TRANSACTIONS</b> |   |  |  |   |   |
| Payments received from contract owners                              | \$ 297                                  | \$ 1,048   | \$ 177   | \$ 218  | \$ 698  |
| Policy terminations/withdrawals and charges                         | (391)                                   | (1,495)  | (160)  | (335)   | (938)   |
| Contract maintenance fees   | (19)                                    | (48)   | (16)   | (26)  | (36)  |
| <b>Increase/(decrease) in net assets from contract transactions</b> | <u>\$ (113)</u>                         | <u>\$ (495)</u>  | <u>\$ 1</u>                                    | <u>\$ (143)</u>                                 | <u>\$ (276)</u>                               |
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            | \$ (388)                                | \$ (3,771)   | \$ (306)                                       | \$ (1,761)                                      | \$ (2,344)                                    |
| <b>NET ASSETS AT BEGINNING OF PERIOD</b>                            | <u>2,395</u>                            | <u>9,140</u>   | <u>2,031</u>                                   | <u>4,253</u>                                    | <u>5,789</u>                                  |
| <b>NET ASSETS AT END OF PERIOD</b>                                  | <u>\$ 2,007</u>                         | <u>\$ 5,369</u>  | <u>\$ 1,725</u>                                | <u>\$ 2,492</u>                                 | <u>\$ 3,445</u>                               |

*See accompanying notes to the financial statements.*

American National Variable Life Separate Account  
Statements of Changes in Net Assets  
Year ended December 31, 2022  
(Amounts in thousands)

|   | Alger Small Cap Growth<br>Portfolio - Class I-2 | Federated Hermes Fund<br>for U.S. Government<br>Securities II | Federated Hermes High<br>Income Bond Fund II -<br>Primary Shares | Federated Hermes<br>Kaufmann Fund II -<br>Primary Shares | Federated Hermes<br>Managed Volatility Fund<br>II - Primary Shares |
|---|---|---|--|--|--|
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            |   |   |  |  |  |
| Net investment income/(loss)  | \$ (1)  | \$ 5  | \$ 55  | \$ (3)   | \$ 9   |
| Net realized gains/(losses)   | 115   | (5)   | (38)   | 118  | 108  |
| Change in unrealized gains/(losses)                                 | (1,361)   | (37)  | (156)  | (497)  | (197)  |
| <b>Increase/(decrease) in net assets from operations</b>            | <b>\$ (1,247)</b>                               | <b>\$ (37)</b>  | <b>\$ (139)</b>  | <b>\$ (382)</b>  | <b>\$ (80)</b>   |
| <b>INCREASE/(DECREASE) IN NET ASSETS FROM CONTRACT TRANSACTIONS</b> |   |   |  |  |  |
| Payments received from contract owners                              | \$ 502  | \$ 45   | \$ 266   | \$ 174   | \$ 80  |
| Policy terminations/withdrawals and charges                         | (679)   | (38)  | (268)  | (197)  | (124)  |
| Contract maintenance fees   | (18)  | (4)   | (16)   | (9)  | (7)  |
| <b>Increase/(decrease) in net assets from contract transactions</b> | <b>\$ (195)</b>                                 | <b>\$ 3</b>   | <b>\$ (18)</b>   | <b>\$ (32)</b>   | <b>\$ (51)</b>   |
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            | <b>\$ (1,442)</b>                               | <b>\$ (34)</b>  | <b>\$ (157)</b>  | <b>\$ (414)</b>  | <b>\$ (131)</b>  |
| <b>NET ASSETS AT BEGINNING OF PERIOD</b>                            | <b>3,337</b>                                    | <b>290</b>  | <b>1,178</b>   | <b>1,270</b>   | <b>588</b>   |
| <b>NET ASSETS AT END OF PERIOD</b>                                  | <b>\$ 1,895</b>                                 | <b>\$ 256</b>   | <b>\$ 1,021</b>  | <b>\$ 856</b>  | <b>\$ 457</b>  |

*See accompanying notes to the financial statements.*



American National Variable Life Separate Account  
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|   | Federated Hermes<br>Quality Bond Fund II -<br>Primary Shares | Fidelity VIP Asset<br>Manager Growth<br>Portfolio - Initial Class | Fidelity VIP Asset<br>Manager Portfolio -<br>Initial Class | Fidelity VIP Balanced<br>Portfolio - Initial Class | Fidelity VIP Contrafund<br>Portfolio - Initial Class |
|---|--|---|--|--|--|
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            |  |   |  |  |  |
| Net investment income/(loss)  | \$ 4   | \$ 6  | \$ 8   | \$ 2   | \$ (102)   |
| Net realized gains/(losses)   | (9)  | 102   | 47   | 129  | 1,513  |
| Change in unrealized gains/(losses)                                 | (18)   | (303)   | (204)  | (496)  | (7,154)  |
| <b>Increase/(decrease) in net assets from operations</b>            | <u>\$ (23)</u>   | <u>\$ (195)</u>   | <u>\$ (149)</u>  | <u>\$ (365)</u>                                    | <u>\$ (5,743)</u>                                    |
| <b>INCREASE/(DECREASE) IN NET ASSETS FROM CONTRACT TRANSACTIONS</b> |  |   |  |  |  |
| Payments received from contract owners                              | \$ 71  | \$ 20   | \$ 35  | \$ 28  | \$ 380   |
| Policy terminations/withdrawals and charges                         | (124)  | (78)  | (83)   | (103)  | (1,088)  |
| Contract maintenance fees   | (4)  | (14)  | (10)   | (14)   | (118)  |
| <b>Increase/(decrease) in net assets from contract transactions</b> | <u>\$ (57)</u>   | <u>\$ (72)</u>  | <u>\$ (58)</u>   | <u>\$ (89)</u>                                     | <u>\$ (826)</u>                                      |
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            | \$ (80)  | \$ (267)  | \$ (207)   | \$ (454)   | \$ (6,569)   |
| <b>NET ASSETS AT BEGINNING OF PERIOD</b>                            | <u>263</u>   | <u>1,118</u>  | <u>941</u>   | <u>1,966</u>                                       | <u>21,435</u>  |
| <b>NET ASSETS AT END OF PERIOD</b>                                  | <u>\$ 183</u>  | <u>\$ 851</u>   | <u>\$ 734</u>  | <u>\$ 1,512</u>                                    | <u>\$ 14,866</u>                                     |

*See accompanying notes to the financial statements.*

American National Variable Life Separate Account  
Statements of Changes in Net Assets  
Year ended December 31, 2022  
(Amounts in thousands)

|   | Fidelity VIP Contrafund<br>Portfolio - Service Class<br>2 | Fidelity VIP Equity-<br>Income Portfolio - Initial<br>Class | Fidelity VIP Equity-<br>Income Portfolio -<br>Service Class 2 | Fidelity VIP Government<br>Money Market Portfolio<br>- Initial Class | Fidelity VIP Government<br>Money Market Portfolio<br>- Service Class 2 |
|---|---|---|---|--|--|
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            |   |   |   |  |  |
| Net investment income/(loss)  | \$ 12   | \$ 43   | \$ 22   | \$ 20  | \$ 52  |
| Net realized gains/(losses)   | 1,864   | 222   | 118   | —  | —  |
| Change in unrealized gains/(losses)                                 | (8,774)   | (613)   | (224)   | —  | —  |
| <b>Increase/(decrease) in net assets from operations</b>            | <u>\$ (6,898)</u>   | <u>\$ (348)</u>   | <u>\$ (84)</u>  | <u>\$ 20</u>   | <u>\$ 52</u>   |
| <b>INCREASE/(DECREASE) IN NET ASSETS FROM CONTRACT TRANSACTIONS</b> |   |   |   |  |  |
| Payments received from contract owners                              | \$ 3,272  | \$ 192  | \$ 552  | \$ 359   | \$ 812   |
| Policy terminations/withdrawals and charges                         | (3,866)   | (588)   | (545)   | (524)  | (665)  |
| Contract maintenance fees   | (169)   | (55)  | (18)  | (125)  | (66)   |
| <b>Increase/(decrease) in net assets from contract transactions</b> | <u>\$ (763)</u>   | <u>\$ (451)</u>   | <u>\$ (11)</u>  | <u>\$ (290)</u>  | <u>\$ 81</u>   |
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            | \$ (7,661)  | \$ (799)  | \$ (95)   | \$ (270)   | \$ 133   |
| <b>NET ASSETS AT BEGINNING OF PERIOD</b>                            | <u>26,124</u>   | <u>5,802</u>  | <u>1,547</u>  | <u>7,836</u>   | <u>4,260</u>   |
| <b>NET ASSETS AT END OF PERIOD</b>                                  | <u>\$ 18,463</u>  | <u>\$ 5,003</u>   | <u>\$ 1,452</u>   | <u>\$ 7,566</u>  | <u>\$ 4,393</u>  |

*See accompanying notes to the financial statements.*

American National Variable Life Separate Account  
Statements of Changes in Net Assets  
Year ended December 31, 2022  
(Amounts in thousands)

|   | Fidelity VIP Growth -<br>Initial Class | Fidelity VIP Growth and<br>Income - Initial Class | Fidelity VIP Growth and<br>Income - Service Class 2 | Fidelity VIP Growth<br>Opportunities Portfolio -<br>Initial Class | Fidelity VIP Growth<br>Opportunities Portfolio -<br>Service Class 2 |
|---|--|---|---|---|---|
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            |  |   |   |   |   |
| Net investment income/(loss)  | \$ (114)                               | \$ 10   | \$ 10   | \$ (57)   | \$ (4)  |
| Net realized gains/(losses)   | 3,155                                  | 98  | 59  | 1,399   | 991   |
| Change in unrealized gains/(losses)                                 | (10,401)                               | (243)   | (124)   | (3,947)   | (3,272)   |
| <b>Increase/(decrease) in net assets from operations</b>            | <u>\$ (7,360)</u>                      | <u>\$ (135)</u>                                   | <u>\$ (55)</u>                                      | <u>\$ (2,605)</u>   | <u>\$ (2,285)</u>   |
| <b>INCREASE/(DECREASE) IN NET ASSETS FROM CONTRACT TRANSACTIONS</b> |  |   |   |   |   |
| Payments received from contract owners                              | \$ 191                                 | \$ 667  | \$ 176  | \$ 57   | \$ 370  |
| Policy terminations/withdrawals and charges                         | (1,719)                                | (94)  | (195)   | (582)   | (455)   |
| Contract maintenance fees   | (137)                                  | (19)  | (15)  | (37)  | (31)  |
| <b>Increase/(decrease) in net assets from contract transactions</b> | <u>\$ (1,665)</u>                      | <u>\$ 554</u>                                     | <u>\$ (34)</u>                                      | <u>\$ (562)</u>   | <u>\$ (116)</u>   |
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            | \$ (9,025)                             | \$ 419  | \$ (89)   | \$ (3,167)  | \$ (2,401)  |
| <b>NET ASSETS AT BEGINNING OF PERIOD</b>                            | <u>29,873</u>                          | <u>1,461</u>                                      | <u>1,016</u>  | <u>7,030</u>  | <u>5,986</u>  |
| <b>NET ASSETS AT END OF PERIOD</b>                                  | <u>\$ 20,848</u>                       | <u>\$ 1,880</u>                                   | <u>\$ 927</u>                                       | <u>\$ 3,863</u>   | <u>\$ 3,585</u>   |

*See accompanying notes to the financial statements.*

**American National Variable Life Separate Account**  
**Statements of Changes in Net Assets**  
**Year ended December 31, 2022**  
(Amounts in thousands)

|   | <b>Fidelity VIP High<br/>Income - Initial Class</b> | <b>Fidelity VIP Index 500<br/>Portfolio - Initial Class</b> | <b>Fidelity VIP Index 500<br/>Portfolio - Service Class<br/>2</b> | <b>Fidelity VIP Investment<br/>Grade Bond Portfolio -<br/>Initial Class</b> | <b>Fidelity VIP Investment<br/>Grade Bond Portfolio -<br/>Service Class 2</b> |
|---|---|---|---|---|---|
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            |   |   |   |   |   |
| Net investment income/(loss)  | \$ 24   | \$ 92   | \$ 179  | \$ 8  | \$ 8  |
| Net realized gains/(losses)   | (10)  | 1,634   | 1,326   | 24  | 19  |
| Change in unrealized gains/(losses)                                 | (97)  | (7,756)   | (5,048)   | (145)   | (98)  |
| <b>Increase/(decrease) in net assets from operations</b>            | <b>\$ (83)</b>                                      | <b>\$ (6,030)</b>   | <b>\$ (3,543)</b>   | <b>\$ (113)</b>   | <b>\$ (71)</b>  |
| <b>INCREASE/(DECREASE) IN NET ASSETS FROM CONTRACT TRANSACTIONS</b> |   |   |   |   |   |
| Payments received from contract owners                              | \$ 25   | \$ 226  | \$ 2,311  | \$ 52   | \$ 60   |
| Policy terminations/withdrawals and charges                         | (41)  | (1,809)   | (2,723)   | (101)   | (35)  |
| Contract maintenance fees   | (11)  | (175)   | (107)   | (14)  | (11)  |
| <b>Increase/(decrease) in net assets from contract transactions</b> | <b>\$ (27)</b>                                      | <b>\$ (1,758)</b>   | <b>\$ (519)</b>   | <b>\$ (63)</b>  | <b>\$ 14</b>  |
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            | <b>\$ (110)</b>                                     | <b>\$ (7,788)</b>   | <b>\$ (4,062)</b>   | <b>\$ (176)</b>   | <b>\$ (57)</b>  |
| <b>NET ASSETS AT BEGINNING OF PERIOD</b>                            | <b>693</b>  | <b>32,121</b>   | <b>19,318</b>   | <b>830</b>  | <b>518</b>  |
| <b>NET ASSETS AT END OF PERIOD</b>                                  | <b>\$ 583</b>                                       | <b>\$ 24,333</b>  | <b>\$ 15,256</b>  | <b>\$ 654</b>   | <b>\$ 461</b>   |

*See accompanying notes to the financial statements.*

**American National Variable Life Separate Account**  
**Statements of Changes in Net Assets**  
**Year ended December 31, 2022**  
(Amounts in thousands)

|   | <b>Fidelity VIP Mid Cap<br/>Portfolio - Initial Class</b> | <b>Fidelity VIP Mid Cap<br/>Portfolio - Service Class<br/>2</b> | <b>Fidelity VIP Overseas<br/>Portfolio - Initial Class</b> | <b>Fidelity VIP Value<br/>Portfolio - Service Class<br/>2</b> | <b>Fidelity VIP Value<br/>Strategies - Service Class<br/>2</b> |
|---|---|---|--|---|--|
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            |   |   |  |   |  |
| Net investment income/(loss)  | \$ (99)   | \$ 24   | \$ —   | \$ 4  | \$ 6   |
| Net realized gains/(losses)   | 1,130   | 2,200   | 42   | 42  | 115  |
| Change in unrealized gains/(losses)                                 | (3,729)   | (7,532)   | (526)  | (73)  | (200)  |
| <b>Increase/(decrease) in net assets from operations</b>            | <b>\$ (2,698)</b>   | <b>\$ (5,308)</b>   | <b>\$ (484)</b>  | <b>\$ (27)</b>  | <b>\$ (79)</b>   |
| <b>INCREASE/(DECREASE) IN NET ASSETS FROM CONTRACT TRANSACTIONS</b> |   |   |  |   |  |
| Payments received from contract owners                              | \$ 314  | \$ 4,244  | \$ 44  | \$ 168  | \$ 455   |
| Policy terminations/withdrawals and charges                         | (1,377)   | (5,671)   | (53)   | (166)   | (435)  |
| Contract maintenance fees   | (100)   | (249)   | (29)   | (7)   | (12)   |
| <b>Increase/(decrease) in net assets from contract transactions</b> | <b>\$ (1,163)</b>   | <b>\$ (1,676)</b>   | <b>\$ (38)</b>   | <b>\$ (5)</b>   | <b>\$ 8</b>  |
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            | <b>\$ (3,861)</b>   | <b>\$ (6,984)</b>   | <b>\$ (522)</b>  | <b>\$ (32)</b>  | <b>\$ (71)</b>   |
| <b>NET ASSETS AT BEGINNING OF PERIOD</b>                            | <b>17,610</b>   | <b>35,403</b>   | <b>1,932</b>   | <b>549</b>  | <b>1,036</b>   |
| <b>NET ASSETS AT END OF PERIOD</b>                                  | <b>\$ 13,749</b>  | <b>\$ 28,419</b>  | <b>\$ 1,410</b>  | <b>\$ 517</b>   | <b>\$ 965</b>  |

*See accompanying notes to the financial statements.*

American National Variable Life Separate Account  
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|   | Invesco V.I. Discovery<br>Mid Cap Growth Fund* | Invesco V.I. Diversified<br>Dividend Fund - Series I | Invesco V.I. Equity and<br>Income Fund** | Invesco V.I. Health Care<br>Fund - Series I | Invesco V.I. Global Real<br>Estate Fund - Series I |
|---|--|--|--|---|--|
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            |  |  |  |   |  |
| Net investment income/(loss)  | \$ —   | \$ 10  | \$ 33                                    | \$ (2)                                      | \$ 69  |
| Net realized gains/(losses)   | 34   | 75   | 249                                      | 160   | (73)   |
| Change in unrealized gains/(losses)                                 | (92)   | (97)   | (452)                                    | (342)                                       | (779)  |
| <b>Increase/(decrease) in net assets from operations</b>            | <u>\$ (58)</u>                                 | <u>\$ (12)</u>                                       | <u>\$ (170)</u>                          | <u>\$ (184)</u>                             | <u>\$ (783)</u>                                    |
| <b>INCREASE/(DECREASE) IN NET ASSETS FROM CONTRACT TRANSACTIONS</b> |  |  |  |   |  |
| Payments received from contract owners                              | \$ 16  | \$ 17  | \$ 445                                   | \$ 82                                       | \$ 547   |
| Policy terminations/withdrawals and charges                         | (48)   | (3)  | (437)                                    | (108)                                       | (727)  |
| Contract maintenance fees   | (2)  | (6)  | (28)                                     | (13)  | (40)   |
| <b>Increase/(decrease) in net assets from contract transactions</b> | <u>\$ (34)</u>                                 | <u>\$ 8</u>  | <u>\$ (20)</u>                           | <u>\$ (39)</u>                              | <u>\$ (220)</u>                                    |
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            | \$ (92)  | \$ (4)   | \$ (190)                                 | \$ (223)                                    | \$ (1,003)   |
| <b>NET ASSETS AT BEGINNING OF PERIOD</b>                            | <u>191</u>                                     | <u>602</u>   | <u>2,205</u>                             | <u>1,336</u>                                | <u>3,220</u>                                       |
| <b>NET ASSETS AT END OF PERIOD</b>                                  | <u>\$ 99</u>                                   | <u>\$ 598</u>  | <u>\$ 2,015</u>                          | <u>\$ 1,113</u>                             | <u>\$ 2,217</u>                                    |

\*This fund was opened on April 30, 2020.

*See accompanying notes to the financial statements.*

American National Variable Life Separate Account  
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|   | Invesco V.I. Small Cap<br>Equity Fund - Series I | Invesco V.I. Technology<br>Fund - Series I | MFS Core Equity<br>Portfolio - Initial Class | MFS Growth Series -<br>Initial Class | MFS Investors Trust<br>Series - Initial Class |
|---|--|--|--|--------------------------------------|---|
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            |  |  |  |                                      |   |
| Net investment income/(loss)  | \$ (2)   | \$ (2)                                     | \$ 1   | \$ (2)                               | \$ 1  |
| Net realized gains/(losses)   | 113  | 503  | 36   | 172                                  | 66  |
| Change in unrealized gains/(losses)                                 | (274)  | (1,230)                                    | (96)   | (719)                                | (139)   |
| <b>Increase/(decrease) in net assets from operations</b>            | <u>\$ (163)</u>                                  | <u>\$ (729)</u>                            | <u>\$ (59)</u>                               | <u>\$ (549)</u>                      | <u>\$ (72)</u>                                |
| <b>INCREASE/(DECREASE) IN NET ASSETS FROM CONTRACT TRANSACTIONS</b> |  |  |  |                                      |   |
| Payments received from contract owners                              | \$ 89  | \$ 311                                     | \$ 14  | \$ 148                               | \$ 60   |
| Policy terminations/withdrawals and charges                         | (78)   | (300)                                      | (27)   | (178)                                | (63)  |
| Contract maintenance fees   | (10)   | (15)                                       | (3)  | (14)                                 | (4)   |
| <b>Increase/(decrease) in net assets from contract transactions</b> | <u>\$ 1</u>                                      | <u>\$ (4)</u>                              | <u>\$ (16)</u>                               | <u>\$ (44)</u>                       | <u>\$ (7)</u>                                 |
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            | \$ (162)   | \$ (733)                                   | \$ (75)                                      | \$ (593)                             | \$ (79)                                       |
| <b>NET ASSETS AT BEGINNING OF PERIOD</b>                            | <u>778</u>                                       | <u>1,830</u>                               | <u>349</u>                                   | <u>1,732</u>                         | <u>429</u>                                    |
| <b>NET ASSETS AT END OF PERIOD</b>                                  | <u>\$ 616</u>                                    | <u>\$ 1,097</u>                            | <u>\$ 274</u>                                | <u>\$ 1,139</u>                      | <u>\$ 350</u>                                 |

*See accompanying notes to the financial statements.*

American National Variable Life Separate Account  
Statements of Changes in Net Assets  
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|   | MFS Research Series -<br>Initial Class | T. Rowe Price Equity<br>Income Portfolio | T. Rowe Price<br>International Stock<br>Portfolio | T. Rowe Price Limited-<br>Term Bond Portfolio | T. Rowe Price Mid-Cap<br>Growth Portfolio |
|---|--|--|---|---|---|
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            |  |  |   |   |   |
| Net investment income/(loss)  | \$ 1                                   | \$ 228                                   | \$ 13   | \$ 22   | \$ (78)                                   |
| Net realized gains/(losses)   | 24                                     | 893                                      | (32)  | (8)   | 265                                       |
| Change in unrealized gains/(losses)                                 | (58)                                   | (1,714)                                  | (833)   | (72)  | (2,931)                                   |
| <b>Increase/(decrease) in net assets from operations</b>            | <u>\$ (33)</u>                         | <u>\$ (593)</u>                          | <u>\$ (852)</u>                                   | <u>\$ (58)</u>                                | <u>\$ (2,744)</u>                         |
| <b>INCREASE/(DECREASE) IN NET ASSETS FROM CONTRACT TRANSACTIONS</b> |  |  |   |   |   |
| Payments received from contract owners                              | \$ 11                                  | \$ 2,604                                 | \$ 913  | \$ 359  | \$ 349                                    |
| Policy terminations/withdrawals and charges                         | (13)                                   | (2,503)                                  | (1,021)   | (452)   | (835)                                     |
| Contract maintenance fees   | (3)                                    | (125)                                    | (84)  | (13)  | (66)                                      |
| <b>Increase/(decrease) in net assets from contract transactions</b> | <u>\$ (5)</u>                          | <u>\$ (24)</u>                           | <u>\$ (192)</u>                                   | <u>\$ (106)</u>                               | <u>\$ (552)</u>                           |
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            | \$ (38)                                | \$ (617)                                 | \$ (1,044)  | \$ (164)                                      | \$ (3,296)                                |
| <b>NET ASSETS AT BEGINNING OF PERIOD</b>                            | <u>196</u>                             | <u>15,104</u>                            | <u>5,261</u>                                      | <u>1,275</u>                                  | <u>11,959</u>                             |
| <b>NET ASSETS AT END OF PERIOD</b>                                  | <u>\$ 158</u>                          | <u>\$ 14,487</u>                         | <u>\$ 4,217</u>                                   | <u>\$ 1,111</u>                               | <u>\$ 8,663</u>                           |

*See accompanying notes to the financial statements.*



American National Variable Life Separate Account  
Statements of Changes in Net Assets  
Year ended December 31, 2021  
(Amounts in thousands)

|   | Alger Balanced Portfolio<br>Class I-2 | Alger Capital<br>Appreciation Portfolio<br>Class I-2 | Alger Growth & Income<br>Portfolio Class I-2 | Alger Large Cap Growth<br>Portfolio Class -I-2 | Alger Mid Cap Growth<br>Portfolio Class I-2 |
|---|---------------------------------------|--|--|--|---|
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            |                                       |  |  |  |   |
| Net investment income/(loss)  | \$ 16                                 | \$ (32)  | \$ 17  | \$ (6)   | \$ (13)                                     |
| Net realized gains/(losses)   | 113                                   | 2,309  | 233  | 1,249  | 2,516                                       |
| Change in unrealized gains/(losses)                                 | 283                                   | (802)  | 250  | (775)  | (2,233)                                     |
| <b>Increase/(decrease) in net assets from operations</b>            | <u>\$ 412</u>                         | <u>\$ 1,475</u>                                      | <u>\$ 500</u>                                | <u>\$ 468</u>                                  | <u>\$ 270</u>                               |
| <b>INCREASE/(DECREASE) IN NET ASSETS FROM CONTRACT TRANSACTIONS</b> |                                       |  |  |  |   |
| Payments received from contract owners                              | \$ 229                                | \$ 895   | \$ 172                                       | \$ 412   | \$ 611                                      |
| Policy terminations/withdrawals and charges                         | (344)                                 | (1,312)  | (247)  | (736)  | (1,151)                                     |
| Contract maintenance fees   | (5)                                   | (13)   | (4)  | (7)  | (10)  |
| <b>Increase/(decrease) in net assets from contract transactions</b> | <u>\$ (120)</u>                       | <u>\$ (430)</u>                                      | <u>\$ (79)</u>                               | <u>\$ (331)</u>                                | <u>\$ (550)</u>                             |
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            | \$ 292                                | \$ 1,045   | \$ 421                                       | \$ 137   | \$ (280)                                    |
| <b>NET ASSETS AT BEGINNING OF PERIOD</b>                            | <u>2,103</u>                          | <u>8,095</u>   | <u>1,610</u>                                 | <u>4,116</u>                                   | <u>6,069</u>                                |
| <b>NET ASSETS AT END OF PERIOD</b>                                  | <u>\$ 2,395</u>                       | <u>\$ 9,140</u>                                      | <u>\$ 2,031</u>                              | <u>\$ 4,253</u>                                | <u>\$ 5,789</u>                             |

*See accompanying notes to the financial statements.*

American National Variable Life Separate Account  
Statements of Changes in Net Assets  
Year ended December 31, 2021  
(Amounts in thousands)

|   | Alger Small Cap Growth<br>Portfolio Class I-2 | Federated Hermes Fund<br>for U.S Government<br>Securities II | Federated Hermes High<br>Income Bond Fund II -<br>Primary Shares | Federated Hermes<br>Kaufmann Fund II -<br>Primary Shares | Federated Hermes<br>Managed Volatility<br>Fund II - Primary Shares |
|---|---|--|--|--|--|
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            |   |  |  |  |  |
| Net investment income/(loss)  | \$ (8)  | \$ 6   | \$ 50  | \$ (6)   | \$ 8   |
| Net realized gains/(losses)   | 1,784   | —  | (7)  | 126  | 17   |
| Change in unrealized gains/(losses)                                 | (1,986)                                       | (10)   | 9  | (93)   | 65   |
| <b>Increase/(decrease) in net assets from operations</b>            | <b>\$ (210)</b>                               | <b>\$ (4)</b>  | <b>\$ 52</b>   | <b>\$ 27</b>   | <b>\$ 90</b>   |
| <b>INCREASE/(DECREASE) IN NET ASSETS FROM CONTRACT TRANSACTIONS</b> |   |  |  |  |  |
| Payments received from contract owners                              | \$ 963  | \$ 251   | \$ 310   | \$ 126   | \$ 83  |
| Policy terminations/withdrawals and charges                         | (1,266)                                       | (165)  | (280)  | (139)  | (79)   |
| Contract maintenance fees   | (5)   | (1)  | (4)  | (3)  | (2)  |
| <b>Increase/(decrease) in net assets from contract transactions</b> | <b>\$ (308)</b>                               | <b>\$ 85</b>   | <b>\$ 26</b>   | <b>\$ (16)</b>   | <b>\$ 2</b>  |
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            | <b>\$ (518)</b>                               | <b>\$ 81</b>   | <b>\$ 78</b>   | <b>\$ 11</b>   | <b>\$ 92</b>   |
| <b>NET ASSETS AT BEGINNING OF PERIOD</b>                            | <b>3,855</b>                                  | <b>209</b>   | <b>1,100</b>   | <b>1,259</b>   | <b>496</b>   |
| <b>NET ASSETS AT END OF PERIOD</b>                                  | <b>\$ 3,337</b>                               | <b>\$ 290</b>  | <b>\$ 1,178</b>  | <b>\$ 1,270</b>  | <b>\$ 588</b>  |

*See accompanying notes to the financial statements.*

American National Variable Life Separate Account  
Statements of Changes in Net Assets  
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(Amounts in thousands)

|   | Federated Hermes<br>Quality Bond Fund II -<br>Primary shares | Fidelity VIP Asset<br>Manager Growth<br>Portfolio Initial Class | Fidelity VIP Asset<br>Manager Portfolio Initial<br>Class | Fidelity VIP Balanced<br>Portfolio Initial Class | Fidelity VIP Contrafund<br>Portfolio Initial Class |
|---|--|---|--|--|--|
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            |  |   |  |  |  |
| Net investment income/(loss)  | \$ 6   | \$ 2  | \$ 6   | \$ (3)   | \$ (210)   |
| Net realized gains/(losses)   | 3  | 103   | 15   | 172  | 3,494  |
| Change in unrealized gains/(losses)                                 | (13)   | 31  | 57   | 119  | 1,339  |
| <b>Increase/(decrease) in net assets from operations</b>            | <u>\$ (4)</u>  | <u>\$ 136</u>   | <u>\$ 78</u>   | <u>\$ 288</u>                                    | <u>\$ 4,623</u>                                    |
| <b>INCREASE/(DECREASE) IN NET ASSETS FROM CONTRACT TRANSACTIONS</b> |  |   |  |  |  |
| Payments received from contract owners                              | \$ 89  | \$ 31   | \$ 58  | \$ 61  | \$ 204   |
| Policy terminations/withdrawals and charges                         | (48)   | (158)   | (88)   | (91)   | (1,570)  |
| Contract maintenance fees   | (1)  | (4)   | (3)  | (4)  | (33)   |
| <b>Increase/(decrease) in net assets from contract transactions</b> | <u>\$ 40</u>   | <u>\$ (131)</u>   | <u>\$ (33)</u>   | <u>\$ (34)</u>                                   | <u>\$ (1,399)</u>                                  |
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            | \$ 36  | \$ 5  | \$ 45  | \$ 254   | \$ 3,224   |
| <b>NET ASSETS AT BEGINNING OF PERIOD</b>                            | <u>227</u>   | <u>1,113</u>  | <u>896</u>   | <u>1,712</u>                                     | <u>18,211</u>                                      |
| <b>NET ASSETS AT END OF PERIOD</b>                                  | <u>\$ 263</u>  | <u>\$ 1,118</u>   | <u>\$ 941</u>  | <u>\$ 1,966</u>                                  | <u>\$ 21,435</u>                                   |

*See accompanying notes to the financial statements.*

American National Variable Life Separate Account  
Statements of Changes in Net Assets  
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|   | Fidelity VIP Contrafund<br>Portfolio Service Class 2 | Fidelity VIP Equity-<br>Income Portfolio Initial<br>Class | Fidelity VIP Equity-<br>Income Portfolio Service<br>Class 2 | Fidelity VIP Government<br>Money Market Portfolio<br>Initial Class | Fidelity VIP Government<br>Money Market Portfolio<br>Service Class 2 |
|---|--|---|---|--|--|
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            |  |   |   |  |  |
| Net investment income/(loss)  | \$ (63)  | \$ 45   | \$ 17   | \$ (89)  | \$ (6)   |
| Net realized gains/(losses)   | 4,629  | 830   | 268   | —  | —  |
| Change in unrealized gains/(losses)                                 | 1,154  | 320   | 31  | —  | —  |
| <b>Increase/(decrease) in net assets from operations</b>            | <u>\$ 5,720</u>                                      | <u>\$ 1,195</u>   | <u>\$ 316</u>   | <u>\$ (89)</u>   | <u>\$ (6)</u>  |
| <b>INCREASE/(DECREASE) IN NET ASSETS FROM CONTRACT TRANSACTIONS</b> |  |   |   |  |  |
| Payments received from contract owners                              | \$ 3,151   | \$ 114  | \$ 319  | \$ 487   | \$ 501   |
| Policy terminations/withdrawals and charges                         | (4,443)  | (847)   | (417)   | (590)  | (687)  |
| Contract maintenance fees   | (45)   | (15)  | (5)   | (33)   | (17)   |
| <b>Increase/(decrease) in net assets from contract transactions</b> | <u>\$ (1,337)</u>                                    | <u>\$ (748)</u>   | <u>\$ (103)</u>   | <u>\$ (136)</u>  | <u>\$ (203)</u>  |
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            | \$ 4,383   | \$ 447  | \$ 213  | \$ (225)   | \$ (209)   |
| <b>NET ASSETS AT BEGINNING OF PERIOD</b>                            | <u>21,741</u>  | <u>5,355</u>  | <u>1,334</u>  | <u>8,061</u>   | <u>4,469</u>   |
| <b>NET ASSETS AT END OF PERIOD</b>                                  | <u>\$ 26,124</u>                                     | <u>\$ 5,802</u>   | <u>\$ 1,547</u>   | <u>\$ 7,836</u>  | <u>\$ 4,260</u>  |

*See accompanying notes to the financial statements.*

American National Variable Life Separate Account  
Statements of Changes in Net Assets  
Year ended December 31, 2021  
(Amounts in thousands)

|   | Fidelity VIP Growth<br>Initial Class | Fidelity VIP Growth and<br>Income Initial Class | Fidelity VIP Growth and<br>Income Service Class 2 | Fidelity VIP Growth<br>Opportunities Portfolio<br>Initial Class | Fidelity VIP Growth<br>Opportunities Portfolio<br>Service Class 2 |
|---|--------------------------------------|---|---|---|---|
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            |                                      |   |   |   |   |
| Net investment income/(loss)  | \$ (312)                             | \$ 16   | \$ 16   | \$ (87)   | \$ (8)  |
| Net realized gains/(losses)   | 7,626                                | 113   | 131   | 1,547   | 907   |
| Change in unrealized gains/(losses)                                 | (1,765)                              | 169   | 59  | (718)   | (296)   |
| <b>Increase/(decrease) in net assets from operations</b>            | <b>\$ 5,549</b>                      | <b>\$ 298</b>                                   | <b>\$ 206</b>                                     | <b>\$ 742</b>   | <b>\$ 603</b>   |
| <b>INCREASE/(DECREASE) IN NET ASSETS FROM CONTRACT TRANSACTIONS</b> |                                      |   |   |   |   |
| Payments received from contract owners                              | \$ 241                               | \$ 76   | \$ 288  | \$ 178  | \$ 891  |
| Policy terminations/withdrawals and charges                         | (2,599)                              | (150)   | (305)   | (1,156)   | (633)   |
| Contract maintenance fees   | (37)                                 | (5)   | (4)   | (10)  | (8)   |
| <b>Increase/(decrease) in net assets from contract transactions</b> | <b>\$ (2,395)</b>                    | <b>\$ (79)</b>                                  | <b>\$ (21)</b>                                    | <b>\$ (988)</b>   | <b>\$ 250</b>   |
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            | <b>\$ 3,154</b>                      | <b>\$ 219</b>                                   | <b>\$ 185</b>                                     | <b>\$ (246)</b>   | <b>\$ 853</b>   |
| <b>NET ASSETS AT BEGINNING OF PERIOD</b>                            | <b>26,719</b>                        | <b>1,242</b>                                    | <b>831</b>  | <b>7,276</b>  | <b>5,133</b>  |
| <b>NET ASSETS AT END OF PERIOD</b>                                  | <b>\$ 29,873</b>                     | <b>\$ 1,461</b>                                 | <b>\$ 1,016</b>                                   | <b>\$ 7,030</b>   | <b>\$ 5,986</b>   |

*See accompanying notes to the financial statements.*

American National Variable Life Separate Account  
Statements of Changes in Net Assets  
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(Amounts in thousands)

|   | Fidelity VIP High<br>Income Initial Class | Fidelity VIP Index 500<br>Portfolio Initial Class | Fidelity VIP Index 500<br>Portfolio Service Class 2 | Fidelity VIP Investment<br>Grade Bond Portfolio<br>Initial Class | Fidelity VIP Investment<br>Grade Bond Portfolio<br>Service Class 2 |
|---|---|---|---|--|--|
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            |   |   |   |  |  |
| Net investment income/(loss)  | \$ 29                                     | \$ 42   | \$ 144  | \$ 8   | \$ 7   |
| Net realized gains/(losses)   | (9)                                       | 2,059   | 2,086   | 31   | 22   |
| Change in unrealized gains/(losses)                                 | 1   | 4,979   | 2,069   | (55)   | (36)   |
| <b>Increase/(decrease) in net assets from operations</b>            | <u>\$ 21</u>                              | <u>\$ 7,080</u>                                   | <u>\$ 4,299</u>                                     | <u>\$ (16)</u>   | <u>\$ (7)</u>  |
| <b>INCREASE/(DECREASE) IN NET ASSETS FROM CONTRACT TRANSACTIONS</b> |   |   |   |  |  |
| Payments received from contract owners                              | \$ 77                                     | \$ 1,096  | \$ 2,858  | \$ 73  | \$ 110   |
| Policy terminations/withdrawals and charges                         | (166)                                     | (2,922)   | (3,543)   | (105)  | (101)  |
| Contract maintenance fees   | (3)                                       | (47)  | (28)  | (4)  | (3)  |
| <b>Increase/(decrease) in net assets from contract transactions</b> | <u>\$ (92)</u>                            | <u>\$ (1,873)</u>                                 | <u>\$ (713)</u>                                     | <u>\$ (36)</u>   | <u>\$ 6</u>  |
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            | \$ (71)                                   | \$ 5,207  | \$ 3,586  | \$ (52)  | \$ (1)   |
| <b>NET ASSETS AT BEGINNING OF PERIOD</b>                            | <u>764</u>                                | <u>26,914</u>                                     | <u>15,732</u>                                       | <u>882</u>   | <u>519</u>   |
| <b>NET ASSETS AT END OF PERIOD</b>                                  | <u>\$ 693</u>                             | <u>\$ 32,121</u>                                  | <u>\$ 19,318</u>                                    | <u>\$ 830</u>  | <u>\$ 518</u>  |

*See accompanying notes to the financial statements.*

American National Variable Life Separate Account  
Statements of Changes in Net Assets  
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(Amounts in thousands)

|   | Fidelity VIP Mid Cap<br>Portfolio Initial Class | Fidelity VIP Mid Cap<br>Portfolio Service Class 2 | Fidelity VIP Overseas<br>Portfolio Initial Class | Fidelity VIP Value<br>Portfolio Service Class 2 | Fidelity VIP Value<br>Strategies Service Class 2 |
|---|---|---|--|---|--|
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            |   |   |  |   |  |
| Net investment income/(loss)  | \$ (97)   | \$ 30   | \$ (10)  | \$ 5  | \$ 8   |
| Net realized gains/(losses)   | 3,429   | 6,857   | 264  | 117   | 102  |
| Change in unrealized gains/(losses)                                 | 272   | 373   | 58   | 8   | 146  |
| <b>Increase/(decrease) in net assets from operations</b>            | <b>\$ 3,604</b>                                 | <b>\$ 7,260</b>                                   | <b>\$ 312</b>                                    | <b>\$ 130</b>                                   | <b>\$ 256</b>                                    |
| <b>INCREASE/(DECREASE) IN NET ASSETS FROM CONTRACT TRANSACTIONS</b> |   |   |  |   |  |
| Payments received from contract owners                              | \$ 607  | \$ 4,487  | \$ 78  | \$ 223  | \$ 168   |
| Policy terminations/withdrawals and charges                         | (2,359)   | (5,895)   | (258)  | (273)   | (160)  |
| Contract maintenance fees   | (26)  | (65)  | (8)  | (2)   | (3)  |
| <b>Increase/(decrease) in net assets from contract transactions</b> | <b>\$ (1,778)</b>                               | <b>\$ (1,473)</b>                                 | <b>\$ (188)</b>                                  | <b>\$ (52)</b>                                  | <b>\$ 5</b>                                      |
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            | <b>\$ 1,826</b>                                 | <b>\$ 5,787</b>                                   | <b>\$ 124</b>                                    | <b>\$ 78</b>                                    | <b>\$ 261</b>                                    |
| <b>NET ASSETS AT BEGINNING OF PERIOD</b>                            | <b>15,784</b>                                   | <b>29,616</b>                                     | <b>1,808</b>                                     | <b>471</b>                                      | <b>775</b>                                       |
| <b>NET ASSETS AT END OF PERIOD</b>                                  | <b>\$ 17,610</b>                                | <b>\$ 35,403</b>                                  | <b>\$ 1,932</b>                                  | <b>\$ 549</b>                                   | <b>\$ 1,036</b>                                  |

*See accompanying notes to the financial statements.*

**American National Variable Life Separate Account**  
**Statements of Changes in Net Assets**  
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(Amounts in thousands)

|   | <b>Invesco V.I. Discovery<br/>Mid Cap Growth Fund*</b> | <b>Invesco V.I. Diversified<br/>Dividend Fund Series I</b> | <b>Invesco V.I. Equity and<br/>Income Fund**</b> | <b>Invesco V.I. Health Care<br/>Fund Series I</b> | <b>Invesco V.I. Global Real<br/>Estate Fund Series I</b> |
|---|--|--|--|---|--|
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            |  |  |  |   |  |
| Net investment income/(loss)  | \$ —   | \$ 11  | \$ 36  | \$ 1  | \$ 74  |
| Net realized gains/(losses)   | 21   | 8  | 26   | 217   | (11)   |
| Change in unrealized gains/(losses)                                 | 10   | 68   | 55   | (68)  | 601  |
| <b>Increase/(decrease) in net assets from operations</b>            | <b>\$ 31</b>   | <b>\$ 87</b>   | <b>\$ 117</b>                                    | <b>\$ 150</b>                                     | <b>\$ 664</b>  |
| <b>INCREASE/(DECREASE) IN NET ASSETS FROM CONTRACT TRANSACTIONS</b> |  |  |  |   |  |
| Payments received from contract owners                              | \$ 1   | \$ 243   | \$ 2,446   | \$ 263  | \$ 498   |
| Policy terminations/withdrawals and charges                         | (3)  | (147)  | (351)  | (338)   | (575)  |
| Contract maintenance fees   | —  | (2)  | (7)  | (4)   | (11)   |
| <b>Increase/(decrease) in net assets from contract transactions</b> | <b>\$ (2)</b>  | <b>\$ 94</b>   | <b>\$ 2,088</b>                                  | <b>\$ (79)</b>                                    | <b>\$ (88)</b>   |
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            | <b>\$ 29</b>   | <b>\$ 181</b>  | <b>\$ 2,205</b>                                  | <b>\$ 71</b>                                      | <b>\$ 576</b>  |
| <b>NET ASSETS AT BEGINNING OF PERIOD</b>                            | <b>162</b>   | <b>421</b>   | <b>—</b>   | <b>1,265</b>                                      | <b>2,644</b>   |
| <b>NET ASSETS AT END OF PERIOD</b>                                  | <b>\$ 191</b>  | <b>\$ 602</b>  | <b>\$ 2,205</b>                                  | <b>\$ 1,336</b>                                   | <b>\$ 3,220</b>  |

\* Formerly named Invesco Oppenheimer V.I. Discovery Mid Cap Growth Fund.

\*\*This fund was opened on April 30, 2021.

*See accompanying notes to the financial statements.*



**American National Variable Life Separate Account**  
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|   | <b>Invesco V.I. Managed<br/>Volatility Fund Series I*</b> | <b>Invesco V.I. Small Cap<br/>Equity Fund Series I</b> | <b>Invesco V.I. Technology<br/>Fund Series I</b> | <b>MFS Core Equity<br/>Portfolio Initial Class</b> | <b>MFS Growth Series<br/>Initial Class</b> |
|---|---|--|--|--|--|
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            |   |  |  |  |  |
| Net investment income/(loss)  | \$ 41   | \$ (2)   | \$ (6)   | \$ 2   | \$ (3)                                     |
| Net realized gains/(losses)   | 119   | 102  | 405  | 37   | 324  |
| Change in unrealized gains/(losses)                                 | (5)   | 38   | (166)  | 39   | 11   |
| <b>Increase/(decrease) in net assets from operations</b>            | <b>\$ 155</b>   | <b>\$ 138</b>  | <b>\$ 233</b>                                    | <b>\$ 78</b>                                       | <b>\$ 332</b>                              |
| <b>INCREASE/(DECREASE) IN NET ASSETS FROM CONTRACT TRANSACTIONS</b> |   |  |  |  |  |
| Payments received from contract owners                              | \$ 216  | \$ 182   | \$ 424   | \$ 3   | \$ 203                                     |
| Policy terminations/withdrawals and charges                         | (2,398)   | (244)  | (474)  | (52)   | (242)                                      |
| Contract maintenance fees   | —   | (3)  | (4)  | (1)  | (4)  |
| <b>Increase/(decrease) in net assets from contract transactions</b> | <b>\$ (2,182)</b>   | <b>\$ (65)</b>   | <b>\$ (54)</b>                                   | <b>\$ (50)</b>                                     | <b>\$ (43)</b>                             |
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            | <b>\$ (2,027)</b>   | <b>\$ 73</b>   | <b>\$ 179</b>                                    | <b>\$ 28</b>                                       | <b>\$ 289</b>                              |
| <b>NET ASSETS AT BEGINNING OF PERIOD</b>                            | <b>2,027</b>  | <b>705</b>   | <b>1,651</b>                                     | <b>321</b>   | <b>1,443</b>                               |
| <b>NET ASSETS AT END OF PERIOD</b>                                  | <b>\$ —</b>   | <b>\$ 778</b>  | <b>\$ 1,830</b>                                  | <b>\$ 349</b>                                      | <b>\$ 1,732</b>                            |

\*This Fund merged with Invesco V.I. Equity & Income on April 30, 2021.

*See accompanying notes to the financial statements.*

**American National Variable Life Separate Account**  
**Statements of Changes in Net Assets**  
**Year ended December 31, 2021**  
(Amounts in thousands)

|   | <b>MFS Investor Trust<br/>Series Initial Class</b> | <b>MFS Research Series<br/>Initial Class</b> | <b>T. Row Price Equity<br/>Income Portfolio</b> | <b>T. Rowe Price<br/>International Stock<br/>Portfolio</b> | <b>T. Rowe Price Limited-<br/>Term Bond Portfolio</b> |
|---|--|--|---|--|---|
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            |  |  |   |  |   |
| Net investment income/(loss)  | \$ 1   | \$ 1   | \$ 171  | \$ —   | \$ 14   |
| Net realized gains/(losses)   | 31   | 19   | 1,221   | 515  | 11  |
| Change in unrealized gains/(losses)                                 | 57   | 23   | 1,731   | (478)  | (27)  |
| <b>Increase/(decrease) in net assets from operations</b>            | <b>\$ 89</b>                                       | <b>\$ 43</b>                                 | <b>\$ 3,123</b>                                 | <b>\$ 37</b>   | <b>\$ (2)</b>   |
| <b>INCREASE/(DECREASE) IN NET ASSETS FROM CONTRACT TRANSACTIONS</b> |  |  |   |  |   |
| Payments received from contract owners                              | \$ 49  | \$ 4   | \$ 1,518  | \$ 1,030   | \$ 166  |
| Policy terminations/withdrawals and charges                         | (49)   | (28)   | (2,143)   | (1,046)  | (135)   |
| Contract maintenance fees   | (1)  | (1)  | (33)  | (22)   | (4)   |
| <b>Increase/(decrease) in net assets from contract transactions</b> | <b>\$ (1)</b>                                      | <b>\$ (25)</b>                               | <b>\$ (658)</b>                                 | <b>\$ (38)</b>   | <b>\$ 27</b>  |
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            | <b>\$ 88</b>                                       | <b>\$ 18</b>                                 | <b>\$ 2,465</b>                                 | <b>\$ (1)</b>  | <b>\$ 25</b>  |
| <b>NET ASSETS AT BEGINNING OF PERIOD</b>                            | <b>341</b>   | <b>178</b>                                   | <b>12,639</b>                                   | <b>5,262</b>   | <b>1,250</b>  |
| <b>NET ASSETS AT END OF PERIOD</b>                                  | <b>\$ 429</b>                                      | <b>\$ 196</b>                                | <b>\$ 15,104</b>                                | <b>\$ 5,261</b>  | <b>\$ 1,275</b>                                       |

*See accompanying notes to the financial statements.*

American National Variable Life Separate Account  
Statements of Changes in Net Assets  
Year ended December 31, 2021  
(Amounts in thousands)

|   | <b>T. Rowe Price Mid-Cap<br/>Growth Portfolio</b> |
|---|---|
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            |   |
| Net investment income/(loss)  | \$ (100)  |
| Net realized gains/(losses)   | 1,746   |
| Change in unrealized gains/(losses)                                 | (98)  |
| <b>Increase/(decrease) in net assets from operations</b>            | <b>\$ 1,548</b>                                   |
| <b>INCREASE/(DECREASE) IN NET ASSETS FROM CONTRACT TRANSACTIONS</b> |   |
| Payments received from contract owners                              | \$ 658  |
| Policy terminations/withdrawals and charges                         | (1,865)   |
| Contract maintenance fees   | \$ (18)   |
| <b>Increase/(decrease) in net assets from contract transactions</b> | <b>\$ (1,225)</b>                                 |
| <b>INCREASE/(DECREASE) IN NET ASSETS</b>                            | <b>\$ 323</b>                                     |
| <b>NET ASSETS AT BEGINNING OF PERIOD</b>                            | <b>11,636</b>                                     |
| <b>NET ASSETS AT END OF PERIOD</b>                                  | <b>\$ 11,959</b>                                  |

*See accompanying notes to the financial statements.*

## (1) ORGANIZATION

American National Variable Life Separate Account (“the Separate Account”) was established on July 30, 1987 under Texas law as a separate investment account of American National Insurance Company (“the Sponsor”). The Separate Account began operations on February 20, 1991. The Separate Account is registered with the SEC under the Investment Company Act of 1940, as amended, as a unit investment trust.

The Separate Account’s assets are segregated from the Sponsor’s general assets and are used only to support the following variable life products issued by the Sponsor.

Investrac Gold Variable Universal Life  
Investrac Advantage Variable Universal Life  
Investrac Survivor Variable Universal Life  
WealthQuest III Variable Universal Life

These financial statements report the results of the subaccounts for the various variable life products. As of December 31, 2022, there are 50 active subaccounts within the Separate Account, although not all subaccounts are offered in each product.

|  |  |
|--|--|
| Alger Balanced Portfolio - Class I-2                             | Fidelity VIP High Income - Initial Class                       |
| Alger Capital Appreciation Portfolio - Class I-2                 | Fidelity VIP Index 500 Portfolio - Initial Class               |
| Alger Growth & Income Portfolio - Class I-2                      | Fidelity VIP Index 500 Portfolio - Service Class 2             |
| Alger Large Cap Growth Portfolio - Class I-2                     | Fidelity VIP Investment Grade Bond Portfolio - Initial Class   |
| Alger Mid Cap Growth Portfolio - Class I-2                       | Fidelity VIP Investment Grade Bond Portfolio - Service Class 2 |
| Alger Small Cap Growth Portfolio - Class I-2                     | Fidelity VIP Mid Cap Portfolio - Initial Class                 |
| Federated Hermes Fund for U.S. Government Securities II          | Fidelity VIP Mid Cap Portfolio - Service Class 2               |
| Federated Hermes High Income Bond Fund II - Primary Shares       | Fidelity VIP Overseas Portfolio - Initial Class                |
| Federated Hermes Kaufmann Fund II - Primary Shares               | Fidelity VIP Value Portfolio - Service Class 2                 |
| Federated Hermes Managed Volatility Fund II - Primary Shares     | Fidelity VIP Value Strategies - Service Class 2                |
| Federated Hermes Quality Bond Fund II - Primary Shares           | Invesco V.I. Discovery Mid Cap Growth Fund                     |
| Fidelity VIP Asset Manager Growth Portfolio - Initial Class      | Invesco V.I. Diversified Dividend Fund - Series I              |
| Fidelity VIP Asset Manager Portfolio - Initial Class             | Invesco V.I. Health Care Fund - Series I                       |
| Fidelity VIP Balanced Portfolio - Initial Class                  | Invesco V.I. Global Real Estate Fund - Series I                |
| Fidelity VIP Contrafund Portfolio - Initial Class                | Invesco V.I. Equity and Income Fund                            |
| Fidelity VIP Contrafund Portfolio - Service Class 2              | Invesco V.I. Small Cap Equity Fund - Series I                  |
| Fidelity VIP Equity-Income Portfolio - Initial Class             | Invesco V.I. Technology Fund - Series I                        |
| Fidelity VIP Equity-Income Portfolio - Service Class 2           | MFS Core Equity Portfolio - Initial Class                      |
| Fidelity VIP Government Money Market Portfolio - Initial Class   | MFS Growth Series - Initial Class                              |
| Fidelity VIP Government Money Market Portfolio - Service Class 2 | MFS Investors Trust Series - Initial Class                     |
| Fidelity VIP Growth - Initial Class                              | MFS Research Series - Initial Class                            |
| Fidelity VIP Growth and Income - Initial Class                   | T. Rowe Price Equity Income Portfolio                          |
| Fidelity VIP Growth and Income - Service Class 2                 | T. Rowe Price International Stock Portfolio                    |
| Fidelity VIP Growth Opportunities Portfolio - Initial Class      | T. Rowe Price Limited-Term Bond Portfolio                      |
| Fidelity VIP Growth Opportunities Portfolio - Service Class 2    | T. Rowe Price Mid-Cap Growth Portfolio                         |

Each of the subaccounts is invested only in a corresponding portfolio of the following mutual fund companies: the Alger Portfolios, Federated Hermes Insurance Series, Fidelity Variable Insurance Products, Invesco Variable Insurance Funds, MFS Variable Insurance Trusts, T. Rowe Price Equity Series, Inc., T. Rowe Price International Series, Inc., and T. Rowe Price Fixed Income Series, Inc.

## (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **Basis of Presentation**

The financial statements of the Separate Account have been prepared on an accrual basis in accordance with U.S. generally accepted accounting principles ("GAAP"). Separate Account is an investment company and follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 946.

### **Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of the financial statements. Actual results in the future could differ from management's estimates.

**Investments** - Investments in shares of the separate investment portfolios are stated at fair value. The determination of fair value is based on a three-tier hierarchy as follows:

- Level 1      Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2      Quoted prices in markets that are not active or inputs that are observable directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities other than quoted prices in Level 1; quoted prices in markets that are not active; or other inputs that are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3      Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Unobservable inputs reflect American National's own assumptions about the assumptions that market participants would use in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose values are determined using pricing models and third-party evaluation, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The fair values for the shares of the separate investment portfolios are determined through a quoted market price from each respective portfolio, which meets the level one hierarchy definition. The net asset value for each share is equal to the quoted market price. Investment transactions are accounted for on the trade date. Realized gains and losses on investments are determined on the basis of identified cost. The difference between cost and fair value of investments owned on the day of measurement is recorded as unrealized appreciation or depreciation of investments. Capital gain distributions and dividends from mutual funds are recorded and reinvested upon receipt.

**Federal Taxes** - The operations of the Separate Account form part of, and are taxed with, the operations of the Sponsor. Under the Internal Revenue Code, all ordinary income and capital gains allocated to the policyholders are not taxed to the Sponsor. As a result, the unit values of the subaccounts are not affected by federal income taxes on distributions received by the subaccounts. Accordingly, no provision for income taxes is required in the accompanying financial statements.

### (3) SHARES PURCHASES AND SALES

For the year ended December 31, 2022, the aggregate cost of purchases (including reinvestment of dividend distributions and transfers between mutual fund portfolios) and proceeds from sales of investments in the mutual portfolios were as follows (in thousands):

| Sub-account  | Purchases        | Sales            |
|--|------------------|------------------|
| Alger Balanced Portfolio - Class I-2                             | \$ 297           | \$ 391           |
| Alger Capital Appreciation Portfolio - Class I-2                 | 1,048            | 1,495            |
| Alger Growth & Income Portfolio - Class I-2                      | 177              | 160              |
| Alger Large Cap Growth Portfolio - Class I-2                     | 218              | 335              |
| Alger Mid Cap Growth Portfolio - Class I-2                       | 698              | 938              |
| Alger Small Cap Growth Portfolio - Class I-2                     | 502              | 679              |
| Federated Hermes Fund for U.S. Government Securities II          | 45               | 38               |
| Federated Hermes High Income Bond Fund II - Primary Shares       | 266              | 268              |
| Federated Hermes Kaufmann Fund II - Primary Shares               | 174              | 197              |
| Federated Hermes Managed Volatility Fund II - Primary Shares     | 80               | 124              |
| Federated Hermes Quality Bond Fund II - Primary Shares           | 71               | 124              |
| Fidelity VIP Asset Manager Growth Portfolio - Initial Class      | 20               | 78               |
| Fidelity VIP Asset Manager Portfolio - Initial Class             | 35               | 83               |
| Fidelity VIP Balanced Portfolio - Initial Class                  | 28               | 103              |
| Fidelity VIP Contrafund Portfolio - Initial Class                | 380              | 1,088            |
| Fidelity VIP Contrafund Portfolio - Service Class 2              | 3,272            | 3,866            |
| Fidelity VIP Equity-Income Portfolio - Initial Class             | 192              | 588              |
| Fidelity VIP Equity-Income Portfolio - Service Class 2           | 552              | 545              |
| Fidelity VIP Government Money Market Portfolio - Initial Class   | 359              | 524              |
| Fidelity VIP Government Money Market Portfolio - Service Class 2 | 812              | 665              |
| Fidelity VIP Growth - Initial Class                              | 191              | 1,719            |
| Fidelity VIP Growth and Income - Initial Class                   | 667              | 94               |
| Fidelity VIP Growth and Income - Service Class 2                 | 176              | 195              |
| Fidelity VIP Growth Opportunities Portfolio - Initial Class      | 57               | 582              |
| Fidelity VIP Growth Opportunities Portfolio - Service Class 2    | 370              | 455              |
| Fidelity VIP High Income - Initial Class                         | 25               | 41               |
| Fidelity VIP Index 500 Portfolio - Initial Class                 | 226              | 1,809            |
| Fidelity VIP Index 500 Portfolio - Service Class 2               | 2,311            | 2,723            |
| Fidelity VIP Investment Grade Bond Portfolio - Initial Class     | 52               | 101              |
| Fidelity VIP Investment Grade Bond Portfolio - Service Class 2   | 60               | 35               |
| Fidelity VIP Mid Cap Portfolio - Initial Class                   | 314              | 1,377            |
| Fidelity VIP Mid Cap Portfolio - Service Class 2                 | 4,244            | 5,671            |
| Fidelity VIP Overseas Portfolio - Initial Class                  | 44               | 53               |
| Fidelity VIP Value Portfolio - Service Class 2                   | 168              | 166              |
| Fidelity VIP Value Strategies - Service Class 2                  | 455              | 435              |
| Invesco V.I. Discovery Mid Cap Growth Fund*                      | 16               | 48               |
| Invesco V.I. Diversified Dividend Fund - Series I                | 17               | 3                |
| Invesco V.I. Equity and Income Fund**                            | 445              | 437              |
| Invesco V.I. Health Care Fund - Series I                         | 82               | 108              |
| Invesco V.I. Global Real Estate Fund - Series I                  | 547              | 727              |
| Invesco V.I. Small Cap Equity Fund - Series I                    | 89               | 78               |
| Invesco V.I. Technology Fund - Series I                          | 311              | 300              |
| MFS Core Equity Portfolio - Initial Class                        | 14               | 27               |
| MFS Growth Series - Initial Class                                | 148              | 178              |
| MFS Investors Trust Series - Initial Class                       | 60               | 63               |
| MFS Research Series - Initial Class                              | 11               | 13               |
| T. Rowe Price Equity Income Portfolio                            | 2,604            | 2,503            |
| T. Rowe Price International Stock Portfolio                      | 913              | 1,021            |
| T. Rowe Price Limited-Term Bond Portfolio                        | 359              | 452              |
| T. Rowe Price Mid-Cap Growth Portfolio                           | 349              | 835              |
| <b>Grand Total</b>   | <b>\$ 24,551</b> | <b>\$ 34,538</b> |

#### (4) POLICY CHARGES AND DEDUCTIONS

**Mortality and Expense Risk Charges** - The mortality risk and expense risk charges are applied daily against the net assets representing equity of policyholders held in each subaccount. The annual effective rates for these charges have a maximum rate of:

|   |       |
|---|-------|
| Investrac Gold Variable Universal Life      | 0.90% |
| Investrac Advantage Variable Universal Life | 1.25% |
| Survivorship Variable Universal Life        | 0.90% |
| WealthQuest III Variable Universal Life     | 0.70% |

**Monthly Administrative Charges** - A monthly charge to the accumulated value is deducted equal to a monthly cost of insurance, including additional charges for riders if applicable. Also, a monthly maintenance fee varying by product is assessed as follows:

|   |    |      |
|---|----|------|
| Investrac Gold Variable Universal Life      | \$ | 2.50 |
| Investrac Advantage Variable Universal Life | \$ | 7.50 |
| Survivorship Variable Universal Life        | \$ | 5.00 |
| WealthQuest III Variable Universal Life     | \$ | 7.50 |

The monthly charge and monthly maintenance fee are imposed directly and charged directly to the contract owner accounts through the redemption of units.

**Surrender Charge** - A surrender charge is imposed upon the surrender of variable life insurance contracts to compensate the Sponsor for sales and other marketing expenses. The amount of any surrender charge will depend on the number of years that have elapsed since the contract was issued. In addition, partial surrenders will be assessed a \$25 fee. No surrender charge will be imposed on death benefits. The surrender charge is imposed directly to the contract owner accounts through the redemption of units.

**Transfer Charge** - After the first twelve transfers in any one policy year for transfers made among the subaccounts (after four for the Investrac Gold Variable Universal Life product), a \$25 transfer charge is imposed. Except for WealthQuest III Variable Universal Life, Investrac Advantage Variable Universal Life, and Survivorship Variable Universal Life, which imposes a \$10 transfer fee. The transfer charge is imposed directly to the contract owner accounts through the redemption of units.

**Premium Charge** - Premium loads vary by product as follows:

Investrac Gold Variable Universal Life - a 4% sales charge and a \$2.00 transaction charge plus applicable premium tax up to 4%.

Investrac Advantage Variable Universal Life - no sales charges or loads.

Survivorship Variable Universal Life - up to a 3% sales charge.

WealthQuest III Variable Universal Life - up to a 6% sales charge.

The premium charge is imposed directly to the contract owner accounts through the redemption of units.

## (5) FINANCIAL HIGHLIGHTS

The Sponsor sells a number of variable universal life products having unique combinations of features and fees that are charged against the policyholder's account balance (see Note 4). Differences in fee structures result in a variety of expense ratios and total returns. The unit value, the expense ratio and the total returns are presented for the product with the lowest and highest expense ratio:

|   |      | Units<br>(000s) | Unit Fair Value<br>Lowest to Highest | Net Assets<br>(000s) | Investment <sup>1</sup><br>Income Ratio | Expense Ratio <sup>2</sup><br>Lowest to Highest | Total Return <sup>3</sup><br>Lowest to Highest |
|---|------|-----------------|--------------------------------------|----------------------|---|---|--|
| <b>Alger Balanced Portfolio - Class I-2</b>                       |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 707             | 2.84                                 | 2,007                | 5.72                                    | 0.70  | (11.13)  |
| December 31,  | 2021 | 750             | 3.19                                 | 2,395                | 3.78                                    | 0.70  | 18.30  |
| December 31,  | 2020 | 779             | 2.70                                 | 2,103                | 1.73                                    | 0.70  | 9.76   |
| December 31,  | 2019 | 801             | 2.46                                 | 1,958                | 4.06                                    | 0.70  | 19.42  |
| December 31,  | 2018 | 849             | 2.06                                 | 1,734                | 16.80                                   | 0.70  | (3.29)   |
| <b>Alger Capital Appreciation Portfolio - Class I-2</b>           |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 966             | 5.56                                 | 5,369                | 8.31                                    | 0.70  | (36.32)  |
| December 31,  | 2021 | 1,048           | 8.72                                 | 9,140                | 21.64                                   | 0.70  | 19.02  |
| December 31,  | 2020 | 1,104           | 7.33                                 | 8,095                | 15.10                                   | 0.70  | 39.43  |
| December 31,  | 2019 | 1,179           | 5.26                                 | 6,112                | 12.11                                   | 0.70  | 34.87  |
| December 31,  | 2018 | 1,246           | 3.90                                 | 4,850                | 17.27                                   | 0.70  | (1.02)   |
| <b>Alger Growth &amp; Income Portfolio - Class I-2</b>            |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 467             | 3.70                                 | 1,725                | 8.59                                    | 0.70  | (14.83)  |
| December 31,  | 2021 | 468             | 4.34                                 | 2,031                | 8.65                                    | 0.70  | 31.15  |
| December 31,  | 2020 | 487             | 3.31                                 | 1,610                | 1.92                                    | 0.70  | 13.75  |
| December 31,  | 2019 | 508             | 2.91                                 | 1,462                | 10.95                                   | 0.70  | 29.33  |
| December 31,  | 2018 | 525             | 2.25                                 | 1,167                | 7.51                                    | 0.70  | (4.66)   |
| <b>Alger Large Cap Growth Portfolio - Class I-2</b>               |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 692             | 3.60                                 | 2,492                | 4.99                                    | 0.70  | (38.53)  |
| December 31,  | 2021 | 726             | 5.86                                 | 4,253                | 22.24                                   | 0.70  | 12.01  |
| December 31,  | 2020 | 787             | 5.23                                 | 4,116                | 16.93                                   | 0.70  | 65.51  |
| December 31,  | 2019 | 813             | 3.16                                 | 2,544                | 2.05                                    | 0.70  | 28.98  |
| December 31,  | 2018 | 836             | 2.45                                 | 2,051                | 18.41                                   | 0.70  | 1.24   |
| <b>Alger Mid Cap Growth Portfolio - Class I-2</b>                 |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 972             | 3.54                                 | 3,445                | 3.25                                    | 0.70  | (35.79)  |
| December 31,  | 2021 | 1,049           | 5.52                                 | 5,789                | 32.94                                   | 0.70  | 4.30   |
| December 31,  | 2020 | 1,147           | 5.29                                 | 6,069                | 14.51                                   | 0.70  | 62.82  |
| December 31,  | 2019 | 1,228           | 3.25                                 | 3,945                | 12.04                                   | 0.70  | 31.58  |
| December 31,  | 2018 | 1,261           | 2.47                                 | 3,112                | 14.77                                   | 0.70  | (8.52)   |
| <b>Alger Small Cap Growth Portfolio - Class I-2</b>               |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 425             | 4.46                                 | 1,895                | 18.87                                   | 0.70  | (37.60)  |
| December 31,  | 2021 | 467             | 7.14                                 | 3,337                | 28.78                                   | 0.70  | (5.52)   |
| December 31,  | 2020 | 510             | 7.56                                 | 3,855                | 8.23                                    | 0.70  | 65.08  |
| December 31,  | 2019 | 560             | 4.58                                 | 2,528                | 5.75                                    | 0.70  | 30.48  |
| December 31,  | 2018 | 610             | 3.51                                 | 2,132                | 4.16                                    | 0.70  | 0.57   |
| <b>Federated Hermes Fund for U.S. Government Securities II</b>    |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 193             | 1.32                                 | 256                  | 1.83                                    | 0.70  | (12.24)  |
| December 31,  | 2021 | 193             | 1.51                                 | 290                  | 1.89                                    | 0.70  | (0.89)   |
| December 31,  | 2020 | 138             | 1.52                                 | 209                  | 2.42                                    | 0.70  | 2.77   |
| December 31,  | 2019 | 137             | 1.48                                 | 199                  | 2.33                                    | 0.70  | 6.47   |
| December 31,  | 2018 | 167             | 1.39                                 | 230                  | 2.43                                    | 0.70  | —  |
| <b>Federated Hermes High Income Bond Fund II - Primary Shares</b> |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 327             | 3.12                                 | 1,021                | 5.51                                    | 0.70  | (11.21)  |
| December 31,  | 2021 | 335             | 3.52                                 | 1,178                | 4.57                                    | 0.70  | 5.03   |
| December 31,  | 2020 | 328             | 3.35                                 | 1,100                | 5.97                                    | 0.70  | 3.74   |
| December 31,  | 2019 | 355             | 3.23                                 | 1,128                | 6.29                                    | 0.70  | 14.54  |
| December 31,  | 2018 | 383             | 2.82                                 | 1,067                | 8.15                                    | 0.70  | (3.42)   |



(5) FINANCIAL HIGHLIGHTS (CONTINUED)

|   |      | Units<br>(000s) | Unit Fair Value<br>Lowest to Highest | Net Assets<br>(000s) | Investment <sup>1</sup><br>Income Ratio | Expense Ratio <sup>2</sup><br>Lowest to Highest | Total Return <sup>3</sup><br>Lowest to Highest |
|---|------|-----------------|--------------------------------------|----------------------|---|---|--|
| <b>Federated Hermes Kaufmann Fund II - Primary Shares</b>           |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 223             | 3.85                                 | 856                  | 12.51                                   | 0.70  | (29.81)  |
| December 31,  | 2021 | 232             | 5.48                                 | 1,270                | 6.67                                    | 0.70  | 2.24   |
| December 31,  | 2020 | 235             | 5.36                                 | 1,259                | 9.26                                    | 0.70  | 26.42  |
| December 31,  | 2019 | 245             | 4.24                                 | 1,022                | 9.25                                    | 0.70  | 33.75  |
| December 31,  | 2018 | 254             | 3.17                                 | 794                  | 7.28                                    | 0.70  | 3.93   |
| <b>Federated Hermes Managed Volatility Fund II - Primary Shares</b> |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 183             | 2.50                                 | 457                  | 25.71                                   | 0.70  | (13.63)  |
| December 31,  | 2021 | 203             | 2.89                                 | 588                  | 1.75                                    | 0.70  | 18.62  |
| December 31,  | 2020 | 203             | 2.44                                 | 496                  | 2.60                                    | 0.70  | —  |
| December 31,  | 2019 | 207             | 2.44                                 | 501                  | 2.24                                    | 0.70  | 20.20  |
| December 31,  | 2018 | 239             | 2.03                                 | 480                  | 3.04                                    | 0.70  | (8.56)   |
| <b>Federated Hermes Quality Bond Fund II - Primary Shares</b>       |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 113             | 1.62                                 | 183                  | 4.15                                    | 0.70  | (9.38)   |
| December 31,  | 2021 | 147             | 1.79                                 | 263                  | 3.43                                    | 0.70  | (1.34)   |
| December 31,  | 2020 | 126             | 1.81                                 | 227                  | 3.36                                    | 0.70  | 5.23   |
| December 31,  | 2019 | 122             | 1.72                                 | 206                  | 2.97                                    | 0.70  | 9.55   |
| December 31,  | 2018 | 128             | 1.57                                 | 198                  | 2.91                                    | 0.70  | (0.63)   |
| <b>Fidelity VIP Asset Manager Growth Portfolio - Initial Class</b>  |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 285             | 4.33 to 2.62                         | 851                  | 8.21                                    | 0.90 to 1.25                                    | (17.62) to (17.91)                             |
| December 31,  | 2021 | 310             | 5.26 to 3.19                         | 1,118                | 2.73                                    | 0.90 to 1.25                                    | 12.86 to 12.37                                 |
| December 31,  | 2020 | 338             | 4.66 to 2.84                         | 1,113                | 2.54                                    | 0.90 to 1.25                                    | 16.21 to 15.92                                 |
| December 31,  | 2019 | 357             | 2.45 to 34.80                        | 1,004                | 7.05                                    | 0.90 to 1.25                                    | 21.22 to 21.88                                 |
| December 31,  | 2018 | 400             | 2.02 to 28.71                        | 924                  | 5.57                                    | 0.90 to 1.25                                    | (8.86) to (8.60)                               |
| <b>Fidelity VIP Asset Manager Portfolio - Initial Class</b>         |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 219             | 3.97 to 2.45                         | 734                  | 8.85                                    | 0.90 to 1.25                                    | (15.70) to (15.99)                             |
| December 31,  | 2021 | 241             | 4.71 to 2.91                         | 941                  | 2.17                                    | 0.90 to 1.25                                    | 8.88 to 8.62                                   |
| December 31,  | 2020 | 251             | 4.33 to 2.68                         | 896                  | 2.78                                    | 0.90 to 1.25                                    | 13.95 to 13.56                                 |
| December 31,  | 2019 | 281             | 2.36 to 3.80                         | 894                  | 6.19                                    | 0.90 to 1.25                                    | 16.83 to 17.28                                 |
| December 31,  | 2018 | 339             | 2.02 to 3.24                         | 914                  | 5.06                                    | 0.90 to 1.25                                    | (6.91) to (6.36)                               |
| <b>Fidelity VIP Balanced Portfolio - Initial Class</b>              |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 458             | 3.15 to 3.18                         | 1,512                | 7.28                                    | 0.90 to 1.25                                    | (18.67) to (18.96)                             |
| December 31,  | 2021 | 482             | 3.87 to 3.93                         | 1,966                | 8.16                                    | 0.90 to 1.25                                    | 17.27 to 16.93                                 |
| December 31,  | 2020 | 490             | 3.30 to 3.36                         | 1,712                | 2.89                                    | 0.90 to 1.25                                    | 28.91 to 20.86                                 |
| December 31,  | 2019 | 527             | 2.56 to 43.50                        | 1,501                | 6.43                                    | 0.90 to 1.25                                    | 15.84 to 23.33                                 |
| December 31,  | 2018 | 541             | 2.21 to 35.27                        | 1,267                | 6.73                                    | 0.90 to 1.25                                    | (5.47) to (4.74)                               |
| <b>Fidelity VIP Contrafund Portfolio - Initial Class</b>            |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 1,952           | 11.48 to 6.26                        | 14,866               | 5.25                                    | 0.90 to 1.25                                    | (26.97) to (27.23)                             |
| December 31,  | 2021 | 2,051           | 15.72 to 8.60                        | 21,435               | 12.58                                   | 0.90 to 1.25                                    | 26.64 to 26.31                                 |
| December 31,  | 2020 | 2,209           | 12.41 to 6.81                        | 18,211               | 0.74                                    | 0.90 to 1.25                                    | 29.39 to 28.94                                 |
| December 31,  | 2019 | 2,342           | 5.28 to 102.54                       | 15,003               | 11.87                                   | 0.90 to 1.25                                    | 29.73 to 30.48                                 |
| December 31,  | 2018 | 2,495           | 4.07 to 78.64                        | 12,354               | 9.90                                    | 0.90 to 1.25                                    | (7.59) to (7.20)                               |
| <b>Fidelity VIP Contrafund Portfolio - Service Class 2</b>          |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 3,419           | 5.4                                  | 18,463               | 5.21                                    | 0.70  | (26.18)  |
| December 31,  | 2021 | 3,571           | 7.32                                 | 26,124               | 12.78                                   | 0.70  | 27.68  |
| December 31,  | 2020 | 3,793           | 5.73                                 | 21,741               | 0.60                                    | 0.70  | 28.22  |
| December 31,  | 2019 | 3,994           | 4.47                                 | 17,558               | 11.83                                   | 0.70  | 33.04  |
| December 31,  | 2018 | 4,201           | 3.36                                 | 14,130               | 9.82                                    | 0.70  | (7.18)   |
| <b>Fidelity VIP Equity-Income Portfolio - Initial Class</b>         |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 866             | 8.18 to 4.00                         | 5,003                | 5.14                                    | 0.90 to 1.25                                    | (5.81) to (6.14)                               |
| December 31,  | 2021 | 962             | 8.68 to 4.27                         | 5,802                | 12.77                                   | 0.90 to 1.25                                    | 23.83 to 23.30                                 |
| December 31,  | 2020 | 1,126           | 7.01 to 3.46                         | 5,355                | 6.45                                    | 0.90 to 1.25                                    | 5.73 to 5.49                                   |
| December 31,  | 2019 | 1,192           | 3.28 to 73.19                        | 5,419                | 8.66                                    | 0.90 to 1.25                                    | 25.67 to 26.32                                 |
| December 31,  | 2018 | 1,354           | 2.61 to 57.94                        | 4,904                | 7.13                                    | 0.90 to 1.25                                    | (9.50) to (9.17)                               |

(5) FINANCIAL HIGHLIGHTS (CONTINUED)

|   |      | Units  | Unit Fair Value   | Net Assets | Investment <sup>1</sup> | Expense Ratio <sup>2</sup> | Total Return <sup>3</sup> |
|---|------|--------|-------------------|------------|-------------------------|----------------------------|---------------------------|
|   |      | (000s) | Lowest to Highest | (000s)     | Income Ratio            | Lowest to Highest          | Lowest to Highest         |
| <b>Fidelity VIP Equity-Income Portfolio - Service Class 2</b>           |      |        |                   |            |                         |                            |                           |
| December 31,  | 2022 | 457    | 3.18              | 1,452      | 5.23                    | 0.70                       | (4.12)                    |
| December 31,  | 2021 | 467    | 3.31              | 1,547      | 12.78                   | 0.70                       | 24.61                     |
| December 31,  | 2020 | 502    | 2.66              | 1,334      | 6.25                    | 0.70                       | 4.28                      |
| December 31,  | 2019 | 499    | 2.55              | 1,248      | 8.42                    | 0.70                       | 26.87                     |
| December 31,  | 2018 | 521    | 2.01              | 1,031      | 6.99                    | 0.70                       | (8.22)                    |
| <b>Fidelity VIP Government Money Market Portfolio - Initial Class</b>   |      |        |                   |            |                         |                            |                           |
| December 31,  | 2022 | 6,130  | 1.53 to 1.14      | 7,566      | 1.41                    | 0.90 to 1.25               | 0.53 to 0.00              |
| December 31,  | 2021 | 6,348  | 1.14              | 7,836      | 0.01                    | 0.90 to 1.25               | (0.59) to (1.58)          |
| December 31,  | 2020 | 6,444  | 1.15 to 1.16      | 8,061      | 0.33                    | 0.90 to 1.25               | (1.71) to (0.85)          |
| December 31,  | 2019 | 6,548  | 1.17 to 1.55      | 8,308      | 1.99                    | 0.90 to 1.25               | 0.86 to 2.63              |
| December 31,  | 2018 | 6,883  | 1.14 to 1.53      | 8,698      | 1.62                    | 0.90 to 1.25               | 0.00 to 0.87              |
| <b>Fidelity VIP Government Money Market Portfolio - Service Class 2</b> |      |        |                   |            |                         |                            |                           |
| December 31,  | 2022 | 4,375  | 1.00              | 4,393      | 1.27                    | 0.70                       | 1.58                      |
| December 31,  | 2021 | 4,309  | 0.99              | 4,260      | 0.01                    | 0.70                       | (0.14)                    |
| December 31,  | 2020 | 4,529  | 0.99              | 4,469      | 0.25                    | 0.70                       | —                         |
| December 31,  | 2019 | 4,742  | 0.99              | 4,660      | 1.72                    | 0.70                       | 2.06                      |
| December 31,  | 2018 | 5,027  | 0.97              | 4,854      | 1.32                    | 0.70                       | 1.04                      |
| <b>Fidelity VIP Growth - Initial Class</b>                              |      |        |                   |            |                         |                            |                           |
| December 31,  | 2022 | 3,112  | 10.74 to 5.23     | 20,848     | 8.09                    | 0.90 to 1.25               | (25.13) to (25.39)        |
| December 31,  | 2021 | 3,355  | 14.34 to 7.01     | 29,873     | 20.57                   | 0.90 to 1.25               | 22.16 to 21.63            |
| December 31,  | 2020 | 3,682  | 11.74 to 5.76     | 26,719     | 9.41                    | 0.90 to 1.25               | 42.48 to 42.22            |
| December 31,  | 2019 | 3,839  | 4.05 to 133.15    | 19,684     | 6.55                    | 0.90 to 1.25               | 32.79 to 33.23            |
| December 31,  | 2018 | 4,150  | 3.05 to 99.94     | 16,103     | 14.99                   | 0.90 to 1.25               | (1.61) to (0.96)          |
| <b>Fidelity VIP Growth and Income - Initial Class</b>                   |      |        |                   |            |                         |                            |                           |
| December 31,  | 2022 | 503    | 3.38 to 3.78 `    | 1,880      | 3.74                    | 0.90 to 1.25               | (5.80) to (6.13)          |
| December 31,  | 2021 | 369    | 3.59 to 4.03 `    | 1,461      | 6.94                    | 0.90 to 1.25               | 24.95 to 24.26            |
| December 31,  | 2020 | 393    | 2.87 to 3.24      | 1,242      | 7.17                    | 0.90 to 1.25               | 6.69 to 6.59              |
| December 31,  | 2019 | 412    | 2.69 to 45.48     | 1,221      | 12.20                   | 0.90 to 1.25               | 28.27 to 29.28            |
| December 31,  | 2018 | 444    | 2.09 to 2.37      | 1,024      | 6.25                    | 0.90 to 1.25               | (9.89) to (9.52)          |
| <b>Fidelity VIP Growth and Income - Service Class 2</b>                 |      |        |                   |            |                         |                            |                           |
| December 31,  | 2022 | 245    | 3.79              | 927        | 3.57                    | 0.70                       | (4.88)                    |
| December 31,  | 2021 | 255    | 3.98              | 1,016      | 6.86                    | 0.70                       | 25.95                     |
| December 31,  | 2020 | 263    | 3.16              | 831        | 7.25                    | 0.70                       | 8.52                      |
| December 31,  | 2019 | 270    | 2.91              | 784        | 12.09                   | 0.70                       | 24.89                     |
| December 31,  | 2018 | 272    | 2.33              | 622        | 6.20                    | 0.70                       | (8.98)                    |
| <b>Fidelity VIP Growth Opportunities Portfolio - Initial Class</b>      |      |        |                   |            |                         |                            |                           |
| December 31,  | 2022 | 876    | 3.56 to 4.24      | 3,863      | 20.66                   | 0.90 to 1.25               | (38.70) to (38.92)        |
| December 31,  | 2021 | 978    | 5.81 to 6.94      | 7,030      | 9.08                    | 0.90 to 1.25               | 11.03 to 10.55            |
| December 31,  | 2020 | 1,119  | 5.23 to 6.28      | 7,276      | 5.74                    | 0.90 to 1.25               | 89.49 to 66.58            |
| December 31,  | 2019 | 1,199  | 2.76 to 73.22     | 4,638      | 8.25                    | 0.90 to 1.25               | 23.21 to 39.55            |
| December 31,  | 2018 | 1,184  | 2.24 to 52.47     | 3,315      | 6.15                    | 0.90 to 1.25               | 11.00 to 11.44            |
| <b>Fidelity VIP Growth Opportunities Portfolio - Service Class 2</b>    |      |        |                   |            |                         |                            |                           |
| December 31,  | 2022 | 664    | 5.40              | 3,585      | 19.78                   | 0.70                       | (38.26)                   |
| December 31,  | 2021 | 684    | 8.75              | 5,986      | 8.80                    | 0.70                       | 11.71                     |
| December 31,  | 2020 | 656    | 7.83              | 5,133      | 5.64                    | 0.70                       | 67.31                     |
| December 31,  | 2019 | 696    | 4.68              | 3,211      | 8.55                    | 0.70                       | 40.54                     |
| December 31,  | 2018 | 733    | 3.33              | 2,424      | 6.05                    | 0.70                       | 12.12                     |
| <b>Fidelity VIP High Income - Initial Class</b>                         |      |        |                   |            |                         |                            |                           |
| December 31,  | 2022 | 277    | 2.79 to 1.82      | 583        | 5.13                    | 0.90 to 1.25               | (12.17) to (12.47)        |
| December 31,  | 2021 | 289    | 3.17 to 2.08      | 693        | 5.36                    | 0.90 to 1.25               | 3.32 to 2.89              |
| December 31,  | 2020 | 346    | 3.07 to 2.02      | 764        | 4.95                    | 0.90 to 1.25               | 1.99 to 1.51              |
| December 31,  | 2019 | 344    | 1.99 to 22.76     | 753        | 5.24                    | 0.90 to 1.25               | 13.71 to 15.24            |
| December 31,  | 2018 | 359    | 1.75 to 19.75     | 697        | 5.66                    | 0.90 to 1.25               | (4.54) to (4.00)          |

(5) FINANCIAL HIGHLIGHTS (CONTINUED)

|   |      | Units  | Unit Fair Value   | Net Assets | Investment <sup>1</sup> | Expense Ratio <sup>2</sup> | Total Return <sup>3</sup> |
|---|------|--------|-------------------|------------|-------------------------|----------------------------|---------------------------|
|   |      | (000s) | Lowest to Highest | (000s)     | Income Ratio            | Lowest to Highest          | Lowest to Highest         |
| <b>Fidelity VIP Index 500 Portfolio - Initial Class</b>               |      |        |                   |            |                         |                            |                           |
| December 31,  | 2022 | 4,216  | 10.49 to 4.40     | 24,333     | 2.23                    | 0.90 to 1.25               | (18.94) to (19.23)        |
| December 31,  | 2021 | 4,508  | 12.94 to 5.45     | 32,121     | 1.98                    | 0.90 to 1.25               | 27.45 to 26.97            |
| December 31,  | 2020 | 4,780  | 10.15 to 4.29     | 26,914     | 2.08                    | 0.90 to 1.25               | 17.21 to 16.89            |
| December 31,  | 2019 | 5,075  | 3.67 to 491.28    | 24,632     | 3.50                    | 0.90 to 1.25               | 29.68 to 30.32            |
| December 31,  | 2018 | 5,469  | 2.83 to 376.98    | 20,429     | 2.46                    | 0.90 to 1.25               | (5.74) to (5.26)          |
| <b>Fidelity VIP Index 500 Portfolio - Service Class 2</b>             |      |        |                   |            |                         |                            |                           |
| December 31,  | 2022 | 3,565  | 4.28              | 15,256     | 1.99                    | 0.70                       | (18.08)                   |
| December 31,  | 2021 | 3,698  | 5.22              | 19,318     | 1.78                    | 0.70                       | 28.67                     |
| December 31,  | 2020 | 3,872  | 4.06              | 15,732     | 1.89                    | 0.70                       | 16.75                     |
| December 31,  | 2019 | 4,126  | 3.48              | 13,988     | 3.32                    | 0.70                       | 32.32                     |
| December 31,  | 2018 | 4,271  | 2.63              | 11,244     | 2.14                    | 0.70                       | (5.05)                    |
| <b>Fidelity VIP Investment Grade Bond Portfolio - Initial Class</b>   |      |        |                   |            |                         |                            |                           |
| December 31,  | 2022 | 284    | 2.76 to 1.95      | 654        | 7.53                    | 0.90 to 1.25               | (13.74) to (14.04)        |
| December 31,  | 2021 | 314    | 3.20 to 2.27      | 830        | 4.84                    | 0.90 to 1.25               | (1.44) to (2.03)          |
| December 31,  | 2020 | 331    | 3.25 to 2.32      | 882        | 2.20                    | 0.90 to 1.25               | 8.33 to 8.41              |
| December 31,  | 2019 | 338    | 2.14 to 27.88     | 833        | 2.64                    | 0.90 to 1.25               | 8.08 to 8.70              |
| December 31,  | 2018 | 367    | 1.98 to 25.66     | 835        | 2.97                    | 0.90 to 1.25               | (1.84) to (1.43)          |
| <b>Fidelity VIP Investment Grade Bond Portfolio - Service Class 2</b> |      |        |                   |            |                         |                            |                           |
| December 31,  | 2022 | 301    | 1.53              | 461        | 7.44                    | 0.70                       | (13.28)                   |
| December 31,  | 2021 | 294    | 1.76              | 518        | 4.62                    | 0.70                       | (1.00)                    |
| December 31,  | 2020 | 292    | 1.78              | 519        | 2.05                    | 0.70                       | 7.23                      |
| December 31,  | 2019 | 298    | 1.66              | 475        | 2.61                    | 0.70                       | 9.21                      |
| December 31,  | 2018 | 296    | 1.52              | 443        | 3.03                    | 0.70                       | (0.65)                    |
| <b>Fidelity VIP Mid Cap Portfolio - Initial Class</b>                 |      |        |                   |            |                         |                            |                           |
| December 31,  | 2022 | 1,462  | 10.17 to 8.99     | 13,749     | 7.06                    | 0.90 to 1.25               | (15.51) to (15.80)        |
| December 31,  | 2021 | 1,581  | 12.04 to 10.68    | 17,610     | 16.16                   | 0.90 to 1.25               | 24.47 to 24.00            |
| December 31,  | 2020 | 1,753  | 9.67 to 8.61      | 15,784     | 0.66                    | 0.90 to 1.25               | 22.10 to 16.82            |
| December 31,  | 2019 | 1,871  | 7.37 to 90.53     | 14,328     | 12.00                   | 0.90 to 1.25               | 17.33 to 22.35            |
| December 31,  | 2018 | 1,978  | 6.05 to 73.99     | 12,495     | 10.03                   | 0.90 to 1.25               | (15.65) to (15.31)        |
| <b>Fidelity VIP Mid Cap Portfolio - Service Class 2</b>               |      |        |                   |            |                         |                            |                           |
| December 31,  | 2022 | 4,598  | 6.18              | 28,419     | 7.11                    | 0.70                       | (14.64)                   |
| December 31,  | 2021 | 4,890  | 7.24              | 35,403     | 16.92                   | 0.70                       | 25.47                     |
| December 31,  | 2020 | 5,134  | 5.77              | 29,616     | 0.40                    | 0.70                       | 16.30                     |
| December 31,  | 2019 | 5,342  | 4.96              | 25,991     | 12.13                   | 0.70                       | 24.62                     |
| December 31,  | 2018 | 5,642  | 3.98              | 22,456     | 9.94                    | 0.70                       | (15.32)                   |
| <b>Fidelity VIP Overseas Portfolio - Initial Class</b>                |      |        |                   |            |                         |                            |                           |
| December 31,  | 2022 | 510    | 3.19 to 2.26      | 1,410      | 2.00                    | 0.90 to 1.25               | (25.16) to (25.42)        |
| December 31,  | 2021 | 525    | 4.27 to 3.03      | 1,932      | 7.99                    | 0.90 to 1.25               | 18.48 to 18.09            |
| December 31,  | 2020 | 567    | 3.60 to 2.57      | 1,808      | 0.99                    | 0.90 to 1.25               | 14.58 to 14.17            |
| December 31,  | 2019 | 626    | 2.25 to 42.10     | 1,728      | 5.52                    | 0.90 to 1.25               | 26.40 to 26.65            |
| December 31,  | 2018 | 729    | 1.78 to 33.24     | 1,568      | 1.67                    | 0.90 to 1.25               | (16.04) to (15.65)        |
| <b>Fidelity VIP Value Portfolio - Service Class 2</b>                 |      |        |                   |            |                         |                            |                           |
| December 31,  | 2022 | 150    | 3.45              | 517        | 4.61                    | 0.70                       | (3.35)                    |
| December 31,  | 2021 | 154    | 3.57              | 549        | 12.58                   | 0.70                       | 30.79                     |
| December 31,  | 2020 | 172    | 2.73              | 471        | 5.58                    | 0.70                       | 7.93                      |
| December 31,  | 2019 | 170    | 2.53              | 432        | 8.81                    | 0.70                       | 25.87                     |
| December 31,  | 2018 | 172    | 2.01              | 340        | 7.40                    | 0.70                       | (14.10)                   |

(5) FINANCIAL HIGHLIGHTS (CONTINUED)

|   |      | Units<br>(000s) | Unit Fair Value<br>Lowest to Highest | Net Assets<br>(000s) | Investment <sup>1</sup><br>Income Ratio | Expense Ratio <sup>2</sup><br>Lowest to Highest | Total Return <sup>3</sup><br>Lowest to Highest |
|---|------|-----------------|--------------------------------------|----------------------|---|---|--|
| <b>Fidelity VIP Value Strategies - Service Class 2</b>    |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 253             | 3.82                                 | 965                  | 5.57                                    | 0.70  | (6.06)   |
| December 31,  | 2021 | 255             | 4.06                                 | 1,036                | 9.79                                    | 0.70  | 33.19  |
| December 31,  | 2020 | 254             | 3.05                                 | 775                  | 6.75                                    | 0.70  | 7.02   |
| December 31,  | 2019 | 272             | 2.85                                 | 771                  | 1.35                                    | 0.70  | 33.80  |
| December 31,  | 2018 | 336             | 2.13                                 | 713                  | 0.74                                    | 0.70  | (18.39)  |
| <b>Invesco V.I. Discovery Mid Cap Growth Fund*</b>        |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 4               | 25.51                                | 99                   | 28.41                                   | 0.70  | (31.03)  |
| December 31,  | 2021 | 5               | 36.98                                | 191                  | 10.96                                   | 0.70  | 18.83  |
| December 31,  | 2020 | 5               | 31.12                                | 162                  | —                                       | 0.70  | 44.79  |
| December 31,  | 2019 | —               | —                                    | —                    | —                                       | —   | —  |
| December 31,  | 2018 | —               | —                                    | —                    | —                                       | —   | —  |
| <b>Invesco V.I. Diversified Dividend Fund - Series I</b>  |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 9               | 68.07                                | 598                  | 14.53                                   | 0.70  | (1.91)   |
| December 31,  | 2021 | 9               | 69.39                                | 602                  | 2.70                                    | 0.70  | 19.67  |
| December 31,  | 2020 | 7               | 57.99                                | 421                  | 5.46                                    | 0.70  | 0.10   |
| December 31,  | 2019 | 8               | 57.93                                | 448                  | 8.49                                    | 0.70  | 22.86  |
| December 31,  | 2018 | 8               | 47.15                                | 353                  | 6.02                                    | 0.70  | (7.57)   |
| <b>Invesco V.I. Equity and Income Fund**</b>              |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 690             | 2.92                                 | 2,015                | 15.10                                   | 0.70  | (7.01)   |
| December 31,  | 2021 | 702             | 3.14                                 | 2,205                | 2.82                                    | 0.70  | —  |
| December 31,  | 2020 | —               | —                                    | —                    | —                                       | —   | —  |
| December 31,  | 2019 | —               | —                                    | —                    | —                                       | —   | —  |
| December 31,  | 2018 | —               | —                                    | —                    | —                                       | —   | —  |
| <b>Invesco V.I. Health Care Fund - Series I</b>           |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 289             | 3.85                                 | 1,113                | 13.78                                   | 0.70  | (13.36)  |
| December 31,  | 2021 | 301             | 4.44                                 | 1,336                | 11.33                                   | 0.70  | 12.48  |
| December 31,  | 2020 | 320             | 3.95                                 | 1,265                | 2.67                                    | 0.70  | 13.17  |
| December 31,  | 2019 | 417             | 3.49                                 | 1,436                | 2.48                                    | 0.70  | 32.70  |
| December 31,  | 2018 | 407             | 2.63                                 | 1,060                | 13.21                                   | 0.70  | 0.77   |
| <b>Invesco V.I. Global Real Estate Fund - Series I</b>    |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 600             | 3.70                                 | 2,217                | 2.83                                    | 0.70  | (24.58)  |
| December 31,  | 2021 | 657             | 4.90                                 | 3,220                | 2.75                                    | 0.70  | 25.96  |
| December 31,  | 2020 | 680             | 3.89                                 | 2,644                | 7.93                                    | 0.70  | (13.56)  |
| December 31,  | 2019 | 654             | 4.50                                 | 2,897                | 4.83                                    | 0.70  | 24.31  |
| December 31,  | 2018 | 677             | 3.62                                 | 2,454                | 5.26                                    | 0.70  | (7.18)   |
| <b>Invesco V.I. Managed Volatility Fund - Series I***</b> |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | —               | —                                    | —                    | —                                       | —   | —  |
| December 31,  | 2021 | —               | —                                    | —                    | 2.08                                    | 0.70  | —  |
| December 31,  | 2020 | 737             | 2.75                                 | 2,027                | 4.36                                    | 0.70  | (2.89)   |
| December 31,  | 2019 | 800             | 2.83                                 | 2,230                | 5.26                                    | 0.70  | 19.41  |
| December 31,  | 2018 | 846             | 2.37                                 | 1,994                | 5.52                                    | 0.70  | (11.90)  |
| <b>Invesco V.I. Small Cap Equity Fund - Series I</b>      |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 184             | 3.34                                 | 616                  | 18.50                                   | 0.70  | (20.54)  |
| December 31,  | 2021 | 185             | 4.21                                 | 778                  | 5.44                                    | 0.70  | 20.96  |
| December 31,  | 2020 | 202             | 3.48                                 | 705                  | 9.50                                    | 0.70  | 24.73  |
| December 31,  | 2019 | 198             | 2.79                                 | 545                  | 13.39                                   | 0.70  | 26.24  |
| December 31,  | 2018 | 202             | 2.21                                 | 441                  | 7.30                                    | 0.70  | (15.00)  |
| <b>Invesco V.I. Technology Fund - Series I</b>            |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 404             | 2.71                                 | 1,097                | 38.00                                   | 0.70  | (39.58)  |
| December 31,  | 2021 | 407             | 4.49                                 | 1,830                | 9.57                                    | 0.70  | 14.84  |
| December 31,  | 2020 | 422             | 3.91                                 | 1,651                | 9.29                                    | 0.70  | 43.75  |
| December 31,  | 2019 | 487             | 2.72                                 | 1,307                | 9.02                                    | 0.70  | 36.00  |
| December 31,  | 2018 | 494             | 2.00                                 | 978                  | 4.93                                    | 0.70  | (0.50)   |
| <b>MFS Core Equity Portfolio - Initial Class</b>          |      |                 |                                      |                      |   |   |  |
| December 31,  | 2022 | 5               | 50.67                                | 274                  | 11.50                                   | 0.70  | (17.13)  |
| December 31,  | 2021 | 6               | 61.14                                | 349                  | 7.86                                    | 0.70  | 25.42  |
| December 31,  | 2020 | 7               | 48.75                                | 321                  | 5.61                                    | 0.70  | 18.41  |
| December 31,  | 2019 | 7               | 41.17                                | 295                  | 14.79                                   | 0.70  | 33.19  |
| December 31,  | 2018 | 8               | 30.91                                | 246                  | 11.94                                   | 0.70  | (3.86)   |

\*This fund was opened on April 30, 2020.

\*\*This fund was opened on April 30, 2021.

\*\*\*This fund was closed on April 30, 2021.

**(5) FINANCIAL HIGHLIGHTS (CONTINUED)**

|  |      | Units  | Unit Fair Value   | Net Assets | Investment <sup>1</sup> | Expense Ratio <sup>2</sup> | Total Return <sup>3</sup> |
|--|------|--------|-------------------|------------|-------------------------|----------------------------|---------------------------|
|  |      | (000s) | Lowest to Highest | (000s)     | Income Ratio            | Lowest to Highest          | Lowest to Highest         |
| <b>MFS Growth Series - Initial Class</b> |      |        |                   |            |                         |                            |                           |
| December 31,                             | 2022 | 224    | 5.09              | 1,139      | 11.32                   | 0.70                       | (31.57)                   |
| December 31,                             | 2021 | 233    | 7.44              | 1,732      | 13.71                   | 0.70                       | 23.53                     |
| December 31,                             | 2020 | 240    | 6.02              | 1,443      | 6.38                    | 0.70                       | 30.52                     |
| December 31,                             | 2019 | 265    | 4.61              | 1,213      | 9.41                    | 0.70                       | 38.02                     |
| December 31,                             | 2018 | 295    | 3.34              | 975        | 7.43                    | 0.70                       | 2.77                      |

(5) FINANCIAL HIGHLIGHTS (CONTINUED)

|  |      | Units<br>(000s) | Unit Fair Value<br>Lowest to Highest | Net Assets<br>(000s) | Investment <sup>1</sup><br>Income Ratio | Expense Ratio <sup>2</sup><br>Lowest to Highest | Total Return <sup>3</sup><br>Lowest to Highest |
|--|------|-----------------|--------------------------------------|----------------------|---|---|--|
| <b>MFS Investors Trust Series - Initial Class</b>  |      |                 |                                      |                      |   |   |  |
| December 31,                                       | 2022 | 83              | 4.20                                 | 350                  | 13.57                                   | 0.70  | (16.20)  |
| December 31,                                       | 2021 | 86              | 5.01                                 | 429                  | 3.77                                    | 0.70  | 26.96  |
| December 31,                                       | 2020 | 86              | 3.95                                 | 341                  | 3.83                                    | 0.70  | 12.25  |
| December 31,                                       | 2019 | 94              | 3.52                                 | 325                  | 7.13                                    | 0.70  | 31.84  |
| December 31,                                       | 2018 | 121             | 2.67                                 | 320                  | 5.22                                    | 0.70  | (5.65)   |
| <b>MFS Research Series - Initial Class</b>         |      |                 |                                      |                      |   |   |  |
| December 31,                                       | 2022 | 35              | 4.54                                 | 158                  | 13.13                                   | 0.70  | (17.20)  |
| December 31,                                       | 2021 | 36              | 5.49                                 | 196                  | 6.36                                    | 0.70  | 24.41  |
| December 31,                                       | 2020 | 40              | 4.41                                 | 178                  | 4.50                                    | 0.70  | 16.05  |
| December 31,                                       | 2019 | 41              | 3.80                                 | 156                  | 10.99                                   | 0.70  | 32.87  |
| December 31,                                       | 2018 | 41              | 2.86                                 | 117                  | 13.85                                   | 0.70  | (4.35)   |
| <b>T. Rowe Price Equity Income Portfolio</b>       |      |                 |                                      |                      |   |   |  |
| December 31,                                       | 2022 | 3,634           | 3.89 to 4.21                         | 14,487               | 6.95                                    | 0.70 to 1.25                                    | (2.92) to (4.54)                               |
| December 31,                                       | 2021 | 3,679           | 4.00 to 4.41                         | 15,104               | 8.91                                    | 0.70 to 1.25                                    | 25.89 to 24.09                                 |
| December 31,                                       | 2020 | 3,865           | 3.18 to 3.55                         | 12,639               | 4.79                                    | 0.70 to 1.25                                    | 0.00 to (0.28)                                 |
| December 31,                                       | 2019 | 4,057           | 3.09 to 59.24                        | 13,136               | 8.75                                    | 0.70 to 1.25                                    | 24.91 to 27.71                                 |
| December 31,                                       | 2018 | 4,359           | 2.46 to 47.29                        | 11,194               | 11.33                                   | 0.70 to 1.25                                    | (10.67) to (9.78)                              |
| <b>T. Rowe Price International Stock Portfolio</b> |      |                 |                                      |                      |   |   |  |
| December 31,                                       | 2022 | 1,861           | 2.37 to 1.87                         | 4,217                | 3.09                                    | 0.70 to 1.25                                    | (15.37) to (16.86)                             |
| December 31,                                       | 2021 | 1,962           | 2.80 to 2.24                         | 5,261                | 7.00                                    | 0.70 to 1.25                                    | 1.57 to 0.17                                   |
| December 31,                                       | 2020 | 1,987           | 2.76 to 2.24                         | 5,262                | 5.12                                    | 0.70 to 1.25                                    | 12.20 to 13.13                                 |
| December 31,                                       | 2019 | 2,063           | 1.88 to 27.38                        | 4,798                | 6.40                                    | 0.70 to 1.25                                    | 26.11 to 29.47                                 |
| December 31,                                       | 2018 | 2,453           | 1.49 to 21.62                        | 4,445                | 11.23                                   | 0.70 to 1.25                                    | (15.59) to (14.86)                             |
| <b>T. Rowe Price Limited-Term Bond Portfolio</b>   |      |                 |                                      |                      |   |   |  |
| December 31,                                       | 2022 | 760             | 1.47                                 | 1,111                | 2.09                                    | 0.70  | (3.29)   |
| December 31,                                       | 2021 | 839             | 1.52                                 | 1,275                | 1.94                                    | 0.70  | (0.01)   |
| December 31,                                       | 2020 | 822             | 1.52                                 | 1,250                | 1.98                                    | 0.70  | 3.45   |
| December 31,                                       | 2019 | 570             | 1.47                                 | 826                  | 2.45                                    | 0.70  | 4.26   |
| December 31,                                       | 2018 | 460             | 1.41                                 | 641                  | 2.00                                    | 0.70  | 1.44   |
| <b>T. Rowe Price Mid-Cap Growth Portfolio</b>      |      |                 |                                      |                      |   |   |  |
| December 31,                                       | 2022 | 943             | 6.96 to 9.94                         | 8,663                | 2.89                                    | 0.70 to 1.25                                    | (22.58) to (23.54)                             |
| December 31,                                       | 2021 | 1,001           | 8.99 to 13.01                        | 11,959               | 10.07                                   | 0.70 to 1.25                                    | 14.87 to 13.39                                 |
| December 31,                                       | 2020 | 1,112           | 7.83 to 11.47                        | 11,636               | 7.50                                    | 0.70 to 1.25                                    | 23.70 to 22.28                                 |
| December 31,                                       | 2019 | 1,211           | 6.33 to 100.39                       | 10,336               | 7.68                                    | 0.70 to 1.25                                    | 29.74 to 31.33                                 |
| December 31,                                       | 2018 | 1,362           | 4.82 to 77.15                        | 8,822                | 13.92                                   | 0.70 to 1.25                                    | (3.34) to (2.03)                               |

<sup>1</sup> These ratios represent dividends, excluding distributions of realized gains, received by the subaccount from the underlying mutual fund, net of management fees assessed by the fund manager, divided by the average net assets. These ratios exclude those expenses, such as mortality and expense charges, that result in direct reductions in the unit values. The recognition of investment income by the subaccount is affected by the timing of the declaration of dividends by the underlying fund in which the subaccounts invest.

<sup>2</sup> These ratios represent the annualized policy expenses of the separate account, consisting primarily of mortality and expense charges. The ratios include only those expenses that result in a direct reduction to unit values. Charges made directly to policyholder accounts through the redemption of units and expenses of the underlying fund are excluded.

<sup>3</sup> These ratios represent the total return, including changes in the value of the underlying fund, and reflect deductions for all items included in the expense ratio. The total return does not include any expenses assessed through the redemption of units; inclusion of these expenses in the calculation would result in a reduction in the total return presented.

## (6) UNIT CHANGES

The changes in units outstanding for the periods ended

| The changes in units outstanding for the periods ended           |            | 2021              |                   |            | 2022              |                   |            |                   |
|--|------------|-------------------|-------------------|------------|-------------------|-------------------|------------|-------------------|
|  |            | December 31, 2020 | Units             | Units      | December 31, 2021 | Units             | Units      | December 31, 2022 |
|  |            | Fund              | Units Outstanding | Purchased  | Redeemed          | Units Outstanding | Purchased  | Redeemed          |
| Alger Balanced Portfolio - Class I-2                             | 779,487    | 83,270            | 112,913           | 749,844    | 100,045           | 142,899           | 706,990    |                   |
| Alger Capital Appreciation Portfolio - Class I-2                 | 1,103,711  | 106,733           | 162,835           | 1,047,609  | 160,793           | 242,001           | 966,401    |                   |
| Alger Growth & Income Portfolio - Class I-2                      | 486,903    | 47,326            | 66,316            | 467,913    | 46,464            | 47,872            | 466,505    |                   |
| Alger Large Cap Growth Portfolio - Class I-2                     | 787,404    | 71,766            | 133,247           | 725,923    | 50,699            | 84,553            | 692,069    |                   |
| Alger Mid Cap Growth Portfolio - Class I-2                       | 1,146,931  | 110,923           | 208,622           | 1,049,232  | 168,460           | 245,233           | 972,459    |                   |
| Alger Small Cap Growth Portfolio - Class I-2                     | 509,807    | 124,140           | 166,734           | 467,213    | 89,028            | 131,110           | 425,131    |                   |
| Federated Hermes Fund for U.S. Government Securities II          | 137,518    | 166,947           | 111,640           | 192,825    | 31,233            | 30,713            | 193,345    |                   |
| Federated Hermes High Income Bond Fund II - Primarv Shares       | 328,365    | 88,810            | 82,386            | 334,789    | 81,850            | 89,782            | 326,857    |                   |
| Federated Hermes Kaufmann Fund II - Primarv Shares               | 235,029    | 23,028            | 26,279            | 231,778    | 41,880            | 51,150            | 222,508    |                   |
| Federated Hermes Managed Volatility Fund II - Primarv Shares     | 203,395    | 31,988            | 32,356            | 203,027    | 30,227            | 50,633            | 182,621    |                   |
| Federated Hermes Ouality Bond Fund II - Primarv Shares           | 125,559    | 48,965            | 27,060            | 147,464    | 40,841            | 75,497            | 112,808    |                   |
| Fidelitv VIP Asset Manager Growth Portfolio - Initial Class      | 338,435    | 7,890             | 36,170            | 310,155    | 6,138             | 31,079            | 285,214    |                   |
| Fidelitv VIP Asset Manager Portfolio - Initial Class             | 251,067    | 13,779            | 23,748            | 241,098    | 8,826             | 30,782            | 219,142    |                   |
| Fidelitv VIP Balanced Portfolio - Initial Class                  | 489,908    | 15,248            | 22,939            | 482,217    | 8,413             | 33,076            | 457,554    |                   |
| Fidelitv VIP Contrafund Portfolio - Initial Class                | 2,209,273  | 19,523            | 177,346           | 2,051,450  | 28,507            | 127,551           | 1,952,406  |                   |
| Fidelitv VIP Contrafund Portfolio - Service Class 2              | 3,793,202  | 482,479           | 704,845           | 3,570,836  | 554,447           | 706,625           | 3,418,658  |                   |
| Fidelitv VIP Equitv-Income Portfolio - Initial Class             | 1,126,126  | 16,157            | 180,516           | 961,767    | 20,590            | 115,953           | 866,404    |                   |
| Fidelitv VIP Equitv-Income Portfolio - Service Class 2           | 501,502    | 99,577            | 134,394           | 466,685    | 172,611           | 182,500           | 456,796    |                   |
| Fidelitv VIP Government Money Market Portfolio - Initial Class   | 6,444,299  | 399,110           | 495,258           | 6,348,151  | 294,119           | 512,767           | 6,129,503  |                   |
| Fidelitv VIP Government Money Market Portfolio - Service Class 2 | 4,529,072  | 506,793           | 726,537           | 4,309,328  | 818,322           | 753,023           | 4,374,627  |                   |
| Fidelitv VIP Growth - Initial Class                              | 3,682,098  | 32,332            | 359,297           | 3,355,133  | 25,958            | 269,037           | 3,112,054  |                   |
| Fidelitv VIP Growth and Income - Initial Class                   | 392,716    | 22,154            | 45,802            | 369,068    | 164,063           | 29,956            | 503,175    |                   |
| Fidelitv VIP Growth and Income - Service Class 2                 | 263,271    | 74,441            | 82,396            | 255,316    | 46,408            | 56,883            | 244,841    |                   |
| Fidelitv VIP Growth Opportunities Portfolio - Initial Class      | 1,119,144  | 17,677            | 158,893           | 977,928    | 10,867            | 113,082           | 875,713    |                   |
| Fidelitv VIP Growth Opportunities Portfolio - Service Class 2    | 655,884    | 104,913           | 76,422            | 684,375    | 55,416            | 75,994            | 663,797    |                   |
| Fidelitv VIP High Income - Initial Class                         | 345,676    | 22,720            | 79,222            | 289,174    | 11,021            | 22,877            | 277,318    |                   |
| Fidelitv VIP Index 500 Portfolio - Initial Class                 | 4,779,904  | 78,420            | 350,437           | 4,507,887  | 33,152            | 324,572           | 4,216,467  |                   |
| Fidelitv VIP Index 500 Portfolio - Service Class 2               | 3,871,938  | 603,033           | 777,134           | 3,697,837  | 513,446           | 646,302           | 3,564,981  |                   |
| Fidelitv VIP Investment Grade Bond Portfolio - Initial Class     | 330,707    | 30,103            | 46,482            | 314,328    | 10,740            | 40,786            | 284,282    |                   |
| Fidelitv VIP Investment Grade Bond Portfolio - Service Class 2   | 292,009    | 61,805            | 59,634            | 294,180    | 36,091            | 28,879            | 301,392    |                   |
| Fidelitv VIP Mid Cap Portfolio - Initial Class                   | 1,753,171  | 59,362            | 231,426           | 1,581,107  | 30,845            | 150,107           | 1,461,845  |                   |
| Fidelitv VIP Mid Cap Portfolio - Service Class 2                 | 5,133,951  | 665,134           | 908,867           | 4,890,218  | 670,503           | 962,303           | 4,598,418  |                   |
| Fidelitv VIP Overseas Portfolio - Initial Class                  | 567,107    | 21,241            | 63,360            | 524,988    | 14,796            | 29,729            | 510,055    |                   |
| Fidelitv VIP Value Portfolio - Service Class 2                   | 172,407    | 66,515            | 85,257            | 153,665    | 48,272            | 52,100            | 149,837    |                   |
| Fidelitv VIP Value Strategies - Service Class 2                  | 254,345    | 45,784            | 44,994            | 255,135    | 118,312           | 120,666           | 252,781    |                   |
| Invesco V.I. Discoverv Mid Cap Growth Fund                       | 5,191      | 78                | 93                | 5,176      | 565               | 1,857             | 3,884      |                   |
| Invesco V.I. Diversified Dividend Fund - Series I                | 7,265      | 3,817             | 2,410             | 8,672      | 242               | 136               | 8,778      |                   |
| Invesco V.I. Equity and Income Fund                              | —          | 820,809           | 119,219           | 701,590    | 150,239           | 162,292           | 689,537    |                   |
| Invesco V.I. Health Care Fund - Series I                         | 320,380    | 64,392            | 83,968            | 300,804    | 20,554            | 32,194            | 289,164    |                   |
| Invesco V.I. Global Real Estate Fund - Series I                  | 679,736    | 115,871           | 138,436           | 657,171    | 127,728           | 184,914           | 599,985    |                   |
| Invesco V.I. Managed Volatilitv Fund - Series I                  | 737,451    | 75,364            | 812,815           | —          | —                 | —                 | —          |                   |
| Invesco V.I. Small Cap Equity Fund - Series I                    | 202,422    | 44,139            | 61,629            | 184,932    | 25,648            | 26,271            | 184,309    |                   |
| Invesco V.I. Technologv Fund - Series I                          | 421,929    | 99,441            | 113,895           | 407,475    | 94,960            | 98,243            | 404,192    |                   |
| MFS Core Equity Portfolio - Initial Class                        | 6,577      | 74                | 943               | 5,708      | 276               | 573               | 5,411      |                   |
| MFS Growth Series - Initial Class                                | 239,888    | 29,170            | 36,153            | 232,905    | 24,493            | 33,667            | 223,731    |                   |
| MFS Investors Trust Series - Initial Class                       | 86,346     | 10,606            | 11,359            | 85,593     | 13,274            | 15,546            | 83,321     |                   |
| MFS Research Series - Initial Class                              | 40,341     | 757               | 5,414             | 35,684     | 2,246             | 3,231             | 34,699     |                   |
| T. Rowe Price Equity Income Portfolio                            | 3,865,029  | 398,086           | 584,601           | 3,678,514  | 602,357           | 646,387           | 3,634,484  |                   |
| T. Rowe Price International Stock Portfolio                      | 1,987,438  | 355,948           | 381,036           | 1,962,350  | 366,137           | 467,889           | 1,860,598  |                   |
| T. Rowe Price Limited-Term Bond Portfolio                        | 822,299    | 107,815           | 90,986            | 839,128    | 240,339           | 319,167           | 760,300    |                   |
| T. Rowe Price Mid-Cap Growth Portfolio                           | 1,112,408  | 23,418            | 134,920           | 1,000,906  | 12,187            | 69,662            | 943,431    |                   |
| Total  | 59,676,021 | 6,519,871         | 9,579,641         | 56,616,251 | 6,224,628         | 8,670,101         | 54,170,778 |                   |

**(7) SUBSEQUENT EVENTS**

The Separate Account evaluated subsequent events through the date the financial statements were issued. During this period, there were no significant subsequent events that required adjustment to or disclosure in the accompanying financial statements.



**AMERICAN NATIONAL INSURANCE COMPANY  
AND SUBSIDIARIES  
(An Indirectly Wholly-Owned Subsidiary of Brookfield Reinsurance Ltd., "Brookfield Reinsurance")**

**Consolidated Financial Statements**

**As of and for the years ended December 31, 2022, 2021 and 2020**

**AMERICAN NATIONAL INSURANCE COMPANY**  
**(An Indirectly Wholly-Owned Subsidiary of Brookfield Reinsurance)**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
American National Insurance Company  
Galveston, Texas

### Opinion

We have audited the consolidated financial statements of American National Insurance Company and subsidiaries (the "Company"), a wholly-owned subsidiary of American National Group, LLC, which comprise the consolidated statements of financial position as of December 31, 2022 (successor) and 2021 (predecessor), and the related consolidated statements of operations, comprehensive income (loss), changes in equity, and cash flows for the periods from May 25, 2022 to December 31, 2022 (successor), January 1, 2022 to May 24, 2022 (predecessor), and for the years ended December 31, 2021 and 2020 (predecessor), and the related notes to the consolidated financial statements (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 as of December 31, 2022 (successor) and 2021 (predecessor), and the results of its operations and its cash flows for the periods from May 25, 2022 to December 31, 2022 (successor), January 1, 2022 to May 24, 2022 (predecessor), and for the years ended December 31, 2021 and 2020 (predecessor), in accordance with accounting principles generally accepted in the United States of America.

### 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 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.

### Emphasis of Matters

As discussed in Note 1 to the financial statements, the consolidated financial statements give effect to the May 25, 2022 acquisition of 100% of the equity of American National Group, LLC by Brookfield Reinsurance Ltd., which was accounted for as a business combination. As a result, the consolidated financial statements present both predecessor and successor periods.

As discussed in Note 1 to the financial statements, the consolidated financial statements present the effects of a modified coinsurance agreement, effective January 1, 2022, with Freestone Re Ltd., a wholly owned subsidiary of American National Group, LLC. Under the agreement, the Company ceded to Freestone Re Ltd. a block of in-force annuity policies.

Our opinion is not modified with respect to these matters.

## **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 from 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 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 from 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.

/s/ DELOITTE & TOUCHE LLP  
Houston, Texas  
April 25, 2023

**AMERICAN NATIONAL INSURANCE COMPANY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(In thousands)

|  | <b>Successor</b>         | <b>Predecessor</b>       |
|--|--------------------------|--------------------------|
|  | <b>December 31, 2022</b> | <b>December 31, 2021</b> |
| <b>ASSETS</b>  |                          |                          |
| Fixed maturity, bonds held-to-maturity, at amortized cost, net of allowance for credit losses of \$13,129 in 2021 (Fair value \$7,458,789 in 2021)   | \$ —                     | \$ 7,088,981             |
| Fixed maturity, bonds available-for-sale, at fair value (Allowance for credit losses of \$28,708 in 2022 and \$10,310 in 2021) (Amortized cost \$14,447,537 in 2022 and \$8,107,794 in 2021) | 13,512,819               | 8,380,248                |
| Equity securities, at fair value (Cost \$305,610 in 2022 and \$94,732 in 2021)   | 252,404                  | 135,433                  |
| Mortgage loans on real estate, net of allowance for credit losses of \$38,266 in 2022 and \$97,079 in 2021   | 5,546,175                | 5,199,334                |
| Policy loans   | 374,481                  | 365,208                  |
| Real estate and real estate partnerships, net of accumulated depreciation of \$304,402 in 2022 and \$287,387 in 2021   | 1,035,719                | 928,412                  |
| Investment funds   | 1,226,471                | 961,763                  |
| Short-term investments   | 1,821,699                | 1,840,732                |
| Other invested assets  | 198,079                  | 125,795                  |
| <b>Total investments</b>   | <b>23,967,847</b>        | <b>25,025,906</b>        |
| Cash and cash equivalents  | 752,681                  | 1,870,436                |
| Accrued investment income  | 288,841                  | 192,913                  |
| Reinsurance recoverables, net of allowance for credit losses of \$14,553 in 2021   | 447,124                  | 459,621                  |
| Prepaid reinsurance premiums   | 46,754                   | 47,789                   |
| Premiums due and other receivables   | 436,264                  | 382,562                  |
| Deferred policy acquisition costs  | 694,047                  | 1,498,124                |
| Property and equipment, net of accumulated depreciation of \$314,288 in 2022 and \$302,936 in 2021   | 186,008                  | 137,466                  |
| Current tax receivable   | 44,970                   | —                        |
| Deferred tax asset   | 508,810                  | —                        |
| Modified coinsurance reinsurance recoverable   | 10,020,698               | —                        |
| Other assets   | 296,416                  | 324,355                  |
| Goodwill   | 101,969                  | —                        |
| Separate account assets  | 1,045,217                | 1,320,703                |
| <b>Total assets</b>  | <b>\$ 38,837,646</b>     | <b>\$ 31,259,875</b>     |
| <b>LIABILITIES</b>   |                          |                          |
| Future policy benefits   |                          |                          |
| Life   | \$ 3,580,918             | \$ 3,216,626             |
| Annuity  | 1,713,528                | 1,598,365                |
| Health   | 47,045                   | 45,715                   |
| Policyholders' account balances  | 14,309,971               | 13,879,198               |
| Policy and contract claims   | 1,786,275                | 1,692,295                |
| Unearned premium reserve   | 1,085,882                | 1,013,830                |
| Other policyholder funds   | 322,164                  | 379,545                  |
| Liability for retirement benefits  | 66,938                   | 79,089                   |
| Notes payable  | 150,913                  | 149,248                  |
| Deferred tax liabilities, net  | —                        | 202,084                  |
| Current tax payable  | —                        | 312,730                  |
| Funds withheld on modified coinsurance   | 9,996,813                | —                        |
| Other liabilities  | 602,628                  | 411,966                  |
| Separate account liabilities   | 1,045,217                | 1,320,703                |
| <b>Total liabilities</b>   | <b>34,708,292</b>        | <b>24,301,394</b>        |
| <b>EQUITY</b>  |                          |                          |
| Common stock   | —                        | 5,000                    |
| Additional paid-in capital   | —                        | 47,966                   |
| American National stockholders' equity   | 5,096,669                | —                        |
| Accumulated other comprehensive income (loss)  | (721,611)                | 147,054                  |
| Retained earnings  | (319,972)                | 6,750,770                |
| <b>Total American National equity</b>  | <b>4,055,086</b>         | <b>6,950,790</b>         |
| Noncontrolling interest  | 74,268                   | 7,691                    |
| <b>Total equity</b>  | <b>4,129,354</b>         | <b>6,958,481</b>         |
| <b>Total liabilities and equity</b>  | <b>\$ 38,837,646</b>     | <b>\$ 31,259,875</b>     |

See accompanying notes to consolidated financial statements.

**AMERICAN NATIONAL INSURANCE COMPANY**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands)

|   | Successor   | Predecessor   |                                 |                                 |
|---|---|---|---------------------------------|---------------------------------|
|   | Period from<br>May 25, 2022<br>through<br>December 31, 2022 | Period from<br>January 1, 2022<br>through<br>May 24, 2022 | Year ended<br>December 31, 2021 | Year ended<br>December 31, 2020 |
| <b>PREMIUMS AND OTHER REVENUE</b>                                     |   |   |                                 |                                 |
| Premiums  |   |   |                                 |                                 |
| Life  | \$ 253,508  | \$ 174,290  | \$ 412,769                      | \$ 396,099                      |
| Annuity   | 15,723  | 10,221  | 74,925                          | 92,866                          |
| Health  | 75,670  | 53,810  | 143,484                         | 168,805                         |
| Property and casualty   | 1,108,572   | 741,011   | 1,669,875                       | 1,560,304                       |
| Other policy revenues   | 225,740   | 158,515   | 359,707                         | 310,746                         |
| Net investment income   | 487,909   | 384,736   | 1,171,654                       | 976,126                         |
| Net realized investment gains (losses)                                | (12,887)  | 21,073  | 64,628                          | 35,660                          |
| (Increase) decrease in investment credit loss                         | (65,298)  | (14,857)  | 28,778                          | (102,603)                       |
| Net gains (losses) on equity securities                               | 24,508  | (13,082)  | 420,283                         | 356,281                         |
| Other income  | 24,112  | 18,887  | 45,688                          | 40,556                          |
| <b>Total premiums and other revenues</b>                              | <b>2,137,557</b>  | <b>1,534,604</b>  | <b>4,391,791</b>                | <b>3,834,840</b>                |
| <b>BENEFITS, LOSSES AND EXPENSES</b>                                  |   |   |                                 |                                 |
| Policyholder benefits   |   |   |                                 |                                 |
| Life  | 314,040   | 255,482   | 605,724                         | 533,925                         |
| Annuity   | 57,628  | 35,847  | 149,931                         | 214,158                         |
| Claims incurred   |   |   |                                 |                                 |
| Accident and health   | 37,123  | 35,559  | 98,029                          | 116,122                         |
| Property and casualty   | 756,695   | 504,131   | 1,094,126                       | 1,005,620                       |
| Interest credited to policyholders' account balances                  | 57,851  | 52,825  | 448,654                         | 321,042                         |
| Commissions for acquiring and servicing policies                      | 368,432   | 264,389   | 640,097                         | 553,600                         |
| Other operating expenses  | 255,971   | 221,097   | 546,067                         | 514,265                         |
| Change in deferred policy acquisition costs                           | (125,215)   | (40,956)  | (79,632)                        | (5,678)                         |
| <b>Total benefits, losses and expenses</b>                            | <b>1,722,525</b>  | <b>1,328,374</b>  | <b>3,502,996</b>                | <b>3,253,054</b>                |
| <b>Income before federal income tax and other items</b>               | <b>415,032</b>  | <b>206,230</b>  | <b>888,795</b>                  | <b>581,786</b>                  |
| Less: Provision (benefit) for federal income taxes                    |   |   |                                 |                                 |
| Current   | 24,224  | 63,690  | 410,084                         | 57,807                          |
| Deferred  | 50,691  | (25,138)  | (240,527)                       | 59,045                          |
| <b>Total provision for federal income taxes</b>                       | <b>74,915</b>   | <b>38,552</b>   | <b>169,557</b>                  | <b>116,852</b>                  |
| <b>Income after federal income tax</b>                                | <b>340,117</b>  | <b>167,678</b>  | <b>719,238</b>                  | <b>464,934</b>                  |
| Other components of net periodic pension benefit (costs), net of tax  | 3,805   | (1,625)   | 3,574                           | 4,456                           |
| <b>Net income</b>   | <b>343,922</b>  | <b>166,053</b>  | <b>722,812</b>                  | <b>469,390</b>                  |
| Less: Net income attributable to noncontrolling interest, net of tax  | 2,264   | 1,554   | 657                             | 1,008                           |
| <b>Net income attributable to American National Insurance Company</b> | <b>\$ 341,658</b>   | <b>\$ 164,499</b>   | <b>\$ 722,155</b>               | <b>\$ 468,382</b>               |

See accompanying notes to consolidated financial statements.

**AMERICAN NATIONAL INSURANCE COMPANY**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

(In thousands)

|  | <b>Successor</b>  | <b>Predecessor</b>  |   |   |
|--|---|---|---|---|
|  | <b>Period from<br/>May 25, 2022<br/>through<br/>December 31, 2022</b> | <b>Period from<br/>January 1, 2022<br/>through<br/>May 24, 2022</b> | <b>Year ended<br/>December 31, 2021</b> | <b>Year ended<br/>December 31, 2020</b> |
| <b>Net income</b>  | <b>\$ 343,922</b>   | <b>\$ 166,053</b>   | <b>\$ 722,812</b>                       | <b>\$ 469,390</b>                       |
| Other comprehensive income (loss), net of tax                              |   |   |   |   |
| Change in net unrealized losses on securities                              | (721,535)   | (620,710)   | (142,854)                               | 134,315                                 |
| Foreign currency transaction and translation adjustments                   | (1,237)   | 312   | 62                                      | 235                                     |
| Defined benefit pension plan adjustment                                    | 1,161   | 4,800   | 67,676                                  | (11,898)                                |
| <b>Total other comprehensive loss, net of tax</b>                          | <b>(721,611)</b>  | <b>(615,598)</b>  | <b>(75,116)</b>                         | <b>122,652</b>                          |
| <b>Total comprehensive income (loss)</b>                                   | <b>(377,689)</b>  | <b>(449,545)</b>  | <b>647,696</b>                          | <b>592,042</b>                          |
| Less: Comprehensive income attributable to noncontrolling interest         | 2,264   | 1,554   | 657                                     | 1,008                                   |
| <b>Total comprehensive income (loss) attributable to American National</b> | <b>\$ (379,953)</b>   | <b>\$ (451,099)</b>   | <b>\$ 647,039</b>                       | <b>\$ 591,034</b>                       |

See accompanying notes to consolidated financial statements.

**AMERICAN NATIONAL INSURANCE COMPANY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(In thousands, except per share data)

| Successor  | Common Stock | Additional Paid-In Capital | Accumulated Other Comprehensive Loss | Retained Earnings   | Noncontrolling Interest | Total Equity        |
|--|--------------|----------------------------|--------------------------------------|---------------------|-------------------------|---------------------|
| <b>Balance at May 25, 2022</b>                     | <b>\$ —</b>  | <b>\$ 5,095,503</b>        | <b>\$ —</b>                          | <b>\$ —</b>         | <b>\$ 9,881</b>         | <b>\$ 5,105,384</b> |
| Accelerated vesting of RSAs                        | —            | 1,166                      | —                                    | —                   | —                       | 1,166               |
| Other comprehensive income                         | —            | —                          | (721,611)                            | —                   | —                       | (721,611)           |
| Net income attributable to American National       | —            | —                          | —                                    | 341,658             | —                       | 341,658             |
| Contributions/(Distributions)                      | —            | —                          | —                                    | —                   | 62,123                  | 62,123              |
| Net income attributable to noncontrolling interest | —            | —                          | —                                    | —                   | 2,264                   | 2,264               |
| Cash dividends to parent                           | —            | —                          | —                                    | (661,630)           | —                       | (661,630)           |
| <b>Balance at December 31, 2022</b>                | <b>\$ —</b>  | <b>\$ 5,096,669</b>        | <b>\$ (721,611)</b>                  | <b>\$ (319,972)</b> | <b>\$ 74,268</b>        | <b>\$ 4,129,354</b> |

See accompanying notes to consolidated financial statements.



**AMERICAN NATIONAL INSURANCE COMPANY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**  
(In thousands, except per share data)

| Predecessor  | Common Stock     | Additional<br>Paid-In Capital | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) | Retained<br>Earnings | Treasury<br>Stock   | Noncontrolling<br>Interest | Total Equity        |
|--|------------------|-------------------------------|--|----------------------|---------------------|----------------------------|---------------------|
| <b>Balance at December 31, 2019</b>                                  | <b>\$ 30,832</b> | <b>\$ 21,011</b>              | <b>\$ 99,518</b>                                       | <b>\$ 5,946,857</b>  | <b>\$ (108,469)</b> | <b>\$ 6,014</b>            | <b>\$ 5,995,763</b> |
| Reclassification of par value due to reorganization                  | (26,887)         | 26,887                        | —  | —                    | —                   | —                          | —                   |
| Retirement of treasury shares  | (3,945)          | —                             | —  | (104,524)            | 108,469             | —                          | —                   |
| Amortization of restricted stock                                     | —                | 68                            | —  | —                    | —                   | —                          | 68                  |
| Cumulative effect of accounting change                               | —                | —                             | —  | (33,500)             | —                   | —                          | (33,500)            |
| Other comprehensive income   | —                | —                             | 122,652  | —                    | —                   | —                          | 122,652             |
| Net income attributable to American National                         | —                | —                             | —  | 468,382              | —                   | —                          | 468,382             |
| Cash dividends to common stockholders (declared per share of \$3.28) | —                | —                             | —  | (44,095)             | —                   | —                          | (44,095)            |
| Cash dividends to parent   | —                | —                             | —  | (49,504)             | —                   | —                          | (49,504)            |
| Contributions/(Distributions)  | —                | —                             | —  | —                    | —                   | 275                        | 275                 |
| Distributions  | —                | —                             | —  | —                    | —                   | —                          | —                   |
| Net income attributable to noncontrolling interest                   | —                | —                             | —  | —                    | —                   | 1,008                      | 1,008               |
| <b>Balance at December 31, 2020</b>                                  | <b>\$ —</b>      | <b>\$ 47,966</b>              | <b>\$ 222,170</b>                                      | <b>\$ 6,183,616</b>  | <b>\$ —</b>         | <b>\$ 7,297</b>            | <b>\$ 6,461,049</b> |
| Common stock issued  | 5,000            | —                             | —  | —                    | —                   | —                          | 5,000               |
| Other comprehensive loss   | —                | —                             | (75,116)   | —                    | —                   | —                          | (75,116)            |
| Net income attributable to American National                         | —                | —                             | —  | 722,155              | —                   | —                          | 722,155             |
| Cash dividends to common stockholders                                | —                | —                             | —  | (155,001)            | —                   | —                          | (155,001)           |
| Contributions/(Distributions)  | —                | —                             | —  | —                    | —                   | (263)                      | (263)               |
| Distributions  | —                | —                             | —  | —                    | —                   | —                          | —                   |
| Net income attributable to noncontrolling interest                   | —                | —                             | —  | —                    | —                   | 657                        | 657                 |
| <b>Balance at December 31, 2021</b>                                  | <b>\$ 5,000</b>  | <b>\$ 47,966</b>              | <b>\$ 147,054</b>                                      | <b>\$ 6,750,770</b>  | <b>\$ —</b>         | <b>\$ 7,691</b>            | <b>\$ 6,958,481</b> |
| Common stock issued  | —                | —                             | —  | —                    | —                   | —                          | —                   |
| Reissuance (purchase) of restricted stock                            | —                | —                             | —  | —                    | —                   | —                          | —                   |
| Accretion of restricted stock  | —                | —                             | —  | —                    | —                   | —                          | —                   |
| Cumulative effect of accounting change                               | —                | —                             | —  | —                    | —                   | —                          | —                   |
| Other comprehensive loss   | —                | —                             | (615,598)  | —                    | —                   | —                          | (615,598)           |
| Net income attributable to American National                         | —                | —                             | —  | 164,499              | —                   | —                          | 164,499             |
| Cash dividend to parent  | —                | —                             | —  | (23,002)             | —                   | —                          | (23,002)            |
| Contributions/(Distributions)  | —                | —                             | —  | —                    | —                   | 636                        | 636                 |
| Net income attributable to noncontrolling interest                   | —                | —                             | —  | —                    | —                   | 1,554                      | 1,554               |
| <b>Balance at May 24, 2022</b>                                       | <b>\$ 5,000</b>  | <b>\$ 47,966</b>              | <b>\$ (468,544)</b>                                    | <b>\$ 6,892,267</b>  | <b>\$ —</b>         | <b>\$ 9,881</b>            | <b>\$ 6,486,570</b> |

See accompanying notes to consolidated financial statements.

# AMERICAN NATIONAL INSURANCE COMPANY CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

|   | Successor   | Predecessor   |                                 |                                 |
|---|---|---|---------------------------------|---------------------------------|
|   | Period from<br>May 25, 2022<br>through<br>December 31, 2022 | Period from<br>January 1, 2022<br>through<br>May 24, 2022 | Year ended<br>December 31, 2021 | Year ended<br>December 31, 2020 |
| <b>OPERATING ACTIVITIES</b>   |   |   |                                 |                                 |
| Net income  | \$ 343,922  | \$ 166,053  | \$ 722,812                      | \$ 469,390                      |
| Adjustments to reconcile net income to net cash provided by operating activities: |   |   |                                 |                                 |
| Realized investment gains   | (12,324)  | (21,084)  | (65,420)                        | (35,716)                        |
| Realized investment losses  | 25,211  | 11  | 792                             | 56                              |
| Unrealized loss on investments and derivatives                                    | 5,573   | 207,508   | 1,269,670                       | 60,178                          |
| Realized (gain) loss on investments and derivatives                               | 8,250   | (16,228)  | (1,817,634)                     | (468,390)                       |
| Income tax expense  | 24,224  | 63,690  | 314,456                         | —                               |
| Increase (decrease) in investment credit loss                                     | 65,298  | 14,857  | (28,778)                        | 102,603                         |
| Accretion of premiums, discounts and loan origination                             | (48,856)  | 7,016   | 16,343                          | 3,338                           |
| Net capitalized interest on policy loans and mortgage                             | (16,635)  | (12,703)  | (31,620)                        | (30,367)                        |
| Depreciation  | 12,139  | 15,571  | 49,983                          | 52,551                          |
| Interest credited to policyholders' account balances                              | 155,946   | 52,825  | 448,654                         | 321,042                         |
| Interest credited on reinsurance  | (98,095)  | —   | —                               | —                               |
| Expense allowance & ceding commission on reinsurance                              | (49,261)  | —   | —                               | —                               |
| Charges to policyholders' account balances  | (211,901)   | (158,515)   | (359,707)                       | (310,746)                       |
| Deferred federal income tax expense (benefit)                                     | 50,691  | (25,138)  | (240,527)                       | 59,045                          |
| Amortization of cost of reinsurance   | (79,393)  | —   | —                               | —                               |
| Income from equity method investments   | (88,365)  | (134,100)   | (188,677)                       | (42,441)                        |
| Distributions from unconsolidated affiliates                                      | 87,562  | 138,086   | 150,024                         | 82,045                          |
| Changes in:   |   |   |                                 |                                 |
| Policyholder liabilities  | 264,574   | 76,277  | 271,202                         | 210,397                         |
| Deferred policy acquisition costs   | (125,215)   | (40,956)  | (79,632)                        | (5,678)                         |
| Reinsurance payables (recoverables)   | 62,540  | 3,754   | (45,262)                        | (2,529)                         |
| Premiums due and other receivables  | 1,198   | (54,900)  | (30,590)                        | (10,048)                        |
| Prepaid reinsurance premiums  | (1,043)   | 2,078   | (4,985)                         | 1,865                           |
| Accrued investment income   | (188,297)   | 92,369  | 23,476                          | (15,533)                        |
| Current tax payable   | (31,607)  | 586   | —                               | (11,759)                        |
| Liability for retirement benefits   | (16,599)  | (2,283)   | 7,440                           | (13,765)                        |
| Other, net  | 28,691  | (448,297)   | (9,836)                         | (101,432)                       |
| <b>Net cash provided by (used in) operating activities</b>                        | <b>168,228</b>  | <b>(73,523)</b>   | <b>372,184</b>                  | <b>314,106</b>                  |
| <b>INVESTING ACTIVITIES</b>   |   |   |                                 |                                 |
| Proceeds from sale/maturity/prepayment of:  |   |   |                                 |                                 |
| Corporate bonds   | 3,277,558   | 922,047   | 2,184,406                       | 2,197,612                       |
| Preferred shares  | 844   | 67,410  | 2,467,165                       | 117,866                         |
| Commercial paper  | 7,954,092   | 11,836,896  | 22,408,374                      | 16,042,109                      |
| Government bonds and treasuries   | 2,223,893   | 56,670  | 100,362                         | 162,253                         |
| Real estate and real estate partnerships  | 3,621   | 5,375   | 21,139                          | 61,548                          |
| Mortgages   | 779,235   | 520,249   | 1,018,572                       | 599,956                         |
| Private equity and other  | 102,934   | 96,804  | 437,864                         | 356,809                         |
| Disposals of property and equipment   | 4,978   | —   | 65                              | 268                             |
| Distributions from real estate and real estate partnerships                       | —   | —   | 120,019                         | —                               |
| Distributions from equity method investments                                      | 145,590   | 110,114   | 131,186                         | 73,229                          |
| Payment for the purchase/origination of:  |   |   |                                 |                                 |
| Corporate bonds   | (2,433,815)   | (2,181,407)   | (2,902,778)                     | (1,733,372)                     |
| Preferred shares  | (155,247)   | (26,899)  | (93,663)                        | (131,238)                       |
| Government bonds and treasuries   | (2,646,004)   | (8,946)   | (66,386)                        | (143,766)                       |
| Real estate and real estate partnerships  | (37,402)  | (2,825)   | (12,252)                        | (31,518)                        |
| Mortgages   | (1,253,576)   | (489,290)   | (867,886)                       | (792,202)                       |
| Private equity and other  | (1,244,485)   | (121,831)   | (391,816)                       | (175,570)                       |
| Commercial paper  | (6,583,196)   | (11,349,754)  | (23,218,138)                    | (16,635,968)                    |

**AMERICAN NATIONAL INSURANCE COMPANY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**

(In thousands)

|   | Successor   | Predecessor   |                                 |                                 |
|---|---|---|---------------------------------|---------------------------------|
|   | Period from<br>May 25, 2022<br>through<br>December 31, 2022 | Period from<br>January 1, 2022<br>through<br>May 24, 2022 | Year ended<br>December 31, 2021 | Year ended<br>December 31, 2020 |
| Additions to property and equipment                         | (22,781)  | (14,837)  | (37,150)                        | (39,863)                        |
| Contributions to real estate and real estate partnerships   | —   | —   | (123,061)                       |                                 |
| Contributions to equity method investments                  | (442,535)   | (125,114)   | (591,324)                       | (351,286)                       |
| Change in collateral held for derivatives                   | 8,178   | (147,740)   | 70,604                          | (15,648)                        |
| Other, net  | 42,651  | 99  | 2,633                           | (397)                           |
| <b>Net cash provided by (used in) investing activities</b>  | <b>(275,517)</b>  | <b>(852,479)</b>  | <b>607,935</b>                  | <b>(439,178)</b>                |
| <b>FINANCING ACTIVITIES</b>                                 |   |   |                                 |                                 |
| Issuance of equity  | —   | —   | —                               |                                 |
| Policyholders' account deposits                             | 1,406,605   | 587,664   | 2,229,554                       | 1,232,520                       |
| Policyholders' account withdrawals                          | (895,692)   | (506,159)   | (1,251,458)                     | (1,388,649)                     |
| Proceeds from Federal Home Loan Bank borrowings             | —   | —   | —                               | 500,000                         |
| Repayment of Federal Home Loan Bank borrowings              | —   | —   | (250,000)                       | (250,000)                       |
| Borrowings from related parties                             | 5,371   | —   | —                               |                                 |
| Borrowings from external parties                            | —   | 11,991  | —                               |                                 |
| Repayment of borrowings to external parties                 | (7,579)   | (2,747)   | (4,455)                         | (4,294)                         |
| Dividends to stockholders                                   | (661,630)   | (23,002)  | (155,001)                       | (93,599)                        |
| Payments to noncontrolling interest                         | 709   | —   | (649)                           | (581)                           |
| <b>Net cash provided by (used in) financing activities</b>  | <b>(152,216)</b>  | <b>67,747</b>   | <b>567,991</b>                  | <b>(4,603)</b>                  |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b> | <b>(259,504)</b>  | <b>(858,255)</b>  | <b>1,548,110</b>                | <b>(129,675)</b>                |
| Cash and cash equivalents at beginning of the period        | 1,012,184   | 1,870,440   | 322,326                         | 452,001                         |
| <b>Cash and cash equivalents at end of the period</b>       | <b>\$ 752,680</b>   | <b>\$ 1,012,185</b>                                       | <b>\$ 1,870,436</b>             | <b>\$ 322,326</b>               |

See accompanying notes to consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 1 – Nature of Operations

American National Insurance Company, a Texas life insurance company ("ANICO"), is a wholly owned subsidiary of American National Group, LLC ("ANAT"). ANICO and its consolidated subsidiaries (collectively "American National" or "the Company") offers a broad portfolio of insurance products, including individual and group life insurance, annuities, pension risk transfer, health insurance, and property and casualty insurance. Business is conducted in all 50 states, the District of Columbia and Puerto Rico.

On August 6, 2021, ANAT entered into an Agreement and Plan of Merger (the "Merger Agreement") with Brookfield Reinsurance Ltd., formerly known as Brookfield Asset Management Reinsurance Partners Ltd., an exempted company limited by shares existing under the laws of Bermuda, and Freestone Merger Sub Inc., a Delaware corporation and an indirect wholly-owned subsidiary of Brookfield Reinsurance ("Merger Sub"). On May 25, 2022 (the "Closing Date" or "Merger Date"), upon the terms and subject to the conditions of the Merger Agreement, Merger Sub merged with and into ANAT (the "Merger"), with ANAT continuing as the surviving entity, which became an indirect, wholly-owned subsidiary of Brookfield Reinsurance. The Merger was unanimously approved by ANAT's board of directors. ANAT received the requisite stockholder approval required under Delaware law for the adoption of the Merger Agreement. ANAT has ceased being a registrant with the Securities and Exchange Commission as of the Closing Date. Effective September 30, 2022, ANAT converted from a Delaware corporation to a Delaware limited liability company. In result, the successor period consists of the seven months ended December 31, 2022; and the predecessor periods consist of the five months ended May 24, 2022 and the twelve months ended December 31, 2021.

On June 1, 2022, the Company signed a Modified Coinsurance ("Modco") Agreement with Freestone Re Ltd a wholly owned subsidiary of ANAT and a Bermuda company licensed as a Class C insurer under the Bermuda Insurance Act 1978. The agreement was effective as of January 1, 2022.

Under the agreement, ANICO ceded to Freestone Re Ltd. at inception, on a Modco basis, a block of approximately \$9.9 billion of in-force annuity policies (Fixed Deferred Annuity, Fixed Index Annuity, and Multi-year Guaranteed Annuity) and certain credit accident and health insurance policies. ANICO cedes 100% of the risk on in-force business and prospectively ceded quota share of 70% of the risk on new business, on a modified coinsurance basis.

On the closing date of the treaty, ANICO established segregated accounts to hold the assets, primarily consisting of fixed income securities and mortgage loans backing the quota share of the statutory reserves and liabilities of the Modco account. ANICO as the ceding company retains control and owns all Modco account assets. ANICO and Freestone Re agreed that retention of the Modco account assets by ANICO does not diminish or dilute the investment risk transferred to Freestone Re, the reinsurer.

As of December 31, 2022, the carrying value and fair value of the Funds withheld on modified coinsurance was approximately \$10.0 billion and \$9.4 billion, respectively.

The Modco account assets are managed by an agreed upon investment management guidelines established in the treaty. Pursuant to the investment management agreement, the Company appointed Brookfield Asset Management as the investment manager to provide investment management services. ANICO maintains control and authority over the purchase and sale of the investment assets of the Modco account.

Modco account assets ceded also includes ceded investment income earned and accrued, which includes an amount equal to the net investment income earned on the assets in the Modco account during the accounting period plus realized and unrealized gains and losses associated with the Modco account assets.

The modified coinsurance provided by Freestone Re under the agreement in respect of each Reinsured Policy remains continuously in force until terminated as of the earlier of (i) the date on which all liabilities, obligations and risks of the ceding company has been fully and finally extinguished and terminated or (ii) the date on which the agreement is terminated.

The parties agreed to an expense allowance based on a fixed rate per reinsured policy per annum, plus a fixed amount per policy per claim, adjusted for inflation.

## Note 2 – Summary of Significant Accounting Policies and Practices

The consolidated financial statements and notes thereto have been prepared in conformity with GAAP and are reported in U.S. currency. American National consolidates entities that are wholly-owned and those in which American National owns less than 100% but controls the voting rights, as well as variable interest entities in which American National is the primary beneficiary. Intercompany balances and transactions with consolidated entities have been eliminated. Investments in unconsolidated affiliates, which include real estate partnerships and investment funds, are accounted for using the equity method of accounting. Certain amounts in prior years have been reclassified to conform to current year presentation.

### Business Combinations

Business combinations are accounted for using the acquisition method. The cost of a business acquisition is measured at the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed, and equity instruments issued in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities are recognized at their fair values at the acquisition date. The interest of non-controlling shareholders in the acquiree, if applicable, is initially measured at the noncontrolling shareholders' proportion of the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

To the extent the fair value of consideration paid exceeds the fair value of the net identifiable tangible and intangible assets, the excess is recorded as goodwill. To the extent the fair value of consideration paid is less than the fair value of net identifiable tangible and intangible assets, the excess is recognized in net income.

Based on the criteria outlined in ASC 805, *Business Combinations* ANAT was deemed the accounting acquiree in the Merger. As a result of the completed merger with Brookfield Reinsurance, for accounting purposes, our financial statements and notes are presented as "Predecessor" for historical periods prior to the Closing Date and "Successor" for the period after the Closing Date. In accordance with accounting for business combinations, assets and liabilities were adjusted to their fair values as of the Closing Date ("Purchase GAAP Accounting" or "PGAAP"). Additionally, we have elected to apply push-down accounting to reflect ANAT's assets and liabilities at fair value. To differentiate between periods, our financial statements and notes include a black line division between columns titled "Predecessor" and "Successor". This black line division has been placed to recognize Purchase GAAP Accounting adjustments made and the resulting effect on comparability between the two periods.

ASC 805, *Business Combinations* allows for a measurement period of up to 12 months from the business combination date. Accounting for the business combination is not finalized as of December 31, 2022, and is pending completion of purchase accounting. The financial statements at December 31, 2022 reflect management's current best estimate of the purchase price allocation. Final valuation of the assets acquired and liabilities assumed and the completion of the purchase price allocation will occur before the end of the first quarter of 2023.

**Note 2 – Summary of Significant Accounting Policies and Practices - (continued)**

Under the acquisition method of accounting, the assets acquired and liabilities assumed are recorded fair value at the date of acquisition. The following table summarizes the fair value of assets acquired and liabilities assumed as of May 25, 2022:

| American National Insurance Company<br>Consolidated Balance Sheet | Company Opening<br>Balance Sheet |
|---|----------------------------------|
| <b>ASSETS</b>   |                                  |
| Cash and cash equivalents   | \$ 1,013,350                     |
| Investments   | 24,458,996                       |
| Accrued investment income   | 100,544                          |
| Reinsurance recoverables, net of allowance for credit losses      | 454,867                          |
| Prepaid reinsurance premiums                                      | 45,711                           |
| Premiums due and other receivables                                | 437,462                          |
| Deferred tax assets, net  | 369,093                          |
| Property and equipment, net of accumulated depreciation           | 175,079                          |
| Prepaid pension   | 149,094                          |
| Intangible asset - VOBA   | 571,260                          |
| Goodwill  | 101,969                          |
| Other assets  | 164,849                          |
| Separate account assets   | 1,123,432                        |
| <b>Total assets</b>   | <b>29,165,706</b>                |
| <b>LIABILITIES</b>  |                                  |
| Future Policy Benefits  | 4,662,697                        |
| Policyholders' account balances                                   | 13,880,194                       |
| Policy and contract claims  | 1,705,623                        |
| Unearned premium reserve  | 1,072,989                        |
| Other policyholder funds  | 323,664                          |
| Liability for retirement benefits                                 | 73,926                           |
| Intangible liability - VOBA (LAH)                                 | 670,964                          |
| Debt  | —                                |
| Notes payable   | 158,492                          |
| Current tax payable   | 19,257                           |
| Other liabilities   | 367,548                          |
| Separate account liabilities                                      | 1,123,432                        |
| <b>Total liabilities</b>  | <b>24,058,786</b>                |
| <b>EQUITY</b>   |                                  |
| Common Stock  | —                                |
| Additional paid-in capital  | 5,097,039                        |
| Accumulated other comprehensive income                            | —                                |
| Retained earnings   | —                                |
| Noncontrolling interest   | 9,881                            |
| <b>Total equity</b>   | <b>5,106,920</b>                 |
| <b>Total liabilities and equity</b>                               | <b>\$ 29,165,706</b>             |

## **Note 2 – Summary of Significant Accounting Policies and Practices - (continued)**

### **Basis of Presentation**

The preparation of the consolidated financial statements in conformity with GAAP requires the use of estimates and assumptions that affect the reported consolidated financial statement balances. Actual results could differ from those estimates.

### **Investments**

**Investment securities** are comprised of bonds classified as available-for-sale that are carried at fair value. In addition, equity investments, other than those accounted for under the equity method or those that result in consolidation of the investee, are measured at fair value with changes in fair value recognized in earnings.

**Mortgage loans on real estate** are stated at unpaid principal balance, adjusted for any unamortized discount, deferred expenses, and allowances. Accretion of discounts is recorded using the effective yield method. Interest income, prepayment fees, and accretion of discounts and origination fees are reported in “Net investment income” in the consolidated statements of operations. Interest income earned is accrued on the principal amount of the loan based on contractual interest rate. However, interest ceases to accrue for loans on which interest is more than 90 days past due, when the collection of interest is not probable, or when a loan is in foreclosure. Income on past due loans is reported on a cash basis. When a loan becomes current, it is placed back into accrual status. Cash receipts on impaired loans are recorded as a reduction of principal, interest income, expense reimbursement, or other manner in accordance with the loan agreement. In the consolidated statements of operations, gains and losses from the sale of loans are reported in “Net realized investment gains,” and changes in allowances are reported in “(Increase) decrease in investment credit loss.”

Mortgage loans are presented net of the Company's recorded allowance for expected credit loss, which represents the portion of amortized cost basis on mortgage loans that the Company does not expect to collect. In determining the Company's allowance for credit losses, management: (i) pools and evaluates mortgage loans with similar risk characteristics, (ii) considers expected lifetime credit losses adjusted for prepayments and extensions, and (iii) considers past events, current economic conditions and forecasts of future economic conditions. The allowance is calculated quarterly for each property type based on inputs unique to each loan property type.

On an ongoing basis, mortgage loans with dissimilar risk characteristics (i.e., loans with significant declines in credit quality), collateral dependent mortgage loans (i.e., when the borrower is experiencing financial difficulty, including when foreclosure is reasonably possible or probable), and reasonably expected troubled debt restructurings (i.e., the Company grants concessions to a borrower that is experiencing financial difficulties) may be evaluated individually for credit loss. The allowance for credit losses for loans evaluated individually is established using the same methodologies for the overall commercial portfolio segment except for collateral dependent loans. The allowance for a collateral dependent loan is established as the excess of amortized cost over the estimated fair value of the loan's underlying collateral, less selling cost when foreclosure is probable. Accordingly, the change in the estimated fair value of collateral dependent loans is recorded as a change in the allowance for credit losses which is recorded on a quarterly basis as a charge or credit to earnings.

**Policy loans** are carried at the outstanding balance plus any accrued interest. Due to the collateralized nature of policy loans such that they cannot be separated from the policy contracts, the unpredictable timing of repayments and the fact that settlement is at outstanding value, the carrying value of policy loans approximates fair value.

**Investment real estate** including related improvements are stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful life of the asset (typically 15 to 50 years). Rental income is recognized on a straight-line basis over the term of the respective lease. American National classifies a property as held-for-sale if it commits to a plan to sell a property within one year and actively markets the property in its current condition for a price that is reasonable in comparison to its estimated fair value. Real estate held-for-sale is stated at the lower of depreciated cost or estimated fair value less expected disposition costs and is not depreciated while it is classified as held-for-sale. American National periodically reviews its investment real estate for impairment and tests properties for recoverability whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable and the carrying value of the property exceeds its



**Note 2 – Summary of Significant Accounting Policies and Practices - (continued)**

estimated fair value. Properties whose carrying values are greater than their undiscounted cash flows are written down to their estimated fair value, with the impairment loss included as an adjustment to “Net realized investment gains” in the consolidated statements of operations. Impairment losses are based upon the estimated fair value of real estate, which is generally computed using the present value of expected future cash flows from the real estate discounted at a rate commensurate with the underlying risks as well as other appraisal methods. Real estate acquired upon foreclosure is recorded at the lower of its cost or its estimated fair value at the date of foreclosure.

**Real estate joint ventures and other limited partnership interests** in which the Company has more than a minor interest or influence over the investee’s operations, but it does not have a controlling interest and is not the primary beneficiary, are accounted for using the equity method. These investments are reported as “Real estate and real estate partnerships” in the consolidated statements of financial position. For certain joint ventures, American National records its share of earnings using a lag methodology of one to three months when timely financial information is not available, and the contractual right does not exist to receive such financial information. In addition to the investees’ impairment analysis of their underlying investments, American National routinely evaluates its investments in those investees for impairments. American National considers financial and other information provided by the investee, other known information, and inherent risks in the underlying investments, as well as future capital commitments, in determining whether impairment has occurred. When an impairment is deemed to have occurred at the joint venture level, American National recognizes its share as an adjustment to “Net investment income” to record the investment at its fair value. When an impairment results from American National’s separate analysis, an adjustment is made through “Net realized investment gains” to record the investment at its fair value.

**Investment funds** are primarily comprised of senior secured and second lien private loans that are secured by assets, revenues and credit/balance sheet lending. We recognize our share of the fund’s earnings in net investment income on a one-quarter lag under the equity method of accounting. Cash distributions are received from the earnings and from liquidation of underlying investments. All investment funds are reevaluated quarterly by the fund manager and are audited annually by an independent audit firm.

**Short-term investments** comprised of commercial paper are carried at amortized cost, which approximates fair value. Short-term investments have a maturity of less than one year.

**Other invested assets** comprised primarily of equity-indexed options are carried at fair value and may be collateralized by counterparties; such collateral is restricted to the Company’s use. Separately managed accounts and Federal Home Loan Bank stock are also included in other invested assets and are carried at cost or market value if available from the account manager. Other invested assets also include tax credit partnerships and mineral rights less allowance for depletion, where applicable.

**Credit losses on fixed maturity securities, held-to-maturity**, receive a lifetime expected credit loss allowance upon initial recognition of the security representing the net amount expected to be collected. Expected credit losses are measured on a collective (pool) basis by major security type with the credit loss allowance determined based on the difference between the net present value of the expected cash flows from those pooled securities with the amortized cost basis. The expected cash flows are discounted at the effective interest rate of the security and consider historical credit loss information that is adjusted for current market conditions and reasonable and supportable economic forecasts based upon a third-party valuation model. The valuation model calculates expected cash flows based on scenario conditioned probability of default and loss given default. Probability of default measures the likelihood of default over a specified time period, and the loss given default measures the amount that the Company could lose in the event of a counterparty default.

**For fixed maturity securities, available-for-sale**, in unrealized loss positions which American National does not intend to sell and for which it is not more-likely-than-not that it will be required to sell before its anticipated recovery, American National assesses whether the amortized cost basis of securities will be recovered by comparing the net present value of the expected cash flows from those securities with its amortized cost basis. Management estimates the expected cash flows using a third-party valuation model similar to that used for held-to-maturity securities. The net present value of the expected cash flows is calculated by discounting management’s best estimate of expected cash flows at the effective interest rate implicit in the fixed maturity security when acquired. If the net present value of the expected cash flows is less than the amortized cost, a credit loss allowance

**Note 2 – Summary of Significant Accounting Policies and Practices - (continued)**

is recorded. The credit loss is recorded as the excess of amortized cost over the net present value of the expected cash flows limited by the amount the fair value is less than the amortized cost (fair-value floor). If the fair value is less than the net present value of its expected cash flows at the impairment measurement date, a non-credit loss exists which is recorded in other comprehensive income (loss) for the difference between the fair value and the net present value of the expected cash flows.

Additions to or releases of the allowance on all fixed maturity securities are reported in “(Increase) decrease in investment credit loss” in the consolidated statements of operations.

**Derivative instruments** in the form of equity-indexed options are purchased to hedge against future interest rate increases in liabilities indexed to market rates and are recorded in the consolidated statements of financial position within other invested assets at fair value, net of collateral provided by counterparties. The change in fair value of derivative assets and liabilities is reported in the consolidated statements of operations as “Net investment income” and “Interest credited to policyholders’ account balances,” respectively. American National does not apply hedge accounting treatment to its derivative instruments. The Company uses derivative instruments to hedge its business risk and holds collateral to offset exposure from its counterparties. Collateral that supports credit risk is reported in the consolidated statements of financial position as an offset to “Other invested assets” with an associated payable to “Other liabilities” for excess collateral.

**Cash and cash equivalents** have durations that do not exceed 90 days at the date of acquisition, include cash on-hand and in banks, as well as amounts invested in money market funds, and are reported as “Cash and cash equivalents” in the consolidated statements of financial position.

**Property and equipment** consist of buildings occupied by American National, data processing equipment, software, furniture and equipment, and automobiles which are carried at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful life of the asset (typically 3 to 50 years).

**Goodwill** represents the excess of amounts paid for acquiring businesses over the fair value of the net assets acquired, less any impairment of goodwill recognized. Goodwill is recognized when acquired.

Goodwill is not amortized but is tested for impairment at least annually. Goodwill is assessed for impairment whenever events or changes in circumstances, such as deteriorating or adverse market conditions, indicate that it is more likely than not that the carrying amount of the reporting unit including goodwill may exceed the fair value.

Goodwill impairment is measured and recognized as the amount by which a reporting unit’s carrying value, including goodwill, exceeds its fair value, not to exceed the carrying amount of goodwill of the reporting unit. There were no impairment adjustments made to goodwill for the period.

**Insurance specific assets and liabilities**

**Deferred policy acquisition costs (“DAC”)** are capitalized costs related directly to the successful acquisition of new or renewal insurance contracts. Significant costs are incurred to acquire insurance and annuity contracts, including commissions and certain underwriting, policy issuance, and processing expenses. In accordance with ASC 805, *Business Combinations* DAC was written off as a result of the Merger with Brookfield Reinsurance. The beginning balance as of May 25, 2022 represents the Value of Business Acquired “VOBA” at that date.

DAC on traditional life, including limited-pay contracts, and health products is amortized with interest over the anticipated premium-paying period of the related policies in proportion to the ratio of annual premium revenue expected to be received over the life of the policies. Expected premium revenue is estimated by using the same mortality, morbidity, and withdrawal assumptions used in computing liabilities for future policy benefits. DAC is reduced by a provision for possible inflation of maintenance and settlement expenses determined by means of grading interest rates.

DAC on universal life and investment-type contracts is amortized as a level percentage of the present value of anticipated gross profits from investment yields, mortality, and surrender charges. The effect of the realization of unrealized gains (losses) on DAC is recognized within AOCI in the consolidated statements of financial position as of the reporting date. A change in interest rates could have a significant impact on DAC calculated for these contracts.

**Note 2 – Summary of Significant Accounting Policies and Practices - (continued)**

DAC on participating whole life products is amortized in proportion to estimated gross margins. Estimated gross margins are equal to premiums, plus investment income, less benefits, less expenses not included in DAC, less the change in reserves, less dividends.

DAC associated with property and casualty business is amortized over the coverage period of the related policies, in relation to premiums earned.

For short-duration and long-duration contracts, DAC is grouped consistent with the manner in which insurance contracts are acquired, serviced, and measured for profitability and is reviewed for recoverability based on the profitability of the underlying insurance contracts. Investment income is anticipated in assessing the recoverability of DAC for short-duration contracts.

**Value of business acquired ("VOBA")** is an intangible asset or liability resulting from a business combination that represents the difference between the policyholder liabilities measured in accordance with the acquiring company's accounting policies and the estimated fair value of the same acquired policyholder liabilities in-force at the acquisition date. VOBA can be either positive or negative. Positive VOBA is recorded in DAC. Negative VOBA occurs when the estimated fair value of in-force contracts in a life insurance company acquisition is less than the amount recorded as insurance contract liabilities, and is recorded in the future policyholder benefits financial statement line in the consolidated statement of financial condition.

VOBA is amortized on a straight-line basis over the remaining life of the underlying policies.

## **Note 2 – Summary of Significant Accounting Policies and Practices - (continued)**

### **Modified Coinsurance Reinsurance Recoverable**

The Company entered into a reinsurance agreement with Freestone Re, Ltd. under a modified coinsurance treaty as the ceding entity. See Note 1 for additional information about this agreement. Amounts currently recoverable under this agreement are presented as “Modified Coinsurance Reinsurance Recoverable”. This arrangement does not discharge the Company as the primary insurer. Ceded balances would represent a liability of the Company in the event Freestone Re, Ltd. was unable to meet their obligation to the Company under the terms of the reinsurance agreement. Reinsurance premiums, commissions, expense reimbursements, benefits and reserves related to this treaty are accounted for over the life of the underlying reinsured contracts using assumptions consistent with those used to account for the underlying contracts.

**Funds withheld on Modified Coinsurance** represents amounts contractually withheld by the Company in accordance with the agreement with Freestone Re, Ltd on a Modco basis. For this agreement, assets that support the net reserves or as defined in the treaty, are withheld and legally owned by the ceding company. Interest, recorded in net investment income, accrues to these assets at calculated rates as defined by the treaty terms. Funds withheld on modified coinsurance also contains an embedded derivative associated with the returns generated by the underlying assets that are within the Modco account. The value of this embedded derivative represents investment returns that will ultimately be passed on to Freestone Re, Ltd. The embedded derivative is recognized at fair value on a recurring basis and the change in fair value is recognized within Net investment income in the consolidated statements of operations.

**Liabilities for future policy benefits** for traditional products have been provided on a net level premium method based on estimated investment yields, withdrawals, mortality, and other assumptions that were appropriate at the time the policies were issued. Estimates are based on historical experience adjusted for possible adverse deviation. These estimates are periodically reviewed and compared with actual experience. When it is determined that future expected experience differs significantly from existing assumptions, the estimates are revised for current and future issues. For business in-force as of the acquisition date, GAAP guidance requires the historical, at-issue assumptions be “unlocked” and replaced with current, best-estimate assumptions (adjusted for possible adverse deviation).

**Policyholders’ account balances** represent the contract value that has accrued to the benefit of the policyholders related to universal-life and investments-type contracts. For fixed products, these are generally equal to the accumulated deposits plus interest credited, reduced by withdrawals, payouts, and accumulated policyholder assessments. Indexed product account balances are equal to the sum of host and embedded derivative reserves computed.

**Liabilities for unpaid claims and claim adjustment expenses (“CAE”)** are established to provide for the estimated costs of paying claims. These reserves include estimates for both case reserves and IBNR claim liabilities. Case reserves include the liability for reported but unpaid claims. IBNR liabilities include a provision for potential development on case reserves, losses on claims currently closed which may reopen in the future, as well as IBNR claims. These liabilities also include an estimate of the expense associated with settling claims, including legal and other fees, and the general expenses of administering the claims adjustment process.

**Reinsurance recoverables** are estimated amounts due to American National from reinsurers related to paid and unpaid ceded claims and CAE and are presented net of a reserve for collectability. Recoveries of gross ultimate losses under our non-catastrophe reinsurance are estimated by a review of individual large claims and the ceded portion of IBNR using assumed distribution of loss by percentage retained. Recoveries of gross ultimate losses under our catastrophe reinsurance are estimated by applying reinsurance treaty terms to estimates of gross ultimate losses. The most significant assumption is the average size of the individual losses for those claims that have occurred but have not yet been reported and our estimate of gross ultimate losses. The ultimate amount of the reinsurance ceded recoverable is unknown until all losses settle.

### **Separate account assets and liabilities**

Separate account assets and liabilities are funds that are held separate from the general assets and liabilities of American National. Separate account assets include funds representing the investments of variable insurance product contract holders, who bear the investment risk of such funds. Investment income and investment gains and losses from these separate funds accrue to the benefit of the contract holders. American National reports separately, as assets and liabilities, investments held in such separate accounts

**Note 2 – Summary of Significant Accounting Policies and Practices - (continued)**

and liabilities of the separate accounts if (i) such separate accounts are legally recognized; (ii) assets supporting the contract liabilities are legally insulated from American National's general account liabilities; (iii) investments are directed by the contract holder; and (iv) all investment performance, net of contract fees and assessments, is passed through to the contract holder. In addition, American National's qualified pension plan assets are included in separate accounts. The assets of these accounts are carried at fair value. Deposits, net investment income and realized investment gains and losses for these accounts are excluded from revenues, and related liability increases are excluded from benefits and expenses in the consolidated statements of operations. Separate accounts are established in conformity with insurance laws and are not chargeable with liabilities that arise from any other business of American National.

**Premiums, benefits, claims incurred, and expenses**

**Traditional ordinary life and health** premiums are recognized as revenue when due. Benefits and expenses are associated with earned premiums to result in recognition of profits over the term of the insurance contracts.

**Annuity** premiums received on limited-pay and supplemental annuity contracts involving a significant life contingency are recognized as revenue when due. Deferred annuity premiums are recorded as deposits rather than recognized as revenue. Revenues from deferred annuity contracts are principally surrender charges and, in the case of variable annuities, administrative fees assessed to contract holders.

**Universal life and single premium whole life** revenues represent amounts assessed to policyholders including mortality charges, surrender charges actually paid, and earned policy service fees. Amounts included in expenses are benefits in excess of account balances returned to policyholders.

**Property and casualty** premiums are recognized as revenue over the period of the contract in proportion to the amount of insurance protection, which is generally recognized evenly over the contract period, net of reinsurance ceded. Claims incurred consist of claims and CAE paid and the change in reserves, net of reinsurance received and recoverable.

**Participating insurance policies**

Participating business at December 31, 2022 and 2021 comprised approximately 3.8% and 4.0% of the life insurance in-force and 29.5% and 16.5% of life premiums at December 31, 2022 and 2021, respectively.

For the majority of this participating business, profits earned are reserved for the payment of dividends to policyholders, except for the stockholders' share of profits on participating policies, which is limited to the greater of 10% of the profit on participating business, or 50 cents per thousand dollars of the face amount of participating life insurance in-force. Participating policyholders' interest includes the accumulated net income from participating policies reserved for payment to such policyholders in the form of dividends (less net income allocated to stockholders as indicated above) as well as a pro rata portion of unrealized investment gains (losses). Dividends to participating policyholders were \$9.0 million and \$8.1 million at December 31, 2022 and 2021, respectively. Income of \$19.0 million and \$18.3 million was allocated to participating policyholders at December 31, 2022 and 2021, respectively.

For all other participating business, the allocation of dividends to participating policyowners is based upon a comparison of experienced rates of mortality, interest and expenses, as determined periodically for representative plans of insurance, issue ages and policy durations, with the corresponding rates assumed in the calculation of premiums.

**Federal income taxes**

American National is included in the consolidated federal income tax return filed by ANAT's direct parent company, BAMR US Holdings LLC. Certain subsidiaries that are consolidated for financial reporting are not eligible to be included in the consolidated federal income tax return; accordingly, they file separate returns.

**Note 2 – Summary of Significant Accounting Policies and Practices - (continued)**

Deferred income tax assets and liabilities are recognized to reflect the future tax consequences attributable to differences between the financial statement amounts of assets and liabilities and their respective tax bases. Deferred taxes are measured using enacted tax rates expected to apply in the years in which those temporary differences are expected to be recovered or settled.

American National recognizes tax benefits on uncertain tax positions if it is “more-likely-than-not” the position based on its technical merits will be sustained by taxing authorities. American National recognizes the largest benefit that is greater than 50% likely of being ultimately realized upon settlement. Tax benefits not meeting the “more-likely-than-not” threshold, if applicable, are included within “Other liabilities” in the consolidated statements of financial position. American National recognizes interest expense and penalties related to uncertain tax positions, if applicable, as income tax expense in the consolidated statements of operations. Accrued interest expense and penalties related to uncertain tax positions are reported as “Other liabilities” in the consolidated statements of financial position.

**Pension and postretirement benefit plans**

Pension and postretirement benefit obligations and costs for our frozen benefit plans are estimated using assumptions including demographic factors such as retirement age and mortality.

American National uses a discount rate to determine the present value of future benefits on the measurement date. The guideline for setting this rate is a high-quality long-term corporate bond rate. For this purpose, a hypothetical bond portfolio to match the expected monthly benefit payments under the pension plan was constructed with the resulting yield of the portfolio used as a discount rate.

In developing the investment return assumption, we relied on a model that utilizes the following factors:

- Current yield to maturity of fixed income securities
- Forecasts of inflation, GDP growth, and total return for each asset class
- Historical plan performance
- Target asset allocation
- Standard deviations and correlations related to historical and expected future returns of each asset class and inflation

The resulting assumption is the assumed rate of return for the plans’ target asset allocation, net of investment expenses, and reflects anticipated returns of the plans’ current and future assets.

Using this approach, the calculated return will fluctuate from year to year; however, it is American National’s policy to hold this long-term assumption relatively constant.

**Stock-based compensation**

Stock-based compensation listed below relates only to the predecessor period and is not applicable to the successor.

**Restricted Stock (“RS”)** equity and compensation cost is based on the fair value of the underlying stock at grant date. The compensation cost accrued is reported as “Additional paid-in capital” in the consolidated statements of financial position.

**Restricted Stock Units (“RSUs”)** are settled in cash, resulting in classifying RSUs as a liability award. The liability is remeasured each reporting period through the vesting date and is adjusted for changes in fair value. The compensation liability related to the RSUs is reported as “Other Liabilities” in the consolidated statements of financial position.

**Note 2 – Summary of Significant Accounting Policies and Practices - (continued)**

**Litigation contingencies**

Existing and potential litigation is reviewed quarterly to determine if any adjustments to liabilities for possible losses are necessary. Reserves for losses are established whenever they are probable and reasonably estimable. If no one estimate within the range of possible losses is more probable than any other, a reserve is recorded based on the lowest amount of the range.



### Note 3 – Recently Issued Accounting Pronouncements

**Adoption of New Accounting Standards**—There were no recently adopted accounting standards for the twelve months ended December 31, 2022 that had a material impact to the Company's Consolidated Financial Statements or Notes to the Consolidated Financial Statements.

| Standard  | Description   | Effective Date and Method of Adoption  | Impact on Financial Statements   |
|---|---|--|--|
| ASU 2018-12, Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts ("LDTI") | The guidance will improve the timeliness of recognizing changes in the liability for future policy benefits for traditional and limited payment long-duration contracts and will modify the rate used to discount future cash flows. The guidance will also simplify the accounting for certain market-based options or guarantees associated with deposit (or account balance) contracts (market risk benefits), simplify the amortization of deferred acquisition costs and add significant qualitative and quantitative disclosures.       | Due to the acquisition of American National by Brookfield Reinsurance, the Company will adopt this standard for all annual and interim periods beginning after December 15, 2022. The Company will use the full retrospective method for adoption of the standard.   | The Company will adopt the standard effective January 1, 2023, with a transition date of May 25, 2022. The impact of adoption of the standard is expected to be material to the consolidated financial statements and the related disclosures. We expect that the most significant impact of the adoption of the standard will be to accumulated other comprehensive income ("AOCI") and retained earnings. We expect that the most significant drivers of this impact will be the increase in the upper medium grade discount rates used in measuring the liability for future policy benefits and the increase in interest rates underlying the fair value measurement of market risk benefits, respectively, between May 25, 2022, and December |
| ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting         | The amendments in this guidance provide optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The guidance only applies to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform.  | The amendments in this guidance are effective for all entities as of March 12, 2020 and will sunset through December 31, 2022, at which time the application of exceptions and optional expedients will no longer be permitted. The FASB is currently deliberating an ASU that would extend the sunset date through December 31, 2024. | The inventory of LIBOR exposures has been completed and is primarily limited to floating rate bonds, alternative investments, and borrowings within joint venture investments. Certain contracts included in these categories matured prior to December 31, 2021, the start of LIBOR rates cessations. The transition from LIBOR is not expected to have a material impact to the Company's Consolidated Financial Statements or Notes to the Consolidated Financial   |
| ASU 2022-02, Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures                  | The amendments in this Update eliminate the accounting guidance for troubled debt restructurings by creditors, while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. The update also requires an entity to disclose current-period gross write-offs by year of origination for financing receivables and net investments in leases within the scope of Subtopic 326-20, Financial Instruments—Credit Losses—Measured at Amortized Cost. | The amendments in this guidance are effective for the Company for all annual and interim reporting periods beginning January 1, 2023. The guidance requires that the amendments be adopted prospectively, with early adoption permitted.   | The impact of this amendment is currently under evaluation by the Company.   |



## Note 4 – Investment in Securities

The cost or amortized cost and fair value of investments in securities are shown below (in thousands):

|  | Successor                 |                              |                               |                                |                      |
|--|---------------------------|------------------------------|-------------------------------|--------------------------------|----------------------|
|  | December 31, 2022         |                              |                               |                                |                      |
|  | Cost or<br>Amortized Cost | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Allowance for<br>Credit Losses | Fair Value           |
| Fixed maturity, bonds held-to-maturity     |                           |                              |                               |                                |                      |
| U.S. treasury and government               | \$ —                      | \$ —                         | \$ —                          | \$ —                           | \$ —                 |
| U.S. states and political subdivisions     | —                         | —                            | —                             | —                              | —                    |
| Foreign governments                        | —                         | —                            | —                             | —                              | —                    |
| Corporate debt securities                  | —                         | —                            | —                             | —                              | —                    |
| Collateralized debt securities             | —                         | —                            | —                             | —                              | —                    |
| Residential mortgage-backed securities     | —                         | —                            | —                             | —                              | —                    |
| <b>Total bonds held-to-maturity</b>        | <b>—</b>                  | <b>—</b>                     | <b>—</b>                      | <b>—</b>                       | <b>—</b>             |
| Fixed maturity, bonds available-for-sale   |                           |                              |                               |                                |                      |
| U.S. treasury and government               | 41,384                    | 30                           | (1,405)                       | —                              | 40,009               |
| U.S. states and political subdivisions     | 880,186                   | 123                          | (24,706)                      | (742)                          | 854,861              |
| Foreign governments                        | 9,314                     | —                            | (298)                         | (12)                           | 9,004                |
| Corporate debt securities                  | 12,104,754                | 6,020                        | (830,095)                     | (23,049)                       | 11,257,630           |
| Collateralized debt securities             | 1,279,102                 | 5,300                        | (55,261)                      | (4,574)                        | 1,224,567            |
| Residential mortgage-backed securities     | 132,797                   | 23                           | (5,741)                       | (331)                          | 126,748              |
| <b>Total bonds available-for-sale</b>      | <b>14,447,537</b>         | <b>11,496</b>                | <b>(917,506)</b>              | <b>(28,708)</b>                | <b>13,512,819</b>    |
| <b>Total investments in fixed maturity</b> | <b>\$ 14,447,537</b>      | <b>\$ 11,496</b>             | <b>\$ (917,506)</b>           | <b>\$ (28,708)</b>             | <b>\$ 13,512,819</b> |

  

|  | Predecessor               |                              |                               |                                |                      |
|--|---------------------------|------------------------------|-------------------------------|--------------------------------|----------------------|
|  | December 31, 2021         |                              |                               |                                |                      |
|  | Cost or<br>Amortized Cost | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Allowance for<br>Credit Losses | Fair Value           |
| Fixed maturity, bonds held-to-maturity     |                           |                              |                               |                                |                      |
| U.S. treasury and government               | \$ 12,284                 | \$ —                         | \$ (287)                      | \$ —                           | \$ 11,997            |
| U.S. states and political subdivisions     | 104,039                   | 1,676                        | (1,906)                       | —                              | 103,809              |
| Foreign governments                        | 14,369                    | 137                          | (159)                         | —                              | 14,347               |
| Corporate debt securities                  | 6,810,518                 | 388,726                      | (21,213)                      | (11,467)                       | 7,166,564            |
| Collateralized debt securities             | 112,409                   | 1,677                        | (1,046)                       | (1,146)                        | 111,894              |
| Residential mortgage-backed securities     | 48,491                    | 2,684                        | (481)                         | (516)                          | 50,178               |
| <b>Total bonds held-to-maturity</b>        | <b>7,102,110</b>          | <b>394,900</b>               | <b>(25,092)</b>               | <b>(13,129)</b>                | <b>7,458,789</b>     |
| Fixed maturity, bonds available-for-sale   |                           |                              |                               |                                |                      |
| U.S. treasury and government               | 26,887                    | 121                          | (255)                         | —                              | 26,753               |
| U.S. states and political subdivisions     | 1,028,331                 | 51,124                       | (2,312)                       | (14)                           | 1,077,129            |
| Foreign governments                        | 5,000                     | 841                          | —                             | —                              | 5,841                |
| Corporate debt securities                  | 6,809,610                 | 268,964                      | (35,285)                      | (7,141)                        | 7,036,148            |
| Collateralized debt securities             | 205,732                   | 469                          | (904)                         | (2,887)                        | 202,410              |
| Residential mortgage-backed securities     | 32,234                    | 342                          | (341)                         | (268)                          | 31,967               |
| <b>Total bonds available-for-sale</b>      | <b>8,107,794</b>          | <b>321,861</b>               | <b>(39,097)</b>               | <b>(10,310)</b>                | <b>8,380,248</b>     |
| <b>Total investments in fixed maturity</b> | <b>\$ 15,209,904</b>      | <b>\$ 716,761</b>            | <b>\$ (64,189)</b>            | <b>\$ (23,439)</b>             | <b>\$ 15,839,037</b> |

**Note 4 – Investment in Securities – (Continued)**

The amortized cost and fair value, by contractual maturity, of fixed maturity securities are shown below (in thousands):

|  | <b>Successor</b>                |                      |
|--|---------------------------------|----------------------|
|  | <b>December 31, 2022</b>        |                      |
|  | <b>Bonds Available-for-Sale</b> |                      |
|  | <b>Amortized Cost</b>           | <b>Fair Value</b>    |
| Due in one year or less                | \$ 494,278                      | \$ 489,237           |
| Due after one year through five years  | 4,802,304                       | 4,646,111            |
| Due after five years through ten years | 5,032,126                       | 4,614,042            |
| Due after ten years                    | 4,118,829                       | 3,763,429            |
| <b>Total</b>                           | <b>\$ 14,447,537</b>            | <b>\$ 13,512,819</b> |

Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Residential and commercial mortgage-backed securities, which are not due at a single maturity, have been presented based on the year of final contractual maturity.

Proceeds from sales of bonds available-for-sale, with the related gross realized gains and losses, are shown below (in thousands):

|   | <b>Successor</b>  | <b>Predecessor</b>  |   |   |
|---|---|---|---|---|
|   | <b>Period from<br/>May 25, 2022<br/>through<br/>December 31, 2022</b> | <b>Period from<br/>January 1, 2022<br/>through<br/>May 24, 2022</b> | <b>Year ended<br/>December 31, 2021</b> | <b>Year ended<br/>December 31, 2020</b> |
| Proceeds from sales of fixed maturity, bonds available-for-sale | \$ 2,383,655  | \$ 59,388   | \$ 55,558                               | \$ 164,372                              |
| Gross realized gains  | 10,182  | —   | 59                                      | 624                                     |
| Gross realized losses   | (39,520)  | —   | —                                       | (4,145)                                 |

Gains and losses are determined using specific identification of the securities sold. All held-to-maturity securities were transferred to available-for-sale through a management election allowed under business combination guidance.

In accordance with various regulations, American National has bonds on deposit with regulating authorities with a carrying value of \$51.1 million and \$53.5 million at December 31, 2022 and December 31, 2021, respectively. In addition, American National has pledged bonds in connection with certain agreements and transactions, such as financing and reinsurance agreements. The carrying value of bonds pledged was \$44.8 million and \$67.1 million at December 31, 2022 and December 31, 2021, respectively.

The components of the change in net unrealized gains (losses) on debt securities are shown below, on a pre-tax basis (in thousands):

|   | <b>Successor</b>  | <b>Predecessor</b>  |   |   |
|---|---|---|---|---|
|   | <b>Period from<br/>May 25, 2022<br/>through<br/>December 31, 2022</b> | <b>Period from<br/>January 1, 2022<br/>through<br/>May 24, 2022</b> | <b>Year ended<br/>December 31, 2021</b> | <b>Year ended<br/>December 31, 2020</b> |
| Bonds available-for-sale: change in unrealized losses                 | \$ (906,010)  | \$ (997,300)  | \$ (248,756)                            | \$ 242,105                              |
| Short-term change in unrealized losses                                | (13,076)  | —   | —                                       | —                                       |
| Adjustments for   |   |   |   |   |
| Deferred policy acquisition costs                                     | —   | 199,027   | 58,281                                  | (68,474)                                |
| Participating policyholders' interest                                 | 8,647   | 13,478  | 8,275                                   | (3,010)                                 |
| Deferred federal income tax benefit                                   | 188,903   | 164,085   | 39,346                                  | (36,306)                                |
| <b>Change in net unrealized losses on debt securities, net of tax</b> | <b>\$ (721,535)</b>   | <b>\$ (620,710)</b>   | <b>\$ (142,854)</b>                     | <b>\$ 134,315</b>                       |

**Note 4 – Investment in Securities – (Continued)**

The components of the change in net gains (losses) on equity securities are shown below (in thousands):

|  | Successor<br>Period from<br>May 25, 2022<br>through<br>December 31, 2022 | Predecessor   |                                 |                                 |
|--|--|---|---------------------------------|---------------------------------|
|  |  | Period from<br>January 1, 2022<br>through<br>May 24, 2022 | Year ended<br>December 31, 2021 | Year ended<br>December 31, 2020 |
| Unrealized gains (losses) on equity securities | \$ 24,461  | \$ (7,288)  | \$ 38,771                       | \$ 349,999                      |
| Net gains (losses) on equity securities sold   | 47   | (5,794)   | 381,512                         | 6,282                           |
| <b>Net gains (losses) on equity securities</b> | <b>\$ 24,508</b>   | <b>\$ (13,082)</b>  | <b>\$ 420,283</b>               | <b>\$ 356,281</b>               |

The gross unrealized losses and fair value of bonds available-for-sale, aggregated by investment category and length of time individual securities have been in a continuous unrealized loss position due to market factors are shown below (in thousands, except number of issues):

|  | Successor           |                               |                     |                     |                               |             |                     |                               |                     |
|--|---------------------|-------------------------------|---------------------|---------------------|-------------------------------|-------------|---------------------|-------------------------------|---------------------|
|  | December 31, 2022   |                               |                     |                     |                               |             |                     |                               |                     |
|  | Less than 12 months |                               |                     | 12 months or more   |                               |             | Total               |                               |                     |
|  | Number of<br>Issues | Gross<br>Unrealized<br>Losses | Fair Value          | Number of<br>Issues | Gross<br>Unrealized<br>Losses | Fair Value  | Number of<br>Issues | Gross<br>Unrealized<br>Losses | Fair Value          |
| Fixed maturity, bonds available-for-sale |                     |                               |                     |                     |                               |             |                     |                               |                     |
| U.S. treasury and government             | 18                  | \$ (1,405)                    | \$ 36,692           | —                   | \$ —                          | \$ —        | 18                  | \$ (1,405)                    | \$ 36,692           |
| U.S. states and political subdivisions   | 580                 | (24,706)                      | 833,315             | —                   | —                             | —           | 580                 | (24,706)                      | 833,315             |
| Foreign governments                      | 1                   | (298)                         | 9,005               | —                   | —                             | —           | 1                   | (298)                         | 9,005               |
| Corporate debt securities                | 1,212               | (830,095)                     | 9,951,734           | —                   | —                             | —           | 1,212               | (830,095)                     | 9,951,734           |
| Collateralized debt securities           | 71                  | (55,261)                      | 776,938             | —                   | —                             | —           | 71                  | (55,261)                      | 776,938             |
| Residential mortgage-backed securities   | 46                  | (5,741)                       | 93,008              | —                   | —                             | —           | 46                  | (5,741)                       | 93,008              |
| <b>Total</b>                             | <b>1,928</b>        | <b>\$ (917,506)</b>           | <b>\$11,700,692</b> | <b>—</b>            | <b>\$ —</b>                   | <b>\$ —</b> | <b>1,928</b>        | <b>\$ (917,506)</b>           | <b>\$11,700,692</b> |

|  | Predecessor         |                               |                    |                     |                               |                   |                     |                               |                    |
|--|---------------------|-------------------------------|--------------------|---------------------|-------------------------------|-------------------|---------------------|-------------------------------|--------------------|
|  | December 31, 2021   |                               |                    |                     |                               |                   |                     |                               |                    |
|  | Less than 12 months |                               |                    | 12 months or more   |                               |                   | Total               |                               |                    |
|  | Number of<br>Issues | Gross<br>Unrealized<br>Losses | Fair Value         | Number of<br>Issues | Gross<br>Unrealized<br>Losses | Fair Value        | Number of<br>Issues | Gross<br>Unrealized<br>Losses | Fair Value         |
| Fixed maturity, bonds available-for-sale |                     |                               |                    |                     |                               |                   |                     |                               |                    |
| U.S. treasury and government             | 10                  | \$ (230)                      | \$ 18,378          | 1                   | \$ (25)                       | \$ 2,844          | 11                  | \$ (255)                      | \$ 21,222          |
| U.S. states and political subdivisions   | 13                  | (618)                         | 50,025             | 4                   | (1,694)                       | 33,644            | 17                  | (2,312)                       | 83,669             |
| Corporate debt securities                | 184                 | (27,335)                      | 1,596,811          | 32                  | (7,950)                       | 146,597           | 216                 | (35,285)                      | 1,743,408          |
| Residential mortgage-backed securities   | 2                   | (339)                         | 13,193             | 2                   | (2)                           | 496               | 4                   | (341)                         | 13,689             |
| Collateralized debt securities           | 26                  | (885)                         | 191,342            | 3                   | (19)                          | 4,447             | 29                  | (904)                         | 195,789            |
| <b>Total</b>                             | <b>235</b>          | <b>\$ (29,407)</b>            | <b>\$1,869,749</b> | <b>42</b>           | <b>\$ (9,690)</b>             | <b>\$ 188,028</b> | <b>277</b>          | <b>\$ (39,097)</b>            | <b>\$2,057,777</b> |

Several assumptions and underlying estimates are made in the evaluation of allowance for credit loss. Examples include financial condition, near term and long-term prospects of the issue or issuer, including relevant industry conditions and trends and implications of rating agency actions and offering prices.

**Note 4 – Investment in Securities – (Continued)**

Equity securities by market sector distribution are shown below, based on fair value:

|                        | Successor         |                | Predecessor       |                |
|------------------------|-------------------|----------------|-------------------|----------------|
|                        | December 31, 2022 |                | December 31, 2021 |                |
| Consumer goods         | \$                | —              | \$                | 13,031         |
| Energy and utilities   |                   | 30,722         |                   | 8,647          |
| Finance                |                   | 198,723        |                   | 48,211         |
| Healthcare             |                   | —              |                   | 12,136         |
| Industrials            |                   | —              |                   | 4,733          |
| Information technology |                   | —              |                   | 20,436         |
| Other                  |                   | 22,959         |                   | 28,239         |
| <b>Total</b>           | <b>\$</b>         | <b>252,404</b> | <b>\$</b>         | <b>135,433</b> |
|                        |                   | <b>100.0 %</b> |                   | <b>100.0 %</b> |

**Allowance for Credit Losses**

**Held-to-Maturity Securities**—Management measures expected credit losses on bonds held-to-maturity on a qualitative adjustment basis by major security type: corporate bonds, structured products, municipals, specialty products and Treasuries. Accrued interest receivable on held-to-maturity debt securities is excluded from the estimate of credit losses. The estimate of expected credit losses considers historical credit loss information that is adjusted for current market conditions and reasonable and supportable economic forecasts based upon a third-party valuation model. As of December 31, 2022, the Company's portfolio did not include held-to-maturity securities.

**Available-for-Sale Securities**—For available-for-sale bonds in an unrealized loss position, the Company first assesses whether it intends to sell the security or will be required to sell the security before recovery of its amortized cost basis. If either of these criteria are met, the security's amortized cost basis is written down to fair value through income. For bonds available-for-sale that do not meet either indicated criteria, the Company evaluates whether the decline in fair value has resulted from credit events or market factors. In making this assessment, management first calculates the extent to which fair value is less than amortized cost, and then may consider any changes to the rating of the security by a rating agency, and any specific conditions related to the security. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security is compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded through income, limited to the amount fair value is less than amortized cost. Any remaining unrealized loss is recognized in other comprehensive income.

When the discounted cash flow method is used to determine the allowance for credit losses, management's estimates incorporate expected prepayments, if any. Model inputs are considered reasonable and supportable for three years. A mean reversion is applied in years four and five. Credit loss allowance is not measured on accrued interest receivable because the balance is written off to net investment income in a timely manner, within 90 days. Changes in the allowance for credit losses are recognized through the consolidated statement of operations as "(Increase) decrease in investment credit loss."

No accrued interest receivables were written off as of December 31, 2022 and 2021.

The roll forward of the allowance for credit losses for bonds held-to-maturity is shown below (in thousands):

**Note 4 – Investment in Securities – (Continued)**

| Predecessor                         | Corporate Debt Securities | Collateralized Debt Securities | Residential Mortgage-Backed Securities | Total              |
|-------------------------------------|---------------------------|--------------------------------|--|--------------------|
| <b>Balance at January 1, 2021</b>   | <b>\$ (7,475)</b>         | <b>\$ (4,515)</b>              | <b>\$ (452)</b>                        | <b>\$ (12,442)</b> |
| Purchases                           | (1,412)                   | (168)                          | —                                      | (1,580)            |
| Disposition                         | 441                       | 551                            | —                                      | 992                |
| Provision                           | (3,021)                   | 2,986                          | (64)                                   | (99)               |
| <b>Balance at December 31, 2021</b> | <b>\$ (11,467)</b>        | <b>\$ (1,146)</b>              | <b>\$ (516)</b>                        | <b>\$ (13,129)</b> |
| Purchases                           | (91)                      | —                              | —                                      | (91)               |
| Disposition                         | 164                       | 45                             | 2                                      | 211                |
| Provision                           | 659                       | 323                            | (373)                                  | 609                |
| <b>Balance at May 24, 2022</b>      | <b>\$ (10,735)</b>        | <b>\$ (778)</b>                | <b>\$ (887)</b>                        | <b>\$ (12,400)</b> |

The roll forward of the allowance for credit losses for available-for-sale debt securities is shown below (in thousands):

| Successor   | U.S. Treasury and Government | U.S. State and Political Subdivisions | Corporate Debt Securities | Collateralized Debt Securities | Residential Mortgage Backed Securities | Total              |
|---|------------------------------|---------------------------------------|---------------------------|--------------------------------|--|--------------------|
| <b>Balance at May 25, 2022</b>  | <b>\$ —</b>                  | <b>\$ —</b>                           | <b>\$ —</b>               | <b>\$ —</b>                    | <b>\$ —</b>                            | <b>\$ —</b>        |
| Increase in allowance related to purchases                                  | —                            | —                                     | (1,374)                   | (364)                          | (14)                                   | (1,752)            |
| Reduction in allowance related to disposition                               | —                            | —                                     | 430                       | 220                            | 82                                     | 732                |
| Allowance on securities that had an allowance recorded in a previous period | —                            | (15)                                  | (1,308)                   | (1,013)                        | (270)                                  | (2,606)            |
| Allowance on securities where credit losses were not previously recorded    | —                            | (727)                                 | (20,797)                  | (3,417)                        | (129)                                  | (25,082)           |
| <b>Balance at December 31, 2022</b>   | <b>\$ —</b>                  | <b>\$ (742)</b>                       | <b>\$ (23,049)</b>        | <b>\$ (4,574)</b>              | <b>\$ (331)</b>                        | <b>\$ (28,708)</b> |

| Predecessor   | U.S. Treasury and Government | U.S. State and Political Subdivisions | Corporate Debt Securities | Collateralized Debt Securities | Residential Mortgage Backed Securities | Total              |
|---|------------------------------|---------------------------------------|---------------------------|--------------------------------|--|--------------------|
| <b>Beginning balance at January 1, 2021</b>                                 | <b>\$ —</b>                  | <b>\$ —</b>                           | <b>\$ (7,275)</b>         | <b>\$ (19)</b>                 | <b>\$ (188)</b>                        | <b>\$ (7,482)</b>  |
| Increase in allowance related to purchases                                  | —                            | —                                     | (3,158)                   | (538)                          | —                                      | (3,696)            |
| Reduction in allowance related to disposition                               | —                            | —                                     | 4,117                     | 182                            | —                                      | 4,299              |
| Allowance on securities that had an allowance recorded in a previous period | 3                            | 12                                    | 3,680                     | (1,507)                        | (29)                                   | 2,159              |
| Allowance on securities where credit losses were not previously recorded    | (3)                          | (26)                                  | (4,505)                   | (1,005)                        | (51)                                   | (5,590)            |
| <b>Balance at December 31, 2021</b>   | <b>\$ —</b>                  | <b>\$ (14)</b>                        | <b>\$ (7,141)</b>         | <b>\$ (2,887)</b>              | <b>\$ (268)</b>                        | <b>\$ (10,310)</b> |
| Increase in allowance related to purchases                                  | —                            | —                                     | (10,286)                  | (59)                           | —                                      | (10,345)           |
| Reduction in allowance related to disposition                               | —                            | —                                     | 459                       | —                              | —                                      | 459                |
| Allowance on securities that had an allowance recorded in a previous period | —                            | (67)                                  | 4,729                     | (1,134)                        | (42)                                   | 3,486              |
| Allowance on securities where credit losses were not previously recorded    | —                            | (56)                                  | (16,005)                  | (51)                           | —                                      | (16,112)           |
| <b>Balance at May 24, 2022</b>  | <b>\$ —</b>                  | <b>\$ (137)</b>                       | <b>\$ (28,244)</b>        | <b>\$ (4,131)</b>              | <b>\$ (310)</b>                        | <b>\$ (32,822)</b> |

## Note 4 – Investment in Securities – (Continued)

### Credit Quality Indicators

The Company monitors the credit quality of bonds held-to-maturity through the use of credit ratings provided by third party rating agencies, which are updated on a monthly basis. Information is also gathered regarding the asset performance of held-to-maturity bonds. The two traditional metrics for assessing interest rate risks are interest-coverage ratios and capitalization ratios, which can also be used in the assessment of credit risk. These risks are mitigated through the diversification of bond investments. Categories of diversification include credit ratings, geographic locations, maturities, and market sector.

As of December 31, 2022, the Company's portfolio did not include held-to-maturity securities.

|  | Predecessor   |                   |                     |                     |                   |                     |
|--|---|-------------------|---------------------|---------------------|-------------------|---------------------|
|  | December 31, 2021   |                   |                     |                     |                   |                     |
|  | Amortized cost of bonds held-to-maturity by credit rating |                   |                     |                     |                   |                     |
| Fixed maturity, bonds held-to-maturity | AAA   | AA                | A                   | BBB                 | BB and below      | Total               |
| U.S. treasury and government           | \$ —  | \$ 12,284         | \$ —                | \$ —                | \$ —              | \$ 12,284           |
| U.S. state and political subdivisions  | 14,364  | 49,327            | 9,188               | 25,770              | 5,390             | 104,039             |
| Foreign governments                    | —   | 13,355            | 1,014               | —                   | —                 | 14,369              |
| Corporate debt securities              | 31,176  | 400,666           | 3,212,688           | 3,061,595           | 104,393           | 6,810,518           |
| Collateralized debt securities         | —   | —                 | 66,715              | 40,858              | 4,836             | 112,409             |
| Residential mortgage backed securities | —   | 47,304            | —                   | —                   | 1,187             | 48,491              |
| <b>Total</b>                           | <b>\$ 45,540</b>  | <b>\$ 522,936</b> | <b>\$ 3,289,605</b> | <b>\$ 3,128,223</b> | <b>\$ 115,806</b> | <b>\$ 7,102,110</b> |

## Note 5 – Mortgage Loans

Generally, commercial mortgage loans are secured by first liens on income-producing real estate. American National attempts to maintain a diversified portfolio by considering both the location of the underlying collateral as well as the type of mortgage loan. The geographic categories come from the U.S. Census Bureau's "Census Regions and Divisions of the United States." The distribution based on carrying amount of mortgage loans by location is as follows (in thousands, except percentages):

|                    | Successor           |                | Predecessor         |                |
|--------------------|---------------------|----------------|---------------------|----------------|
|                    | December 31, 2022   |                | December 31, 2021   |                |
|                    | Amount              | Percentage     | Amount              | Percentage     |
| East North Central | \$ 898,915          | 16.2 %         | \$ 747,661          | 14.4 %         |
| East South Central | 65,548              | 1.2            | 117,574             | 2.3            |
| Mountain           | 1,360,837           | 24.5           | 1,250,562           | 24.0           |
| Pacific            | 924,187             | 16.7           | 878,820             | 16.9           |
| South Atlantic     | 967,353             | 17.4           | 627,295             | 12.0           |
| West South Central | 1,068,239           | 19.3           | 1,261,659           | 24.3           |
| Other              | 261,096             | 4.7            | 315,763             | 6.1            |
| <b>Total</b>       | <b>\$ 5,546,175</b> | <b>100.0 %</b> | <b>\$ 5,199,334</b> | <b>100.0 %</b> |

As of December 31, 2022 and 2021, loans in foreclosure and loans foreclosed are as follows (in thousands, except number of loans):

|                                   | Successor         |                     | Predecessor       |                     |
|-----------------------------------|-------------------|---------------------|-------------------|---------------------|
|                                   | December 31, 2022 |                     | December 31, 2021 |                     |
|                                   | Number of Loans   | Recorded Investment | Number of Loans   | Recorded Investment |
| <b>Foreclosure and foreclosed</b> |                   |                     |                   |                     |
| In foreclosure                    | 1                 | \$ 27,001           | —                 | \$ —                |
| Filed for bankruptcy              | —                 | —                   | —                 | —                   |
| <b>Total in foreclosure</b>       | <b>1</b>          | <b>\$ 27,001</b>    | <b>—</b>          | <b>\$ —</b>         |
| <b>Foreclosed</b>                 | <b>—</b>          | <b>\$ —</b>         | <b>1</b>          | <b>\$ 5,168</b>     |

## Note 5 – Mortgage Loans – (Continued)

The age analysis of past due loans is shown below (in thousands, except percentages):

|                                | Successor              |                        |                                  |                  |                     | Total               |                |
|--------------------------------|------------------------|------------------------|----------------------------------|------------------|---------------------|---------------------|----------------|
|                                | 30-59 Days<br>Past Due | 60-89 Days<br>Past Due | More Than<br>90 Days<br>Past Due | Total            | Current             | Amount              | Percentage     |
| <b>December 31, 2022</b>       |                        |                        |                                  |                  |                     |                     |                |
| Apartment                      | \$ —                   | \$ —                   | \$ —                             | \$ —             | \$ 805,690          | \$ 805,690          | 14.4 %         |
| Hotel                          | —                      | —                      | —                                | —                | 1,009,560           | 1,009,560           | 18.1           |
| Industrial                     | —                      | —                      | —                                | —                | 1,043,305           | 1,043,305           | 18.7           |
| Office                         | —                      | —                      | 27,001                           | 27,001           | 1,104,981           | 1,131,982           | 20.3           |
| Parking                        | —                      | —                      | —                                | —                | 419,878             | 419,878             | 7.5            |
| Retail                         | —                      | —                      | —                                | —                | 842,483             | 842,483             | 15.1           |
| Storage                        | —                      | —                      | —                                | —                | 118,875             | 118,875             | 2.1            |
| Other                          | —                      | —                      | —                                | —                | 212,668             | 212,668             | 3.8            |
| <b>Total</b>                   | <b>\$ —</b>            | <b>\$ —</b>            | <b>\$ 27,001</b>                 | <b>\$ 27,001</b> | <b>\$ 5,557,440</b> | <b>\$ 5,584,441</b> | <b>100.0 %</b> |
| Allowance for credit losses    |                        |                        |                                  |                  |                     | (38,266)            |                |
| <b>Total, net of allowance</b> |                        |                        |                                  |                  |                     | <b>\$ 5,546,175</b> |                |

  

|                                | Predecessor            |                        |                                  |                 |                     | Total               |                |
|--------------------------------|------------------------|------------------------|----------------------------------|-----------------|---------------------|---------------------|----------------|
|                                | 30-59 Days<br>Past Due | 60-89 Days<br>Past Due | More Than<br>90 Days<br>Past Due | Total           | Current             | Amount              | Percentage     |
| <b>December 31, 2021</b>       |                        |                        |                                  |                 |                     |                     |                |
| Apartment                      | \$ —                   | \$ —                   | \$ —                             | \$ —            | \$ 522,595          | \$ 522,595          | 9.9 %          |
| Hotel                          | —                      | —                      | —                                | —               | 962,345             | 962,345             | 18.2           |
| Industrial                     | —                      | —                      | —                                | —               | 912,645             | 912,645             | 17.2           |
| Office                         | —                      | —                      | —                                | —               | 1,347,384           | 1,347,384           | 25.4           |
| Parking                        | —                      | —                      | —                                | —               | 392,310             | 392,310             | 7.4            |
| Retail                         | 4,872                  | —                      | —                                | 4,872           | 838,163             | 843,035             | 15.9           |
| Storage                        | —                      | —                      | —                                | —               | 163,685             | 163,685             | 3.1            |
| Other                          | —                      | —                      | —                                | —               | 152,414             | 152,414             | 2.9            |
| <b>Total</b>                   | <b>\$ 4,872</b>        | <b>\$ —</b>            | <b>\$ —</b>                      | <b>\$ 4,872</b> | <b>\$ 5,291,541</b> | <b>\$ 5,296,413</b> | <b>100.0 %</b> |
| Allowance for credit losses    |                        |                        |                                  |                 |                     | (97,079)            |                |
| <b>Total, net of allowance</b> |                        |                        |                                  |                 |                     | <b>\$ 5,199,334</b> |                |

Through the initial COVID-19 pandemic years of 2020 and 2021, American National provided modifications to 95 loans with a total balance of \$1.7 billion. As a result of improved economic conditions, 13 loans for the five months ended May 24, 2022 and 11 loans for the seven months ended December 31, 2022 have been paid in full and 68 have completed the modified terms and returned to the original loan agreement as of December 31, 2022. During 2022, the remaining 3 loans received additional modifications in the form of extended maturity dates or interest only periods. These loans had an aggregate deferred interest of \$0.7 million with a total balance of \$38.6 million as of December 31, 2022.



## Note 5 – Mortgage Loans – (Continued)

### Troubled Debt Restructurings

American National has previously granted concessions to certain mortgage loan borrowers, primarily in 2020 and 2021, due to impacts from COVID-19. Concessions are generally one of, or a combination of, a delay in payment of principal or interest, a reduction of the contractual interest rate or an extension of the maturity date. Loans that have these concessions are classified as troubled debt restructurings, and remain classified as such for the remaining life of the loan regardless of whether the loan is current with respect to their modified terms. The carrying value could change based on the expected recovery of the loan, which is evaluated quarterly.

American National considers the amount, timing and extent of concessions in determining credit loss allowances for loan losses recorded in connection with a troubled debt restructuring.

As of December 31, 2021, 72 loans with a total recorded investment of \$1.3 billion were designated to be troubled debt restructured loans. During 2022, 15 of those loans paid in full leaving 57 loans with a total recorded investment of \$984 million remaining designated as troubled debt restructured loans, under ASC 310-40 guidance, as of December 31, 2022. All loans determined to be a trouble debt restructure due to impacts from COVID-19 are current with respect to their modified terms.

Loans determined to be additions to the troubled debt restructures during the periods presented are as follows (in thousands, except number of loans):

| Successor   |  |   |             | Predecessor   |  |   |                    |  |   |
|---|--|---|-------------|---|--|---|--------------------|--|---|
| Period from May 25, 2022 through<br>December 31, 2022 |  |   |             | Period from January 1, 2022 through<br>May 24, 2022 |  |   | December 31, 2021  |  |   |
| Number of<br>Loans                                    | Recorded<br>Investment<br>Pre-<br>Modification | Recorded<br>Investment<br>Post-<br>Modification |             | Number of<br>Loans                                  | Recorded<br>Investment<br>Pre-<br>Modification | Recorded<br>Investment<br>Post-<br>Modification | Number of<br>Loans | Recorded<br>Investment<br>Pre-<br>Modification | Recorded<br>Investment<br>Post-<br>Modification |
| Office  | —  | \$ —  | \$ —        | —   | \$ —   | \$ —  | 2                  | \$ 37,985                                      | \$ 37,985                                       |
| Retail  | —  | —   | —           | —   | —  | —   | 3                  | 32,325   | 32,325  |
| Parking   | —  | —   | —           | —   | —  | —   | 1                  | 9,257  | 9,257   |
| Storage   | —  | —   | —           | —   | —  | —   | 1                  | 8,890  | 8,890   |
| <b>Total</b>  | <b>—</b>                                       | <b>\$ —</b>                                     | <b>\$ —</b> | <b>—</b>  | <b>\$ —</b>                                    | <b>\$ —</b>                                     | <b>7</b>           | <b>\$ 88,457</b>                               | <b>\$ 88,457</b>                                |

There is one \$4.0 million commitment to lend additional funds to a debtor whose loan has been modified in a troubled debt restructuring during the periods presented. The decrease in loans determined to be a troubled debt restructuring in the twelve months ended December 31, 2022 is primarily attributable to improved economic conditions after the lifting of COVID-19 related restrictions.

## Note 5 – Mortgage Loans – (Continued)

### Allowance for Credit Losses

Mortgage loans on real estate are stated at unpaid principal balance, adjusted for any unamortized discount, deferred expenses and allowances. The allowance for credit losses is based upon the current expected credit loss model. The model considers past loss experience, current economic conditions, and reasonable and supportable forecasts of future conditions. Reversion for the allowance calculation is implicit in the models used to determine the allowance. The methodology uses a discounted cash flow approach based on expected cash flows.

The Predecessor balance of \$92.8 million at May 24, 2022 was closed out and the Successor recovered the entire allowance balance after the Merger as required by Purchase GAAP Accounting ("PGAAP") guidance. The provision of \$38.3 million is the net amount of recovery and adjustment for the second, third and fourth quarter of 2022. Refer to Note 1, Nature of Operations, for more information.

The rollforward of the allowance for credit losses for mortgage loans is shown below (in thousands):

| Successor                    | Commercial<br>Mortgage Loans |
|------------------------------|------------------------------|
| Balance at May 25, 2022      | \$ —                         |
| Provision                    | (38,266)                     |
| Balance at December 31, 2022 | <u>\$ (38,266)</u>           |
| <hr/>                        |                              |
| Predecessor                  | Commercial<br>Mortgage Loans |
| Balance at December 31, 2020 | \$ (125,703)                 |
| Provision                    | 28,624                       |
| Balance at December 31, 2021 | <u>\$ (97,079)</u>           |
| Provision                    | 4,255                        |
| Balance at May 24, 2022      | <u>\$ (92,824)</u>           |

The change in allowance was primarily due to higher occupancy in hotels, a larger portfolio, and an increased allowance rate in the office sector as supplies outpaced demand as a result of work from home changes in the market for the seven months ended December 31, 2022.

## Note 5 – Mortgage Loans – (Continued)

The asset and allowance balances for credit losses for mortgage loans by property-type are shown below (in thousands):

|              | Successor           |                    | Predecessor         |                    |
|--------------|---------------------|--------------------|---------------------|--------------------|
|              | December 31, 2022   |                    | December 31, 2021   |                    |
|              | Asset Balance       | Allowance          | Asset Balance       | Allowance          |
| Apartment    | \$ 805,690          | \$ (1,111)         | \$ 522,595          | \$ (1,366)         |
| Hotel        | 1,009,560           | (5,400)            | 962,345             | (39,272)           |
| Industrial   | 1,043,305           | (4,118)            | 912,645             | (4,051)            |
| Office       | 1,131,982           | (17,420)           | 1,347,384           | (26,988)           |
| Parking      | 419,878             | (5,566)            | 392,310             | (16,037)           |
| Retail       | 842,483             | (3,740)            | 843,035             | (6,685)            |
| Storage      | 118,875             | (469)              | 163,685             | (459)              |
| Other        | 212,668             | (442)              | 152,414             | (2,221)            |
| <b>Total</b> | <b>\$ 5,584,441</b> | <b>\$ (38,266)</b> | <b>\$ 5,296,413</b> | <b>\$ (97,079)</b> |

## Credit Quality Indicators

Mortgage loans are segregated by property-type and quantitative and qualitative allowance factors are applied. Qualitative factors are developed quarterly based on the pooling of assets with similar risk characteristics and historical loss experience adjusted for the expected trend in the current market environment. Credit losses are pooled by property-type as it represents the most similar and reliable risk characteristics in our portfolio. The amortized cost of mortgage loans by year of origination by property-type are shown below (in thousands):

|                                | Successor  | Amortized Cost Basis by Origination Year         |                   |                   |                   |                   |                     | Total  |  |
|--------------------------------|--|--|-------------------|-------------------|-------------------|-------------------|---------------------|--|--|
|                                |  | Predecessor                                      |                   |                   |                   |                   |                     | Successor  | Predecessor                                      |
|                                | Period from May 25, 2022 through December 31, 2022 | Period from January 1, 2022 through May 24, 2022 | 2021              | 2020              | 2019              | 2018              | Prior               | Period from May 25, 2022 through December 31, 2022 | Period from January 1, 2022 through May 24, 2022 |
| Apartment                      | \$ 191,697   | \$ 126,014                                       | \$ 136,983        | \$ 109,668        | \$ 141,449        | \$ 22,166         | \$ 77,713           | \$ 191,697   | \$ 613,993                                       |
| Hotel                          | 230,528  | 24,981   | 34,335            | 39,224            | 130,097           | 179,566           | 370,829             | 230,528  | 779,032  |
| Industrial                     | 136,196  | 137,175  | 167,349           | 214,375           | 130,895           | 64,484            | 192,831             | 136,196  | 907,109  |
| Office                         | 81,775   | 32,336   | 5,358             | 24,267            | 46,693            | 157,416           | 784,137             | 81,775   | 1,050,207  |
| Parking                        | 50,070   | 4,547  | 28,939            | 26,991            | 12,991            | 18,709            | 277,631             | 50,070   | 369,808  |
| Retail                         | 206,269  | 27,483   | 116,956           | 65,054            | 37,437            | 31,287            | 357,997             | 206,269  | 636,214  |
| Storage                        | 8,151  | —  | 19,841            | 36,036            | 38,644            | 16,203            | —                   | 8,151  | 110,724  |
| Other                          | 64,398   | 8,646  | 44,902            | —                 | 28,508            | 19,720            | 46,494              | 64,398   | 148,270  |
| <b>Total</b>                   | <b>\$ 969,084</b>                                  | <b>\$ 361,182</b>                                | <b>\$ 554,663</b> | <b>\$ 515,615</b> | <b>\$ 566,714</b> | <b>\$ 509,551</b> | <b>\$ 2,107,632</b> | <b>\$ 969,084</b>                                  | <b>\$ 4,615,357</b>                              |
| Allowance for credit losses    |  |  |                   |                   |                   |                   |                     | (38,266)   | —  |
| <b>Total, net of allowance</b> |  |  |                   |                   |                   |                   |                     | <b>\$ 930,818</b>                                  | <b>\$ 4,615,357</b>                              |

Generally, mortgage loans are secured by first liens on income-producing real estate with a loan-to-value ratio of up to 75%. It is the Company's policy to not accrue interest on loans that are 90 days delinquent and where amounts are determined to be uncollectible. At December 31, 2022, one commercial loan was past due over 90 days or in non-accrual status.

**Note 5 – Mortgage Loans – (Continued)**

**Off-Balance Sheet Credit Exposures**

The Company has off-balance sheet credit exposures related to non-cancellable unfunded commitment amounts on commercial mortgage loans. We estimate the allowance for these exposures by applying the allowance rate we computed for each property type to the related outstanding commitment amounts. As of December 31, 2022, we have included a \$1.9 million liability in other liabilities on the consolidated statements of financial position based on unfunded loan commitments of \$670 million.

## Note 6 - Real Estate and Other Investments

The carrying amount of investment real estate, net of accumulated depreciation, and real estate partnerships by property-type and geographic distribution are as follows (in thousands, except percentages):

|              | Successor           |                | Predecessor       |                |
|--------------|---------------------|----------------|-------------------|----------------|
|              | December 31, 2022   |                | December 31, 2021 |                |
|              | Amount              | Percentage     | Amount            | Percentage     |
| Hotel        | \$ 77,458           | 7.5 %          | \$ 56,198         | 6.1 %          |
| Industrial   | 167,522             | 16.2           | 119,698           | 12.9           |
| Land         | 48,199              | 4.7            | 39,760            | 4.3            |
| Office       | 243,431             | 23.5           | 277,034           | 29.8           |
| Retail       | 211,923             | 20.5           | 269,941           | 29.1           |
| Apartments   | 253,678             | 24.5           | 153,871           | 16.6           |
| Other        | 33,508              | 3.1            | 11,910            | 1.2            |
| <b>Total</b> | <b>\$ 1,035,719</b> | <b>100.0 %</b> | <b>\$ 928,412</b> | <b>100.0 %</b> |

  

|                    | Successor           |                | Predecessor       |                |
|--------------------|---------------------|----------------|-------------------|----------------|
|                    | December 31, 2022   |                | December 31, 2021 |                |
|                    | Amount              | Percentage     | Amount            | Percentage     |
| East North Central | \$ 97,938           | 9.5 %          | \$ 122,148        | 13.2 %         |
| East South Central | 27,650              | 2.7            | 59,122            | 6.4            |
| Mountain           | 239,672             | 23.1           | 127,542           | 13.7           |
| Pacific            | 160,289             | 15.5           | 112,714           | 12.1           |
| South Atlantic     | 88,280              | 8.5            | 67,573            | 7.3            |
| West South Central | 371,049             | 35.8           | 428,272           | 46.1           |
| Other              | 50,841              | 4.9            | 11,041            | 1.2            |
| <b>Total</b>       | <b>\$ 1,035,719</b> | <b>100.0 %</b> | <b>\$ 928,412</b> | <b>100.0 %</b> |

As of December 31, 2022, no real estate investments met the criteria as held-for-sale.

American National regularly invests in real estate partnerships and frequently participates in the design with the sponsor, but in most cases, its involvement is limited to financing. Some of these partnerships have been determined to be variable interest entities (“VIEs”). In certain instances, in addition to an economic interest in the entity, American National holds the power to direct significant activities of the entity and is deemed the primary beneficiary. The assets of the consolidated VIEs are restricted and must first be used to settle their liabilities. Creditors or beneficial interest holders of these VIEs have no recourse to the general credit of American National, as American National’s obligation is limited to the amount of its committed investment. American National has not provided financial or other support to the VIEs in the form of liquidity arrangements, guarantees, or other commitments to third-parties that may affect the fair value or risk of its variable interest in the VIEs in 2022 or 2021.

The assets and liabilities relating to the VIEs included in the consolidated financial statements are as follows (in thousands):

**Note 6 – Real Estate and Other Investments – (Continued)**

|   | Successor           | Predecessor       |
|---|---------------------|-------------------|
|   | December 31, 2022   | December 31, 2021 |
| Real estate and real estate partnerships      | \$ 123,630          | \$ 126,708        |
| Bonds available-for-sale, at fair value       | 282,535             | —                 |
| Equity securities, at fair value              | 44,858              | —                 |
| Investment funds                              | 799,886             | 100,374           |
| Short-term investments                        | 500                 | 500               |
| Cash and cash equivalents                     | 12,953              | 10,341            |
| Premiums due and other receivables            | 2,221               | 3,201             |
| Other assets                                  | 74,393              | 12,992            |
| <b>Total assets of consolidated VIEs</b>      | <b>\$ 1,340,976</b> | <b>\$ 254,116</b> |
| Notes payable                                 | \$ 150,913          | \$ 149,248        |
| Other liabilities                             | 1,141,026           | 8,250             |
| <b>Total liabilities of consolidated VIEs</b> | <b>\$ 1,291,939</b> | <b>\$ 157,498</b> |

The notes payable in the consolidated statements of financial position pertain to the borrowings of the consolidated VIEs. The liability of American National relating to notes payable of the consolidated VIEs is limited to the amount of its direct or indirect investment in the respective ventures, which totaled \$10.5 million and \$3.0 million at December 31, 2022 and 2021, respectively.

The total long-term notes payable of the consolidated VIEs consists of the following (in thousands):

| Interest rate                   | Maturity | Successor         | Predecessor       |
|---------------------------------|----------|-------------------|-------------------|
|                                 |          | December 31, 2022 | December 31, 2021 |
| 4% fixed                        | 2022     | \$ —              | \$ 75,293         |
| LIBOR or Equivalent             | 2023     | 10,702            | 10,819            |
| 4.18% fixed                     | 2024     | 61,905            | 63,136            |
| 3.25% fixed                     | 2024     | 6,420             | —                 |
| 1M SOFR + 2.5%, Rate Floor 3.5% | 2029     | 71,886            | —                 |
| <b>Total</b>                    |          | <b>\$ 150,913</b> | <b>\$ 149,248</b> |

For other real estate partnership VIEs, American National is not the primary beneficiary as major decisions impacting the economic activities of the VIE require consent from both partners. The carrying amount and maximum exposure to loss relating to these unconsolidated VIEs follows (in thousands):

|  | Successor         |                          | Predecessor       |                          |
|--|-------------------|--------------------------|-------------------|--------------------------|
|  | December 31, 2022 |                          | December 31, 2021 |                          |
|  | Carrying Amount   | Maximum Exposure to Loss | Carrying Amount   | Maximum Exposure to Loss |
| Real estate and real estate partnerships | \$ 316,692        | \$ 316,692               | \$ 332,351        | \$ 332,351               |
| Mortgage loans on real estate            | 601,198           | 601,198                  | 690,779           | 690,779                  |
| Accrued investment income                | 1,863             | 1,863                    | 2,878             | 2,878                    |

American National's equity in earnings of real estate partnerships is the Company's share of operating earnings and realized gains from investments in real estate joint ventures and other limited partnership interests ("joint ventures") using the equity method of accounting.

The Company's total investment in investment funds, real estate partnerships, and other partnerships of which substantially all are limited liability companies ("LLCs") or limited partnerships, consists of the following (in thousands):

**Note 6 – Real Estate and Other Investments – (Continued)**

|  | <b>Successor</b>         | <b>Predecessor</b>       |
|--|--------------------------|--------------------------|
|  | <b>December 31, 2022</b> | <b>December 31, 2021</b> |
| Investment funds                         | \$ 416,992               | \$ 947,856               |
| Real estate partnerships                 | 473,344                  | 439,341                  |
| Other                                    | 826,294                  | 13,907                   |
| <b>Total investments in partnerships</b> | <b>\$ 1,716,630</b>      | <b>\$ 1,401,104</b>      |

|  | <b>Successor</b>  | <b>Predecessor</b>  |   |   |
|--|---|---|---|---|
|  | <b>Period from<br/>May 25, 2022<br/>through<br/>December 31, 2022</b> | <b>Period from<br/>January 1, 2022<br/>through<br/>May 24, 2022</b> | <b>Year ended<br/>December 31, 2021</b> | <b>Year ended<br/>December 31, 2020</b> |
| Income from operations                         | \$ 155,589  | \$ 37,536   | \$ 103,826                              | \$ 14,958                               |
| Net gain on sales                              | 73,406  | 102,423   | 84,851                                  | 27,509                                  |
| <b>Net investment income from partnerships</b> | <b>\$ 228,995</b>   | <b>\$ 139,959</b>   | <b>188,677</b>                          | <b>42,467</b>                           |

## Note 7 – Derivative Instruments

American National purchases over-the-counter equity-indexed options as economic hedges against fluctuations in the equity markets to which equity-indexed products are exposed. These options are not designated as hedging instruments for accounting purposes under GAAP. Equity-indexed contracts include a fixed host universal-life insurance or annuity contract and an equity-indexed embedded derivative. The detail of derivative instruments is shown below (in thousands, except number of instruments):

| Derivatives Not Designated as Hedging Instruments | Location in the Consolidated Statements of Financial Position | Successor             |                  |                      | Predecessor           |                  |                      |
|---|---|-----------------------|------------------|----------------------|-----------------------|------------------|----------------------|
|   |   | December 31, 2022     |                  |                      | December 31, 2021     |                  |                      |
|   |   | Number of Instruments | Notional Amounts | Estimated Fair Value | Number of Instruments | Notional Amounts | Estimated Fair Value |
| Equity-indexed options                            | Other invested assets   | 531                   | \$3,772,900      | \$ 121,150           | 473                   | \$3,523,000      | \$ 259,383           |
| Equity-indexed embedded derivative                | Policyholders' account balances                               | 134,505               | 3,658,231        | 725,546              | 125,523               | 3,419,992        | 832,579              |

|   |   | Gains (Losses) Recognized in Income on Derivatives |                                     |                   |                   |
|---|---|--|-------------------------------------|-------------------|-------------------|
| Derivatives Not Designated as Hedging Instruments | Location in the Consolidated Statements of Operations | Successor  | Predecessor                         |                   |                   |
|   |   | Period from May 25, 2022 through                   | Period from January 1, 2022 through | Year ended        | Year ended        |
|   |   | December 31, 2022                                  | May 24, 2022                        | December 31, 2021 | December 31, 2020 |
| Equity-indexed options                            | Net investment income (loss)                          | \$ (38,284)  | \$ (127,587)                        | \$ 127,681        | \$ 51,931         |
| Equity-indexed embedded derivative                | Interest credited to policyholders' account balances  | 61,173   | 96,815                              | (107,162)         | (22,977)          |

The Company's use of derivative instruments exposes it to credit risk in the event of non-performance by counterparties. The Company has a policy of only dealing with counterparties it believes are creditworthy and obtaining sufficient collateral where appropriate, as a means of mitigating the financial loss from defaults. The Company holds collateral in cash and notes secured by U.S. government-backed assets. The non-performance risk is the net counterparty exposure based on fair value of open contracts less fair value of collateral held. The Company maintains master netting agreements with its current active trading partners. A right of offset has been applied to collateral that supports credit risk and has been recorded in the consolidated statements of financial position as an offset to "Other invested assets" with an associated payable to "Other liabilities" for excess collateral.



**Note 7 – Derivative Instruments – (Continued)**

Information regarding the Company's exposure to credit loss on the options it holds is presented below (in thousands):

| Successor         |                  |                    |                         |                                    |                       |  |                   |                            |
|-------------------|------------------|--------------------|-------------------------|------------------------------------|-----------------------|--|-------------------|----------------------------|
| December 31, 2022 |                  |                    |                         |                                    |                       |  |                   |                            |
| Counterparty      | Moody/S&P Rating | Options Fair Value | Collateral Held in Cash | Collateral Held in Invested Assets | Total Collateral Held | Collateral Amounts Used to Offset Exposure | Excess Collateral | Exposure Net of Collateral |
| Bank of America   | A2/A-            | \$ 4,821           | \$ 5,050                | \$ —                               | \$ 5,050              | \$ 4,821                                   | \$ 229            | \$ —                       |
| Barclays          | Baa2/BBB         | 26,615             | 16,902                  | 10,000                             | 26,902                | 26,615                                     | 287               | —                          |
| Credit Suisse     | Baa1/BBB         | 6,124              | 5,280                   | —                                  | 5,280                 | 5,280                                      | —                 | 844                        |
| ING               | Baa1/A-          | 8,559              | 8,650                   | —                                  | 8,650                 | 8,559                                      | 91                | —                          |
| Morgan Stanley    | A1/A-            | 23,420             | 17,386                  | 5,700                              | 23,086                | 23,086                                     | —                 | 334                        |
| NATIXIS*          | A1/A             | 18,841             | 19,130                  | —                                  | 19,130                | 18,841                                     | 289               | —                          |
| Truist            | A3/A-            | 22,172             | 17,540                  | 5,000                              | 22,540                | 22,172                                     | 368               | —                          |
| Wells Fargo       | A1/BBB+          | 10,598             | 10,610                  | —                                  | 10,610                | 10,468                                     | 142               | 130                        |
| <b>Total</b>      |                  | <b>\$ 121,150</b>  | <b>\$ 100,548</b>       | <b>\$ 20,700</b>                   | <b>\$ 121,248</b>     | <b>\$ 119,842</b>                          | <b>\$ 1,406</b>   | <b>\$ 1,308</b>            |

| Predecessor       |                  |                    |                         |                                    |                       |  |                   |                            |
|-------------------|------------------|--------------------|-------------------------|------------------------------------|-----------------------|--|-------------------|----------------------------|
| December 31, 2021 |                  |                    |                         |                                    |                       |  |                   |                            |
| Counterparty      | Moody/S&P Rating | Options Fair Value | Collateral Held in Cash | Collateral Held in Invested Assets | Total Collateral Held | Collateral Amounts Used to Offset Exposure | Excess Collateral | Exposure Net of Collateral |
| Bank of America   | A2/A-            | \$ 6,289           | \$ 5,950                | \$ —                               | \$ 5,950              | \$ 5,950                                   | \$ —              | \$ 339                     |
| Barclays          | Baa2/BBB         | 45,410             | 28,173                  | 18,100                             | 46,273                | 45,410                                     | 863               | —                          |
| Credit Suisse     | Baa1/BBB+        | 34,411             | 35,300                  | —                                  | 35,300                | 34,411                                     | 889               | —                          |
| ING               | Baa1/A-          | 13,280             | 3,030                   | 10,300                             | 13,330                | 13,280                                     | 50                | —                          |
| Morgan Stanley    | A1/BBB+          | 61,817             | 57,716                  | 5,700                              | 63,416                | 61,817                                     | 1,599             | —                          |
| NATIXIS*          | A1/A             | 26,490             | 26,660                  | —                                  | 26,660                | 26,490                                     | 170               | —                          |
| Truist            | A3/A-            | 39,589             | 30,010                  | 11,000                             | 41,010                | 39,530                                     | 1,480             | 59                         |
| Wells Fargo       | A1/BBB+          | 32,097             | 22,320                  | 9,900                              | 32,220                | 32,065                                     | 155               | 32                         |
| <b>Total</b>      |                  | <b>\$ 259,383</b>  | <b>\$ 209,159</b>       | <b>\$ 55,000</b>                   | <b>\$ 264,159</b>     | <b>\$ 258,953</b>                          | <b>\$ 5,206</b>   | <b>\$ 430</b>              |

\* Collateral is prohibited from being held in invested assets.

## Note 8 – Net Investment Income and Realized Investment Gains (Losses)

Net investment income is shown below (in thousands):

|                                     | Successor                              | Predecessor                               |                     |                   |
|-------------------------------------|--|---|---------------------|-------------------|
|                                     | Period from<br>May 25, 2022<br>through | Period from<br>January 1, 2022<br>through | Year ended          | Year ended        |
|                                     | December 31, 2022                      | May 24, 2022                              | December 31, 2021   | December 31, 2020 |
| Bonds                               | \$ 161,296                             | \$ 223,195                                | \$ 523,422          | \$ 560,811        |
| Short term                          | 58,222                                 | 3,870                                     | —                   | —                 |
| Equity securities                   | 1,128                                  | 629                                       | 28,102              | 31,325            |
| Mortgage loans                      | 94,315                                 | 123,278                                   | 260,721             | 251,414           |
| Real estate and estate partnerships | 60,450                                 | 111,344                                   | 99,483              | 28,810            |
| Investment funds                    | 33,951                                 | 34,431                                    | 99,007              | 19,428            |
| Equity-indexed options              | 61,665                                 | (127,587)                                 | 127,681             | 51,931            |
| Other invested assets               | 16,882                                 | 15,576                                    | 33,238              | 32,407            |
| <b>Total</b>                        | <b>\$ 487,909</b>                      | <b>\$ 384,736</b>                         | <b>\$ 1,171,654</b> | <b>\$ 976,126</b> |

Net investment income from equity method investments, comprised of real estate partnerships and investment funds was \$140.0 million for the five months ended May 24, 2022 and \$89.0 million, \$188.7 million, and \$42.5 million for the seven months ended December 31, 2022 and twelve months ended December 31, 2021 and 2020 respectively.

Net realized investment gains (losses) are shown below (in thousands):

|                       | Successor                              | Predecessor                               |                   |                   |
|-----------------------|--|---|-------------------|-------------------|
|                       | Period from<br>May 25, 2022<br>through | Period from<br>January 1, 2022<br>through | Year ended        | Year ended        |
|                       | December 31, 2022                      | May 24, 2022                              | December 31, 2021 | December 31, 2020 |
| Bonds                 | \$ (20,491)                            | \$ 10,339                                 | \$ 54,941         | \$ 23,318         |
| Mortgage loans        | —                                      | —   | (768)             | —                 |
| Real estate           | 7,418                                  | 10,461                                    | 10,240            | 12,401            |
| Other invested assets | 186                                    | 273                                       | 215               | (59)              |
| <b>Total</b>          | <b>\$ (12,887)</b>                     | <b>\$ 21,073</b>                          | <b>\$ 64,628</b>  | <b>\$ 35,660</b>  |

Net realized investment gains (losses) by transaction type are shown below (in thousands):

|                      | Successor                              | Predecessor                               |                   |                   |
|----------------------|--|---|-------------------|-------------------|
|                      | Period from<br>May 25, 2022<br>through | Period from<br>January 1, 2022<br>through | Year ended        | Year ended        |
|                      | December 31, 2022                      | May 24, 2022                              | December 31, 2021 | December 31, 2020 |
| Sales                | \$ (11,119)                            | \$ 11,411                                 | \$ 16,045         | \$ 10,249         |
| Calls and maturities | (1,815)                                | 9,736                                     | 55,526            | 26,948            |
| Paydowns             | 1                                      | 7   | 385               | (108)             |
| Impairments          | —                                      | —   | (5,913)           | (1,276)           |
| Loss allowance       | —                                      | —   | —                 | —                 |
| Other                | 46                                     | (81)                                      | (1,415)           | (153)             |
| <b>Total</b>         | <b>\$ (12,887)</b>                     | <b>\$ 21,073</b>                          | <b>\$ 64,628</b>  | <b>\$ 35,660</b>  |

## Note 9 – Fair Value of Financial Instruments

The carrying amount and fair value of financial instruments are shown below (in thousands):

|   | Successor            |                      | Predecessor          |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | December 31, 2022    |                      | December 31, 2021    |                      |
|   | Carrying Amount      | Fair Value           | Carrying Amount      | Fair Value           |
| <b>Financial assets</b>   |                      |                      |                      |                      |
| Fixed maturity, bonds held-to-maturity  | \$ —                 | \$ —                 | \$ 7,088,981         | \$ 7,458,789         |
| Fixed maturity, bonds available-for-sale  | 13,512,819           | 13,512,819           | 8,380,248            | 8,380,248            |
| Equity securities   | 252,404              | 252,404              | 135,433              | 135,433              |
| Equity-indexed options, included in other invested assets                                   | 121,150              | 121,150              | 259,383              | 259,383              |
| Mortgage loans on real estate, net of allowance   | 5,546,175            | 5,306,834            | 5,199,334            | 5,271,950            |
| Policy loans  | 374,481              | 374,481              | 365,208              | 365,208              |
| Short-term investments  | 1,821,699            | 1,821,699            | 1,840,732            | 1,840,732            |
| Separate account assets (\$1,012,449 and \$1,278,380 included in fair value hierarchy)      | 1,045,217            | 1,045,217            | 1,320,703            | 1,320,703            |
| Separately managed accounts, included in other invested assets                              | 127,291              | 127,291              | 99,884               | 99,884               |
| <b>Total financial assets</b>   | <b>\$ 22,801,236</b> | <b>\$ 22,561,895</b> | <b>\$ 24,689,906</b> | <b>\$ 25,132,330</b> |
| <b>Financial liabilities</b>  |                      |                      |                      |                      |
| Investment contracts  | \$ 9,780,174         | \$ 9,780,174         | \$ 10,947,958        | \$ 10,947,958        |
| Embedded derivative liability for equity-indexed contracts                                  | 725,546              | 725,546              | 832,579              | 832,579              |
| Notes payable   | 150,913              | 150,913              | 149,248              | 149,248              |
| Separate account liabilities (\$1,012,449 and \$1,278,380 included in fair value hierarchy) | 1,045,217            | 1,045,217            | 1,320,703            | 1,320,703            |
| <b>Total financial liabilities</b>  | <b>\$ 11,701,850</b> | <b>\$ 11,701,850</b> | <b>\$ 13,250,488</b> | <b>\$ 13,250,488</b> |

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability. A fair value hierarchy is used to determine fair value based on a hypothetical transaction at the measurement date from the perspective of a market participant. American National has evaluated the types of securities in its investment portfolio to determine an appropriate hierarchy level based upon trading activity and the observability of market inputs. The classification of assets or liabilities within the fair value hierarchy is based on the lowest level of significant input to its valuation. The input levels are defined as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Quoted prices in markets that are not active or inputs that are observable directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities other than quoted prices in Level 1; quoted prices in markets that are not active; or other inputs that are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Unobservable inputs reflect American National's own assumptions about the assumptions that market participants would use in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose values are determined using pricing models and third-party evaluation, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

**Note 9 – Fair Value of Financial Instruments – (Continued)****Valuation Techniques for Financial Instruments Recorded at Fair Value**

**Fixed Maturity Securities and Equity Options**—American National utilizes a pricing service to estimate fair value measurements. The fair value for fixed maturity securities that are disclosed as Level 1 measurements are based on unadjusted quoted market prices for identical assets that are readily available in an active market. The estimates of fair value for most fixed maturity securities, including municipal bonds, provided by the pricing service are disclosed as Level 2 measurements as the estimates are based on observable market information rather than market quotes. The pricing service utilizes market quotations for fixed maturity securities that have quoted prices in active markets. Since fixed maturity securities generally do not trade on a daily basis, the pricing service prepares estimates of fair value measurements for these securities using its proprietary pricing applications, which include available relevant market information, benchmark curves, benchmarking of like securities, sector groupings and matrix pricing. Additionally, an option adjusted spread model is used to develop prepayment and interest rate scenarios.

The pricing service evaluates each asset class based on relevant market information, credit information, perceived market movements and sector news. The market inputs utilized in the pricing evaluation, listed in the approximate order of priority, include: benchmark yields, reported trades, pricing source quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, reference data, and economic events. The extent of the use of each market input depends on the asset class and the market conditions. Depending on the security, the priority of the use of inputs may change or some market inputs may not be relevant. For some securities, additional inputs may be necessary.

American National has reviewed the inputs and methodology used and the techniques applied by the pricing service to produce quotes that represent the fair value of a specific security. The review confirms that the pricing service is utilizing information from observable transactions or a technique that represents a market participant's assumptions. American National does not adjust quotes received from the pricing service. The pricing service utilized by American National has indicated that they will only produce an estimate of fair value if there is objectively verifiable information available.

American National holds a small amount of private placement debt and fixed maturity securities that have characteristics that make them unsuitable for matrix pricing. For these securities, a quote from an independent pricing source (typically a market maker) is obtained. Due to the disclaimers on the quotes that indicate the price is indicative only, American National includes these fair value estimates in Level 3.

For securities priced using a quote from an independent pricing source, such as the equity-indexed options and certain fixed maturity securities, American National uses a market-based fair value analysis to validate the reasonableness of prices received. Price variances above a certain threshold are analyzed further to determine if any pricing issue exists. This analysis is performed quarterly.

**Equity Securities**—For publicly-traded equity securities, prices are received from a nationally recognized pricing service that are based on observable market transactions, and these securities are classified as Level 1 measurements. For certain preferred stock, current market quotes in active markets are unavailable. In these instances, an estimated fair value is received from the pricing service. The service utilizes similar methodologies to price preferred stocks as it does for fixed maturity securities. If applicable, these estimates would be disclosed as Level 2 measurements. American National tests the accuracy of the information provided by reference to other services annually.

**Short-term Investments**—Short-term investments are primarily commercial paper rated A2 or P2 or better by Standard & Poor's and Moody's, respectively. Commercial paper is carried at amortized cost which approximates fair value. These investments are classified as Level 2 measurements.

**Note 9 – Fair Value of Financial Instruments – (Continued)**

**Separate Account Assets and Liabilities**—Separate account assets and liabilities are funds that are held separate from the general assets and liabilities of American National. Separate account assets include funds representing the investments of variable insurance product contract holders, who bear the investment risk of such funds. Investment income and investment gains and losses from these separate funds accrue to the benefit of the contract holders. American National reports separately, as assets and liabilities, investments held in such separate accounts and liabilities of the separate accounts if (i) such separate accounts are legally recognized; (ii) assets supporting the contract liabilities are legally insulated from American National's general account liabilities; (iii) investments are directed by the contract holder; and (iv) all investment performance, net of contract fees and assessments, is passed through to the contract holder. In addition, American National's qualified pension plan assets are included in separate accounts. The assets of these accounts are carried at fair value. Deposits, net investment income and realized investment gains and losses for these accounts are excluded from revenues, and related liability increases are excluded from benefits and expenses in the consolidated statements of operations. Separate accounts are established in conformity with insurance laws and are not chargeable with liabilities that arise from any other business of American National.

The separate account assets included on the quantitative disclosures fair value hierarchy table are comprised of short-term investments, equity securities, and fixed maturity bonds available-for-sale. Equity securities are classified as Level 1 measurements. Short-term investments and fixed maturity securities are classified as Level 2 measurements. These classifications for separate account assets reflect the same fair value level methodologies as listed above as they are derived from the same vendors and follow the same process.

The separate account assets also include cash and cash equivalents, investment funds, accrued investment income, and receivables for securities. These are not financial instruments and are not included in the quantitative disclosures of fair value hierarchy table.

No gains or losses were recognized on assets transferred to separate accounts for the twelve months ended December 31, 2022 and 2021, respectively.

**Embedded Derivatives**—The amounts reported within policyholder contract deposits include equity linked interest crediting rates based on the S&P 500 and NASDAQ-100 indices within indexed annuities and indexed life. The following unobservable inputs are used for measuring the fair value of the embedded derivatives associated with the policyholder contract liabilities:

- Lapse rate assumptions are determined by company experience. Lapse rates are generally assumed to be lower during a contract's surrender charge period and then higher once the surrender charge period has ended. Decreases to the assumed lapse rates generally increase the fair value of the liability as more policyholders persist to collect the crediting interest pertaining to the indexed product. Increases to the lapse rate assumption decrease the fair value.
- Mortality rate assumptions vary by age and gender based on company and industry experience. Decreases to the assumed mortality rates increase the fair value of the liabilities as more policyholders earn crediting interest. Increases to the assumed mortality rates decrease the fair value as higher decrements reduce the potential for future interest credits.
- Equity volatility assumptions begin with current market volatilities and grow to long-term values. Increases to the assumed volatility will increase the fair value of liabilities, as future projections will produce higher increases in the linked index. At December 31, 2022 and December 31, 2021, the one year implied volatility used to estimate embedded derivative value was 23.4% and 19.6%, respectively.

**Funds withheld on modified coinsurance**—The carrying value of funds withheld on modified coinsurance are not measured at fair value on a recurring basis. The funds withheld have a variety of sources and pricing methodologies some of which have significant unobservable inputs and therefore the funds withheld liability is considered level 3 in the fair value hierarchy. The funds withheld primarily include fixed maturity securities and mortgage loans whose valuation techniques are described in Note 9, Fair Value of Financial Instruments, of the Notes to the Financial Statements.

**Funds withheld on modified coinsurance - embedded derivative**—The embedded derivative is required to be separated from the host contract and reported as a derivative measured at fair value through income. The fair value of the embedded derivative

**Note 9 – Fair Value of Financial Instruments – (Continued)**

associated with the Modco agreement is determined based upon a total return swap technique with reference to the fair value of the investments withheld by the Company from the reinsurer. Those underlying assets vary in source and pricing methodologies described within Note 9, Fair Value of Financial Instruments, of the Notes to the Financial Statements primarily consisting of fixed maturity securities and mortgage loans. Additionally, some significant unobservable inputs are used such as, mortality, lapse, withdrawal and crediting rates. The derivative valuation of the embedded derivative is considered Level 3 in the fair value hierarchy and is carried at \$75.0 million at December 31, 2022.

Fair values of indexed life and annuity liabilities are calculated using the discounted cash flow technique. Shown below are the significant unobservable inputs used to calculate the Level 3 fair value of the embedded derivatives within policyholder contract deposits (in millions, except range percentages):

| Security type       | Fair Value        |                   | Unobservable Input   | Range             |                   |
|---------------------|-------------------|-------------------|----------------------|-------------------|-------------------|
|                     | Successor         | Predecessor       |                      | Successor         | Predecessor       |
|                     | December 31, 2022 | December 31, 2021 |                      | December 31, 2022 | December 31, 2021 |
| Embedded derivative |                   |                   |                      |                   |                   |
| Indexed Annuities   | \$ 713.5          | \$ 799.3          | Lapse Rate           | 1-50%             | 1-50%             |
|                     |                   |                   | Mortality Multiplier | 100%              | 100%              |
|                     |                   |                   | Equity Volatility    | 16-66%            | 12-64%            |
| Indexed Life        | 12.1              | 33.3              | Equity Volatility    | 16-66%            | 12-64%            |

**Quantitative Disclosures**

The fair value hierarchy measurements of the financial instruments are shown below (in thousands):

|  | Successor  |                   |                      |                     |
|--|--|-------------------|----------------------|---------------------|
|  | Assets and Liabilities Carried at Fair Value by Hierarchy Level at December 31, 2022 |                   |                      |                     |
|  | Total Fair Value   | Level 1           | Level 2              | Level 3             |
| <b>Financial assets</b>                          |  |                   |                      |                     |
| Fixed maturity, bonds available-for-sale         |  |                   |                      |                     |
| U.S. treasury and government                     | \$ 40,009  | \$ 40,009         | \$ —                 | \$ —                |
| U.S. states and political subdivisions           | 854,861  | —                 | 854,861              | —                   |
| Foreign governments                              | 9,004  | —                 | 9,004                | —                   |
| Corporate debt securities                        | 11,257,630   | —                 | 10,525,008           | 732,622             |
| Residential mortgage-backed securities           | 126,748  | —                 | 126,748              | —                   |
| Collateralized debt securities                   | 1,224,567  | —                 | 362,381              | 862,186             |
| <b>Total bonds available-for-sale</b>            | <b>13,512,819</b>  | <b>40,009</b>     | <b>11,878,002</b>    | <b>1,594,808</b>    |
| Equity securities                                |  |                   |                      |                     |
| Common stock                                     | 195,871  | 27,069            | —                    | 168,802             |
| Preferred stock                                  | 56,533   | 21,917            | —                    | 34,616              |
| <b>Total equity securities</b>                   | <b>252,404</b>   | <b>48,986</b>     | <b>—</b>             | <b>203,418</b>      |
| Options  | 121,150  | —                 | —                    | 121,150             |
| Short-term investments                           | 1,821,699  | 580,119           | —                    | 1,241,580           |
| Separate account assets                          | 1,012,499  | 313,752           | 698,747              | —                   |
| Separately managed accounts                      | 127,291  | —                 | —                    | 127,291             |
| <b>Total financial assets</b>                    | <b>\$ 16,847,862</b>   | <b>\$ 982,866</b> | <b>\$ 12,576,749</b> | <b>\$ 3,288,247</b> |
| <b>Financial liabilities</b>                     |  |                   |                      |                     |
| Embedded derivative for equity-indexed contracts | \$ 725,546   | \$ —              | \$ —                 | \$ 725,546          |
| Notes payable                                    | 150,913  | —                 | —                    | 150,913             |
| Separate account liabilities                     | 1,012,499  | 313,752           | 698,747              | —                   |
| <b>Total financial liabilities</b>               | <b>\$ 1,888,958</b>  | <b>\$ 313,752</b> | <b>\$ 698,747</b>    | <b>\$ 876,459</b>   |

**Note 9 – Fair Value of Financial Instruments – (Continued)**

|  | Predecessor  |                   |                      |                   |
|--|--|-------------------|----------------------|-------------------|
|  | Assets and Liabilities Carried at Fair Value by Hierarchy Level at December 31, 2021 |                   |                      |                   |
|  | Total Fair Value   | Level 1           | Level 2              | Level 3           |
| <b>Financial assets</b>                          |  |                   |                      |                   |
| Fixed maturity, bonds available-for-sale         |  |                   |                      |                   |
| U.S. treasury and government                     | \$ 26,753  | \$ 26,753         | \$ —                 | \$ —              |
| U.S. states and political subdivisions           | 1,077,129  | —                 | 1,077,129            | —                 |
| Foreign governments                              | 5,841  | —                 | 5,841                | —                 |
| Corporate debt securities                        | 7,036,148  | —                 | 6,789,991            | 246,157           |
| Residential mortgage-backed securities           | 31,967   | —                 | 31,967               | —                 |
| Collateralized debt securities                   | 202,410  | —                 | 202,410              | —                 |
| <b>Total bonds available-for-sale</b>            | <b>8,380,248</b>   | <b>26,753</b>     | <b>8,107,338</b>     | <b>246,157</b>    |
| Equity securities                                |  |                   |                      |                   |
| Common stock                                     | 94,895   | 93,315            | —                    | 1,580             |
| Preferred stock                                  | 40,538   | 7,570             | —                    | 32,968            |
| <b>Total equity securities</b>                   | <b>135,433</b>   | <b>100,885</b>    | <b>—</b>             | <b>34,548</b>     |
| Options  | 259,383  | —                 | —                    | 259,383           |
| Short-term investments                           | 1,840,732  | —                 | 1,840,732            | —                 |
| Separate account assets                          | 1,278,380  | 381,414           | 896,966              | —                 |
| Separately managed accounts                      | 99,884   | —                 | —                    | 99,884            |
| <b>Total financial assets</b>                    | <b>\$ 11,994,060</b>   | <b>\$ 509,052</b> | <b>\$ 10,845,036</b> | <b>\$ 639,972</b> |
| <b>Financial liabilities</b>                     |  |                   |                      |                   |
| Embedded derivative for equity-indexed contracts | \$ 832,579   | \$ —              | \$ —                 | \$ 832,579        |
| Notes payable                                    | 149,248  | —                 | —                    | 149,248           |
| Separate account liabilities                     | 1,278,380  | 381,414           | 896,966              | —                 |
| <b>Total financial liabilities</b>               | <b>\$ 2,260,207</b>  | <b>\$ 381,414</b> | <b>\$ 896,966</b>    | <b>\$ 981,827</b> |

For financial instruments measured at fair value on a recurring basis using Level 3 inputs during the period, a reconciliation of the beginning and ending balances is shown below (in thousands):

| Successor   | Level 3  |                        |                             |                     |
|---|--|------------------------|-----------------------------|---------------------|
|   | Period from May 25, 2022 through December 31, 2022 |                        |                             |                     |
|   | Assets   |                        |                             | Liability           |
|   | Investment Securities                              | Equity-Indexed Options | Separately Managed Accounts | Embedded Derivative |
| <b>Beginning balance at May 25, 2022</b>                                    | <b>\$ 376,254</b>                                  | <b>\$ 114,883</b>      | <b>\$ 112,866</b>           | <b>\$ 745,075</b>   |
| Net gain (loss) for derivatives and bonds included in net investment income | 1,587  | (38,284)               | —                           | —                   |
| Net change included in interest credited                                    | —  | —                      | —                           | (61,173)            |
| Net fair value change included in other comprehensive income                | (158,428)  | —                      | (367)                       | —                   |
| Purchases, sales and settlements or maturities                              |  |                        |                             |                     |
| Purchases   | 2,827,947  | 63,858                 | 32,654                      | —                   |
| Sales   | (7,554)  | —                      | (17,862)                    | —                   |
| Settlements or maturities   | —  | (19,307)               | —                           | —                   |
| Premiums less benefits  | —  | —                      | —                           | 41,644              |
| <b>Ending balance at December 31, 2022</b>                                  | <b>\$ 3,039,806</b>                                | <b>\$ 121,150</b>      | <b>\$ 127,291</b>           | <b>\$ 725,546</b>   |

**Note 9 – Fair Value of Financial Instruments – (Continued)**

| Predecessor  | Level 3               |                        |                             |                     |
|--|-----------------------|------------------------|-----------------------------|---------------------|
|  | Assets                |                        |                             | Liability           |
|  | Investment Securities | Equity-Indexed Options | Separately Managed Accounts | Embedded Derivative |
| <b>Balance at December 31, 2019</b>                          | <b>\$ 45,307</b>      | <b>\$ 256,005</b>      | <b>\$ 50,503</b>            | <b>\$ 731,552</b>   |
| Net gain for derivatives included in net investment income   | —                     | 51,931                 | —                           | —                   |
| Net change included in interest credited                     | —                     | —                      | —                           | 22,977              |
| Net fair value change included in other comprehensive income | 80                    | —                      | (312)                       | —                   |
| Purchases, sales and settlements or maturities               |                       |                        |                             |                     |
| Purchases  | 191,960               | 80,705                 | 25,343                      | —                   |
| Sales  | (70,842)              | (8,063)                | (11,110)                    | —                   |
| Settlements or maturities                                    | —                     | (138,377)              | —                           | —                   |
| Premiums less benefits                                       | —                     | —                      | —                           | (49,516)            |
| Gross transfers out of Level 3                               | (55,000)              | —                      | —                           | —                   |
| <b>Balance at December 31, 2020</b>                          | <b>\$ 111,505</b>     | <b>\$ 242,201</b>      | <b>\$ 64,424</b>            | <b>\$ 705,013</b>   |
| Net gain for derivatives included in net investment income   | —                     | 127,681                | —                           | —                   |
| Net change included in interest credited                     | —                     | —                      | —                           | 107,162             |
| Net fair value change included in other comprehensive income | 3,269                 | —                      | 1,444                       | —                   |
| Purchases, sales and settlements or maturities               |                       |                        |                             |                     |
| Purchases  | 225,063               | 97,712                 | 56,712                      | —                   |
| Sales  | (58,593)              | —                      | (22,696)                    | —                   |
| Settlements or maturities                                    | —                     | (208,211)              | —                           | —                   |
| Premiums less benefits                                       | —                     | —                      | —                           | 20,404              |
| Gross transfers into Level 3                                 | 1,479                 | —                      | —                           | —                   |
| Gross transfers out of Level 3                               | (2,018)               | —                      | —                           | —                   |
| <b>Balance at December 31, 2021</b>                          | <b>\$ 280,705</b>     | <b>\$ 259,383</b>      | <b>\$ 99,884</b>            | <b>\$ 832,579</b>   |
| Net loss for derivatives included in net investment income   | —                     | (127,587)              | —                           | —                   |
| Net change included in interest credited                     | —                     | —                      | —                           | (96,815)            |
| Net fair value change included in other comprehensive income | 395                   | —                      | (368)                       | —                   |
| Purchases, sales and settlements or maturities               |                       |                        |                             |                     |
| Purchases  | 145,542               | 43,934                 | 23,046                      | —                   |
| Sales  | (50,388)              | —                      | (9,696)                     | —                   |
| Settlements or maturities                                    | —                     | (60,847)               | —                           | —                   |
| Premiums less benefits                                       | —                     | —                      | —                           | 9,311               |
| <b>Ending balance at May 24, 2022</b>                        | <b>\$ 376,254</b>     | <b>\$ 114,883</b>      | <b>\$ 112,866</b>           | <b>\$ 745,075</b>   |

Within the net gain (loss) for derivatives included in net investment income were unrealized gains of \$30.0 million and \$4.4 million, relating to assets still held at December 31, 2022 and 2021, respectively.

There were no transfers between Level 1 and Level 2 fair value hierarchies during the periods presented. American National's valuation of financial instruments categorized as Level 3 in the fair value hierarchy are based on valuation techniques that use significant inputs that are unobservable or had a decline in market activity that obscured observability. The indicators considered in determining whether a significant decrease in the volume and level of activity for a specific asset has occurred include the level of new issuances in the primary market, trading volume in the secondary market, the level of credit spreads over historical levels, applicable bid-ask spreads, and price consensus among market participants and other pricing sources. Level 3 assets and liabilities include financial instruments whose values are determined using pricing models and discounted cash flow methodology based on spread/yield assumptions. Approximately \$575 million of level 3 securities were priced by third party services in the successor period presented.



## Note 9 – Fair Value of Financial Instruments – (Continued)

**Equity-Index Options**—Certain over the counter equity options are valued using models that are widely accepted in the financial services industry. These are categorized as Level 3 as a result of the significance of non-market observable inputs such as volatility and forward price/dividend assumptions. Other primary inputs include interest rate assumptions (risk-free rate assumptions), and underlying equity quoted index prices for identical or similar assets in markets that exhibit less liquidity relative to those markets.

The following summarizes the fair value (in thousands), valuation techniques and unobservable inputs of the Level 3 fair value measurements:

| Successor                    | Fair Value at<br>December 31, 2022 | Valuation Technique                                   | Unobservable Input                            | Range/Weighted<br>Average |
|------------------------------|------------------------------------|---|---|---------------------------|
| <b>Security type</b>         |                                    |   |   |                           |
| <b>Investment securities</b> |                                    |   |   |                           |
| Common stock                 | \$ 1,131                           | Guideline public company method <sup>(1)</sup><br>CVM | LTM Revenue Multiple                          | 3xx                       |
|                              |                                    |   | NCY Revenue Multiple <sup>(6)</sup>           | 0.6x                      |
|                              |                                    |   | NCY EBITDA Multiple                           | 5.5x                      |
|                              |                                    |   | LQA Recurring Revenue Multiple <sup>(7)</sup> | 7.25                      |
| Preferred stock              | 5,058                              | Guideline public company method<br>CVM                | LTM Revenue Multiple <sup>(4)</sup>           | 5.40x                     |
|                              |                                    |   | NCY Revenue Multiple                          | 6.82x                     |
|                              |                                    |   | LTM EBITDA Multiple                           | 5.5x                      |
|                              |                                    |   | NCY EBITDA Multiple <sup>(8)</sup>            | 5.5x                      |
| Bonds                        | 311,732                            | Priced at cost  | Coupon rate                                   | 4.00-11.13%               |
| Separately managed accounts  | 127,291                            | Discounted cash flows (yield analysis)<br>CVM         | Discount rate                                 | 7.60-21.10%               |
|                              |                                    |   | NCY EBITDA                                    | 0x                        |
|                              |                                    |   | Market transaction                            | N/A                       |

| Predecessor                  | Fair Value at<br>December 31, 2021 | Valuation Technique  | Unobservable Input                        | Range/Weighted<br>Average |
|------------------------------|------------------------------------|--|---|---------------------------|
| <b>Security type</b>         |                                    |  |   |                           |
| <b>Investment securities</b> |                                    |  |   |                           |
| Common stock                 | \$ 1,580                           | Guideline public company method <sup>(1)</sup><br>Option pricing method<br>CVM | Recurring Revenue Multiple <sup>(2)</sup> | 8x                        |
|                              |                                    |  | LTM EBITDA Multiple <sup>(3)</sup>        | 7.6x                      |
|                              |                                    |  | NCY EBITDA Multiple <sup>(5)</sup>        | 4.8x                      |
|                              |                                    |  | LTM Revenue Multiple <sup>(4)</sup>       | 6.3x                      |
| Preferred stock              | 32,968                             | Guideline public company method <sup>(1)</sup><br>Priced at cost               | LTM EBITDA Multiple <sup>(3)</sup>        | 4.2x                      |
|                              |                                    |  | NCY EBITDA Multiple <sup>(5)</sup>        | 4.8x                      |
|                              |                                    |  | Term (Years)                              | 1.80                      |
|                              |                                    |  | Volatility                                | 60.00 %                   |
| Bonds                        | 246,157                            | Priced at cost   | Coupon rate                               | 2.63-8.00%                |
| Separately managed accounts  | 99,884                             | Discounted cash flows (yield analysis)<br>CVM                                  | Discount rate                             | 4.80-16.40%               |
|                              |                                    |  | NCY EBITDA Multiple <sup>(5)</sup>        | 4.8x                      |
|                              |                                    |  | Market transaction                        | N/A                       |

<sup>(1)</sup> Guideline public company method uses price multiples from data on comparable public companies. Multiples are then adjusted to account for differences between what is being valued and comparable firms.

<sup>(2)</sup> Recurring Revenue Multiple for the most relevant period of time, measures the value of the equity or a business relative to the revenues it generates.

<sup>(3)</sup> Last Twelve Months (“LTM”) EBITDA Multiple valuation metric shows earnings before interest, taxes, depreciation and amortization adjustments for the past 12 month period.

<sup>(4)</sup> LTM Revenue Multiple valuation metric shows revenue for the past 12 month period.

<sup>(5)</sup> Next Calendar Year (“NCY”) EBITDA Multiple is the forecasted EBITDA expected to be achieved over the next calendar year.

<sup>(6)</sup> NCY Revenue forecast revenue over the next calendar year.

<sup>(7)</sup> Last quarter annualized recurring revenue. Total recurring revenue realized during the previous quarter multiplied by 4.

## **Note 9 – Fair Value of Financial Instruments – (Continued)**

**Investment Securities**—These bonds use cost as the best estimate of fair value. They are valued at cost because the value would not change unless there is a fundamental deterioration in the portfolio. There is no observable market valuation price or third-party sources that provide market values for these securities since they are not publicly traded. The common and preferred stock are valued at market transaction, option pricing method, or guideline public company method based on the best available information.

**Separately Managed Accounts**—The separately managed account manager uses the mid-point of a range from a third-party to price these securities. Discounted cash flows (yield analysis) and market transactions approach are used in the valuation. They use discount rate which is considered an unobservable input.

### **Fair Value Information About Financial Instruments Not Recorded at Fair Value**

Information about fair value estimates for financial instruments not measured at fair value is discussed below:

**Fixed Maturity Securities**—The fair value of bonds held-to-maturity is determined to be consistent with the disclosure under Valuation Techniques for the Financial Instrument Recorded at Fair Value section.

**Mortgage Loans**—The fair value of mortgage loans is estimated using discounted cash flow analyses on a loan-by-loan basis by applying a discount rate to expected cash flows from future installment and balloon payments. The discount rate takes into account general market trends and specific credit risk trends for the individual loan. Factors used to arrive at the discount rate include inputs from spreads based on U.S. Treasury notes and the loan's credit quality, region, property-type, lien priority, payment type and current status.

**Policy Loans**—The carrying value of policy loans is the outstanding balance plus any accrued interest. Due to the collateralized nature of policy loans such that they cannot be separated from the policy contracts, the unpredictable timing of repayments and the fact that settlement is at outstanding value, American National believes the carrying value of policy loans approximates fair value.

**Separately Managed Accounts**—The amounts reported in separately managed accounts consist primarily of notes and private equity. These investments are private placements and do not have a readily determinable fair value. The carrying value of the separately managed accounts is cost or market value, if available from the separately managed account manager. Market value is provided by the separately managed account manager in subsequent quarters. American National believes that cost approximates fair value at initial recognition during the quarter of investment.

**Investment Contracts**—The carrying value of investment contracts is equivalent to the accrued account balance. The accrued account balance consists of deposits, net of withdrawals, interest credited, fees and charges assessed and other adjustments. American National believes that the carrying value of investment contracts approximates fair value because the majority of these contracts' interest rates reset at anniversary.

**Notes Payable**—Notes payable are carried at outstanding principal balance. The carrying value of the notes payable approximates fair value because the underlying interest rates approximate market rates at the balance sheet date.

**Federal Home Loan Bank Advance**—The Federal Home Loan Bank advance was carried at outstanding principal balance. The fair value of the advance was obtained from the Federal Home Loan Bank of Dallas. The Company does not have outstanding loans from FHLB as of December 31, 2022.

**Note 9 – Fair Value of Financial Instruments – (Continued)**

The carrying value and estimated fair value of financial instruments not recorded at fair value on a recurring basis are shown below (in thousands):

| Successor                                       |                    |                      |                      |
|---|--------------------|----------------------|----------------------|
| December 31, 2022                               |                    |                      |                      |
|   | FV Hierarchy Level | Carrying Amount      | Fair Value           |
| <b>Financial assets</b>                         |                    |                      |                      |
| Mortgage loans on real estate, net of allowance | Level 3            | \$ 5,546,175         | \$ 5,306,834         |
| Policy loans                                    | Level 3            | 374,481              | 374,481              |
| <b>Total financial assets</b>                   |                    | <b>\$ 5,920,656</b>  | <b>\$ 5,681,315</b>  |
| <b>Financial liabilities</b>                    |                    |                      |                      |
| Investment contracts                            | Level 3            | \$ 9,780,174         | \$ 9,780,174         |
| Long-term debt                                  | Level 3            | 1,503,400            | 1,503,400            |
| Notes payable                                   | Level 3            | 150,913              | 150,913              |
| <b>Total financial liabilities</b>              |                    | <b>\$ 11,434,487</b> | <b>\$ 11,434,487</b> |

| Predecessor   |                    |                      |                      |
|---|--------------------|----------------------|----------------------|
| December 31, 2021                                   |                    |                      |                      |
|   | FV Hierarchy Level | Carrying Amount      | Fair Value           |
| <b>Financial assets</b>                             |                    |                      |                      |
| Fixed maturity, bonds held-to-maturity              |                    |                      |                      |
| U.S. treasury and government                        | Level 1            | \$ 12,284            | \$ 11,997            |
| U.S. states and political subdivisions              | Level 2            | 104,039              | 103,809              |
| Foreign governments                                 | Level 2            | 14,369               | 14,347               |
| Corporate debt securities                           | Level 2            | 6,799,051            | 7,166,564            |
| Residential mortgage-backed securities              | Level 2            | 47,975               | 50,178               |
| Collateralized debt securities                      | Level 2            | 111,263              | 111,894              |
| <b>Total fixed maturity, bonds held-to-maturity</b> |                    | <b>7,088,981</b>     | <b>7,458,789</b>     |
| Mortgage loans on real estate, net of allowance     | Level 3            | 5,199,334            | 5,271,950            |
| Policy loans  | Level 3            | 365,208              | 365,208              |
| <b>Total financial assets</b>                       |                    | <b>\$ 12,653,523</b> | <b>\$ 13,095,947</b> |
| <b>Financial liabilities</b>                        |                    |                      |                      |
| Investment contracts                                | Level 3            | \$ 10,947,958        | \$ 10,947,958        |
| Notes payable                                       | Level 3            | 149,248              | 149,248              |
| <b>Total financial liabilities</b>                  |                    | <b>\$ 11,097,206</b> | <b>\$ 11,097,206</b> |

## Note 10 – Deferred Policy Acquisition Costs and Value of Business Acquired

According to PGAAP Accounting, deferred policy acquisition costs (“DAC”) were written off as a result of the Merger with Brookfield Reinsurance. The beginning balance at May 25, 2022 represents the Value of Business Acquired (“VOBA”) at that date. The changes in DAC are shown below (in thousands):

| Successor                                  | Life              | Annuity          | Health          | Property<br>& Casualty | Total             |
|--|-------------------|------------------|-----------------|------------------------|-------------------|
| <b>Beginning balance at May 25, 2022</b>   | <b>\$ 371,417</b> | <b>\$ 14,867</b> | <b>\$ 3,977</b> | <b>\$ 181,000</b>      | <b>\$ 571,261</b> |
| Additions                                  | 93,927            | 42,028           | 9,233           | 273,900                | 419,088           |
| Amortization                               | (19,316)          | (900)            | (6,057)         | (270,029)              | (296,302)         |
| <b>Net change</b>                          | <b>74,611</b>     | <b>41,128</b>    | <b>3,176</b>    | <b>3,871</b>           | <b>122,786</b>    |
| <b>Ending balance at December 31, 2022</b> | <b>\$ 446,028</b> | <b>\$ 55,995</b> | <b>\$ 7,153</b> | <b>\$ 184,871</b>      | <b>\$ 694,047</b> |

| Predecessor  | Life              | Annuity           | Health           | Property<br>& Casualty | Total               |
|--|-------------------|-------------------|------------------|------------------------|---------------------|
| <b>Balance at December 31, 2019</b>  | <b>852,900</b>    | <b>415,380</b>    | <b>32,578</b>    | <b>122,149</b>         | <b>1,423,007</b>    |
| Additions  | 148,142           | 55,411            | 15,926           | 335,744                | 555,223             |
| Amortization   | (94,386)          | (103,709)         | (15,619)         | (335,831)              | (549,545)           |
| Effect of change in unrealized gains on available-for-sale debt securities | (10,448)          | (58,026)          | —                | —                      | (68,474)            |
| <b>Net change</b>  | <b>43,308</b>     | <b>(106,324)</b>  | <b>307</b>       | <b>(87)</b>            | <b>(62,796)</b>     |
| <b>Balance at December 31, 2020</b>  | <b>\$ 896,208</b> | <b>\$ 309,056</b> | <b>\$ 32,885</b> | <b>122,062</b>         | <b>\$ 1,360,211</b> |
| Additions  | 161,898           | 99,971            | 14,369           | 366,167                | 642,405             |
| Amortization   | (111,764)         | (77,133)          | (17,906)         | (355,970)              | (562,773)           |
| Effect of change in unrealized gains on available-for-sale debt securities | 9,703             | 48,578            | —                | —                      | 58,281              |
| <b>Net change</b>  | <b>59,837</b>     | <b>71,416</b>     | <b>(3,537)</b>   | <b>10,197</b>          | <b>137,913</b>      |
| <b>Balance at December 31, 2021</b>  | <b>\$ 956,045</b> | <b>\$ 380,472</b> | <b>\$ 29,348</b> | <b>\$ 132,259</b>      | <b>\$ 1,498,124</b> |
| Additions  | 64,974            | 27,268            | 5,398            | 170,724                | 268,364             |
| Amortization   | (51,399)          | (9,301)           | (6,483)          | (160,225)              | (227,408)           |
| Effect of change in unrealized gains on available-for-sale debt securities | 10,753            | 188,274           | —                | —                      | 199,027             |
| <b>Net change</b>  | <b>24,328</b>     | <b>206,241</b>    | <b>(1,085)</b>   | <b>10,499</b>          | <b>239,983</b>      |
| <b>Ending balance at May 24, 2022</b>                                      | <b>\$ 980,373</b> | <b>\$ 586,713</b> | <b>\$ 28,263</b> | <b>\$ 142,758</b>      | <b>\$ 1,738,107</b> |

Commissions comprise the majority of additions to deferred policy acquisition costs.

The acquisition resulted in a VOBA intangible asset of \$571.3 million and an intangible liability of \$671.0 million. The accumulated VOBA amortization expense is approximately \$111.2 million.

The following table provides the projected VOBA amortization expenses for a five-year period and thereafter (in thousands):

| Years                                      | Asset             | Liability           |
|--|-------------------|---------------------|
| 2023                                       | \$ 57,108         | \$ (22,365)         |
| 2024                                       | 19,118            | (22,365)            |
| 2025                                       | 17,714            | (22,365)            |
| 2026                                       | 16,748            | (22,365)            |
| 2027                                       | 15,955            | (22,365)            |
| Thereafter                                 | 320,341           | (546,090)           |
| <b>Total amortization expense (credit)</b> | <b>\$ 446,984</b> | <b>\$ (657,915)</b> |

## Note 11 – Liability for Unpaid Claims and Claim Adjustment Expenses

The liability for unpaid claims and claim adjustment expenses (“claims”) for health and property and casualty insurance is included in “Policy and contract claims” in the consolidated statements of financial position and is the amount estimated for incurred but not reported (“IBNR”) claims and claims that have been reported but not settled. The liability for unpaid claims is estimated based upon American National’s historical experience and actuarial assumptions that consider the effects of current developments, anticipated trends and risk management programs, less anticipated salvage and subrogation. The effects of the changes are included in the consolidated results of operations in the period in which the changes occur. The time value of money is not taken into account for the purposes of calculating the liability for unpaid claims. There have been no significant changes in methodologies or assumptions used to calculate the liability for unpaid claims and claim adjustment expenses.

Information regarding the liability for unpaid claims is shown below (in thousands):

|   | Successor                              | Predecessor                               |                     |                     |
|---|--|---|---------------------|---------------------|
|   | Period from<br>May 25, 2022<br>through | Period from<br>January 1, 2022<br>through |                     |                     |
|   | December 31, 2022                      | May 24, 2022                              | December 31, 2021   | December 31, 2020   |
| <b>Unpaid claims balance, beginning</b> | <b>\$ 1,496,156</b>                    | <b>\$ 1,455,080</b>                       | <b>\$ 1,354,213</b> | <b>\$ 1,322,837</b> |
| Less: Reinsurance recoverables          | 281,156                                | 288,358                                   | 243,084             | 246,447             |
| <b>Net beginning balance</b>            | <b>1,215,000</b>                       | <b>1,166,722</b>                          | <b>1,111,129</b>    | <b>1,076,390</b>    |
| Incurred related to                     |  |   |                     |                     |
| Current                                 | 830,701                                | 562,144                                   | 1,277,798           | 1,177,634           |
| Prior years                             | (31,184)                               | (21,106)                                  | (93,357)            | (61,659)            |
| <b>Total incurred claims</b>            | <b>799,517</b>                         | <b>541,038</b>                            | <b>1,184,441</b>    | <b>1,115,975</b>    |
| Paid claims related to                  |  |   |                     |                     |
| Current                                 | 554,598                                | 225,241                                   | 735,968             | 681,960             |
| Prior years                             | 196,703                                | 267,519                                   | 392,881             | 399,276             |
| <b>Less: Total paid claims</b>          | <b>751,301</b>                         | <b>492,760</b>                            | <b>1,128,849</b>    | <b>1,081,236</b>    |
| <b>Net balance</b>                      | <b>1,263,216</b>                       | <b>1,215,000</b>                          | <b>1,166,721</b>    | <b>1,111,129</b>    |
| Plus: Reinsurance recoverables          | 305,327                                | 281,156                                   | 288,358             | 243,084             |
| <b>Unpaid claims balance, ending</b>    | <b>\$ 1,568,543</b>                    | <b>\$ 1,496,156</b>                       | <b>\$ 1,455,079</b> | <b>\$ 1,354,213</b> |

The net and gross reserve calculations have shown favorable development as a result of favorable loss emergence compared to what was implied by the loss development patterns used in the original estimation of losses in prior years. The favorable development in 2022 during the "Predecessor" period was a reflection of lower-than-anticipated settlement of losses emerging from commercial automotive, agribusiness, commercial business owner and guaranteed asset protection waiver lines of business, and for the "Successor" period a reflection of lower-than-anticipated settlement of losses emerging from Managing General Underwriting, credit health, worksite health, personal Auto, commercial auto and agribusiness lines of business. The favorable development in 2021 was a reflection of lower-than-anticipated settlement of losses arising from commercial automobile, agribusiness, private passenger automobile, guaranteed asset protection waiver, and collateral protection insurance lines of business.

For short-duration health insurance claims, the total of IBNR plus expected development on reported claims included in the liability for unpaid claims and claim adjustment expenses at December 31, 2022 and December 31, 2021 was \$16.0 million and \$18.9 million, respectively.

# **Note 11 – Liability for Unpaid Claims and Claim Adjustment Expenses - (Continued)**

The reconciliation of the net incurred and paid claims development tables to the liability for claims and claim adjustment expenses in the consolidated statement of financial position is as follows (in thousands):

|  | December 31, 2022   | December 31, 2021   |
|--|---------------------|---------------------|
| Net outstanding liabilities  |                     |                     |
| Auto Liability   | \$ 460,351          | \$ 458,517          |
| Non-Auto Liability   | 328,797             | 303,662             |
| Commercial Multi-Peril   | 191,571             | 150,783             |
| Homeowners   | 94,665              | 84,625              |
| Short Tail Property  | 49,170              | 38,998              |
| Credit Property and Casualty   | 18,906              | 16,004              |
| Credit Life  | 959                 | 1,435               |
| Health   | 20,321              | 23,329              |
| Credit Health  | 4,056               | 4,557               |
| Other  | 891                 | 897                 |
| <b>Liabilities for unpaid claims and claim adjustment expenses, net of reinsurance</b> | <b>1,169,687</b>    | <b>1,082,807</b>    |
| Reinsurance recoverable on unpaid claims   |                     |                     |
| Auto Liability   | 12,604              | 11,554              |
| Non-Auto Liability   | 59,563              | 40,650              |
| Commercial Multi-Peril   | 33,677              | 8,419               |
| Homeowners   | 9,456               | 13,746              |
| Short Tail Property  | 7,963               | 12,818              |
| Credit Property & Casualty   | 13,944              | 11,782              |
| Credit Life  | 725                 | 673                 |
| Health   | 201,023             | 193,065             |
| Credit Health  | 1,473               | 1,657               |
| Other  | 6,545               | 7,020               |
| <b>Total reinsurance recoverable on unpaid claims</b>                                  | <b>346,973</b>      | <b>301,384</b>      |
| Insurance lines other than short-duration  | 198,548             | 244,418             |
| Unallocated claims adjustment expenses   | 71,067              | 63,686              |
|  | <b>269,615</b>      | <b>308,104</b>      |
| <b>Total gross liability for unpaid claims and claim adjustment expense</b>            | <b>\$ 1,786,275</b> | <b>\$ 1,692,295</b> |

**Note 11 – Liability for Unpaid Claims and Claim Adjustment Expenses - (Continued)****Property and Casualty Reserving Methodology**—The following methods are utilized:

- **Initial Expected Loss Ratio**—This method calculates an estimate of ultimate losses by applying an estimated loss ratio to actual earned premium for each calendar/accident year. This method is appropriate for classes of business where the actual paid or reported loss experience is not yet mature enough to influence initial expectations of the ultimate loss ratios.
- **Pegged Frequency and Severity**—This method uses actual claims count data and emergence patterns of older accident periods to project the ultimate number of reported claims for a given accident year. A similar process projects the ultimate average severity per claim so that the product of the two projections results in a projection of ultimate loss for a given accident year.
- **Bornhuetter-Ferguson**—This method uses, as a starting point, either an assumed Initial Expected Loss Ratio Method or Pegged Frequency and Severity method and blends in the loss ratio or frequency and severity implied by the claims experience to date by using loss development patterns based on our historical experience. This method is generally appropriate where there are few reported claims and an unstable pattern of reported losses.
- **Loss or Expense Development (Chain Ladder)**—This method uses actual loss or defense and cost containment expense data and the historical development profiles on older accident periods to project more recent, less developed periods to their ultimate total. This method is appropriate when there is a relatively stable pattern of loss and expense emergence and a relatively large number of reported claims.
- **Ratio of Paid Defense and Cost Containment Expense to Paid Loss Development**—This method uses the ratio of paid defense and cost containment expense to paid loss data and the historical development profiles on older accident periods to project more recent, less developed periods to their ultimate total. In this method, an ultimate ratio of paid defense and cost containment expense to paid loss is selected for each accident period. The selected paid defense and cost containment expense to paid loss ratio is then applied to the selected ultimate loss for each accident period to estimate the ultimate defense and cost containment expense. Paid defense and cost containment expense is then subtracted from the ultimate defense and cost containment expense to calculate the unpaid defense and cost containment expense for that accident period.
- **Calendar Year Paid Adjusting and Other Expense to Paid Loss**—This method uses a selected prior calendar years' paid expense to paid loss ratio to project ultimate loss adjustment expenses for adjusting and other expense. A percentage of the selected ratio is applied to the case reserves (depending on the line of insurance) and 100% to the indicated IBNR reserves. These ratios assume that a percentage of the expense is incurred when a claim is opened and the remaining percentage is paid throughout the claim's life.

For most credit property and casualty products, IBNR liability is calculated as a percentage of pro rata unearned premium, with the specific percentage for a given product line informed by a traditional completion factor claim reserve analysis.

The expected development on reported claims is the sum of a pay-to-current reserve and a future reserve. The pay-to-current reserve is calculated for each open claim having a monthly indemnity and contains the amount required to pay the open claim from the last payment date to the current valuation date. The future reserve is calculated by assigning to each open claim a fixed reserve amount based on the historical average severity. For debt cancellation products and involuntary unemployment insurance, this reserve is calculated using published valuation tables.

Cumulative claim frequency information is calculated on a per claim basis. Claims that do not result in a liability are not considered in the determination of unpaid liabilities.

For any given line of business, none of these methods are relied on exclusively. With minor exceptions, multiple methods may be used for a line of business as a check for reasonableness of our reselected reserve value.

The following contains information about incurred and paid claims development as of December 31, 2022, net of reinsurance, as well as cumulative claim frequency and the total of IBNR liabilities plus expected development on reported claims included within the net incurred claims amounts. The information about incurred and paid claims development for the years ended December 31, 2013 to 2021 is presented as supplementary information.

**Note 11 – Liability for Unpaid Claims and Claim Adjustment Expenses - (Continued)**

**Auto Liability**—Consists of personal and commercial auto. Claims and claim adjustment expenses are shown below (in thousands):

| Accident Year | Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance |            |            |            |            |            |            |            |            |              | December 31, 2022              |                                      |
|---------------|---|------------|------------|------------|------------|------------|------------|------------|------------|--------------|--------------------------------|--------------------------------------|
|               | Years ended December 31,  |            |            |            |            |            |            |            |            |              | IBNR Plus Expected Development | Cumulative Number of Reported Claims |
|               | 2013*   | 2014*      | 2015*      | 2016*      | 2017*      | 2018*      | 2019*      | 2020*      | 2021*      | 2022         |                                |                                      |
| 2013          | \$ 242,364  | \$ 236,432 | \$ 233,068 | \$ 231,301 | \$ 228,285 | \$ 226,608 | \$ 227,234 | \$ 227,102 | \$ 226,943 | \$ 226,692   | \$ 59                          | 38,822                               |
| 2014          |   | 232,146    | 223,386    | 217,819    | 215,419    | 214,870    | 214,557    | 214,326    | 214,253    | 214,373      | 93                             | 36,040                               |
| 2015          |   |            | 237,578    | 240,697    | 239,421    | 245,775    | 244,798    | 244,621    | 243,304    | 243,214      | 219                            | 36,125                               |
| 2016          |   |            |            | 259,177    | 256,080    | 261,400    | 259,128    | 257,633    | 256,294    | 256,759      | 353                            | 37,150                               |
| 2017          |   |            |            |            | 269,803    | 280,012    | 275,850    | 273,551    | 270,464    | 268,775      | 1,452                          | 38,620                               |
| 2018          |   |            |            |            |            | 314,467    | 299,512    | 288,806    | 282,805    | 277,906      | 5,355                          | 37,869                               |
| 2019          |   |            |            |            |            |            | 330,988    | 313,636    | 305,312    | 295,834      | 10,911                         | 36,372                               |
| 2020          |   |            |            |            |            |            |            | 277,597    | 254,808    | 241,381      | 20,848                         | 26,377                               |
| 2021          |   |            |            |            |            |            |            |            | 299,746    | 294,676      | 42,171                         | 29,016                               |
| 2022          |   |            |            |            |            |            |            |            |            | 309,321      | 94,895                         | 23,855                               |
|               |   |            |            |            |            |            |            |            |            | <b>Total</b> | <b>\$2,628,931</b>             |                                      |

| Accident Year | Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance |         |         |         |         |         |         |            |            |              |                     |   |
|---------------|--|---------|---------|---------|---------|---------|---------|------------|------------|--------------|---------------------|---|
|               | Years ended December 31,   |         |         |         |         |         |         |            |            |              | Total               |   |
|               | 2013*  | 2014*   | 2015*   | 2016*   | 2017*   | 2018*   | 2019*   | 2020*      | 2021*      | 2022         |                     |   |
| 2013          | \$ 79,358  | 143,709 | 181,535 | 204,480 | 215,280 | 219,303 | 223,739 | \$ 224,675 | \$ 226,211 | \$ 226,385   |                     |   |
| 2014          |  | 72,838  | 134,376 | 166,947 | 187,375 | 204,057 | 209,401 | 210,994    | 212,522    | 212,940      |                     |   |
| 2015          |  |         | 78,861  | 149,366 | 186,281 | 211,908 | 231,530 | 237,792    | 239,986    | 240,829      |                     |   |
| 2016          |  |         |         | 86,492  | 153,911 | 198,326 | 225,869 | 237,592    | 247,640    | 251,920      |                     |   |
| 2017          |  |         |         |         | 88,357  | 175,175 | 218,435 | 241,823    | 255,530    | 261,535      |                     |   |
| 2018          |  |         |         |         |         | 95,777  | 185,317 | 227,312    | 248,183    | 262,077      |                     |   |
| 2019          |  |         |         |         |         |         | 98,545  | 193,389    | 231,892    | 258,959      |                     |   |
| 2020          |  |         |         |         |         |         |         | 78,699     | 151,722    | 184,874      |                     |   |
| 2021          |  |         |         |         |         |         |         |            | 85,916     | 179,363      |                     |   |
| 2022          |  |         |         |         |         |         |         |            |            | 93,500       |                     |   |
|               |  |         |         |         |         |         |         |            |            | <b>Total</b> | <b>\$ 2,172,382</b> |   |
|               |  |         |         |         |         |         |         |            |            |              |                     | All outstanding liabilities before 2013, net of reinsurance*                    |
|               |  |         |         |         |         |         |         |            |            |              |                     | 3,802   |
|               |  |         |         |         |         |         |         |            |            |              |                     | <b>Liabilities for claims and claim adjustment expenses, net of reinsurance</b> |
|               |  |         |         |         |         |         |         |            |            |              |                     | <b>\$ 460,351</b>   |

\* Unaudited supplementary information.



**Note 11 – Liability for Unpaid Claims and Claim Adjustment Expenses - (Continued)**

**Non-Auto Liability**—Consists of workers’ compensation and other liability occurrence. Claims and claim adjustment expenses are shown below (in thousands):

| Accident Year | Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance |           |           |           |           |           |           |           |           |              | December 31, 2022              |                                      |
|---------------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|--------------------------------|--------------------------------------|
|               | Years ended December 31,  |           |           |           |           |           |           |           |           |              | IBNR Plus Expected Development | Cumulative Number of Reported Claims |
|               | 2013*   | 2014*     | 2015*     | 2016*     | 2017*     | 2018*     | 2019*     | 2020*     | 2021*     | 2022         |                                |                                      |
| 2013          | \$ 74,183   | \$ 75,815 | \$ 70,772 | \$ 67,841 | \$ 65,096 | \$ 64,564 | \$ 63,284 | \$ 62,926 | \$ 62,159 | \$ 61,072    | \$ 1,608                       | 4,565                                |
| 2014          |   | 83,084    | 75,550    | 72,624    | 67,339    | 67,865    | 67,267    | 67,268    | 66,250    | 66,212       | 2,998                          | 6,134                                |
| 2015          |   |           | 83,897    | 78,968    | 76,724    | 67,548    | 64,189    | 63,326    | 63,523    | 62,929       | 3,006                          | 5,568                                |
| 2016          |   |           |           | 86,935    | 83,179    | 73,764    | 73,195    | 68,178    | 67,347    | 68,142       | 4,092                          | 4,537                                |
| 2017          |   |           |           |           | 102,616   | 88,902    | 81,240    | 77,322    | 76,540    | 74,173       | 4,596                          | 8,199                                |
| 2018          |   |           |           |           |           | 88,986    | 85,910    | 79,493    | 75,207    | 74,115       | 13,005                         | 13,756                               |
| 2019          |   |           |           |           |           |           | 96,064    | 95,340    | 92,544    | 89,475       | 19,473                         | 11,974                               |
| 2020          |   |           |           |           |           |           |           | 90,197    | 83,339    | 80,839       | 25,047                         | 10,220                               |
| 2021          |   |           |           |           |           |           |           |           | 102,869   | 100,813      | 43,154                         | 9,725                                |
| 2022          |   |           |           |           |           |           |           |           |           | 109,460      | 62,924                         | 7,453                                |
|               |   |           |           |           |           |           |           |           |           | <b>Total</b> | <b>\$787,230</b>               |                                      |

| Accident Year | Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance |           |           |           |           |           |           |           |              |   |                   |
|---------------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|---|-------------------|
|               | Years ended December 31,   |           |           |           |           |           |           |           |              |   |                   |
|               | 2013*  | 2014*     | 2015*     | 2016*     | 2017*     | 2018*     | 2019*     | 2020*     | 2021*        | 2022  |                   |
| 2013          | \$ 12,794  | \$ 22,743 | \$ 32,474 | \$ 42,504 | \$ 47,987 | \$ 51,672 | \$ 54,323 | \$ 55,426 | \$ 56,916    | \$ 57,227   |                   |
| 2014          |  | 11,201    | 26,587    | 36,220    | 45,206    | 51,853    | 55,307    | 57,497    | 58,559       | 59,886  |                   |
| 2015          |  |           | 11,979    | 23,488    | 37,059    | 46,285    | 51,303    | 53,478    | 55,434       | 56,890  |                   |
| 2016          |  |           |           | 12,733    | 24,633    | 35,502    | 45,820    | 50,596    | 55,205       | 57,958  |                   |
| 2017          |  |           |           |           | 14,865    | 37,139    | 48,654    | 53,996    | 59,582       | 63,025  |                   |
| 2018          |  |           |           |           |           | 13,156    | 26,115    | 37,574    | 45,316       | 49,940  |                   |
| 2019          |  |           |           |           |           |           | 12,204    | 30,199    | 40,729       | 49,979  |                   |
| 2020          |  |           |           |           |           |           |           | 9,596     | 23,838       | 36,066  |                   |
| 2021          |  |           |           |           |           |           |           |           | 12,389       | 32,658  |                   |
| 2022          |  |           |           |           |           |           |           |           |              | 14,029  |                   |
|               |  |           |           |           |           |           |           |           | <b>Total</b> | <b>\$ 477,658</b>   |                   |
|               |  |           |           |           |           |           |           |           |              | All outstanding liabilities before 2013, net of reinsurance*                    | 19,225            |
|               |  |           |           |           |           |           |           |           |              | <b>Liabilities for claims and claim adjustment expenses, net of reinsurance</b> | <b>\$ 328,797</b> |

\* Unaudited supplementary information.

**Note 11 – Liability for Unpaid Claims and Claim Adjustment Expenses - (Continued)**

**Commercial Multi-Peril**—Consists of business owners insurance and mortgage fire business. Claims and claim adjustment expenses are shown below (in thousands):

|               | Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance |           |           |           |           |           |           |           |           |              | December 31, 2022                    |   |
|---------------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|--------------------------------------|---|
|               | Years ended December 31,  |           |           |           |           |           |           |           |           |              | IBNR Plus<br>Expected<br>Development | Cumulative<br>Number of<br>Reported<br>Claims |
| Accident Year | 2013*   | 2014*     | 2015*     | 2016*     | 2017*     | 2018*     | 2019*     | 2020*     | 2021*     | 2022         |                                      |   |
| 2013          | \$ 33,979   | \$ 27,592 | \$ 27,867 | \$ 26,970 | \$ 25,948 | \$ 26,028 | \$ 24,790 | \$ 24,681 | \$ 24,733 | \$ 24,665    | \$ 210                               | 2,231   |
| 2014          |   | 36,852    | 31,220    | 34,911    | 33,962    | 36,132    | 34,279    | 34,004    | 33,836    | 33,730       | 255                                  | 2,314   |
| 2015          |   |           | 33,997    | 31,488    | 29,023    | 32,282    | 31,285    | 33,059    | 34,282    | 33,889       | 693                                  | 2,248   |
| 2016          |   |           |           | 38,115    | 33,475    | 33,080    | 31,615    | 33,628    | 32,705    | 32,867       | 914                                  | 4,807   |
| 2017          |   |           |           |           | 42,411    | 37,079    | 40,611    | 43,367    | 47,660    | 49,825       | 2,340                                | 6,830   |
| 2018          |   |           |           |           |           | 50,784    | 50,182    | 51,519    | 51,035    | 51,124       | 2,570                                | 5,706   |
| 2019          |   |           |           |           |           |           | 56,062    | 59,789    | 58,262    | 57,780       | 6,075                                | 3,657   |
| 2020          |   |           |           |           |           |           |           | 68,226    | 63,281    | 64,265       | 11,247                               | 4,150   |
| 2021          |   |           |           |           |           |           |           |           | 95,708    | 92,644       | 21,168                               | 5,629   |
| 2022          |   |           |           |           |           |           |           |           |           | 128,960      | 51,683                               | 4,800   |
|               |   |           |           |           |           |           |           |           |           | <b>Total</b> | <b>\$ 569,749</b>                    |   |

|               | Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance |           |           |           |           |           |           |           |  |            |
|---------------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--|------------|
|               | Years ended December 31,   |           |           |           |           |           |           |           |  |            |
| Accident Year | 2013*  | 2014*     | 2015*     | 2016*     | 2017*     | 2018*     | 2019*     | 2020*     | 2021*  | 2022       |
| 2013          | \$ 9,374   | \$ 12,723 | \$ 15,426 | \$ 18,406 | \$ 20,816 | \$ 21,718 | \$ 23,210 | \$ 23,348 | \$ 23,513  | \$ 23,732  |
| 2014          |  | 12,001    | 16,484    | 20,199    | 24,602    | 27,339    | 31,448    | 32,702    | 32,934   | 33,102     |
| 2015          |  |           | 9,820     | 12,956    | 16,402    | 21,680    | 25,188    | 27,201    | 28,566   | 29,692     |
| 2016          |  |           |           | 11,327    | 17,193    | 19,085    | 22,339    | 25,686    | 26,690   | 27,629     |
| 2017          |  |           |           |           | 12,458    | 20,828    | 23,294    | 26,202    | 28,420   | 34,892     |
| 2018          |  |           |           |           |           | 18,027    | 30,078    | 32,490    | 35,781   | 41,169     |
| 2019          |  |           |           |           |           |           | 22,098    | 32,295    | 37,408   | 41,045     |
| 2020          |  |           |           |           |           |           |           | 25,492    | 38,415   | 42,677     |
| 2021          |  |           |           |           |           |           |           |           | 41,452   | 60,141     |
| 2022          |  |           |           |           |           |           |           |           |  | 45,624     |
|               |  |           |           |           |           |           |           |           | Total  | \$ 379,703 |
|               |  |           |           |           |           |           |           |           | All outstanding liabilities before 2013, net of reinsurance*             | 1,525      |
|               |  |           |           |           |           |           |           |           | Liabilities for claims and claim adjustment expenses, net of reinsurance | \$ 191,571 |

\* *Unaudited supplementary information.*

**Note 11 – Liability for Unpaid Claims and Claim Adjustment Expenses - (Continued)**

**Homeowners**—Consists of homeowners and renters business. Claims and claim adjustment expenses are shown below (in thousands):

| Accident Year | Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance |            |            |            |            |            |            |            |            |              | December 31, 2022              |                                      |
|---------------|---|------------|------------|------------|------------|------------|------------|------------|------------|--------------|--------------------------------|--------------------------------------|
|               | Years ended December 31,  |            |            |            |            |            |            |            |            |              | IBNR Plus Expected Development | Cumulative Number of Reported Claims |
|               | 2013*   | 2014*      | 2015*      | 2016*      | 2017*      | 2018*      | 2019*      | 2020*      | 2021*      | 2022         |                                |                                      |
| 2013          | \$ 152,208  | \$ 149,080 | \$ 149,242 | \$ 148,231 | \$ 147,927 | \$ 147,444 | \$ 147,359 | \$ 147,234 | \$ 147,246 | \$ 147,244   | \$ —                           | 20,041                               |
| 2014          |   | 132,651    | 131,634    | 130,287    | 131,546    | 130,895    | 130,747    | 130,799    | 130,713    | 130,705      | —                              | 18,183                               |
| 2015          |   |            | 125,430    | 124,199    | 123,619    | 123,824    | 123,731    | 123,357    | 123,312    | 123,293      | —                              | 17,759                               |
| 2016          |   |            |            | 147,264    | 145,373    | 144,376    | 145,019    | 144,828    | 144,766    | 144,717      | 19                             | 21,562                               |
| 2017          |   |            |            |            | 164,284    | 172,274    | 172,491    | 169,524    | 169,430    | 169,370      | 24                             | 23,601                               |
| 2018          |   |            |            |            |            | 174,495    | 179,561    | 176,317    | 176,681    | 177,437      | 98                             | 22,599                               |
| 2019          |   |            |            |            |            |            | 177,854    | 176,005    | 173,763    | 174,563      | 99                             | 20,323                               |
| 2020          |   |            |            |            |            |            |            | 227,298    | 228,441    | 228,215      | 297                            | 25,040                               |
| 2021          |   |            |            |            |            |            |            |            | 240,732    | 248,886      | 5,043                          | 22,045                               |
| 2022          |   |            |            |            |            |            |            |            |            | 247,088      | 33,404                         | 20,809                               |
|               |   |            |            |            |            |            |            |            |            | <b>Total</b> | <b>\$1,791,518</b>             |                                      |

| Accident Year  | Cumulative Paid Claims and Allocated Claims Adjustment Expenses, Net of Reinsurance |            |            |            |            |            |            |            |            |              |
|--|---|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
|  | Years ended December 31,  |            |            |            |            |            |            |            |            |              |
|  | 2013*   | 2014*      | 2015*      | 2016*      | 2017*      | 2018*      | 2019*      | 2020*      | 2021*      | 2022         |
| 2013   | \$ 115,605  | \$ 140,309 | \$ 145,152 | \$ 146,650 | \$ 146,920 | \$ 147,145 | \$ 147,233 | \$ 147,232 | \$ 147,245 | \$ 147,244   |
| 2014   |   | 96,300     | 122,601    | 126,245    | 129,467    | 130,059    | 130,305    | 130,542    | 130,577    | 130,588      |
| 2015   |   |            | 86,617     | 114,696    | 119,331    | 122,585    | 122,955    | 123,065    | 123,161    | 123,288      |
| 2016   |   |            |            | 105,415    | 136,796    | 140,972    | 144,000    | 144,596    | 144,635    | 144,696      |
| 2017   |   |            |            |            | 116,075    | 159,107    | 166,009    | 167,638    | 168,241    | 168,661      |
| 2018   |   |            |            |            |            | 121,631    | 165,203    | 170,850    | 174,077    | 176,476      |
| 2019   |   |            |            |            |            |            | 122,530    | 163,400    | 170,229    | 173,047      |
| 2020   |   |            |            |            |            |            |            | 166,352    | 217,224    | 223,741      |
| 2021   |   |            |            |            |            |            |            |            | 175,265    | 234,852      |
| 2022   |   |            |            |            |            |            |            |            |            | 174,402      |
| Total  |   |            |            |            |            |            |            |            |            | \$ 1,696,995 |
| All outstanding liabilities before 2013, net of reinsurance*             |   |            |            |            |            |            |            |            |            | 142          |
| Liabilities for claims and claim adjustment expenses, net of reinsurance |   |            |            |            |            |            |            |            |            | \$ 94,665    |

\* Unaudited supplementary information.

**Note 11 – Liability for Unpaid Claims and Claim Adjustment Expenses - (Continued)**

**Short Tail Property**—Consists of auto physical damage, fire, rental owners, standard fire policy, country estates, inland marine and watercraft. This line of business has substantially all claims settled and paid in less than two years. Claims and claim adjustment expenses are shown below (in thousands):

| Accident Year | Incurred Claims and Allocated Claim<br>Adjustment Expenses, Net of Reinsurance |                   | As of December 31, 2022           |   |
|---------------|--|-------------------|-----------------------------------|---|
|               | Years ended December 31,   |                   | IBNR Plus Expected<br>Development | Cumulative Number of<br>Reported Claims |
|               | 2021*  | 2022              |                                   |   |
| 2021          | \$ 269,065   | \$ 266,457        | \$ (463)                          | 56,383                                  |
| 2022          |  | 343,392           | (2,305)                           | 52,325                                  |
|               | <b>Total</b>   | <b>\$ 609,849</b> |                                   |   |

| Accident Year | Cumulative Paid Claims and Allocated Claim<br>Adjustment Expenses, Net of Reinsurance |                   |
|---------------|---|-------------------|
|               | Years ended December 31,  |                   |
|               | 2021*   | 2022              |
| 2021          | \$ 235,425  | \$ 265,625        |
| 2022          |   | 297,877           |
|               | <b>Total</b>  | <b>\$ 563,502</b> |
|               | All outstanding liabilities before 2021, net of reinsurance*                          |                   |
|               |   | 2,823             |
|               | <b>Liabilities for claims and claim adjustment expenses, net of reinsurance</b>       | <b>\$ 49,170</b>  |

\* Unaudited supplementary information.

**Credit Property and Casualty**—Consists of credit property insurance, vendor's or lender's single interest insurance, GAP insurance, GAP waiver, debt cancellation products, involuntary unemployment insurance and collateral protection insurance. This line of business has substantially all claims settled and paid in less than two years. Claims and claim adjustment expenses are shown below (in thousands):

| Accident Year | Incurred Claims and Allocated Claim<br>Adjustment Expenses, Net of Reinsurance |                   | As of December 31, 2022              |   |
|---------------|--|-------------------|--------------------------------------|---|
|               | Years ended December 31,   |                   | IBNR Plus<br>Expected<br>Development | Cumulative Number<br>of Reported Claims |
|               | 2021*  | 2022              |                                      |   |
| 2021          | \$ 51,002  | \$ 43,323         | \$ 4                                 | 17,203                                  |
| 2022          |  | 58,468            | 14,446                               | 11,088                                  |
|               | <b>Total</b>   | <b>\$ 101,791</b> |                                      |   |

| Accident Year | Cumulative Paid Claims and Allocated Claim<br>Adjustment Expenses, Net of Reinsurance |                  |
|---------------|---|------------------|
|               | Years ended December 31,  |                  |
|               | 2021*   | 2022             |
| 2021          | \$ 34,998   | \$ 43,121        |
| 2022          |   | 39,807           |
|               | <b>Total</b>  | <b>\$ 82,928</b> |
|               | All outstanding liabilities before 2021, net of reinsurance*                          |                  |
|               |   | 43               |
|               | <b>Liabilities for claims and claim adjustment expenses, net of reinsurance</b>       | <b>\$ 18,906</b> |

\* Unaudited supplementary information.

**Note 11 – Liability for Unpaid Claims and Claim Adjustment Expenses - (Continued)**

**Credit Life**—For credit life products, IBNR is calculated as a percentage of life insurance in-force. This line of business has substantially all claims settled and paid in less than two years. Claims and claim adjustment expenses are shown below (in thousands):

| Accident Year | Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance |                  | As of December 31, 2022        |                                      |
|---------------|---|------------------|--------------------------------|--------------------------------------|
|               | Years ended December 31,  |                  | IBNR Plus Expected Development | Cumulative Number of Reported Claims |
|               | 2021*   | 2022             |                                |                                      |
| 2021          | \$ 10,291   | \$ 10,980        | \$ 31                          | 73                                   |
| 2022          |   | 7,634            | 870                            | 40                                   |
|               | <b>Total</b>  | <b>\$ 18,614</b> |                                |                                      |

| Accident Year | Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance |                  |
|---------------|--|------------------|
|               | Years ended December 31,   |                  |
|               | 2021*  | 2022             |
| 2021          | \$ 8,894   | \$ 10,946        |
| 2022          |  | 6,709            |
|               | <b>Total</b>   | <b>\$ 17,655</b> |
|               | All outstanding liabilities before 2021, net of reinsurance*                       |                  |
|               | <b>Liabilities for claims and claim adjustment expenses, net of reinsurance</b>    | <b>\$ 959</b>    |

\* Unaudited supplementary information.

**Health Reserving Methodology**—The following methods are utilized:

- **Completion Factor Approach**—This method assumes that the historical claim patterns will be an accurate representation of unpaid claim liabilities. An estimate of the unpaid claims is calculated by subtracting period-to-date paid claims from an estimate of the ultimate “complete” payment for all incurred claims in the period. Completion factors are calculated which “complete” the current period-to-date payment totals for each incurred month to estimate the ultimate expected payout.
- **Tabular Claims Reserves**—This method is used to calculate the reserves for long-term care and disability income blocks of business. These reserves rely on published valuation continuance tables created using industry experience regarding assumptions of continued morbidity and subsequent recovery. Reserves are calculated by applying these continuance tables, along with appropriate company experience adjustments, to the stream of contractual benefit payments. These expected benefit payments are discounted at the required interest rate.
- **Future Policy Benefits**—Reserves are equal to the aggregate of the present value of expected future benefit payments, less the present value of expected future premiums. Morbidity and termination assumptions are based on our experience or published valuation tables when available and appropriate.
- **Premium Deficiency Reserves**—Deficiency reserves are established when the expected future claim payments and expenses for a classification of policies are in excess of the expected premiums for these policies. The determination of a deficiency reserve takes into consideration the likelihood of premium rate increases, the timing of these increases, future net investment income, and the expected benefit utilization patterns. We have established premium deficiency reserves for portions of the major medical business and the long-term care business that are in run-off. The assumptions and methods used to determine the deficiency reserves are reviewed periodically for reasonableness, and the reserve amount is monitored against emerging losses.

There is no expected development on reported claims in the health blocks. Claim frequency is determined by totaling the number of unique claim numbers during the period as each unique claim number represents a claim event for an individual claimant.

**Note 11 – Liability for Unpaid Claims and Claim Adjustment Expenses - (Continued)**

**Health**—Consists of stop-loss and other supplemental health products. This line of business has substantially all claims settled and paid in less than five years. Claims and claim adjustment expenses are shown below (in thousands):

| Accident Year | Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance |           |           |              |                   | As of December 31, 2022              |  |
|---------------|---|-----------|-----------|--------------|-------------------|--------------------------------------|--|
|               | Years ended December 31,  |           |           |              |                   | IBNR Plus<br>Expected<br>Development | Cumulative<br>Number of<br>Reported Claims |
|               | 2018*   | 2019*     | 2020*     | 2021*        | 2022              |                                      |  |
| 2018          | \$ 64,686   | \$ 63,730 | \$ 57,676 | \$ 57,682    | \$ 57,709         | \$ —                                 | 31,771                                     |
| 2019          |   | 48,175    | 52,508    | 47,294       | 47,439            | —                                    | 32,271                                     |
| 2020          |   |           | 38,461    | 37,871       | 32,779            | 1                                    | 26,148                                     |
| 2021          |   |           |           | 43,153       | 37,142            | 2,963                                | 24,466                                     |
| 2022          |   |           |           |              | 29,932            | 11,783                               | 27,559                                     |
|               |   |           |           | <b>Total</b> | <b>\$ 205,001</b> |                                      |  |

  

| Accident Year | Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance |           |           |   |                   |
|---------------|--|-----------|-----------|---|-------------------|
|               | Years ended December 31,   |           |           |   |                   |
|               | 2018*  | 2019*     | 2020*     | 2021*   | 2022              |
| 2018          | \$ 34,894  | \$ 57,759 | \$ 57,616 | \$ 57,617   | \$ 57,617         |
| 2019          |  | 33,353    | 47,270    | 47,245  | 47,373            |
| 2020          |  |           | 23,398    | 34,118  | 32,740            |
| 2021          |  |           |           | 27,889  | 34,282            |
| 2022          |  |           |           |   | 17,480            |
|               |  |           |           | <b>Total</b>  | <b>\$ 189,492</b> |
|               |  |           |           | All outstanding liabilities before 2018, net of reinsurance*                    | 4,812             |
|               |  |           |           | <b>Liabilities for claims and claim adjustment expenses, net of reinsurance</b> | <b>\$ 20,321</b>  |

\* Unaudited supplementary information.

**Credit Health Reserving Methodology**—The following methods are utilized:

**Tabular Claims Reserves**—These reserves rely on published valuation continuance tables. The insured's age at disablement, the duration of the claim and the remaining term of the policy are used to provide a factor which is applied to the remaining exposure to calculate the present value of future benefits for insureds on claim.

The claim liability consists of IBNR and Due/Unpaid. The IBNR utilizes an inventory type method based on historical patterns of claim payments incurred but not reported within the last six months of the valuation date.

The Due/Unpaid reserves are the amount needed to pay an open claim from the last date of payment to the reserve valuation date.

**Note 11 – Liability for Unpaid Claims and Claim Adjustment Expenses - (Continued)**

**Credit Health**—The claim liability consists of credit disability. This line of business has substantially all claims settled and paid in less than five years. Claims and claim adjustment expenses are shown below (in thousands):

|               | Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance |          |          |          |                  | As of December 31, 2022        |                                      |
|---------------|---|----------|----------|----------|------------------|--------------------------------|--------------------------------------|
|               | Years ended December 31,  |          |          |          |                  | IBNR Plus Expected Development | Cumulative Number of Reported Claims |
| Accident Year | 2018*   | 2019*    | 2020*    | 2021*    | 2022             |                                |                                      |
| 2018          | \$ 4,631  | \$ 4,163 | \$ 4,155 | \$ 4,303 | \$ 4,275         | \$ 58                          | 3,608                                |
| 2019          |   | 3,902    | 3,705    | 3,631    | 3,628            | 61                             | 3,008                                |
| 2020          |   |          | 3,736    | 3,741    | 3,804            | 211                            | 2,581                                |
| 2021          |   |          |          | 3,415    | 3,401            | 337                            | 1,794                                |
| 2022          |   |          |          |          | 2,756            | 546                            | 1,120                                |
|               |   |          |          | Total    | <u>\$ 17,864</u> |                                |                                      |

|               | Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance |          |          |          |           |          |
|---------------|--|----------|----------|----------|-----------|----------|
|               | Years ended December 31,   |          |          |          |           |          |
| Accident Year | 2018*  | 2019*    | 2020*    | 2021*    | 2022      |          |
| 2018          | \$ 1,473   | \$ 2,930 | \$ 3,598 | \$ 3,918 | \$ 4,080  |          |
| 2019          |  | 1,208    | 2,618    | 3,138    | 3,424     |          |
| 2020          |  |          | 1,179    | 2,613    | 3,100     |          |
| 2021          |  |          |          | 1,098    | 2,274     |          |
| 2022          |  |          |          |          | 930       |          |
|               |  |          |          | Total    | \$ 13,808 |          |
|               | All outstanding liabilities before 2018, net of reinsurance*                       |          |          |          |           | —        |
|               | Liabilities for claims and claim adjustment expenses, net of reinsurance           |          |          |          |           | \$ 4,056 |

\* Unaudited supplementary information.

The following table is supplementary information. A 10-year average annual percentage payout of incurred claims is shown below:

|                        | Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance |        |        |        |        |        |        |        |        |         |
|------------------------|--|--------|--------|--------|--------|--------|--------|--------|--------|---------|
|                        | Year 1   | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| Auto Liability         | 32.8 %   | 30.1 % | 15.3 % | 9.4 %  | 5.9 %  | 2.6 %  | 1.3 %  | 0.5 %  | 0.4 %  | 1.7 %   |
| Non-Auto Liability     | 16.4 %   | 20.1 % | 15.7 % | 12.5 % | 8.0 %  | 5.2 %  | 3.7 %  | 1.9 %  | 2.3 %  | 14.2 %  |
| Commercial Multi-Peril | 35.5 %   | 16.9 % | 7.9 %  | 9.8 %  | 8.9 %  | 7.6 %  | 4.2 %  | 1.5 %  | 0.7 %  | 7.0 %   |
| Homeowner              | 71.6 %   | 22.3 % | 3.3 %  | 1.8 %  | 0.5 %  | 0.2 %  | 0.2 %  | — %    | — %    | 0.1 %   |
| Short Tail Property    | 87.5 %   | 12.5 % | n/a    | n/a    | n/a    | n/a    | n/a    | n/a    | n/a    | n/a     |
| Credit P&C             | 74.4 %   | 25.6 % | n/a    | n/a    | n/a    | n/a    | n/a    | n/a    | n/a    | n/a     |
| Credit Life            | 40.7 %   | 59.3 % | n/a    | n/a    | n/a    | n/a    | n/a    | n/a    | n/a    | n/a     |

## Note 12 – Federal Income Taxes

A reconciliation of the effective tax rate to the statutory federal tax rate is shown below (in thousands, except percentages):

|   | Successor   |               | Predecessor   |               |                   |               |                   |               |
|---|---|---------------|---|---------------|-------------------|---------------|-------------------|---------------|
|   | Period from May 25, 2022<br>through December 31, 2022 |               | Period from January 1,<br>2022 through May 24, 2022 |               | December 31, 2021 |               | December 31, 2020 |               |
|   | Amount  | Rate          | Amount  | Rate          | Amount            | Rate          | Amount            | Rate          |
| Total expected income tax expense at the statutory rate | \$ 87,157   | 21.0 %        | \$ 43,308   | 21.0 %        | \$ 186,647        | 21.0 %        | \$ 122,174        | 21.0 %        |
| Tax-exempt investment income                            | (2,082)   | (0.5)         | (1,811)   | (0.9)         | (3,929)           | (0.4)         | (4,262)           | (0.7)         |
| Dividend exclusion                                      | (518)   | (0.1)         | (224)   | (0.1)         | (3,459)           | (0.4)         | (3,097)           | (0.5)         |
| Tax credits, net  | (12,959)  | (3.1)         | (2,213)   | (1.1)         | (4,988)           | (0.6)         | (7,484)           | (1.3)         |
| Low income housing tax credit expense                   | 2,063   | 0.5           | 1,344   | 0.7           | 4,736             | 0.5           | 4,923             | 0.8           |
| Deferred intercompany gains                             | —   | —             | —   | —             | (138)             | —             | (625)             | (0.1)         |
| Deferred tax change                                     | —   | —             | (2,148)   | (1.0)         | (8,260)           | (0.9)         | 2,816             | 0.5           |
| Other items, net  | 1254  | 0.3           | 296   | 0.1           | (1,052)           | (0.1)         | 2,407             | 0.4           |
| <b>Total</b>  | <b>\$ 74,915</b>                                      | <b>18.1 %</b> | <b>\$ 38,552</b>                                    | <b>18.7 %</b> | <b>\$ 169,557</b> | <b>19.1 %</b> | <b>\$ 116,852</b> | <b>20.1 %</b> |

American National made income tax payments of \$431.4 million, \$88.3 million, and \$62.5 million during 2022, 2021, and 2020, respectively. As of December 31, 2022, American National had no material net operating loss or tax credit carryforwards.

American National's federal income tax returns for tax years 2018 to 2021 are subject to examination by the Internal Revenue Service. In 2021, we filed amended returns for tax years 2017 and 2018 resulting in a tax refund. In April 2022, the IRS requested, and we accepted, a request to extend the statute of limitations on the 2018 tax year to October 2023 in order to allow more time to review our refund claim. In the opinion of management, all prior year deficiencies have been paid or adequate provisions have been made for any tax deficiencies that may be upheld.

As of December 31, 2022, American National had no provision for uncertain tax positions and no provision for penalties or interest. In addition, management does not believe there are any uncertain tax benefits that could be recognized within the next twelve months that would impact American National's effective tax rate.



**Note 12 – Federal Income Taxes - (Continued)**

The tax effects of temporary differences that gave rise to the deferred tax assets and liabilities are shown below (in thousands):

|  | Successor<br>December 31, 2022 | Predecessor<br>December 31, 2021 |
|--|--------------------------------|----------------------------------|
| <b>DEFERRED TAX ASSETS</b>   |                                |                                  |
| Bonds  | \$ 399,999                     | \$ —                             |
| Equity Securities  | 196                            | —                                |
| Mortgage loans on real estate                                      | 41,420                         | 27,784                           |
| Future policy benefits, policyholders' account balances and claims | 106,650                        | 43,538                           |
| Unearned premium reserve   | 27,531                         | 25,142                           |
| Participating policyholders' liability                             | 55,273                         | 67,367                           |
| Deferred compensation  | 8,181                          | 9,853                            |
| Tax carryforwards  | 2,255                          | 1,748                            |
| <b>Gross deferred tax assets before valuation allowance</b>        | <b>641,505</b>                 | <b>175,432</b>                   |
| Valuation allowance  | (2,800)                        | (2,552)                          |
| <b>Gross deferred tax assets after valuation allowance</b>         | <b>638,705</b>                 | <b>172,880</b>                   |
| <b>DEFERRED TAX LIABILITIES</b>                                    |                                |                                  |
| Bonds  | —                              | 69,089                           |
| Equity securities  | —                              | 8,386                            |
| Real estate, real estate partnerships and investment funds         | 22,333                         | 16,319                           |
| Other invested assets  | 17                             | 30,452                           |
| Deferred acquisition costs   | 42,187                         | 218,252                          |
| Property and equipment   | 8,717                          | 6,272                            |
| Pension and liability for retirement benefits                      | 21,065                         | 20,640                           |
| Reinsurance transactions   | 17,482                         | —                                |
| Other liabilities  | 18,094                         | 5,554                            |
| <b>Gross deferred tax liabilities</b>                              | <b>129,895</b>                 | <b>374,964</b>                   |
| <b>Total net deferred tax asset (liability)</b>                    | <b>\$ 508,810</b>              | <b>\$ (202,084)</b>              |

As of December 31, 2022, American National reported a deferred tax asset of \$508.8 million compared to a deferred tax liability at December 31, 2021 of \$202.1 million. In 2022, deferred tax assets increased by \$382.0 million as a result of Purchase GAAP Accounting adjustments not recognized for tax. In addition, deferred tax assets also increased primarily due to unrealized losses on investments not recognized for tax.

GAAP requires us to evaluate the recoverability of our deferred tax assets and establish a valuation allowance, if necessary, to reduce our deferred tax assets to an amount that is more-likely-than-not to be realized. Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. There were no material changes to our valuation allowance recorded during the years ended December 31, 2022 and 2021. Although realization is not assured, management believes it is more-likely-than-not that our remaining deferred tax assets will be realized and that as of December 31, 2022, no additional valuation allowance is required.

On August 16, 2022, the Inflation Reduction Act (the "Act") was signed into law. The Act included several tax provisions including a corporate alternative minimum tax ("CAMT") effective in 2023. The Company is still assessing the impact, if any, of the CAMT but does not expect a material impact to the consolidated financial statements.

### Note 13 – Accumulated Other Comprehensive Income (Loss)

According to PGAAP Accounting, the historic balance of accumulated other comprehensive income (loss) (“AOCI”) was eliminated as a result of the Merger with Brookfield Reinsurance. The components of and changes in AOCI are shown below (in thousands):

| Successor  | Net Unrealized<br>Gains (Losses)<br>on Securities | Defined<br>Benefit<br>Pension Plan<br>Adjustments | Foreign<br>Currency<br>Adjustments | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) |
|--|---|---|------------------------------------|--|
| <b>Beginning balance at May 25, 2022</b>   | <b>\$ —</b>                                       | <b>\$ —</b>                                       | <b>\$ —</b>                        | <b>\$ —</b>  |
| Amounts reclassified from AOCI   | 18,422  | 1,161   | —                                  | 19,583   |
| Unrealized losses arising during the period  | (746,788)   | —   | —                                  | (746,788)  |
| Unrealized losses on investments attributable to participating policyholders’ interest | 6,831   | —   | —                                  | 6,831  |
| Foreign currency adjustment  | —   | —   | (1,237)                            | (1,237)  |
| <b>Ending balance at December 31, 2022</b>   | <b>\$ (721,535)</b>                               | <b>\$ 1,161</b>                                   | <b>\$ (1,237)</b>                  | <b>\$ (721,611)</b>                                    |

  

| Predecessor  | Net Unrealized<br>Gains (Losses)<br>on Securities | Defined<br>Benefit<br>Pension Plan<br>Adjustments | Foreign<br>Currency<br>Adjustments | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) |
|--|---|---|------------------------------------|--|
| <b>Beginning balance at December 31, 2019</b>  | <b>\$ 157,851</b>                                 | <b>\$ (55,232)</b>                                | <b>\$ (3,101)</b>                  | <b>\$ 99,518</b>                                       |
| Amounts reclassified from AOCI   | (7,870)   | 3,831   | —                                  | (4,039)  |
| Unrealized holding gains arising during the period                                     | 198,657   | —   | —                                  | 198,657  |
| Unrealized adjustment to DAC   | (54,094)  | —   | —                                  | (54,094)   |
| Unrealized gains on investments attributable to participating policyholders’ interest  | (2,378)   | —   | —                                  | (2,378)  |
| Actuarial loss arising during the period   | —   | (15,729)  | —                                  | (15,729)   |
| Foreign currency adjustment  | —   | —   | 235                                | 235  |
| <b>Balance at December 31, 2020</b>  | <b>\$ 292,166</b>                                 | <b>\$ (67,130)</b>                                | <b>\$ (2,866)</b>                  | <b>\$ 222,170</b>                                      |
| Amounts reclassified from AOCI   | (32,382)  | 7,584   | —                                  | (24,798)   |
| Unrealized holding losses arising during the period                                    | (163,051)   | —   | —                                  | (163,051)  |
| Unrealized adjustment to DAC   | 46,042  | —   | —                                  | 46,042   |
| Unrealized losses on investments attributable to participating policyholders’ interest | 6,537   | —   | —                                  | 6,537  |
| Actuarial gain arising during the period   | —   | 60,092  | —                                  | 60,092   |
| Foreign currency adjustment  | —   | —   | 62                                 | 62   |
| <b>Balance at December 31, 2021</b>  | <b>\$ 149,312</b>                                 | <b>\$ 546</b>                                     | <b>\$ (2,804)</b>                  | <b>\$ 147,054</b>                                      |
| Amounts reclassified from AOCI   | (6,587)   | 4,800   | —                                  | (1,787)  |
| Unrealized losses arising during the period  | (782,002)   | —   | —                                  | (782,002)  |
| Unrealized adjustment to DAC   | 157,231   | —   | —                                  | 157,231  |
| Unrealized losses on investments attributable to participating policyholders’ interest | 10,648  | —   | —                                  | 10,648   |
| Foreign currency adjustment  | —   | —   | 312                                | 312  |
| <b>Balance at May 24, 2022</b>   | <b>\$ (471,398)</b>                               | <b>\$ 5,346</b>                                   | <b>\$ (2,492)</b>                  | <b>\$ (468,544)</b>                                    |

Unrealized losses increased during the period ended December 31, 2022 compared to December 31, 2021, as a result of an increase in benchmark ten-year interest rates, which were 3.9% and 1.5%, respectively, and widening credit spreads on corporate bonds. The Company does not currently intend to sell nor does it expect to be required to sell any of the securities in an unrealized loss position.

## Note 14 – Equity and Noncontrolling Interests

On July 1, 2020, American National Insurance Company, a Texas insurance company (“ANICO”), completed its previously announced holding company reorganization. As a result of such reorganization, ANICO became a wholly owned subsidiary of American National Group, LLC (“ANAT”). The reorganization provided for the automatic conversion of each share of ANICO common stock, par value of \$1.00 per share, issued and outstanding immediately prior to the effective time of the reorganization, into one duly issued, fully paid and nonassignable share of the common stock, par value \$0.01 per share, of ANAT. Upon the effective date of the holding company reorganization, ANAT retired 3,945,249 shares of common stock that were held in treasury at ANICO prior to the reorganization.

### Stock-based Compensation

American National made grants of Restricted Stock (“RS”) Awards, and Restricted Stock Units (“RSU”), pursuant to a stock-based compensation plan. The term for granting additional awards under such plan expired in 2019. Pursuant to the plan, grants were made to certain officers meeting established performance objectives, and grants were made to directors as compensation and to align their interests with those of other shareholders. American national did not have any activity since 2020.

### Statutory Capital and Surplus

Risk Based Capital (“RBC”) is a measure defined by the National Association of Insurance Commissioners (“NAIC”) and is used by insurance regulators to evaluate the capital adequacy of American National's insurance subsidiaries. RBC is calculated using formulas applied to certain financial balances and activities that consider, among other things, investment risks related to the type and quality of investments, insurance risks associated with products and liabilities, interest rate risks and general business risks. Insurance companies that do not maintain capital and surplus at a level at least 100% of the company action level RBC are required to take certain actions. At December 31, 2022 and 2021, the statutory capital and surplus of American National Insurance Company (“ANICO”) was \$3.5 billion and \$4.0 billion, respectively, which resulted in an RBC level of 419% and 401% of the company action level. All of our other insurance subsidiaries had statutory capital and surplus at December 31, 2022 and December 31, 2021, above 200% of the company action level.

American National's insurance subsidiaries prepare financial statements in accordance with statutory accounting practices prescribed or permitted by the insurance department of each subsidiary's state of domicile, which include certain components of the National Association of Insurance Commissioners’ Codification of Statutory Accounting Principles (“NAIC Codification”). NAIC Codification is intended to standardize regulatory accounting and reporting to state insurance departments. However, statutory accounting practices continue to be established by individual state laws and permitted practices. Modifications by the various state insurance departments may impact the statutory capital and surplus of our insurance subsidiaries.

Statutory accounting differs from GAAP primarily by charging policy acquisition costs to expense as incurred, establishing future policy benefit liabilities using different actuarial assumptions, and valuing securities on a different basis. In addition, certain assets are not admitted under statutory accounting principles and are charged directly to surplus.

One of American National’s insurance subsidiaries has been granted a permitted practice from the Missouri Department of Insurance to record as the valuation of its investment in a wholly-owned subsidiary that is the attorney-in-fact for a Texas domiciled insurer, the statutory capital and surplus of the Texas domiciled insurer. This permitted practice increases the statutory capital and surplus of both ANICO and American National Lloyds Insurance Company by \$79.3 million and \$68.1 million at December 31, 2022 and 2021, respectively. The statutory capital and surplus of both ANICO and American National Lloyds Insurance Company would have remained above the authorized control level RBC had it not used the permitted practice.

The statutory capital and surplus and net income (loss) of our life and property and casualty insurance entities in accordance with statutory accounting practices are shown below (in thousands):

|  | <u>December 31, 2022</u> |           | <u>December 31, 2021</u> |           |
|--|--------------------------|-----------|--------------------------|-----------|
| <b>Statutory capital and surplus</b>     |                          |           |                          |           |
| Life insurance entities                  | \$                       | 4,207,301 | \$                       | 2,425,759 |
| Property and casualty insurance entities |                          | 1,768,116 |                          | 1,570,501 |

**Note 14 – Equity and Noncontrolling Interests – (Continued)**

|  | Years ended December 31, |            |             |
|--|--------------------------|------------|-------------|
|  | 2022                     | 2021       | 2020        |
| <b>Statutory net income</b>              |                          |            |             |
| Life insurance entities                  | \$ 353,796               | \$ 956,053 | \$ (25,178) |
| Property and casualty insurance entities | 50,055                   | 383,962    | 127,207     |

## **Note 14 – Equity and Noncontrolling Interests – (Continued)**

### **Dividends**

During the predecessor period ending May 25, 2022, ANICO paid a quarterly dividend of \$0.82 per share to stockholder's of ANICO in the amount of \$23.0 million.

ANICO paid cash dividends of \$662.0 million to its parent, American National Group, LLC during the seven months ended December 31, 2022.

The amount of dividends paid by our insurance company subsidiaries is restricted by insurance law. These restrictions are based, in part, on the prior year's statutory income and surplus. In general, dividends up to specified levels are considered ordinary and may be paid without prior regulatory approval. Dividends in larger amounts, or extraordinary dividends, are subject to approval by the insurance commissioner of the relevant state of domicile. For example, restrictions applicable to Texas-domiciled life insurance companies like ANICO limit the payment of dividends to the greater of the prior year's statutory net gain from operations before realized capital gains, or 10% of prior year statutory surplus, in each case determined in accordance with statutory accounting principles. ANICO is permitted without prior approval of the Texas Department of Insurance to pay total dividends of \$792.4 million during 2022.

### **Noncontrolling Interest**

American National County Mutual Insurance Company ("County Mutual") is a mutual insurance company owned by its policyholders. ANICO has a management agreement that effectively gives it control of County Mutual. As a result, County Mutual is included in the consolidated financial statements of American National. Policyholder interests in the financial position of County Mutual are reflected as noncontrolling interest of \$6.8 million at December 31, 2022 and December 31, 2021.

American National Insurance Company and its subsidiaries exercise control or ownership of various joint ventures, resulting in their consolidation into American National's consolidated financial statements. The interests of the other partners in the consolidated joint ventures are shown as a noncontrolling interest of \$67.5 million and \$0.9 million at December 31, 2022 and December 31, 2021, respectively.

## **Note 15 – Commitments and Contingencies**

### **Commitments**

American National and its subsidiaries lease insurance sales office space, technological equipment, and automobiles. The remaining long-term lease commitments at December 31, 2022 were approximately \$9.6 million.

American National had aggregate commitments at December 31, 2022 to purchase, expand or improve real estate, to fund fixed interest rate mortgage loans, and to purchase other invested assets of \$2.0 billion, of which \$1.3 billion is expected to be funded in 2022, with the remainder funded in 2023 and beyond.

In addition, the Company had revolving commitments of \$112.5 million expected to be funded during 2023 and 2024.

American National had outstanding letters of credit in the amount of \$3.5 million as of December 31, 2022 and December 31, 2021.

### ***Federal Home Loan Bank (FHLB) Agreements***

The Company has access to the FHLB's financial services including advances that provide an attractive funding source for short-term borrowing and for access to other funding agreements. As of December 31, 2022, certain municipal bonds and collateralized mortgage obligations with a fair value of approximately \$14.2 million and commercial mortgage loans of approximately \$1.3 billion were on deposit with the FHLB as collateral for borrowing. As of December 31, 2022, the collateral provided borrowing capacity of approximately \$775.9 million. The deposited securities and commercial mortgage loans are included in the Company's consolidated statements of financial position within fixed maturity securities and mortgage loans on real estate, net of allowance, respectively.

### **Guarantees**

ANICO has guaranteed bank loans for customers of a third-party marketing operation. The bank loans are used to fund premium payments on life insurance policies issued by ANICO. The loans are secured by the cash values of the life insurance policies. If the customer were to default on a bank loan, ANICO would be obligated to pay off the loan. As the cash values of the life insurance policies always equal or exceed the balance of the loans, management does not foresee any loss on these guarantees. The total amount of the guarantees outstanding as of December 31, 2022, was approximately \$121.4 million, while the total cash value of the related life insurance policies was approximately \$143.0 million.

### **Litigation**

American National and certain subsidiaries are defendants in various lawsuits concerning alleged breaches of contracts, various employment matters, allegedly deceptive insurance sales and marketing practices, and miscellaneous other causes of action arising in the ordinary course of operations. Certain of these lawsuits include claims for compensatory and punitive damages. We provide accruals for these items to the extent we deem the losses probable and reasonably estimable. After reviewing these matters with legal counsel, based upon information presently available, management is of the opinion that the ultimate resultant liability, if any, would not have a material adverse effect on American National's consolidated financial position, liquidity or results of operations; however, assessing the eventual outcome of litigation necessarily involves forward-looking speculation as to judgments to be made by judges, juries and appellate courts in the future.

Such speculation warrants caution, as the frequency of large damage awards, which bear little or no relation to the economic damages incurred by plaintiffs in some jurisdictions, continues to create the potential for an unpredictable judgment in any given lawsuit. These lawsuits are in various stages of development, and future facts and circumstances could result in management changing its conclusions. It is possible that, if the defenses in these lawsuits are not successful, and the judgments are greater than management can anticipate, the resulting liability could have a material impact on our consolidated financial position, liquidity, or results of operations. With respect to the existing litigation, management currently believes that the possibility of a material judgment adverse to American National is remote. Accruals for losses are established whenever they are probable and reasonably estimable. If no one estimate within the range of possible losses is more probable than any other, an accrual is recorded based on the lowest amount of the range.

## **Note 16 – Related Party Transactions**

American National has entered into recurring transactions and agreements with certain related parties. Prior to the Merger, these included mortgage loans, management contracts, agency commission contracts, marketing agreements, health insurance contracts, and legal services. The impact on the consolidated financial statements of significant related party transactions is discussed below.

From time to time, American National may participate in investment opportunities from entities classified as related parties to Brookfield Reinsurance, including collateral and mortgage loans. During 2022, these investments totaled \$1.2 billion and were accounted for in the same manner as those with unrelated parties in the consolidated financial statements.

On June 1, 2022, the Company entered into a Modco agreement with its affiliate, Freestone Re Ltd. This related party Modco agreement has a material impact to the financial statements. For further details, see Note 1, Nature of Operations, of the Notes to the Financial Statements.

## **Note 17 – Liability for Future Policy Benefits and Policyholder Account Balances**

American National estimates liabilities for amounts payable under insurance and annuity policies. Generally, amounts are payable over an extended period of time and related liabilities are calculated as the present value of expected benefit payments reduced by the present value of expected premiums. Such liabilities are established on a block of business based on methods and underlying assumptions in accordance with GAAP and applicable actuarial standards. Principal assumptions used in the establishment of liabilities for future policy benefits are mortality, morbidity, policy lapse, renewal, retirement, disability incidence, disability termination, investment return, inflation, expenses, and other contingent events as appropriate to the respective product type.

Future policy benefits for non-participating traditional life insurance are equal to the aggregate of the present value of expected benefit payments and related expenses less the present value of expected net premiums. Assumptions as to mortality and persistency are based upon American National's experience when the basis of the liability is established. Interest rates for the aggregate future policy benefit liabilities range from 3.0% to 8.0%.

Future policy benefit liabilities for participating traditional life insurance are equal to the aggregate of (i) net level premium reserves for death and endowment policy benefits (calculated based upon the non-forfeiture interest rate, ranging from 2.5% to 5.5%) and mortality rates guaranteed in calculating the cash surrender values described in such contracts; and (ii) the liability for terminal dividends.

Future policy benefit liabilities for individual fixed deferred annuities after annuitization and single premium immediate annuities are equal to the present value of expected future payments. The interest rates used in establishing such liabilities range from 3.0% to 6.0% for all policies in-force.

Future policy benefit liabilities for non-medical health insurance are calculated using the net level premium method and assumptions as to future morbidity, withdrawals and interest, which provide a margin for adverse deviation. The interest rates used in establishing such liabilities range from 3.5% to 8.0%.

Future policy benefit liabilities for disabled lives are estimated using the present value of benefits method and experience assumptions as to claim terminations, expenses and interest. The interest rates used in establishing such liabilities range from 3.0% to 6.0%.

Liabilities for universal life secondary guarantees and paid-up guarantees are determined by estimating the expected value of death benefits payable when the account balance is projected to be zero and recognizing those benefits ratably over the accumulation period based on total expected assessments. American National regularly evaluates estimates used and adjusts the additional liability balances with a related charge or credit to benefit expense, if actual experience or other evidence suggests that earlier assumptions should be revised. The assumptions used in estimating the secondary and paid-up guarantee liabilities are consistent with those used for amortizing DAC, and are thus subject to the same variability and risk. The assumptions of investment performance and volatility for variable products are consistent with historical Standard & Poor's experience. The benefits used in calculating the liabilities are based on the average benefits payable over a range of scenarios.

American National periodically reviews its estimates of actuarial liabilities for future policy benefits and compares them with its actual experience. Differences between actual experience and the assumptions used in pricing these policies, guarantees and riders and in the establishment of the related liabilities result in variances in profit and could result in losses. The effects of changes in such estimated liabilities are included in the consolidated statements of operations in the period in which the changes occur.

Policyholder account balances relate to investment-type contracts and universal life-type policies. Investment-type contracts principally include traditional individual fixed annuities in the accumulation phase and non-variable group annuity contracts. Policyholder account balances are equal to (i) policy account values, which consist of an accumulation of gross premium payments; (ii) credited interest, ranging from 1.0% to 8.0% (some annuities have enhanced first year crediting rates ranging from 1.0% to 7.0%), less expenses, mortality charges, and withdrawals; and (iii) fair value adjustment.



## Note 18 – Reinsurance

The Company reinsures portions of certain life insurance policies to provide a greater diversification of risk and manage exposure on larger risks. The maximum amounts that would be retained by one life insurance company by issue ages are shown below (in thousands):

|                             | 0-75 Years      | 76-80 Years     | 81 and Over     |
|-----------------------------|-----------------|-----------------|-----------------|
| Individual life             | \$ 5,000        | \$ 2,000        | \$ 1,000        |
| Individual accidental death | 250             | 250             | 250             |
| Credit life                 | 100             | 100             | 100             |
| Group life                  | 100             | 100             | 100             |
| <b>Total</b>                | <b>\$ 5,450</b> | <b>\$ 2,450</b> | <b>\$ 1,450</b> |

For the Property and Casualty segment during 2022, American National retained the first \$2.0 million of loss per risk. Reinsurance covered up to \$6.0 million of property and liability losses per risk. Additional excess property per risk coverage was purchased to cover risks up to \$20.0 million, and excess casualty clash coverage was purchased to cover losses up to \$60.0 million. Excess casualty clash covered losses incurred as a result of one casualty event involving multiple policies, excess policy limits and extra contractual obligations. Facultative reinsurance was purchased for individual risks attaching at \$20.0 million as needed. Corporate catastrophe coverage was in place for losses up to \$470.0 million (\$500.0 million if the top layer of the Property Catastrophe Top and Drop contract was included). American National retained the first \$35.0 million of each catastrophe. Catastrophe aggregate reinsurance coverage was also purchased and was provided by two contracts.

The first contract was the Property Catastrophe Top and Drop cover that consisted of \$30.0 million of annual limit available either wholly or in part across two layers of coverage. The first layer was 63.38% of \$30.0 million excess of \$470.0 million on an occurrence basis. The second layer provided aggregate protection where subject loss was \$15.0 million excess of \$20.0 million of each catastrophe, and recoveries followed satisfaction of a \$15.0 million annual aggregate deductible. The second layer acted to reduce the retention on large second and third catastrophe events to \$20.0 million following a first large catastrophe. This cover was placed at 63.38% for 2022 and does not include a reinstatement. The second aggregate contract provided for \$30.0 million of coverage after \$160.0 million of annual aggregated catastrophe losses has been reached. Qualifying losses include amounts of retained losses net of other reinsurance below \$35.0 million on Property Claims Services (“PCS”) declared catastrophe events and internally declared catastrophe events exceeding \$5.0 million. This cover was placed at 50.0% for 2022 and does not include a reinstatement.

American National remains primarily liable with respect to any reinsurance ceded and would bear the entire loss if the reinsurer does not meet their obligations under any reinsurance treaties. American National had the following recoverables from reinsurance, net of allowance for credit losses (in thousands):

|                          | Successor<br>December 31, 2022 | Predecessor<br>December 31, 2021 |
|--------------------------|--------------------------------|----------------------------------|
| Reinsurance recoverables | \$ 447,124                     | \$ 459,621                       |

None of the amount outstanding at December 31, 2022 is the subject of litigation or is in dispute with the reinsurers involved. Management believes the unfavorable resolution of any dispute that may arise likely would not have a material impact on American National’s consolidated financial statements.

**Note 18 – Reinsurance - (Continued)**

The amounts in the consolidated financial statements include the impact of reinsurance. Premiums written and earned and Policyholder benefits and claims are shown below (in thousands):

|                     | Successor   | Predecessor   |                                 |                                 |
|---------------------|---|---|---------------------------------|---------------------------------|
|                     | Period from<br>May 25, 2022<br>through<br>December 31, 2022 | Period from<br>January 1, 2022<br>through<br>May 24, 2022 | Year ended<br>December 31, 2021 | Year ended<br>December 31, 2020 |
| <b>WRITTEN</b>      |   |   |                                 |                                 |
| Direct              | \$ 1,632,191  | \$ 1,158,793  | \$ 2,650,696                    | \$ 2,533,278                    |
| Reinsurance assumed | 492,710   | 308,648   | 644,858                         | 591,457                         |
| Reinsurance ceded   | (661,744)   | (425,091)   | (944,194)                       | (883,187)                       |
| <b>Net</b>          | <b>\$ 1,463,157</b>   | <b>\$ 1,042,350</b>                                       | <b>\$ 2,351,360</b>             | <b>\$ 2,241,548</b>             |
| <b>EARNED</b>       |   |   |                                 |                                 |
| Direct              | \$ 1,701,001  | \$ 1,154,084  | \$ 2,716,632                    | \$ 2,629,403                    |
| Reinsurance assumed | 208,134   | 128,191   | 317,081                         | 291,945                         |
| Reinsurance ceded   | (455,662)   | (302,943)   | (732,660)                       | (703,274)                       |
| <b>Net</b>          | <b>\$ 1,453,473</b>   | <b>\$ 979,332</b>   | <b>\$ 2,301,053</b>             | <b>\$ 2,218,074</b>             |

|   | Successor   | Predecessor   |
|---|---|---|
|   | Period from<br>May 25, 2022<br>through<br>December 31, 2022 | Period from<br>January 1, 2022<br>through<br>May 24, 2022 |
| <b>Policyholder benefits and claims</b> |   |   |
| Direct                                  | \$ 1,268,493  | \$ 909,781  |
| Reinsurance assumed                     | 272,136   | 179,701   |
| Reinsurance ceded                       | (375,143)   | (258,464)   |
| <b>Net</b>                              | <b>\$ 1,165,486</b>   | <b>\$ 831,018</b>   |

Life insurance in-force and related reinsurance amounts are shown below (in thousands):

|  | Successor             | Predecessor           |                       |
|--|-----------------------|-----------------------|-----------------------|
|  | December 31, 2022     | December 31, 2021     | December 31, 2020     |
| Direct life insurance in-force                 | \$ 142,903,807        | \$ 136,710,529        | \$ 128,075,765        |
| Reinsurance risks assumed from other companies | 222,104               | 221,023               | 171,433               |
| Reinsurance risks ceded to other companies     | (22,026,691)          | (22,835,954)          | (24,006,683)          |
| <b>Net life insurance in-force</b>             | <b>\$ 121,099,220</b> | <b>\$ 114,095,598</b> | <b>\$ 104,240,515</b> |

## Note 19 – Pension and Postretirement Benefits

### Savings Plans

American National sponsors a qualified defined contribution (401(k) plan) for all employees, and non-qualified defined contribution plans for certain employees whose otherwise eligible earnings exceed the statutory limits under the qualified plans. The total expense associated with matching contributions to these plans was \$11.2 million and \$10.8 million 2022 and 2021, respectively.

### Pension Benefits

American National sponsors qualified and non-qualified defined benefit pension plans, all of which have been frozen. As such, no additional benefits are accrued through these plans for additional years of service credit or future salary increase credit, and no new participants are added to the plans. Benefits earned by eligible employees prior to the plans being frozen have not been affected.

The qualified pension plans are noncontributory. The plans provide benefits for salaried and management employees and corporate clerical employees subject to a collective bargaining agreement based on years of service and employee compensation. The non-qualified pension plans cover key employees and restore benefits that would otherwise be curtailed by statutory limits on qualified plan benefits.

Amounts recognized in the consolidated statements of financial position consist of (in thousands):

|  | Qualified         |                   | Non-qualified      |                    |
|--|-------------------|-------------------|--------------------|--------------------|
|  | Successor         | Predecessor       | Successor          | Predecessor        |
|  | December 31, 2022 | December 31, 2021 | December 31, 2022  | December 31, 2021  |
| <b>Reconciliation of benefit obligation</b>        |                   |                   |                    |                    |
| Beginning obligation                               | \$ 343,098        | \$ 427,745        | \$ 54,840          | \$ 65,791          |
| Service cost                                       | 198               | 589               | —                  | —                  |
| Interest cost on projected benefit obligation      | 8,601             | 10,290            | 1,195              | 917                |
| Actuarial loss                                     | (25,325)          | (11,640)          | 699                | 2,496              |
| Benefits paid                                      | (17,677)          | (27,604)          | (4,905)            | (8,510)            |
| <b>Obligation at December 31,</b>                  | <b>308,895</b>    | <b>399,380</b>    | <b>51,829</b>      | <b>60,694</b>      |
| <b>Reconciliation of fair value of plan assets</b> |                   |                   |                    |                    |
| Beginning fair value of plan assets                | 498,994           | 511,989           | —                  | —                  |
| Actual return on plan assets                       | (7,749)           | 90,822            | —                  | —                  |
| Employer contributions                             | —                 | —                 | 4,905              | 8,510              |
| Benefits paid                                      | (17,636)          | (27,597)          | (4,905)            | (8,510)            |
| <b>Fair value of plan assets at December 31,</b>   | <b>473,609</b>    | <b>575,214</b>    | <b>—</b>           | <b>—</b>           |
| <b>Funded status at December 31,</b>               | <b>\$ 164,714</b> | <b>\$ 175,834</b> | <b>\$ (51,829)</b> | <b>\$ (60,694)</b> |

The components of net periodic benefit cost for the defined benefit pension plans are shown below (in thousands):

|                                    | Successor         | Predecessor       |                   |
|------------------------------------|-------------------|-------------------|-------------------|
|                                    | December 31, 2022 | December 31, 2021 | December 31, 2020 |
| Service cost                       | \$ 198            | \$ 589            | \$ 543            |
| Interest cost                      | 9,796             | 11,207            | 14,868            |
| Expected return on plan assets     | (15,561)          | (25,921)          | (26,109)          |
| Amortization of net actuarial loss | —                 | 7,628             | 4,848             |
| Settlement Recognition             | —                 | 1,973             | —                 |
| <b>Net periodic benefit cost</b>   | <b>\$ (5,567)</b> | <b>\$ (4,524)</b> | <b>\$ (5,850)</b> |

## Note 19 – Pension and Postretirement Benefits - (Continued)

Amounts related to the defined benefit pension plans recognized as a component of AOCI are shown below (in thousands):

|   | Successor         | Predecessor       |                    |
|---|-------------------|-------------------|--------------------|
|   | December 31, 2022 | December 31, 2021 | December 31, 2020  |
| Actuarial gain                                | \$ 1,469          | \$ 85,666         | \$ (15,061)        |
| Deferred tax expense                          | (308)             | (17,990)          | 3,163              |
| <b>Other comprehensive income, net of tax</b> | <b>\$ 1,161</b>   | <b>\$ 67,676</b>  | <b>\$ (11,898)</b> |

Amounts recognized as a component of AOCI that have not been recognized as a component of the combined net periodic benefit cost of the defined benefit pension plans, are shown below (in thousands):

|                                 | Successor         | Predecessor       | Predecessor        |
|---------------------------------|-------------------|-------------------|--------------------|
|                                 | December 31, 2022 | December 31, 2021 | December 31, 2020  |
| Net actuarial gain              | \$ 1,469          | \$ 690            | \$ (84,976)        |
| Deferred tax expense            | (308)             | (144)             | 17,846             |
| <b>Amounts included in AOCI</b> | <b>\$ 1,161</b>   | <b>\$ 546</b>     | <b>\$ (67,130)</b> |

The weighted average assumptions used are shown below:

|                          | Used for Net Benefit<br>Cost for year ended<br>December 31, 2022 | Used for Benefit<br>Obligations as of<br>December 31, 2022 |
|--------------------------|--|--|
| Discount rate            | 4.47 %   | 5.44 %   |
| Long-term rate of return | 5.50 %   | — %  |

American National's funding policy for the qualified pension plans is to make annual contributions to meet the minimum funding standards of the Pension Protection Act of 2006. American National and its affiliates did not contribute to its qualified plans in 2022 and 2021 due to the substantial contribution over minimum funding standards of \$60.0 million made in 2018. The benefits paid from the non-qualified plans were \$4.9 million and \$8.5 million in 2022 and 2021, respectively. Future payments from the non-qualified pension benefit plans will be funded out of general corporate assets.

The following table shows pension benefit payments expected to be paid (in thousands):

|           |           |
|-----------|-----------|
| 2023      | \$ 46,238 |
| 2024      | 39,457    |
| 2025      | 30,657    |
| 2026      | 30,173    |
| 2027      | 29,654    |
| 2028-2032 | 129,275   |

**Note 19 – Pension and Postretirement Benefits - (Continued)**

American National utilizes third-party pricing services to estimate fair value measurements of its pension plan assets. Refer to Note 9, Fair Value of Financial Instruments for further information concerning the valuation methodologies and related inputs utilized by the third-party pricing services. The fair values (hierarchy measurements) of the pension plan assets by asset category are shown below (in thousands):

| Asset Category                         | Successor         |                   |                   |             |
|--|-------------------|-------------------|-------------------|-------------|
|  | December 31, 2022 |                   |                   |             |
|  | Total             | Level 1           | Level 2           | Level 3     |
| Corporate debt securities              | \$ 120,878        | \$ —              | \$ 120,878        | \$ —        |
| Residential mortgage-backed securities | 30                | —                 | 30                | —           |
| Equity securities by sector            |                   |                   |                   |             |
| Consumer goods                         | 55,392            | 55,392            | —                 | —           |
| Energy and utilities                   | 25,931            | 25,931            | —                 | —           |
| Finance                                | 46,463            | 46,463            | —                 | —           |
| Healthcare                             | 52,476            | 52,476            | —                 | —           |
| Industrials                            | 30,721            | 30,721            | —                 | —           |
| Information technology                 | 87,616            | 87,616            | —                 | —           |
| Other                                  | 49,926            | 49,926            | —                 | —           |
| Commercial paper                       | 358               | —                 | 358               | —           |
| Unallocated group annuity contract     | 174               | —                 | 174               | —           |
| Other                                  | 3,644             | 3,644             | —                 | —           |
| <b>Total</b>                           | <b>\$ 473,609</b> | <b>\$ 352,169</b> | <b>\$ 121,440</b> | <b>\$ —</b> |

| Asset Category                         | Predecessor       |                   |                   |             |
|--|-------------------|-------------------|-------------------|-------------|
|  | December 31, 2021 |                   |                   |             |
|  | Total             | Level 1           | Level 2           | Level 3     |
| Corporate debt securities              | \$ 144,770        | \$ —              | \$ 144,770        | \$ —        |
| Residential mortgage-backed securities | 61                | —                 | 61                | —           |
| Equity securities by sector            |                   |                   |                   |             |
| Consumer goods                         | 63,296            | 63,296            | —                 | —           |
| Energy and utilities                   | 27,078            | 27,078            | —                 | —           |
| Finance                                | 48,401            | 48,401            | —                 | —           |
| Healthcare                             | 60,972            | 60,972            | —                 | —           |
| Industrials                            | 29,375            | 29,375            | —                 | —           |
| Information technology                 | 103,379           | 103,379           | —                 | —           |
| Other                                  | 86,256            | 86,256            | —                 | —           |
| Commercial paper                       | 3,104             | —                 | 3,104             | —           |
| Unallocated group annuity contract     | 498               | —                 | 498               | —           |
| Other                                  | 8,024             | 8,024             | —                 | —           |
| <b>Total</b>                           | <b>\$ 575,214</b> | <b>\$ 426,781</b> | <b>\$ 148,433</b> | <b>\$ —</b> |

## **Note 19 – Pension and Postretirement Benefits - (Continued)**

The investment policy for the retirement plan assets is designed to provide the highest return commensurate with sound and prudent underwriting practices. The investment diversification goals are to have investments in cash and cash equivalents as necessary for liquidity, debt securities up to 100% and equity securities up to 75% of the total invested plan assets. The amount invested in any particular investment is limited based on credit quality, and no single investment may at the time of purchase be more than 5% of the total invested assets.

The corporate debt securities category are investment grade bonds of U.S. and foreign issuers denominated and payable in U.S. dollars from diverse industries, with a maturity of 1 to 30 years. Foreign bonds in the aggregate shall not exceed 20% of the bond portfolio. Residential mortgage-backed securities represent asset-backed securities with a maturity date of 1 to 30 years with a Level 1 or 2 rating.

Equity portfolio managers have discretion to choose the degree of concentration in various issues and industry sectors for the equity securities. Permitted securities are those for which there is an active market providing liquidity for the specific security. Commercial paper investments generally have a credit rating of A2 by Moody's or P2 by Standard & Poor's with at least BBB rating on the issuer's outstanding debt, or selected issuers with no outstanding debt.

### **Postretirement Life and Health Benefits**

Under American National's various group benefit plans for active employees, life insurance benefits are provided upon retirement for eligible participants who meet certain age and length of service requirements.

The accrued postretirement benefit obligation, included in the liability for retirement benefits, was \$7.4 million and \$12.2 million at December 31, 2022 and 2021, respectively. These amounts were approximately equal to the unfunded accumulated postretirement benefit obligation.

**Note 20 – Subsequent events**

On January 1, 2023, American National Insurance Company reorganized the Company's subsidiaries, effectively 'de-stacking' these subsidiaries by way of an extraordinary dividend to the parent holding company, American National Group, LLC. The intent of this reorganization was to facilitate a more efficient legal entity organizational model for the American National Group of companies. Upon executing this extraordinary dividend of the Company's subsidiaries, the Company will have a reduction of equity holdings of these subsidiaries in the amount of \$3.2 billion. American National Insurance Company will continue to operate at a target NAIC RBC of 400%.

Based on our evaluation, no other subsequent events were identified.