

Wilton Re Ltd. and Subsidiaries

Consolidated Financial Statements as of and for the
Years Ended December 31, 2025 and 2024,
and Independent Auditor's Report

WILTON RE LTD. AND SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
Wilton Re Ltd.:

Opinion

We have audited the consolidated financial statements of Wilton Re Ltd. and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of comprehensive income (loss), changes in shareholders' equity, and cash flows for the years then ended, 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, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We have also audited in accordance with auditing standards generally accepted in the United States of America, the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 26, 2026, expressed an unmodified opinion on the Company's internal control over financial reporting.

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 Matter - Adoption of New Accounting Standard

As discussed in Note 2 to the financial statements, the Company has changed its method of accounting and presentation related to long-duration insurance contracts and certain related balances effective January 1, 2025, due to the adoption of Accounting Standards Update No. 2018-12, *Financial Services— Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts*, as amended, with a transition date of January 1, 2024. Our opinion is not modified with respect to this matter.

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 available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free 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.
- 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.

Selatti & Sonke LLP

March 26, 2026

WILTON RE LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31, 2025 AND 2024

(Amounts in thousands of US dollars, except share amounts)

	2025	2024
Assets		
Investments:		
Fixed maturity securities available-for-sale, at fair value (amortized cost of \$29,844,513 and \$29,321,324; allowance for credit losses of \$13,742 and \$26,461)	\$ 28,727,957	\$ 28,355,946
Fixed maturities trading and equity securities, at fair value	661,667	788,532
Issuer obligations - non-affiliates held to maturity, at amortized cost	2,818,646	2,685,180
Commercial mortgage loans, at fair value	859,379	1,017,772
Policy loans	404,158	414,870
Funds withheld at interest, at fair value	5,656,819	5,381,514
Limited partnerships	2,240,248	2,159,830
Other invested assets (includes fair value of \$1,451,258 and \$1,412,088; allowance for credit losses of \$163 and \$306)	1,568,424	1,547,003
Short-term investments	13,245	—
Total investments	42,950,543	42,350,647
Cash and cash equivalents	1,969,409	1,915,452
Accrued investment income	339,111	322,654
Premiums receivable	48,729	40,762
Reinsurance recoverable (allowance for credit losses of \$3,114 and \$3,895)	813,321	846,078
Other reinsurance receivables	9,139	107,344
Net deferred acquisition costs	695,061	668,245
Value of business acquired, net	658,337	713,309
Net deferred income taxes	1,246,868	1,288,522
Other assets	1,142,995	911,263
Separate account assets	266,180	263,980
Total assets	\$ 50,139,693	\$ 49,428,256
Liabilities and shareholders' equity		
Liabilities:		
Liabilities for future policy benefits	\$ 22,229,174	\$ 21,648,274
Interest sensitive contract liabilities	22,958,961	22,861,964
Other reinsurance liabilities	52,089	53,412
Funds held under reinsurance treaties	336,070	334,524
Funding Agreements	110,000	—
Long-term debt	455,000	250,000
Other debt	3,220,456	3,086,400
Derivative liabilities	956,444	762,483
Other liabilities	241,001	505,409
Separate account liabilities	266,180	263,980
Total liabilities	50,825,375	49,766,446
Shareholders' equity:		
No par value common shares (\$0 par value; unlimited number of shares authorized; 179,242,052 and 204,212,985 shares issued and outstanding at December 31, 2025 and 2024, respectively)	—	—
Treasury stock, at cost - 219,486 shares and 281,735 shares	(4,394)	(5,150)
Additional paid-in capital	1,750	122,019
Accumulated other comprehensive income	795,708	1,160,923
Retained deficit	(1,478,746)	(1,615,982)
Total shareholders' deficit	(685,682)	(338,190)
Total liabilities and shareholders' equity	\$ 50,139,693	\$ 49,428,256

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

WILTON RE LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in thousands of US dollars)**

	2025	2024
Revenues		
Net premiums	\$ 302,741	\$ 348,843
Policy fees and charges	1,174,607	952,461
Inuring third-party reinsurance commissions	14,385	15,099
Investment earnings - net	2,156,158	2,030,584
Net change in unrealized gains on investments classified as other than available-for-sale	86,156	21,565
Change in value of derivatives and embedded derivatives - net	(153,070)	(575,755)
Total revenues	<u>3,580,977</u>	<u>2,792,797</u>
Benefits and expenses		
Claims and policy benefits - net of reinsurance ceded	1,764,105	1,401,765
Policyholder liability remeasurement (gains) losses	45,735	50,617
Interest credited to interest sensitive contract liabilities	628,573	567,052
Acquisition and other insurance expenses	163,013	145,715
Operating expenses	258,691	249,955
Interest expense	58,619	58,237
Total benefits and expenses	<u>2,918,736</u>	<u>2,473,341</u>
Net income before income taxes and net earnings of equity method investee	662,241	319,456
Income tax expense	144,927	35,793
Net income before net earnings of equity method investee	517,314	283,663
Share of net earnings of equity method investee	(347)	(1,800)
Net income	<u>\$ 516,967</u>	<u>\$ 281,863</u>
Other comprehensive income, net of tax		
Net unrealized investment gains (losses)	125,668	(831,131)
Change in current discount rate - liability for future policy benefits	(490,883)	533,706
Total other comprehensive loss, net of tax	<u>\$ (365,215)</u>	<u>\$ (297,425)</u>
Total comprehensive income (loss)	<u>\$ 151,752</u>	<u>\$ (15,562)</u>

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

WILTON RE LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in thousands of US dollars)**

	2025	2024
No Par Value Common Shares		
Balance at beginning and end of year	\$ —	\$ —
Treasury Stock		
Balance at beginning of year	(5,150)	(5,998)
Treasury stock reissued during the year	756	848
Balance at end of year	<u>(4,394)</u>	<u>(5,150)</u>
Additional Paid-in Capital		
Balance at beginning of year	122,019	122,019
Shares redeemed and retired	(120,269)	—
Balance at end of year	<u>1,750</u>	<u>122,019</u>
Accumulated Other Comprehensive Income		
Balance at beginning of year	1,160,923	390,225
Cumulative effect of change in accounting principles	—	1,068,123
Total other comprehensive loss	<u>(365,215)</u>	<u>(297,425)</u>
Balance at end of year	795,708	1,160,923
Retained (Deficit) Earnings		
Balance at beginning of year	(1,615,982)	(1,607,225)
Cumulative effect of change in accounting principles	—	(1,095)
Dividends to shareholders	—	(289,525)
Distribution to shareholder	(379,731)	—
Net income	516,967	281,863
Balance at end of year	<u>(1,478,746)</u>	<u>(1,615,982)</u>
Total shareholders' deficit	<u>\$ (685,682)</u>	<u>\$ (338,190)</u>

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

WILTON RE LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in thousands of US dollars)

	2025	2024
Cash flows from operating activities		
Net income	\$ 516,967	\$ 281,863
Adjustments to reconcile net income to net cash (used in) from operating activities		
Amortization of net investment premium, discounts and other	(300,743)	(247,048)
Investment related realized gains - net	(40,402)	(71,607)
Investment related unrealized (gains) losses - net	(95,208)	52,155
Earnings of equity method investee	(1,852)	(59,225)
Mark-to-market on derivatives and embedded derivatives	154,121	573,721
Amortization and other adjustments to other debt costs	590	590
Amortization and other adjustments to deferred acquisition costs	38,562	30,511
Amortization and other adjustments to value of business acquired	54,972	62,247
Interest credited to interest sensitive contracts	628,590	559,908
Other reserve changes of interest sensitive contract liabilities	(686,999)	(785,373)
Losses on interest rate swaps	39,942	—
Paid-in-kind income	(28,587)	—
Cash and cash equivalents from closed block reinsurance	9,358	556,280
Change in assets and liabilities:		
Fixed maturity securities trading and equity securities	131,970	63,088
Accrued investment income	(15,197)	9,321
Deferred income taxes	139,551	9,639
Premiums receivable	(7,968)	6,330
Reinsurance recoverable	38,963	60,787
Other reinsurance receivables	16,842	(16,646)
Funds withheld at interest	(233,733)	(166,047)
Deferred acquisition costs	(65,378)	(73,263)
Other assets	(34,746)	(59,311)
Liability for future policy benefits	(268,457)	(528,489)
Funds held under reinsurance treaties	(186)	(7,802)
Other reinsurance liabilities	(1,323)	9,530
Other liabilities	(257,749)	128,035
Net cash flows (used in) from operating activities	<u>\$ (268,100)</u>	<u>\$ 389,194</u>

WILTON RE LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in thousands of US dollars)

Cash flows from investing activities		
Sales, maturities and repayments of:		
Fixed maturity securities available-for-sale	\$ 2,815,624	\$ 2,396,531
Commercial mortgage loans	189,200	150,728
Limited partnership interests	152,627	158,990
Equity method investments	4,000	5,375
Other invested assets	24,359	270,611
Purchases of:		
Fixed maturity securities available-for-sale	(2,984,928)	(1,513,105)
Limited partnership interests	(157,465)	(208,674)
Other invested assets	(10,179)	(160,208)
Premiums paid on life settlement contracts	(15,347)	(18,285)
Net proceeds from maturity of life settlement contracts	38,859	38,100
Change in policy loans	10,712	(9,989)
Change in short-term investments	(7,653)	—
Settlement of interest rate swaps	(17,281)	—
Net cash flows from investing activities	42,528	1,110,074
Cash flows from financing activities:		
Proceeds from long-term debt	240,000	481,000
Proceeds from funding agreements	110,000	—
Shares redeemed and retired	(120,269)	—
Treasury stock reissued in connection with share repurchases	756	848
Dividends to shareholders on common stock	—	(289,525)
Distribution to shareholder	(379,731)	—
Swap collateral from (to) counterparty	287,590	(371,010)
Settlement of interest rate swap activity	(34,517)	—
Paydown of secured borrowing	(3,505)	(4,261)
Paydown of long-term debt	(35,000)	(811,000)
Deposits into interest sensitive contracts	1,141,771	860,834
Redemption and benefit payments on interest sensitive contracts	(927,566)	(999,779)
Net cash flows from (used in) financing activities	279,529	(1,132,893)
Increase cash and cash equivalents	53,957	366,375
Cash and cash equivalents - beginning of year	1,915,452	1,549,077
Cash and cash equivalents - end of year	\$ 1,969,409	\$ 1,915,452
Supplemental disclosure of cash flow information:		
Cash (received) paid during the year for income taxes	\$ (8,387)	\$ 42,408

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

WILTON RE LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Amounts in thousands of US dollars, except share amounts)

1. ORGANIZATION

Wilton Re Ltd. (WRL or the Company) is the ultimate parent in the Wilton Re holding company structure and is incorporated under the laws of Nova Scotia, Canada.

WRL and its subsidiaries, principally provide life insurance and reinsurance for acquired blocks of life insurance and annuity contracts. The Company conducts its operations through subsidiaries incorporated in Bermuda and the United States of America.

In January 2025, the Company paid a \$500,000 distribution to its largest shareholder resulting in the redemption of 24,970,933 shares. The distribution was accounted for in additional paid-in capital and retained deficit in the accompanying consolidated balance sheets.

Significant subsidiaries of WRL include the following:

- Wilton Re US Holdings, Inc. (Wilton Re US Holdings or WRUS) is incorporated in Delaware and is a wholly owned subsidiary of Wilton Re U.S. Holdings Trust, established under the laws of Ontario, Canada, which is itself a wholly owned subsidiary of the Company. Wilton Re US Holdings conducts its operations principally through its subsidiary, Wilton Reassurance Company (WRAC), a Minnesota domiciled life insurer.
- Wilton Reinsurance Bermuda Limited (WREB), a subsidiary of WRL (96%) and Wilton Re US Holdings (4%), is incorporated under the laws of Bermuda as a long-term insurer. Effective September 30, 2024, Wilton Re Overseas Limited (WROL), previously a wholly owned subsidiary of WRL incorporated under the laws of Bermuda as a long-term insurer, was merged with and into WREB.
- Mills Creek LLC (Mills Creek), a subsidiary of WREB, is a Delaware limited liability company.

WREB sold 25% of its investment in Mills Creek during 2019 to SPC Opps Fund Holdings II, L.P., a Delaware limited partnership. WREB recorded the proceeds from the sale as a secured borrowing, included within other liabilities of the consolidated balance sheets. The balance of the secured borrowing is \$22,859 and \$26,365 at December 31, 2025 and 2024, respectively.

- Wilton Re Services, Inc. (Wilton Re Services), a wholly owned subsidiary of Wilton Re US Holdings, incorporated in Delaware.
- Wilton Reassurance Life Company of New York (WRNY), a wholly owned New York domiciled life insurance subsidiary of WRAC.
- Texas Life Insurance Company (TLIC), a wholly owned Texas domiciled life insurance subsidiary of WRAC.
- Wilcac Life Insurance Company (WCAC), a wholly owned Illinois domiciled life insurance subsidiary of WRAC.
- Redding Reassurance Company 3 LLC (RRE3), a wholly owned Missouri special purpose financial captive insurance subsidiary of WRAC.
- Redding Reassurance Company 4 LLC (RRE4), a wholly owned subsidiary of WRAC, was organized in September 2024 as a Missouri special purpose financial captive insurer.

WILTON RE LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(Amounts in thousands of US dollars, except share amounts)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation and Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) and include the accounts of Wilton Re Ltd. and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Effective January 1, 2025, the Company adopted Accounting Standards Update (ASU) 2018-12, Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts, as amended (LDTI), with a transition date of January 1, 2024 (the Transition Date). Adoption of LDTI impacted the Company's accounting and presentation related to long-duration insurance contracts and certain related balances for the year ended December 31, 2024. Amounts within these consolidated financial statements which were previously presented, have been revised to conform with the current year accounting and presentation under LDTI. Disclosures as of the Transition Date are reflected below under *ASUs Adopted During the Year Ended December 31, 2025*.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates include those used in determining liabilities for future policy benefits (LFPB), other policy claims and benefits, income taxes and the valuation of investments. While the amounts included in the consolidated financial statements reflect management's best estimates and assumptions, the actual results could be materially different from the amounts reported in the consolidated financial statements.

Investments and Investment Earnings:

Fixed Maturity and Equity Securities

Fixed maturity and equity securities include publicly-traded fixed maturity securities, preferred stocks, common stocks, credit tenant loans, and private placements. All fixed maturity securities are classified as either trading or available-for-sale (AFS) with the exception of issuer obligations—non-affiliates which are classified as held-to-maturity. Fixed maturity securities classified as trading and equity securities are recorded at fair value with the change in fair value reported as net change in unrealized gains (losses) on investments classified as other than available-for-sale in the consolidated statements of comprehensive income (loss). Fixed maturity securities classified as AFS are reported at fair value with unrealized gains and losses, less applicable deferred income taxes, reported in other comprehensive income (OCI). The fair value of publicly-traded securities is based on quoted market prices or obtained from independent third-party dealers in the absence of quoted market prices. The fair value of private placements and credit tenant loans is obtained from third-party dealers or is modeled.

Investment transactions are recorded on a trade date basis. The Company's investment earnings are recognized when earned and consist primarily of interest and the accretion of discount or amortization

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of premium on fixed maturity securities. The amortized cost and effective yield of structured fixed maturity securities are adjusted as necessary to reflect historical prepayment experience and changes in estimated future prepayments. The adjustments to amortized cost are recorded as a charge or credit to investment earnings - net in accordance with the retrospective method. Investment earnings are presented net of investment management, investment accounting and custody expenses on the consolidated statements of comprehensive income (loss). Gains and losses realized on the sale of all investments are determined on the first in-first out method.

Allowance for Credit Losses and Impairments of AFS Fixed Maturity Securities

AFS fixed maturity securities whose fair value is less than their carrying amount are evaluated for potential credit losses.

If the Company intends to sell a security or it is more likely than not that it would be required to sell a security before the recovery of its amortized cost, less any recorded credit loss, it recognizes an impairment loss in investment earnings - net of the difference between amortized cost and fair value.

The Company identifies AFS fixed maturity securities for credit losses by monitoring credit rating and market events that could impact issuers' credit risk including the relevant industry business climate, management changes, litigation, government actions and other similar factors.

Credit impairments and changes in the allowance for credit losses on fixed maturity securities are reflected in net change in unrealized gains (losses) on investments classified as other than available-for-sale, while non-credit impairment losses are recognized in OCI.

The Company estimates the amount of the credit loss component of a fixed maturity security impairment as the difference between amortized cost and the present value of the expected cash flows of the security. The Company excludes accrued interest from the amortized cost and the present value of the expected cash flows of the security. The present value is determined using the best estimate cash flows discounted at the current yield used to recognize interest income. The techniques and assumptions for establishing the best estimate cash flows vary depending on the type of security. The asset-backed securities' cash flow estimates are based on security-specific facts and circumstances that may include collateral characteristics, expectations of delinquency and default rates, loss severity and prepayment speeds.

The Company writes off fixed maturity securities when facts and circumstances indicate that outstanding principal and interest is uncollectible.

Commercial Mortgage Loans

The Company elects the Fair Value Option (FVO) for commercial mortgage loans. The change in fair value is reported as net change in unrealized gains (losses) on investments classified as other than available-for-sale in the consolidated statements of comprehensive income (loss). The fair value is determined using a net present value calculation of future cash flows using credit and liquidity spreads added to an interpolated Treasury yield to determine the discount rate. Credit and liquidity spreads are derived from data provided by third parties considered market-makers in commercial mortgage loans.

Interest income is accrued on the outstanding principal amount of the loan based on its contractual interest rate. Amortization of premiums and discounts is recorded using the constant-yield method. The

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Company accrues interest on loans until it is probable the Company will not receive interest or the loan is 90 days past due. Interest income, amortization of premiums, accretion of discounts and prepayment fees are reported in investment earnings—net in the consolidated statements of comprehensive income (loss).

A mortgage loan is considered to be impaired when, based on the current information and events, the Company does not have a reasonable expectation that it will be able to collect all amounts due according to the contractual terms of the mortgage agreement. Although all available and applicable information is considered in the Company's analysis, loan-to-value, debt service coverage ratios and delinquency status are critical factors in determining impairment.

Policy Loans

Policy loans are reported at the unpaid principal balance. Interest income on such loans is recorded as earned using the contractually agreed upon interest rates.

Funds Withheld at Interest and Funds Held under Reinsurance Treaties

Funds withheld at interest, an asset, and funds held under reinsurance treaties, a liability, represent amounts contractually withheld by the ceding company in accordance with modified coinsurance and coinsurance funds withheld reinsurance agreements (funds withheld). For agreements written on a funds withheld basis, assets generally equal to the statutory reserves, net of reinsurance, are withheld and legally owned by the ceding company. Fixed maturity investments associated with funds withheld are classified as trading and interest credited on funds withheld includes the interest income earned on these assets as defined by the treaty terms. The interest credited on funds withheld is a component of investment earnings - net in the consolidated statements of comprehensive income (loss).

Derivative Instruments

The Company utilizes a variety of derivative instruments, including swaps and options, primarily to manage or hedge, interest rate risk, credit risk, market volatility and other market risks associated with its business. The Company does not invest in derivatives for speculative purposes. It is the Company's policy to enter into derivative instruments with highly-rated parties.

See Note 5 - *Derivative Instruments* for additional detail on the Company's derivative position.

The Company's derivatives have not been designated as hedging instruments under ASC 815, *Derivatives and Hedging* (ASC 815), and are recognized primarily within other invested assets or derivative liabilities in the accompanying consolidated balance sheets at fair value. Although certain derivative instruments are subject to master netting arrangements, both fair value and collateral amounts associated with derivative instruments are recognized on a gross basis in the consolidated balance sheets. The change in fair value is recognized in the change in value of derivatives and embedded derivatives, net, in the consolidated statements of comprehensive income (loss).

Cash flows arising from derivative agreements are classified as investing except in the case of the 2024 Interest Rate Swap, in which case cash flows are classified as financing.

Reinsurance treaties written on a funds withheld basis contain embedded features whereby returns on those funds withheld are based on certain investments and are not clearly and closely related to the

WILTON RE LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Amounts in thousands of US dollars, except share amounts)

economic characteristics and risks of the underlying reinsurance contract. In accordance with ASC 815, this embedded feature is considered a derivative instrument and is bifurcated from the host contract and accounted for separately.

These embedded derivatives in funds withheld contracts are total return swaps. Accordingly, the value of the derivative is equal to the unrealized gain or loss on the assets underlying the funds withheld portfolio associated with each agreement. The fair value of the embedded derivative is included in the funds withheld. The change in the fair value of the embedded derivatives is recorded in the change in value of derivatives and embedded derivatives, net, in the consolidated statements of comprehensive income (loss).

Certain universal life products contain features that link interest credited to an equity index. These features create an embedded derivative that is not clearly and closely related to the host insurance contract. The embedded derivative is carried at fair value with changes in the fair value recognized within interest credited to interest sensitive contract liabilities in the accompanying consolidated statements of comprehensive income (loss).

Short-Term Investments

Short-term investments with maturities at acquisition of greater than three months but less than twelve months, are carried at amortized cost, which approximates fair value.

Limited Partnerships

Limited partnerships and limited liability corporations (limited partnerships) are accounted for using the equity method if the Company has more than a minor ownership interest, more than a minor influence over the investees' operations or if the limited partnership maintains separate capital accounts for their investors. The most recently available financial information provided by the general partner or manager of each of the investments is used, which is one to three months prior to the end of our reporting period. Changes in the value of limited partnerships are included in net unrealized gains (losses) on investments classified as trading and other in the consolidated statements of comprehensive income (loss). Income distributions from limited partnerships are included in investment earnings - net in the consolidated statements of comprehensive income (loss).

Other Invested Assets

In addition to the derivatives discussed above, other invested assets include surplus debentures, collateral loans, residual or equity tranche LLC investments, and life settlement contracts.

Surplus Debentures

Surplus debentures are similar to corporate securities, but are subordinated obligations of insurance companies and may be subject to restrictions by the insurance commissioners. Surplus debentures are considered fixed maturity securities which are classified as AFS and carried at fair value with unrealized gains and losses, less applicable deferred income taxes, reported in OCI.

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Collateral Loans

Collateral loans are first lien, unconditional obligations for the payment of money and are secured by the pledge of assets. The loans are considered fixed maturity securities which are classified as AFS and carried at fair value with unrealized gains and losses, less applicable deferred income taxes, reported in OCI.

Residual or Equity Tranche LLC investments

These investments are generally a subordinated class that receives residual cash flows after all other tranches and obligations of the LLC have been fully paid. The LLCs typically invest in various asset-backed securities, real estate or other collateral and are carried at fair value with the change in fair value reported as net change in unrealized gains (losses) on investments classified as other than available-for-sale in the consolidated statements of comprehensive income (loss).

Life Settlement Contracts—Direct Investment

The Company acquired the ownership and beneficiary rights of underlying life insurance policies through the acquisition of life settlement contracts from the owners of the life insurance contracts. The Company accounts for its investments in life settlement contracts using the fair value method. Under the fair value method, each life settlement contract is carried at its fair value at the end of each reporting period within other invested assets on the consolidated balance sheets. The change in fair value, life insurance proceeds received and periodic maintenance costs, such as premiums, necessary to keep the underlying policy in force, are recorded in the investment earnings—net in the consolidated statements of comprehensive income (loss).

Life Settlement Contracts—Equity Method Investment

The Company owns a 25% economic and voting interest in Leargas Fund I, LLC (the Leargas Fund) a life settlement fund managed by Leargas Capital LLC, a specialized mortality-linked investment manager. With the ability to exercise significant influence over the Leargas Fund, this investment is accounted for under the equity method. The carrying value of the investment included within other invested assets on the consolidated balance sheets was \$28,795 and \$33,142 at December 31, 2025 and 2024, respectively. Income from the investment is presented in share of net earnings of equity method investee in the consolidated statements of comprehensive income (loss).

Cash and Cash Equivalents

The Company considers all investments purchased with a maturity at acquisition of three months or less to be cash equivalents.

Premiums Receivable

Premiums receivable are recognized when due from the policyholder or other party and adjusted for lapsed policies. Under the legal right of offset provision in the reinsurance treaties, the Company can withhold payments for allowances and claims for unpaid premiums. Based on a review of these factors

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and historical experience, the Company did not believe an allowance for credit loss was necessary as of December 31, 2025 or 2024.

Reinsurance Recoverable

Reinsurance recoverables include an estimate of the amount of policy and claim reserves that are ceded under the terms of reinsurance agreements, including claims incurred but not reported (IBNR). Reinsurers and the respective amounts recoverable are regularly evaluated for expected credit losses.

Reinsurance recoverables are recognized and measured in a manner consistent with the liabilities relating to the underlying reinsured contracts. Assumptions used in estimating reinsurance recoverables are consistent with those used in estimating the related liabilities. All of the Company's material reinsurance contracts are long duration contracts.

The Company estimates an allowance for credit losses for all reinsurance recoverables, including those that inure to the Company and are not recognized on the consolidated balance sheets. As such, we perform a quantitative analysis using a probability of loss model approach to estimate expected credit losses for reinsurance recoverables. The credit loss allowance is a general allowance for pools of receivables with similar risk characteristics segmented by credit risk ratings. We assess reinsurance recoverables that do not share similar risk characteristics with the general population on an individual basis to determine a specific credit loss allowance.

The Company's model uses relevant historical loss information in developing our credit loss estimate. The Company utilized historical credit rating data to form an estimation of probability of default of counterparties by means of a transition matrix that provides the rates of credit migration for credit ratings. Model results may be qualitatively adjusted for current conditions and reasonable and supportable forecasts of future macroeconomic events and conditions if the Company concludes that these forward-looking expectations will have a significantly different impact on losses than is reflected in the historically-based model results over the entire expected life of the general pool of reinsurance exposures.

The Company estimated expected credit losses over the contractual term of the recoverable, which is the period during which we are exposed to the credit risk. Reinsurance recoverables may not have explicit contractual lives, but are tied to the underlying insurance products; as a result, we estimated the contractual life by utilizing actuarial estimates of the timing of payouts related to those underlying products.

Reinsurance recoverables are presented net of the allowance for credit losses and the allowance for credit loss on inuring reinsurance exposures is presented as a standalone liability within other reinsurance liabilities in the consolidated balance sheets. Changes in the allowance for credit losses are reported in claims and policy benefits, net of reinsurance ceded on the consolidated statements of comprehensive income (loss). Reinsurance recoverables deemed uncollectible are charged against the allowance for credit losses.

Other Reinsurance Receivables and Liabilities

Other reinsurance receivables and liabilities primarily include reinsurance settlements not yet paid, but which generally settle quarterly. At December 31, 2025 and 2024, other reinsurance receivables include

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reinsurance settlements due of \$5,082 and \$23,153 and other reinsurance liabilities include reinsurance settlements payable of \$4,354 and \$4,924, respectively. As of December 31, 2025 and 2024, other reinsurance liabilities also includes \$29,302 and \$33,447, respectively, of allowance for credit losses on inuring reinsurance.

Net Deferred Acquisition Costs (DAC)

The costs that are directly related to the successful acquisition of new and renewal life insurance and reinsurance business have been deferred to the extent that such costs are deemed recoverable from future premiums or gross profits.

Deferred acquisition costs are amortized on a constant level basis over the expected term of the related contracts using the groupings and actuarial assumptions that are consistent with those used in estimating the related reserve for future policy benefits. The actuarial assumptions are updated annually, concurrently with any related assumption changes for the reserve for future policy benefits.

DAC associated with traditional life and universal life contracts are generally amortized in proportion to policy face amount. DAC associated with annuities, accident and health (including long-term care) are generally amortized in proportion to policy count. The current period DAC amortization reflects the impact of changes in actual insurance in force during the period and changes in future assumptions effected as of the end of reporting period, where applicable.

Amortization of DAC is included in acquisition and other insurance expenses in the accompanying consolidated statements of comprehensive income (loss).

LDTI simplified the amortization of DAC and other actuarial balances amortized in a manner similar to DAC, such as VOBA and unearned profit reserve for long-duration contracts. These balances were previously amortized in proportion to premiums, estimated gross profits, estimated gross margins or estimated gross revenues; however, these balances are now amortized on a constant level basis over the expected life of the related contracts. Impairment testing is not applicable to VOBA resulting from reinsurance transactions (as defined below in the Closed Block Reinsurance accounting policy) nor applicable to DAC.

Income Taxes

The income tax provision is calculated under the asset and liability method on those operations that are subject to income taxes. Deferred tax assets and liabilities result from temporary differences between the carrying amounts of assets and liabilities recorded in the consolidated balance sheets and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax rates would be recognized in the consolidated statements of comprehensive income (loss) in the period in which the tax rate change is enacted. A valuation allowance for a portion or all of deferred tax assets is recorded as a reduction to deferred tax assets when it is more likely than not that such portion or all of such deferred tax assets will not be realized.

The Company assesses all significant tax positions to determine if a liability for an uncertain position is necessary and, if so, the impact on the current or deferred income tax balances. Also, if indicated, the Company recognizes interest or penalties related to income taxes as a component of the income tax provision.

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Separate Accounts

Separate account assets and liabilities represent policyholder funds related to investment and annuity products for which the policyholder assumes substantially all the risk and reward. The assets are segregated into accounts with specific underlying investment objectives and are legally segregated from the Company. All assets of the separate account business are carried at fair value with an equal amount recorded for separate account liabilities. Fee income accruing to the Company related to separate accounts is included within policy fees and charges in the accompanying consolidated statements of comprehensive income (loss). A number of separate account pension deposit contracts guarantee principal and an annual minimum rate of interest. If aggregate contract value in the separate account exceeds the fair value of the related assets, an additional policyholders' funds liability is established. Certain of these contracts are subject to a fair value adjustment if terminated by the policyholder.

The Company considers all separate account assets assumed on a modified coinsurance basis to be components of funds withheld at interest with the liabilities included as components of liabilities for future policy benefits and interest sensitive contract liabilities.

The Company considers all separate account assets ceded on a modified coinsurance basis to be components of funds held under reinsurance treaties with the ceded liabilities included as components of reinsurance recoverable.

Liabilities for Future Policy Benefits

The Company's liabilities for direct traditional life and life-contingent payout annuity and structured settlement contracts and reinsurance of traditional life, accident and health (including long-term care) and life-contingent payout annuity and structured settlement contracts are recognized as liabilities for future policy benefits. These LFPB are measured at a cohort level, utilizing the net premium ratio (NPR) approach. The applicable contracts are grouped into annual cohorts based on the issue year of a direct insurance contract or the effective year of an assumed reinsurance contract, with consideration to other factors such as product risk and reinsurance transaction characteristics.

The liability is accrued in proportion to the premium revenue recognized using the NPR. The NPR is determined by using the historical actual values and the present values of expected future benefits and claim settlement expenses for the cohort, divided by the historical actual values and present values of expected future gross premiums for the cohort. The NPR is capped at 100%. The expected future benefits and claim settlement expenses in excess of gross premiums are expensed immediately. When a cohort's present value of future net premiums exceeds the present value of future benefits, a "flooring" adjustment is required. The flooring adjustment ensures that the liability for future policy benefits for each cohort is not less than zero, and is reported in net income or OCI, depending on whether the flooring relates to the FPB discounted at the locked-in discount rate versus the current upper-medium grade discount rate, respectively.

Cash flow assumptions, including mortality, morbidity, persistency, interest and expenses are included in the calculation of the NPR used to arrive at the amount of the reserve. These assumptions are dependent upon certain characteristics of the insurance contract, including the year the risk was assumed, age of the insured, and several other appropriate factors. For reinsurance assumed, such

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estimates are based primarily on historical experience provided by ceding companies with the exception of investment returns and expenses.

The Company uses the original discount rate curve at contract inception (the locked-in rate) for purposes of the calculation of NPR. The Company updates the NPR retrospectively for actual experience on a quarterly basis, and updates cash flow assumptions at least annually (except for claim settlement expenses, which the Company has elected to lock in at inception). The updated NPR, for each respective cohort, is used to determine the retrospectively updated reserve for future policy benefits as of the beginning of the reporting period, discounted at the locked-in rate. The retrospective updates to the reserves are recognized in policyholder liability remeasurement (gains) losses in the accompanying consolidated statements of comprehensive income (loss).

Interest on the future policy benefits is accrued at the locked-in rate through net income. Interest accretion is recognized in claims and policy benefits – net of reinsurance ceded on the consolidated statements of comprehensive income (loss).

For direct contracts issued or reinsured contracts assumed after January 1, 2017, the locked-in rate is based on expected investment returns at contract inception or contracts where full retrospective approach is applied and any contracts assumed/issued after the transition date for the adoption of LDTI, the locked-in rate is based on upper-medium grade fixed income corporate instrument yields (i.e., “single A”) at contract inception. Furthermore, reserves are remeasured at each reporting date to reflect changes in the current single A discount rate. The discount rate is updated quarterly, with the impact on LFPB of the changes between the locked-in rate and the current single A discount being recorded through OCI.

For limited-payment policies associated with traditional life insurance, life-contingent payout annuities, and structured settlements, a deferred profit liability (DPL) is established when gross premiums received are in excess of net premiums at initial recognition, and the insurance benefits extend beyond the period in which premiums are collected. The DPL is amortized in proportion to insurance in force for traditional life insurance and expected future benefits for annuity contracts. Interest accrues on the unamortized DPL balance using the locked-in rate and is recognized in claims and policy benefits – net of reinsurance ceded in the accompanying consolidated statements of comprehensive income (loss). The DPL is subject to the retrospective updates for actual experience and changes in cash flow assumptions, which are recognized in policyholder liability remeasurement gains or losses. DPL is presented within the reserve for future policy benefits in the accompanying consolidated balance sheets.

For interest sensitive insurance products such as universal life and deferred annuities, situations could arise where mortality profits are followed by mortality losses (PFBL). In these situations, a liability is established (referred to as “additional liabilities”), in addition to the account value recognized in interest sensitive contract liabilities, to recognize the portion of policy assessments that relate to benefits to be provided in the future. The calculation of these liabilities is based on management’s best estimates and assumptions regarding expected mortality, lapse, persistency, expenses and investment experience, which are reviewed quarterly and updated at least annually if necessary.

Liabilities for future policy benefits also include long-term care claim reserves established for continuing benefit payments, which are calculated using assumptions of anticipated mortality and claim

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continuance rates based on established industry tables adjusted for the Company's historical experience. The Company also remeasures the long-term care claim reserve using a current single A discount rate at the end of each reporting period, with the effect recognized in OCI.

For non-participating traditional and limited-payment long-duration contracts, the Company will review and update, if necessary, assumptions used to measure cash flows for the LFPB during the fourth quarter of each year, or more frequently if evidence suggests assumptions should be revised. The change in the Company's liability estimate as a result of updating cash flow assumptions is recognized in net income. Actual cash flows are grouped into issue year (or effective year of a reinsurance contract) cohorts for the liability calculation and updated quarterly. Cohorts are used as the unit of account for liability measurement. Discount rate assumptions are prescribed as the current upper-medium grade (low-credit-risk) fixed-income instrument yield. The discount rate is updated quarterly with the impact recognized in OCI. The provision for risk of adverse deviation is no longer applicable under LDTI, nor is premium deficiency, or loss recognition testing.

Measurement of the additional liabilities related to death (on universal life contracts) or other insurance benefits was impacted as LDTI negated the option to consider investment margins on assets supporting the additional liabilities. Any change in the additional liability due to the removal of investment margins on assets supporting the additional liabilities would be adopted under the full retrospective method. Also, because the amortization of unearned profit reserves is impacted by LDTI, the additional liability measurement is impacted as this amortization is included to measure the additional liability.

Liabilities are established for IBNR. These liabilities are based on periodic analysis of the actual reporting lag between when a claim occurs and when it is reported to the Company.

Interest Sensitive Contract Liabilities

Liabilities for interest sensitive insurance products such as universal life and deferred annuities are established based on account values before applicable surrender charges. Liabilities for payout annuities without life contingencies are recorded at the present value of future benefits.

Premium deficiency testing is performed for interest sensitive contract liabilities periodically using best estimate assumptions as of the testing date. A premium deficiency exists if the net liabilities together with future gross premiums are determined to be insufficient to provide for expected future policy benefits and claim settlement expenses in the accompanying consolidated statements of comprehensive income (loss). When a deficiency exists, a premium deficiency reserve is established by a charge to claims and policy benefits. Premium deficiency testing considers, among other factors, anticipated investment income and does not include a provision for adverse deviation.

The Company also establishes a liability for universal life products related to unearned profit reserve and amortizes it on constant basis consistent with DAC.

Recognition of Revenue and Expenses

Assumed reinsurance and policy premiums related to traditional life products and long-duration accident and health contracts are recognized as revenue when due from the ceding companies and policyholders and are reported net of reinsurance ceded. Benefits and expenses are reported net of

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amounts related to reinsurance ceded and are associated with earned premiums so that profits are recognized over the life of the related contracts.

For each of its reinsurance contracts, the Company must determine whether the contract provides indemnification against loss or liability relating to insurance risk. The Company reviews all contractual features, particularly those that may limit the amount of insurance risk to which the Company is subject or features that delay the timely reimbursement of claims. If the Company determines that a contract does not expose it to a reasonable possibility of a significant loss from insurance risk, the Company records the contract under the deposit method of accounting with the net amount payable/receivable reflected in other reinsurance assets or liabilities on the consolidated balance sheets. Fees earned on these contracts are reflected as policy fees and charges, as opposed to premiums, on the consolidated statements of comprehensive income (loss).

For annuity and interest-sensitive life contracts, premiums collected are not reported as revenues, but as deposits to insurance liabilities. The Company recognizes revenues for these products over time in the form of investment income, policy charges for the cost of insurance, policy administration fees, and surrender fees that have been assessed against policy account balances during the period. Policy benefits and claims that are charged to expense include claims incurred in the period in excess of related policy account balances and interest credited to policy account balances.

Closed Block Reinsurance

Acquisitions by the Company of blocks of business in run off (i.e. where only existing policies will be renewed and new policies will not be sold), as either a reinsurance transaction or a stock purchase, are accounted for as reinsurance transactions. Results of operations only include the revenues and expenses from the effective date of acquisition of these blocks of business. The initial transfer of assets and liabilities is recorded in the consolidated balance sheets at the date of acquisition at fair value, except for the LFPB and value of business acquired (VOBA), which are recorded at management's best estimate. Future policy benefit liabilities are established based on the present value of benefits and maintenance expense minus the present value of valuation (or net) premiums.

VOBA represents the present value of future profits from the acquired contracts using the discount rate implicit in the pricing of such transactions. In establishing the VOBA, the Company considers costs which vary with and are primarily related to the acquisition to be part of the purchase price. Such costs include initial ceding allowances, advisory and legal fees, investment banking fees, and contractually obligated involuntary severance. Other costs incurred that are not contractually required, such as transition and conversion costs, financing costs, and severance are expensed as period costs. Such VOBA is amortized on a constant level basis that is consistent with deferred acquisition costs, and no recoverability test is required.

The net liability recorded (LFPB net of DAC and VOBA) represents management's best estimate of future cash flows. Such estimates are subject to refinement within one year of acquisition.

Reclassification – Additional liabilities

Prior to adoption of ASU 2018-12, the Company classified all additional liabilities within Interest sensitive contract liabilities. While the related account values for the applicable insurance products are classified in interest sensitive contract liabilities, the Company reclassified the additional liabilities to

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liabilities for future policy benefits. This is primarily due to the measurement principles and LDTI presentation requirements of the additional liabilities aligning with the LFPB. The Company reclassified \$2,697,242 of additional liabilities (including related unrealized gains and losses to additional liabilities) to liabilities for future policy benefits at the ASU 2018-12 transition date of January 1, 2024 (Transition Date).

Change in accounting principle – Additional liabilities

The Company updated measurement methodologies to certain cohorts related to additional liabilities to fully align with the applied measurement methodologies across the Company. These updates introduced the inclusion of unearned profit reserve amortization and the inclusion of certain ceded reinsurance cash flows on a net basis as part the additional liability measurement approach for the respective cohorts. The changes in measurement methodologies were recognized as a change in accounting principle separate from the adoption of LDTI and are reflected as a retrospective adjustment to opening retained earnings. Refer to Transition Impact - Adoption of ASU 2018-12 for details related to the financial impacts of the changes to accounting principles.

New Accounting Pronouncements

Changes to the accounting principles are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASUs) to the FASB Accounting Standards Codification. Accounting standard updates not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Company's consolidated financial statements.

ASUs Adopted During the Year Ended December 31, 2025

ASU 2023-09, Income Tax (Topic 740): Improvements to Income Tax Disclosures - In December 2023, the Financial Accounting Standards Board (FASB) issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which enhances the transparency of income tax disclosures by requiring additional disaggregation in the rate reconciliation and income taxes paid by jurisdiction.

The Company adopted ASU 2023-09 for the year ended December 31, 2025. The adoption of this standard did not have a material impact on the Company's consolidated financial statements. The Company's income tax disclosures have been updated to comply with the new requirements.

ASU 2018-12, Financial Services - Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts - Effective January 1, 2025, the Company adopted ASU 2018-12, Financial Services-Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts, as amended by ASU 2019-09, Financial Services - Insurance (Topic 944): Effective Date; ASU 2020-11, Financial Services-Insurance (Topic 944): Effective Date and Early Application; and ASU 2022-05, Financial Services-Insurance (Topic 944): Transition for Sold Contracts, at the Transition Date.

The Company adopted LDTI under both the full retrospective approach and the modified retrospective approach. For direct contracts issued or reinsured contracts assumed prior to January 1, 2017, the Company applied the modified retrospective approach, which requires the Company to carry over the existing reserve (or other asset/liability) balance at the Transition Date and retain the same locked-in rate (based on expected investment returns at contract inception) for LFPB related to non-participating

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traditional and limited-payment long-duration contracts. For direct contracts issued or reinsured contracts assumed on January 1, 2017 and thereafter, the Company applied the full retrospective approach. The full retrospective approach requires the Company to apply actual historical information for issue year (or effective year of a reinsurance contract) cohorts for all periods beginning at the direct issuance or reinsurance assumption date; and the locked-in rate for LFPB related to non-participating traditional and limited-payment long-duration contracts will be modified to be based on an upper-medium grade fixed income corporate instrument yield (i.e., “single A”) at contract inception. The Company’s consolidated financial statements are presented under the new guidance for reporting periods beginning January 1, 2024.

LDTI introduces market risk benefits (MRBs), which are contracts or contract features measured at fair value that provide protection to the policyholder from capital market risk and exposes the Company to other-than-nominal capital market risk. The Company has no product features that meet the definition of market risk benefits.

LDTI requires disaggregated rollforwards for the LFPB, additional liabilities, DAC and other actuarial balances amortized on a basis consistent with DAC (including VOBA and unearned profit reserve), and MRBs. Although the accounting for interest sensitive contract liabilities and separate account liabilities does not change under LDTI, the guidance requires disaggregated rollforwards for those balances. Further, for certain actuarial balances, disclosures are required for the significant inputs, judgments, assumptions and methods used in measurement, including changes in those inputs, judgments and assumptions, and the effect of those changes on measurement.

The following table presents the cumulative effect adjustments, before and after-tax, shown as increases (decreases) to the components of shareholders’ equity due to the adoption of LDTI as of the Transition Date, by financial statement line item within the consolidated balance sheet. The table also presents the applicable balances as previously reported by the Company as of December 31, 2023, and the applicable balances after applying each adjustment:

LDTI transition Impact Shareholders’ equity (impacted lines only)	Balance, December 31, 2023	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Shareholders’ Equity Adjustment	Other Reclassification Adjustments (7)	Balance, January 1, 2024
Assets						
Reinsurance recoverable (1)	848,912	70,780	(13,365)	57,415	—	906,327
Net deferred acquisition costs (2)	688,469	(66,625)	3,648	(62,977)	—	625,492
Value of business acquired, net (3)	1,188,340	(453,785)	41,001	(412,784)	—	775,556
Liabilities						
Liabilities for future policy benefits (4)	19,210,222	(280,291)	(1,409,958)	(1,690,249)	2,697,242	20,217,215
Interest sensitive contract liabilities (5)	21,582,293	(159,122)	14,709	(144,413)	(2,697,242)	18,740,638
Other liabilities (6)	516,651	(32,136)	72,862	40,726	—	557,377
Total transition adjustment before taxes	<i>n/a</i>	21,919	1,353,671	1,375,590	—	<i>n/a</i>
Net deferred income taxes	1,526,112	(23,014)	(285,548)	(308,562)	—	1,217,550
Total transition adjustment (net of taxes)	<i>n/a</i>	<u>(1,095)</u>	<u>1,068,123</u>	<u>1,067,028</u>	<u>—</u>	<i>n/a</i>

(1) LDTI transition impacts to ceded reinsurance related to LFPB and additional liabilities.

(2) LDTI transition impacts to the net deferred acquisition costs, which are detailed further below.

(3) LDTI transition impacts to the value of business acquired, which are detailed further below.

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- (4) LDTI transition impacts to the LFPB and the additional liabilities, which are each detailed separately further below.
- (5) LDTI transition impacts to the unearned profit reserves which are detailed further below, in addition to other insignificant adjustments at LDTI transition.
- (6) LDTI transition impacts to liabilities related to participating life insurance contracts.
- (7) This reflects the reclassification of additional liabilities from Interest sensitive contract liabilities related to LFPB. Refer to Reclassification – Additional liabilities above for details.

The following tables summarize the changes in DAC, VOBA and unearned profit reserve due to the adoption of LDTI:

DAC	Traditional Life	Universal Life	Total
Balance, December 31, 2023	\$ 58,820	\$ 629,649	\$ 688,469
Cumulative effect of full retrospective adoption of LDTI (1)	1,700	(67,909)	(66,209)
Cumulative effect of modified retrospective adoption of LDTI (2)	(4)	(412)	(416)
Reversal of unrealized gains and losses in AOCI under the full retrospective method (3)	—	801	801
Reversal of unrealized gains and losses in AOCI under the modified retrospective method (4)	—	2,847	2,847
Balance, January 1, 2024	<u>\$ 60,516</u>	<u>\$ 564,976</u>	<u>\$ 625,492</u>

- (1) The impact of the new measurement guidance is reflected as an adjustment to opening retained earnings under full retrospective adoption of LDTI.
- (2) The impact of the new measurement guidance is reflected as an adjustment to opening retained earnings under modified retrospective adoption of LDTI.
- (3) The impact of the new measurement guidance as it relates to certain unrealized gains and losses in accumulated other comprehensive income (AOCI) is reflected as an adjustment to opening AOCI under full retrospective adoption of LDTI.
- (4) The impact of the new measurement guidance as it relates to certain unrealized gains and losses in AOCI is reflected as an adjustment to opening AOCI under modified retrospective adoption of LDTI.

VOBA	Traditional Life	Payout Annuities and Structured Settlements	Universal Life	Total
Balance, December 31, 2023	\$ 159,900	\$ 11,095	\$ 1,017,345	\$ 1,188,340
Cumulative effect of full retrospective adoption of LDTI (1)	—	—	(453,751)	(453,751)
Cumulative effect of modified retrospective adoption of LDTI (2)	(34)	—	—	(34)
Reversal of unrealized gains and losses in AOCI under the full retrospective method (3)	—	—	37,013	37,013
Reversal of unrealized gains and losses in AOCI under the modified retrospective method (4)	—	—	3,988	3,988
Balance, January 1, 2024	<u>\$ 159,866</u>	<u>\$ 11,095</u>	<u>\$ 604,595</u>	<u>\$ 775,556</u>

- (1) The impact of the new measurement guidance is reflected as an adjustment to opening retained earnings under full retrospective adoption of LDTI.
- (2) The impact of the new measurement guidance is reflected as an adjustment to opening retained earnings under modified retrospective adoption of LDTI.
- (3) The impact of the new measurement guidance as it relates to certain unrealized gains and losses in AOCI is reflected as an adjustment to opening AOCI under full retrospective adoption of LDTI.
- (4) The impact of the new measurement guidance as it relates to certain unrealized gains and losses in AOCI is reflected as an adjustment to opening AOCI under modified retrospective adoption of LDTI.

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Unearned profit reserve	Universal Life
Balance, December 31, 2023	\$ 1,075,461
Cumulative effect of full retrospective adoption of LDTI (1)	(149,125)
Cumulative effect of modified retrospective adoption of LDTI (2)	(1,253)
Reversal of unrealized gains and losses in AOCI under the full retrospective method (3)	10,514
Reversal of unrealized gains and losses in AOCI under the modified retrospective method (4)	4,195
Balance, January 1, 2024	<u>\$ 939,792</u>

- (1) The impact of the new measurement guidance is reflected as an adjustment to opening retained earnings under full retrospective adoption of LDTI.
- (2) The impact of the new measurement guidance is reflected as an adjustment to opening retained earnings under modified retrospective adoption of LDTI.
- (3) The impact of the new measurement guidance as it relates to certain unrealized gains and losses in AOCI is reflected as an adjustment to opening AOCI under full retrospective adoption of LDTI.
- (4) The impact of the new measurement guidance as it relates to certain unrealized gains and losses in AOCI is reflected as an adjustment to opening AOCI under modified retrospective adoption of LDTI.

The following table summarizes the changes in LFPB due to the adoption of LDTI:

Liabilities for future policy benefits	Traditional Life	Payout Annuities & Structured Settlements	Disabled Income, Accident & Health, and Long Term Care	Other	Total
Balance, December 31, 2023	\$ 3,072,987	\$ 12,799,498	\$ 2,904,302	\$ 433,435	\$ 19,210,222
Cumulative effect of full retrospective adoption of LDTI (1)	4,909	(841,847)	76,771	(62,287)	(822,454)
Adjustment for loss contracts under the modified retrospective method (2)	135,123	33,394	—	—	168,517
Effect of remeasurement of liability at current discount rate under the full retrospective method (3)	(211,656)	(1,094,722)	(54,698)	—	(1,361,076)
Effect of remeasurement of liability at current discount rate under the modified retrospective method (3)	6,820	(45,891)	—	—	(39,071)
Balance, January 1, 2024	3,008,183	10,850,432	2,926,374	371,148	17,156,138
Less: Reinsurance recoverable	(251,870)	(15,543)	(102,756)	(22,232)	(392,401)
Balance, January 1, 2024, after reinsurance recoverable	<u>\$ 2,756,313</u>	<u>\$ 10,834,889</u>	<u>\$ 2,823,618</u>	<u>\$ 348,916</u>	<u>\$ 16,763,737</u>

- (1) The impact of the new measurement guidance is reflected as an adjustment to opening retained earnings under full retrospective adoption of LDTI.
- (2) The impact of loss contracts (with net premiums in excess of gross premiums) is reflected as an adjustment to opening retained earnings under modified retrospective adoption of LDTI.
- (3) The remeasurement of the liability at the current discount rate is reflected as an adjustment to opening AOCI under both full retrospective and modified retrospective adoption of LDTI.

As a result of updating cash flow assumptions and measuring the LFPB at transition for non-participating traditional and limited payment products, the impact of loss cohorts, those with net premiums in excess of gross premiums, and cohorts with negative reserves, was reflected as an adjustment to the opening balance of retained earnings upon adoption of LDTI in the amount of \$168,517.

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The following table summarizes the changes in additional liabilities due to the adoption of LDTI:

Additional liabilities	Universal Life	Deferred Annuities	Total
Balance, December 31, 2023 (1)	\$ 2,691,920	\$ 5,322	\$ 2,697,242
Cumulative effect of full retrospective adoption of LDTI (2)	254,067	—	254,067
Adjustment for unrealized gains and losses in AOCI under the full retrospective method (3)	(11,586)	—	(11,586)
Cumulative effect of modified retrospective adoption of LDTI (4)	55,821	—	55,821
Adjustment for unrealized gains and losses in AOCI under the modified retrospective method (5)	1,775	—	1,775
Other adjustments at LDTI adoption under the modified retrospective method (6)	63,758	—	63,758
Balance, January 1, 2024	<u>3,055,755</u>	<u>5,322</u>	<u>3,061,077</u>
Less: Reinsurance recoverable	<u>—</u>	<u>(5,322)</u>	<u>(5,322)</u>
Balance, January 1, 2024, after reinsurance recoverable	<u>\$ 3,055,755</u>	<u>\$ —</u>	<u>\$ 3,055,755</u>

- (1) The Company reclassified additional liabilities from Interest sensitive contract liabilities to Reserve for future policy benefits, as part of LDTI transition. Refer to Reclassification – Additional liabilities above for details.
- (2) The impact of the new measurement guidance is reflected as an adjustment to opening retained earnings under full retrospective adoption of LDTI.
- (3) The impact of the new measurement guidance as it relates to certain unrealized gains and losses in AOCI is reflected as an adjustment to opening AOCI under full retrospective adoption of LDTI.
- (4) The impact of the new measurement guidance is reflected as an adjustment to opening retained earnings under modified retrospective adoption of LDTI.
- (5) The impact of the new measurement guidance as it relates to certain unrealized gains and losses in AOCI is reflected as an adjustment to opening AOCI under modified retrospective adoption of LDTI.
- (6) The Company adjusted certain non-LDTI measurement methodologies related to additional liabilities as a change in accounting principle. Refer to Changes in accounting principle – Additional liabilities above for details.

WILTON RE LTD. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024****(Amounts in thousands of US dollars, except share amounts)**

The following table presents the effects of the retrospective application of the adoption of the new accounting principles to the Company's previously reported consolidated balance sheet as of December 31:

	2024		
	As Previously Reported	Adoption Adjustment	Post Adoption
Assets			
Reinsurance recoverable	\$ 795,463	\$ 50,615	\$ 846,078
Deferred acquisition costs	769,343	(101,098)	668,245
Value of business acquired	1,242,705	(529,396)	713,309
Net deferred tax assets	1,712,829	(424,307)	1,288,522
Total Assets	<u>\$ 50,432,442</u>	<u>\$ (1,004,186)</u>	<u>\$ 49,428,256</u>
Liabilities			
Liabilities for future policy benefits	\$ 18,615,583	\$ 3,032,691	\$ 21,648,274
Interest sensitive contract liabilities	28,445,984	(5,584,020)	22,861,964
Other liabilities	1,226,803	41,089	1,267,892
Total Liabilities	52,276,686	(2,510,240)	49,766,446
Shareholders' Equity			
Retained deficit	(1,560,141)	(55,842)	(1,615,982)
Accumulated other comprehensive (loss) income	(400,972)	1,561,895	1,160,923
Total shareholders' deficit	<u>(1,844,244)</u>	<u>1,506,054</u>	<u>(338,190)</u>
Total liabilities and shareholders' equity	<u>\$ 50,432,442</u>	<u>\$ (1,004,186)</u>	<u>\$ 49,428,256</u>

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The following table presents the effects of the retrospective application of the adoption of the new accounting principles to the Company's previously reported consolidated statement of comprehensive income (loss) for the year ended December 31:

	2024		
	As Previously Reported	Adoption Adjustment	Post Adoption
Revenues			
Policy fees and charges	\$ 926,095	\$ 26,366	\$ 952,461
Net unrealized appreciation (depreciation) on investments classified as trading and other	5,670	15,894	21,565
Total Revenues	2,750,536	42,260	2,792,797
Benefits and Expenses			
Claims and policy benefits, net of reinsurance ceded	1,397,415	4,350	1,401,765
Policyholder liability remeasurement (gains) losses	—	50,617	50,617
Interest credited to interest sensitive contract liabilities	556,293	10,759	567,052
Acquisition and other insurance expenses	94,854	50,860	145,715
Total Benefits and Expenses	2,356,754	116,587	2,473,341
Net income (loss) before income taxes and net earnings of equity method investee	393,782	(74,326)	319,456
Income tax expense (benefit)	55,373	(19,579)	35,793
Net income (loss) before net earnings of equity method investee	338,409	(54,747)	283,663
Share of net earnings of equity method investee	(1,800)	—	(1,800)
Net income (loss)	\$ 336,609	\$ (54,746)	\$ 281,863
Other comprehensive income (loss), net of tax			
Net unrealized investment gains (losses)	(791,197)	(39,934)	(831,131)
Change in current discount rate - liability for future policy benefits	—	533,706	533,706
Total other comprehensive (loss) income, net of tax	\$ (791,197)	\$ 493,772	\$ (297,425)
Total comprehensive (loss) income	\$ (454,587)	\$ 439,024	\$ (15,562)

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The following table presents the effects of the retrospective application of the adoption of the new accounting principles to the Company's previously reported consolidated statement of changes in shareholders' equity for the year ended December 31:

	2024		
	As Previously Reported	Adoption Adjustment	Post Adoption
Accumulated Other Comprehensive Income			
Cumulative effect of change in accounting principles	\$ —	\$ 1,068,123	\$ 1,068,123
Total other comprehensive (loss) income	(791,197)	493,771	(297,426)
Balance at end of year	(400,972)	1,561,895	1,160,923
Retained (Deficit) Earnings			
Cumulative effect of change in accounting principles	—	(1,095)	(1,095)
Net income (loss)	336,609	(54,746)	281,863
Balance at end of year	(1,560,140)	(55,842)	(1,615,982)
Total shareholders' equity	\$ (1,844,243)	\$ 1,506,053	\$ (338,190)

The following table presents the effects of the retrospective application of the adoption of the new accounting principles to the Company's previously reported consolidated statement of cash flows for the year ended December 31:

	2024		
	As Previously Reported	Adoption Adjustment	Post Adoption
Cash flow from operating activities			
Net Income	\$ 336,609	\$ (54,746)	\$ 281,863
Amortization and other adjustments to deferred acquisition costs	(3,554)	34,065	30,511
Amortization and other adjustments to value of business acquired	61,144	1,103	62,247
Other reserve changes of interest sensitive contract liabilities	(741,897)	(43,476)	(785,373)
Deferred income taxes	29,219	(19,580)	9,639
Reinsurance recoverable	53,449	7,338	60,787
Deferred acquisition costs	(72,671)	(592)	(73,263)
Value of business acquired	(16,284)	16,284	—
Liability for future policy benefits	(605,664)	77,175	(528,489)
Other liabilities	145,606	(17,571)	128,035

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3. CLOSED BLOCK REINSURANCE

2024 Transaction

Effective October 1, 2024, WRAC and WREB entered into reinsurance agreements (PLAZ Reinsurance Agreements) with Pruco Life Insurance Company (PLAZ), to assume a block of secondary guarantee universal life insurance on a 25% and 100% coinsurance basis, respectively. The transaction closed on December 19, 2024. As of October 1, 2024, the block was comprised of 151,227 policies. PLAZ retained responsibility for the administration of the block.

The Company entered into certain derivative transactions to protect the block against declining interest rates which are discussed further in Note 5 - *Derivative Instruments*. In addition, the Company financed economic reserves from the transaction through RRE4 which is discussed further in Note 18 - *Long-term and Other Debt*.

The initial balance sheet effect of these transactions was as follows:

Assets	
Fixed maturity securities available for sale at fair value	\$ 6,714,691
Issuer obligations - non-affiliates held to maturity, at amortized cost	1,613,534
Policy loans	44,069
Total investments	<u>8,372,294</u>
Cash and cash equivalents	632,520
Other reinsurance receivables	174,548
Other assets	231,257
Total assets	<u>\$ 9,410,619</u>
Liabilities	
Liabilities for future policy benefits	\$ 3,312,907
Interest sensitive contract liabilities	4,252,921
Other debt	1,613,534
Net deferred income taxes	231,257
Total liabilities	<u>\$ 9,410,619</u>

The non-cash amounts summarized in the table above represent non-cash transactions that occurred during the year.

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4. INVESTMENTS

Fixed maturity and Equity Securities

The amortized cost, fair value and related gross unrealized gain and loss of fixed maturity and common and preferred stock investments, as of December 31, are as follows:

	2025				
	Amortized Cost	Unrealized Gain	Unrealized Loss	Allowance for Credit Losses	Fair Value
Fixed maturities:					
Available-for-sale:					
U.S. government and agencies	\$ 4,477,245	\$ 9,088	\$ (727,403)	\$ —	\$ 3,758,930
State and political subdivisions	1,497,472	28,570	(24,105)	—	1,501,937
Foreign sovereign	100,172	462	(2,931)	—	97,703
Corporate securities	18,520,786	467,204	(426,716)	(4,220)	18,557,054
Residential mortgage-backed securities	1,203,915	22,278	(28,410)	(2,284)	1,195,499
Commercial mortgage-backed securities	1,068,781	22,631	(17,569)	(3,538)	1,070,305
Asset backed securities	1,393,446	31,579	(16,286)	(2,712)	1,406,027
Collateralized debt obligations	1,582,696	61,914	(17,815)	(988)	1,625,807
Other invested assets ¹	697,216	25,294	(4,985)	(163)	717,362
Total available-for-sale ²	30,541,729	669,020	(1,266,220)	(13,905)	29,930,624
Trading:					
U.S. government and agencies	\$ 20,399	\$ (1)	\$ (2,616)	\$ —	\$ 17,782
Corporate securities	31,238	61	(2,191)	—	29,108
Residential mortgage-backed securities	1,431	—	(187)	—	1,244
Commercial mortgage-backed securities	980	—	(30)	—	950
Asset backed securities	3,532	—	(99)	—	3,433
Collateralized debt obligations	251	—	(11)	—	240
Total trading	57,831	60	(5,134)	—	52,757
Total fixed maturities	30,599,560	669,080	(1,271,354)	(13,905)	29,983,381
Preferred stock	612,067	8,388	(69,854)	—	550,601
Common stock	58,496	166	(353)	—	58,309
Total fixed maturity and equity securities	\$ 31,270,123	\$ 677,634	\$ (1,341,561)	\$ (13,905)	\$ 30,592,291

¹Includes surplus debentures and the debt portion of collateral loans included in other invested assets on the consolidated balance sheets

²Includes \$485,305 of non-cash collateral recorded in other assets and considered encumbered

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	2024				
	Amortized Cost	Unrealized Gain	Unrealized Loss	Allowance for Credit Losses	Fair Value
Fixed maturities:					
Available-for-sale:					
U.S. government and agencies	\$ 4,149,123	\$ 390	\$ (594,393)	\$ —	\$ 3,555,120
State and political subdivisions	1,526,063	14,872	(37,207)	—	1,503,728
Foreign sovereign	145,775	94	(10,336)	—	135,533
Corporate securities	18,271,373	242,372	(566,576)	(16,752)	17,930,417
Residential mortgage-backed securities	956,213	4,496	(47,842)	(1,982)	910,885
Commercial mortgage-backed securities	1,105,655	12,659	(31,420)	(3,591)	1,083,303
Asset backed securities	1,356,995	38,678	(19,475)	(4,136)	1,372,062
Collateralized debt obligations	1,784,772	95,362	(15,236)	—	1,864,898
Other invested assets ¹	721,307	7,512	(9,058)	(306)	719,455
Total available-for-sale	30,017,276	416,435	(1,331,543)	(26,767)	29,075,401
Trading:					
U.S. government and agencies	\$ 20,398	\$ 1	\$ (3,382)	\$ —	\$ 17,017
Corporate securities	77,236	31	(5,415)	—	71,852
Residential mortgage-backed securities	3,800	8	(253)	—	3,555
Commercial mortgage-backed securities	4,101	12	(53)	—	4,060
Asset backed securities	5,930	20	(259)	—	5,691
Collateralized debt obligations	1,749	1	(42)	—	1,708
Other invested assets ¹	251	—	(7)	—	244
Total trading	113,465	73	(9,411)	—	104,127
Total fixed maturities	30,130,741	416,508	(1,340,954)	(26,767)	29,179,528
Preferred stock	685,173	7,045	(72,271)	—	619,947
Common stock	65,875	(1)	(1,172)	—	64,702
Total fixed maturity and equity securities	\$ 30,881,789	\$ 423,552	\$ (1,414,397)	\$ (26,767)	\$ 29,864,177

¹Includes surplus debentures and the debt portion of collateral loans included in other invested assets on the consolidated balance sheets

The unrealized loss and fair values by investment category and by the duration of fixed maturity securities for which an allowance for credit loss has not been recorded and equity securities in a continuous unrealized loss position at December 31, are as follows:

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	2025					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Fixed maturities:						
Available-for-sale:						
U.S. government and agencies	\$ 240,780	\$ (13,584)	\$ 3,121,431	\$ (713,819)	\$ 3,362,211	\$ (727,403)
State and political subdivisions	387,834	(6,736)	260,017	(17,369)	647,851	(24,105)
Foreign sovereign	18,122	(160)	52,900	(2,771)	71,022	(2,931)
Corporate securities	3,581,252	(94,838)	4,598,811	(318,776)	8,180,063	(413,614)
Residential mortgage-backed securities	272,579	(8,838)	205,995	(18,848)	478,574	(27,686)
Commercial mortgage-backed securities	180,411	(4,213)	118,239	(11,030)	298,650	(15,243)
Asset-backed securities	323,533	(5,490)	175,728	(9,087)	499,261	(14,577)
Collateralized debt obligations	212,967	(3,687)	75,919	(14,128)	288,886	(17,815)
Other invested assets ¹	129,592	(1,682)	86,588	(2,974)	216,180	(4,656)
Total available-for-sale	5,347,070	(139,228)	8,695,628	(1,108,802)	14,042,698	(1,248,030)
Trading:						
U.S. government and agencies	\$ —	\$ —	\$ 17,782	\$ (2,616)	\$ 17,782	\$ (2,616)
Corporate securities	495	(5)	27,287	(2,186)	27,782	(2,191)
Residential mortgage-backed securities	—	1	1,164	(188)	1,164	(187)
Commercial mortgage-backed securities	—	—	950	(30)	950	(30)
Asset-backed securities	1,437	(44)	1,996	(55)	3,433	(99)
Collateralized debt obligations	—	(1)	240	(10)	240	(11)
Total trading	1,932	(49)	49,419	(5,085)	51,351	(5,134)
Total fixed maturities	5,349,002	(139,277)	8,745,047	(1,113,887)	14,094,049	(1,253,164)
Preferred stock	31,826	(364)	343,638	(69,490)	375,464	(69,854)
Common stock	6,619	(9)	21,474	(345)	28,093	(354)
Total fixed maturity and equity securities	\$ 5,387,447	\$ (139,650)	\$ 9,110,159	\$ (1,183,722)	\$ 14,497,606	\$ (1,323,372)

¹Includes surplus debentures and the debt portion of collateral loans included in other invested assets on the consolidated balance sheets

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	2024					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Fixed maturities:						
Available-for-sale:						
U.S. government and agencies	\$ 2,369,538	\$ (333,420)	\$ 1,143,145	\$ (260,973)	\$ 3,512,683	\$ (594,393)
State and political subdivisions	927,699	(36,503)	9,496	(704)	937,195	(37,207)
Foreign sovereign	127,709	(9,785)	3,460	(551)	131,169	(10,336)
Corporate securities	10,166,904	(532,854)	243,665	(22,694)	10,410,569	(555,548)
Residential mortgage-backed securities	664,591	(37,725)	66,070	(8,684)	730,661	(46,409)
Commercial mortgage-backed securities	363,951	(13,824)	171,201	(17,265)	535,152	(31,089)
Asset-backed securities	386,901	(12,943)	88,635	(5,685)	475,536	(18,628)
Collateralized debt obligations	363,508	(5,530)	107,994	(9,706)	471,502	(15,236)
Other invested assets ¹	332,247	(8,826)	33,205	(232)	365,452	(9,058)
Total available-for-sale	15,703,048	(991,410)	1,866,871	(326,494)	17,569,919	(1,317,904)
Trading:						
U.S. government and agencies	\$ —	\$ —	\$ 17,015	\$ (3,382)	\$ 17,015	\$ (3,382)
Corporate securities	3,465	(51)	64,882	(5,364)	68,347	(5,415)
Residential mortgage-backed securities	807	(7)	1,192	(246)	1,999	(253)
Commercial mortgage-backed securities	—	(1)	2,360	(52)	2,360	(53)
Asset-backed securities	1,701	(74)	3,005	(185)	4,706	(259)
Collateralized debt obligations	246	(3)	1,211	(39)	1,457	(42)
Other invested assets ¹	243	(7)	1	—	244	(7)
Total trading	6,462	(143)	89,666	(9,268)	96,128	(9,411)
Total fixed maturities	15,709,510	(991,553)	1,956,537	(335,762)	17,666,047	(1,327,315)
Preferred stock	56,110	(2,616)	404,068	(69,655)	460,178	(72,271)
Common stock	105	(18)	35,845	(1,154)	35,950	(1,172)
Total fixed maturity and equity securities	\$ 15,765,725	\$ (994,187)	\$ 2,396,450	\$ (406,571)	\$ 18,162,175	\$ (1,400,758)

¹Includes surplus debentures and the debt portion of collateral loans included in other invested assets on the consolidated balance sheets

At December 31, 2025, 1,194 fixed maturity securities, for which an allowance for credit loss had not been recognized, with a total unrealized loss of \$1,113,887 had been in an unrealized loss position for twelve months or more. Of those securities in an unrealized loss position for twelve months or more, 15 securities had fair values below 70% of book value with a total unrealized loss of \$7,510. The Company does not expect to sell, and it is not more likely than not that the Company would be required to sell, the AFS securities displayed above for which it has not recognized an allowance for credit loss, as of the dates indicated. Unrealized losses are primarily driven by changes in risk-free interest rates and credit spreads.

At December 31, 2024, 344 fixed maturity securities, for which an allowance for credit loss had not been recognized, with a total unrealized loss of \$335,762 had been in an unrealized loss position for twelve months or more. Of those securities in an unrealized loss position for twelve months or more, 13 security had fair values below 70% of book value with a total unrealized loss of \$1,678.

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The following tables show the activity in the allowance for credit losses for fixed maturity AFS securities, as of the dates indicated:

	Year Ended December 31, 2025						
	Corporate securities	Residential mortgage-backed securities	Commercial mortgage-backed securities	Asset-backed securities	Collateralized debt obligations	Other invested assets ¹	Total
Balance, beginning of period	\$ (16,752)	\$ (1,982)	\$ (3,591)	\$ (4,136)	\$ —	\$ (306)	\$ (26,767)
Additions to the allowance for credit loss not previously recorded	(118)	(13)	(1,255)	—	(1,825)	—	(3,211)
Reductions for securities sold during the period	148	93	966	142	672	10	2,031
(Additions) reductions on securities with an allowance for credit loss previously recorded	12,502	(382)	341	1,282	166	133	14,042
Balance, end of period	\$ (4,220)	\$ (2,284)	\$ (3,539)	\$ (2,712)	\$ (987)	\$ (163)	\$ (13,905)

¹Includes surplus debentures and the debt portion of collateral loans included in other invested assets on the consolidated balance sheets

	Year Ended December 31, 2024						
	Corporate securities	Residential mortgage-backed securities	Commercial mortgage-backed securities	Asset-backed securities	Collateralized debt obligations	Other invested assets ¹	Total
Balance, beginning of period	\$ (5,843)	\$ (1,449)	\$ (631)	\$ (760)	\$ (1,204)	\$ —	\$ (9,887)
Additions to the allowance for credit loss not previously recorded	(4,436)	(639)	(16)	(835)	—	(618)	(6,544)
Reductions for securities sold during the period	89	48	12	105	—	—	254
(Additions) reductions on securities with an allowance for credit loss previously recorded	(6,562)	58	(2,956)	(2,646)	1,204	312	(10,590)
Balance, end of period	\$ (16,752)	\$ (1,982)	\$ (3,591)	\$ (4,136)	\$ —	\$ (306)	\$ (26,767)

¹Includes surplus debentures and the debt portion of collateral loans included in other invested assets on the consolidated balance sheets

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Contractual maturities of the Company's fixed maturity securities as of December 31, 2025, are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or may have prepayment obligations with or without call or prepayment penalties.

	<u>Amortized Cost</u>	<u>Fair Value</u>
One year or less	\$ 223,247	\$ 222,029
One through five years	1,534,487	1,568,386
After five through ten years	2,490,449	2,599,670
After ten through twenty years	6,952,675	7,081,967
After twenty years	14,143,670	13,207,824
Residential mortgage-backed securities	1,205,346	1,196,743
Commercial mortgage-backed securities	1,069,761	1,071,255
Asset-backed securities	1,396,978	1,409,460
Collateralized debt obligations	1,582,947	1,626,047
Total fixed maturities	<u>\$ 30,599,560</u>	<u>\$ 29,983,381</u>

Credit ratings of the Company's fixed maturity securities as of December 31, 2025 and 2024, are shown below. Ratings are assigned by Standard & Poor's Corporation, Moody's Investors Service or Fitch Ratings. The ratings assigned may not be accurate predictors of credit losses.

	<u>2025</u>		<u>2024</u>	
	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
AAA	\$ 983,432	\$ 981,218	\$ 1,023,274	\$ 1,008,917
AA	8,690,350	7,947,231	8,028,757	7,333,881
A	9,258,939	9,291,465	8,818,583	8,665,555
BBB	10,359,365	10,422,715	10,699,842	10,548,134
BB	953,567	972,738	1,179,088	1,246,972
B	222,499	245,301	264,920	268,542
CCC or lower and unrated	131,408	122,713	116,277	107,527
Total fixed maturities	<u>\$ 30,599,560</u>	<u>\$ 29,983,381</u>	<u>\$ 30,130,741</u>	<u>\$ 29,179,528</u>

The Company's largest five exposures by issuer as of December 31, 2025, were Hunt Mh Borrower LLC, Glam Milhsg Fee LLC, Berkshire Hathaway Inc., Morgan Stanley, and Wells Fargo & Company, each of which comprised less than 0.6%, and in aggregate comprised 2.0%, of total investments.

The Company's largest five exposures by issuer as of December 31, 2024, were Glam Milhsg Fee LLC, Berkshire Hathaway Inc., Morgan Stanley, Wells Fargo & Company, and AT&T Inc., each of which comprised less than 0.6%, and in aggregate comprised 1.8% of total investments.

At December 31, 2025 and 2024, fixed maturity securities of \$36,202 and \$40,810, respectively, were held on deposit with various state insurance departments in which WRAC, TLIC, WRNY and WCAC are licensed to operate to provide security and to meet regulatory requirements.

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Investment Earnings—Net

Major sources and related amounts of investment earnings - net are as follows:

	<u>2025</u>	<u>2024</u>
Fixed maturity and equity securities	\$ 1,806,043	\$ 1,622,521
Commercial mortgage loans	39,797	47,454
Policy loans	26,144	26,824
Funds withheld at interest	52,853	56,013
Short-term investments and cash and cash equivalents	56,506	45,867
Life settlement contracts	9,899	3,890
Limited partnerships	117,813	87,436
Other invested assets	104,899	139,614
Investment income	<u>2,213,954</u>	<u>2,029,619</u>
Investment income ceded on funds withheld	(4,615)	(6,942)
Investment expense	(71,903)	(48,233)
Interest on secured borrowing	<u>(2,245)</u>	<u>(513)</u>
Investment income - net	2,135,191	1,973,931
Realized gains on fixed maturity securities classified as AFS	78,471	41,730
Realized gains on derivative instruments	5,139	18,381
Realized gains on all other investments	11,797	40,450
Realized losses on fixed maturity securities classified as AFS	(17,377)	(13,162)
Realized losses on derivative instruments	(58,876)	(36,155)
Realized losses on all other investments	(11,570)	(2,652)
Realized gains on funds withheld at interest	19,271	17,360
Realized losses on funds withheld at interest	<u>(5,888)</u>	<u>(9,299)</u>
Investment earnings - net	<u>\$ 2,156,158</u>	<u>\$ 2,030,584</u>

The proceeds from sales of fixed maturities classified as AFS for the year ended December 31, 2025 and 2024, were \$1,326,347 and \$1,302,683, respectively.

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Commercial Mortgage Loans

Commercial mortgage loans (CMLs) represented approximately 2.00% and 2.40% of the Company's investments as of December 31, 2025 and 2024, respectively. The amortized cost, fair value, and the related gross unrealized gain (loss) are as follows:

	<u>Amortized Cost</u>	<u>Unrealized Gain</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>
December 31, 2025	\$ 925,485	\$ 9	\$ (66,115)	\$ 859,379
December 31, 2024	\$ 1,119,865	\$ 7	\$ (102,100)	\$ 1,017,772

The unrealized loss and fair values by the duration of the CMLs in a continuous unrealized loss position are as follows:

	<u>Less than 12 Months</u>		<u>12 Months or More</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
December 31, 2025	\$ 11,022	\$ (14)	\$ 847,591	\$ (66,101)	\$ 858,613	\$ (66,115)
December 31, 2024	\$ 24,135	\$ (130)	\$ 992,909	\$ (101,970)	\$ 1,017,044	\$ (102,100)

No valuation allowances were recorded in 2025 or 2024.

The Company's CML portfolio is collateralized by a variety of commercial real estate property types located across the United States. The principal geographic distributions as of December 31 are shown below. No other state represented more than 5% of the portfolio.

Percentage of Loan Portfolio Fair Value	<u>2025</u>	<u>2024</u>
New York	14.9 %	13.3 %
California	11.6 %	18.2 %
Tennessee	7.9 %	6.6 %
Virginia	7.6 %	6.4 %
Texas	6.0 %	5.1 %
New Jersey	5.8 %	8.3 %
Washington	5.1 %	4.3 %

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The types of properties collateralizing the CMLs as of December 31 are as follows:

Percentage of Loan Portfolio Fair Value	2025	2024
Multifamily	40.8 %	35.4 %
Other commercial	17.4	18.3
Office buildings	14.1	14.4
Retail	14.9	17.8
Industrial	12.8	14.1
Total	100.0 %	100.0 %

The contractual maturities of the CML portfolio as of December 31, 2025, are as follows:

	Number of Loans	Fair Value	Percent
2026	26	\$ 182,554	21.2 %
2027	7	14,031	1.6
2028	9	67,771	7.9
2029	15	98,254	11.4
2030	6	29,678	3.5
Thereafter	70	467,091	54.4
Total	133	\$ 859,379	100.0 %

Loan-to-value (LTV) and debt service coverage (DSC) ratios are measures commonly used to assess risk and quality of CMLs. The LTV ratio, calculated at time of origination, is expressed as a percentage of the amount of the loan relative to the value of the underlying property. An LTV ratio in excess of 100% indicates the unpaid loan amount exceeds the value of the underlying collateral. There were no loans at December 31, 2025 or 2024 with an LTV ratio greater than 75%. The DSC ratio, based upon the most recently received financial statements, is expressed as a percentage of the amount of estimated cash flows from the property available to the borrower to meet principal and interest payment obligations. A DSC ratio of less than 1.0 indicates that property's operations do not generate sufficient cash flows to cover the debt payments. A loan can be considered performing and not a credit issue while experiencing a DSC below 1.0 for periods of time due to timing issues with regard to the receipt of income and payment of periodic expenses, such as taxes.

The following table reflects the distribution of the Company's CMLs across these two risk and quality measures as of December 31, 2025:

Loan-to-Value Ratios	Debt Service Coverage Ratio					Total
	Less than 1.0	1.0 to 1.25	1.26 to 1.5	1.51 to 1.75	Above 1.75	
Less than 50%	\$ —	\$ 12,120	\$ 10,333	\$ 14,027	\$ 501,308	\$ 537,788
50% to 60%	—	10,620	39,255	10,953	173,272	234,100
60% to 75%	—	—	33,388	—	54,103	87,491
Total	\$ —	\$ 22,740	\$ 82,976	\$ 24,980	\$ 728,683	\$ 859,379

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The following table reflects the distribution of the Company’s CMLs across these two risk and quality measures as of December 31, 2024:

Loan-to-Value Ratios	Debt Service Coverage Ratio					Total
	Less than 1.0	1.0 to 1.25	1.26 to 1.5	1.51 to 1.75	Above 1.75	
Less than 50%	\$ —	\$ —	\$ 48,145	\$ 49,719	\$ 529,451	\$ 627,315
50% to 60%	—	—	59,819	143,320	100,970	304,109
60% to 75%	—	—	41,223	—	45,125	86,348
Total	\$ —	\$ —	\$ 149,187	\$ 193,039	\$ 675,546	\$ 1,017,772

Life Settlement Contracts—Direct Investment

The Company uses an actuarial model to estimate the aggregate face amount of life insurance that is expected to settle in each future year and the corresponding fair value. This model projects the likelihood of the insured’s death for each inforce policy based upon the estimated mortality rates, which may vary due to the relatively small size of the portfolio of life settlement contracts. The number of life settlement contracts presented in the following table is based upon the average face amount of inforce policies estimated to settle in each future year:

	Number of Contracts	Face Amount of Policies	Fair Value
2026	1	\$ 1,250	\$ 1,019
2027	16	49,700	32,296
2028	22	44,422	23,767
2029	9	23,712	10,153
2030	8	30,636	11,628
Thereafter	15	34,332	9,508
Total	71	\$ 184,052	\$ 88,371

Policy Loans

Policy loans comprised approximately 0.9% and 1.0% of the Company’s investments as of December 31, 2025 and 2024. These policy loans present minimal credit risk because the amount of the loan cannot exceed the obligation due the ceding company or the policyholder upon the death of the insured or surrender of the underlying policy. The provisions of the underlying policies determine the policy loan interest rates. Because policy loans represent premature distributions of policy liabilities, they have the effect of reducing future disintermediation risk. In addition, the Company earns a spread between the interest rate earned on policy loans and the interest rate credited to corresponding liabilities.

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5. DERIVATIVE INSTRUMENTS

Accounting

See Note 2 – Summary of Significant Accounting Policies for additional details on the accounting treatment for derivative instruments, including embedded derivatives. See Note 19 – Fair Value for additional disclosures related to the fair value hierarchy for derivative instruments, including embedded derivatives.

Type of Derivative Instruments Used by the Company

Interest Rate Swaps

Interest rate swaps are used by the Company primarily to reduce market risks from changes in interest rates, to alter interest rate exposure arising from mismatches between assets and liabilities (duration mismatches) and to manage the risk of cash flows of liabilities that are variable based on a benchmark rate. With an interest rate swap, the Company agrees with another party to exchange, at specified intervals, the difference between two rates, which can be either fixed-rate or floating-rate interest amounts, tied to an agreed-upon notional amount. These transactions are executed pursuant to master netting agreements that provide for a single net payment or individual gross payments at each due date.

2024 Interest Rate Swap - Borrowing at WRL

In April 2024, the Company entered into an interest rate swap with Wells Fargo and PNC Bank in order to exchange floating for fixed cash flows related to its borrowing at WRL. The swap has a notional amount of \$105,000 with Wells Fargo and \$100,000 with PNC Bank for a total of \$205,000 that matures in April 2027, with the Company receiving a floating leg of one-month SOFR and paying a fixed leg of 4.35%.

2024 Interest Rate Swap - Reinsurance

The Company completed a reinsurance transaction effective October 1, 2024 (the Reinsurance). To hedge the reinvestment risk from declining interest rates for assets supporting certain products within Reinsurance, the Company entered into a series of cancellable interest rate swaps in August of 2024 with Wells Fargo as the sole counterparty in which the Company receives fixed and pays floating. The swaps had a total notional amount of \$3,350,000. The swaps were restructured in December of 2024. Upon restructuring, the Company reassessed whether the swaps should be accounted for as derivatives in their entirety. Since the swaps were priced on forward curves as of the initial date the swaps were entered into, there was substantial initial fair value when the swaps were restructured. Rather than bifurcating the swaps into a financing component and derivative, the Company elected the fair value option to ensure that the swaps are accounted for consistently with its other interest rate swaps that achieve similar risk management objectives. As of December 31, 2025 and 2024 the fair value loss of the Reinsurance interest rate swaps was \$620,330 and \$482,688, respectively.

As of December 31, 2025, the Reinsurance interest rate swaps total \$3,225,000 in notional amount. During 2025, the Company unwound \$125,000 of notional amount and incurred breakage fees of \$11,856 which were reported in investment earnings - net in the consolidated statements of comprehensive income (loss).

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2025 Interest Rate Swaps

In August 2025, the Company entered into two interest rate swaps with US Bank National Association to exchange fixed for floating cash flows related to its fixed maturity portfolio at the Company's direct insurance subsidiary, TLIC. The swaps have notional amounts of \$150,000 each for a total notional amount of \$300,000. The first swap is a forward starting pay-float and receive-fixed interest rate swap with an effective date in August 2028 and matures in August 2058 with the Company receiving a fixed rate of 3.8465% and paying a floating rate of three-month SOFR. The second swap is a pay-float and receive-fixed interest rate swap that matures in August 2055 with the Company receiving a fixed rate of 3.7525% and paying a floating rate of three-month SOFR.

The following table presents a summary of the Company's interest rate swaps and the transaction that is being economically hedged by entity as of December 31:

Transaction Type	Entity	Issued	Matures ¹	2025			2024		
				Notional	Cash Collateral	Non-Cash Collateral ²	Notional	Cash Collateral	Non-Cash Collateral
Debt	WRUS	Mar 2023	Mar 2026	\$ 250,000	\$ —	\$ —	\$ 250,000	\$ —	\$ —
Debt	WRL	Apr 2024	Apr 2027	205,000	6,000	—	265,000	6,000	—
Reinsurance	WRAC	Nov 2021	Dec 2051	750,000	267,192	—	750,000	229,410	—
Reinsurance	WRAC	Aug 2023	Sep 2053	600,000	64,158	—	600,000	48,010	—
Reinsurance	WRAC	Dec 2024	May 2055	500,000	83,420	—	500,000	59,720	—
Reinsurance	WREB	Dec 2024	May 2055	2,725,000	—	468,380	2,850,000	311,290	32,724
Investments	TLIC	Aug 2025	Aug 2058	150,000	—	8,667	—	—	—
Investments	TLIC	Aug 2025	Aug 2055	150,000	—	8,259	—	—	—
Totals				\$ 5,330,000	\$ 420,770	\$ 485,306	\$ 5,215,000	\$ 654,430	\$ 32,724

Equity Options

The Company hedges certain portions of its exposure to product-related equity market risk by entering into transactions involving the purchase and sale of options. These derivative instruments are recognized within funds withheld at interest, other invested assets and derivative liabilities in the accompanying consolidated balance sheets at fair value.

Embedded Derivatives

The Company has certain embedded derivatives that are required to be separated from their host contracts and reported as derivatives. Host contracts include reinsurance treaties structured on a funds withheld basis. Additionally, the Company insures or reinsures insurance products with benefits that are considered embedded derivatives. The changes in fair values of embedded derivatives on insurance products described below relate to changes in the fair value associated with capital markets and other related assumptions.

¹ All contracts are cancellable.

² Non-cash collateral is composed of fixed maturity securities available-for-sale, recorded in other assets and is considered encumbered.

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Summary of Derivative Positions

Freestanding derivatives are included in other invested assets or derivative liabilities, at fair value. Embedded derivative assets and liabilities on funds withheld arrangements are included in the consolidated balance sheets with the host contract in funds withheld, at fair value. Embedded derivative liabilities on indexed products are included on the consolidated balance sheets with the host contract in interest sensitive contract liabilities, at fair value. The following table presents the notional amount and gross fair value of derivative instruments prior to taking into account the netting effects of master netting agreements as of December 31:

	Primary Underlying Risk	Notional Amount	2025		2024		
			Fair Value		Notional Amount	Fair Value	
			Assets	Liabilities		Assets	Liabilities
Derivatives not designated as hedging instruments:							
Interest rate swaps	Interest rate	\$ 5,330,000	\$ —	\$ 948,785	\$ 5,215,000	\$ 1,227	\$ 755,921
Equity options	Equity	756,822	35,844	7,659	747,762	33,181	6,562
Embedded derivatives in:							
Funds withheld arrangements		—	(88,595)	986	—	(130,176)	(754)
Indexed products				20,967	—	—	19,269
Total derivatives		\$ 6,086,822	\$ (52,751)	\$ 978,397	\$ 5,962,762	\$ (95,768)	\$ 780,998

Derivatives Not Designated as Hedging Instruments

The Company uses derivative instruments for risk management purposes that either do not qualify or have not been elected for hedge accounting treatment. The gain or loss related to the change in fair value of these derivative instruments is recognized in change in value of derivatives and embedded derivatives – net, except where otherwise noted.

A summary of the effect of derivatives, including embedded derivatives, on the Company’s consolidated statements of comprehensive income (loss) for the years ended December 31, 2025 and 2024 is as follows:

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	Location of Unrealized Gain (Loss) Recognized in Income	Amount of Unrealized Gain (Loss) Recognized in Income	
		2025	2024
Derivatives not designated as hedging instruments:			
Interest rate swaps	Change in value of derivatives and embedded derivatives - net	\$ (191,978)	\$ (570,084)
Equity options	Change in value of derivatives and embedded derivatives - net	(932)	(917)
Embedded derivatives in:			
Funds withheld arrangements	Change in value of derivatives and embedded derivatives - net	39,840	(4,754)
Indexed products	Interest credited to interest sensitive contract liabilities	1,698	25
Total unrealized gain (loss)		\$ (151,372)	\$ (575,730)
	Location of Realized Gain (Loss) Recognized in Income	Amount of Realized Gain (Loss) Recognized in Income	
		2025	2024
Derivatives not designated as hedging instruments:			
Interest rate swaps	Investment earnings - net	\$ (53,863)	\$ (23,120)
Equity options	Investment earnings - net	126	5,346
Total realized gain (loss)		\$ (53,737)	\$ (17,774)

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6. CONCENTRATION OF CREDIT RISK

As of December 31, 2025 and 2024, substantially all of the Company's cash, cash equivalent and short-term investments were held in four and five, financial institutions, respectively, that the Company considers being of high credit quality. See Note 8 - *Reinsurance* for additional detail regarding the Company's management and analysis of concentration of credit risk over reinsured business.

7. FUNDS WITHHELD AT INTEREST AND FUNDS HELD UNDER REINSURANCE TREATIES

Funds withheld at interest

Funds withheld at interest comprised approximately 13.2% and 12.7% of the Company's total investments as of December 31, 2025 and 2024, respectively. The risk of loss to the Company due to the insolvency of a ceding company is mitigated by the Company's contractual right to offset amounts it owes the ceding company for claims or allowances with amounts owed to the Company from the ceding company. Interest generally accrues on these assets based upon the investment earnings on the underlying investments. The Company is subject to the investment performance on the funds withheld assets in a fashion similar to its invested assets.

The funds withheld at interest balances on the consolidated balance sheets are comprised of the following at December 31:

	2025	2024
Segregated portfolio assets - general account	\$ 1,270,154	\$ 1,285,008
Segregated portfolio assets - separate account	4,309,432	4,018,773
Non-segregated portfolio assets	77,233	77,733
Funds withheld at interest	\$ 5,656,819	\$ 5,381,514

The disclosures that follow are for the segregated portfolio—general account only and exclude other invested assets, short-term investments, and cash of \$95,980 and \$82,619 as of December 31, 2025 and 2024, respectively. The segregated portfolio-separate account is supported by assets with specific underlying investment objectives and are in accounts legally segregated from the single ceding company for which the policyholder has assumed substantially all the risk and reward. The non-segregated portfolio is supported by a proportionate share of the assets held by the ceding company.

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The amortized cost, fair value and related gross unrealized gain and loss of the segregated portfolio—general account assets supporting the funds withheld at interest as of December 31 are as follows:

	2025			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value
Fixed maturities:				
U.S. government and agencies	\$ 103,518	\$ 239	\$ (18,644)	\$ 85,113
State and political subdivisions	50,438	783	(2,497)	48,724
Foreign sovereign	3,518	—	(683)	2,835
Corporate securities	784,112	10,349	(58,617)	735,844
Residential mortgage-backed securities	139,587	1,403	(9,291)	131,699
Commercial mortgage-backed securities	91,734	349	(7,336)	84,747
Asset backed securities	64,584	321	(3,226)	61,679
Collateralized debt obligations	20,095	7	(144)	19,958
Total fixed maturities	<u>1,257,586</u>	<u>13,451</u>	<u>(100,438)</u>	<u>1,170,599</u>
Preferred stock	3,635	3	(63)	3,575
Total fixed maturity and equity securities	<u>\$ 1,261,221</u>	<u>\$ 13,454</u>	<u>\$ (100,501)</u>	<u>\$ 1,174,174</u>

	2024			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value
Fixed maturities:				
U.S. government and agencies	\$ 101,929	\$ 70	\$ (21,127)	\$ 80,872
State and political subdivisions	46,866	622	(3,813)	43,675
Foreign sovereign	3,513	—	(814)	2,699
Corporate securities	842,991	5,498	(81,452)	767,037
Residential mortgage-backed securities	130,203	250	(13,120)	117,333
Commercial mortgage-backed securities	98,764	196	(10,575)	88,385
Asset backed securities	62,292	204	(4,351)	58,145
Collateralized debt obligations	34,802	34	(424)	34,412
Total fixed maturities	<u>1,321,360</u>	<u>6,874</u>	<u>(135,676)</u>	<u>1,192,558</u>
Preferred stock	9,405	642	(219)	9,828
Common stock	—	3	—	3
Total fixed maturity and equity securities	<u>\$ 1,330,765</u>	<u>\$ 7,519</u>	<u>\$ (135,895)</u>	<u>\$ 1,202,389</u>

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The unrealized loss and fair values by investment category and by duration of the fixed maturity securities in a continuous unrealized loss position of the segregated portfolio—general account assets supporting funds withheld at interest at December 31 are as follows:

	2025					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized	Fair Value	Unrealized	Fair Value	Unrealized
Fixed maturities:						
U.S. government and agencies	\$ 5,433	\$ (249)	\$ 69,440	\$ (18,395)	\$ 74,873	\$ (18,644)
State and political subdivisions	5,110	(62)	20,645	(2,435)	25,755	(2,497)
Foreign sovereign	—	—	2,835	(683)	2,835	(683)
Corporate securities	74,629	(2,183)	451,517	(56,434)	526,146	(58,617)
Residential mortgage-backed	11,807	(130)	62,725	(9,161)	74,532	(9,291)
Commercial mortgage-backed	2,832	(21)	63,592	(7,315)	66,424	(7,336)
Asset-backed securities	1,720	(10)	40,664	(3,216)	42,384	(3,226)
Collateralized debt obligations	2,747	(16)	10,361	(128)	13,108	(144)
Total fixed maturities	104,278	(2,671)	721,779	(97,767)	826,057	(100,438)
Preferred stock	1,025	(26)	2,463	(37)	3,488	(63)
Total fixed maturity and equity securities	<u>\$ 105,303</u>	<u>\$ (2,697)</u>	<u>\$ 724,242</u>	<u>\$ (97,804)</u>	<u>\$ 829,545</u>	<u>\$ (100,501)</u>

	2024					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized	Fair Value	Unrealized	Fair Value	Unrealized
Fixed maturities:						
U.S. government and agencies	\$ 8,123	\$ (102)	\$ 66,852	\$ (21,025)	\$ 74,975	\$ (21,127)
State and political subdivisions	8,845	(209)	24,992	(3,604)	33,837	(3,813)
Foreign sovereign	—	—	2,699	(814)	2,699	(814)
Corporate securities	139,386	(4,940)	509,975	(76,512)	649,361	(81,452)
Residential mortgage-backed	30,785	(740)	72,746	(12,380)	103,531	(13,120)
Commercial mortgage-backed	5,550	(127)	69,106	(10,448)	74,656	(10,575)
Asset-backed securities	1,238	(14)	42,692	(4,337)	43,930	(4,351)
Collateralized debt obligations	—	—	17,693	(424)	17,693	(424)
Total fixed maturities	193,927	(6,132)	806,755	(129,544)	1,000,682	(135,676)
Preferred stock	54	—	5,688	(219)	5,742	(219)
Total fixed maturity and equity securities	<u>\$ 193,981</u>	<u>\$ (6,132)</u>	<u>\$ 812,443</u>	<u>\$ (129,763)</u>	<u>\$ 1,006,424</u>	<u>\$ (135,895)</u>

At December 31, 2025, 765 fixed maturity investments with a total unrealized loss of \$97,767 had been in an unrealized loss position for twelve months or more. Of those securities in an unrealized loss position for twelve months or more, 76 securities had a fair value below 70% of book value with a total unrealized loss of \$23,868.

At December 31, 2024, 857 fixed maturity investments with a total unrealized loss of \$128,960 had been in an unrealized loss position for twelve months or more. Of those securities in an unrealized loss position for twelve months or more, 104 securities had a fair value below 70% of book value with a total unrealized loss of \$31,846.

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The contractual maturities of the segregated portfolio—general account’s fixed maturity securities supporting funds withheld at interest as of December 31, 2025, are shown below. 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.

	<u>Amortized Cost</u>	<u>Fair Value</u>
One year or less	\$ 44,557	\$ 45,504
One through five years	230,917	228,926
After five through ten years	170,789	164,748
After ten through twenty years	301,753	267,910
After twenty years	193,570	165,428
Residential mortgage-backed securities	139,587	131,699
Commercial mortgage-backed securities	91,734	84,747
Asset-backed securities	64,584	61,679
Collateralized debt obligations	20,095	19,958
Total fixed maturities	<u>\$ 1,257,586</u>	<u>\$ 1,170,599</u>

Funds Held under Reinsurance Treaties

The funds held under reinsurance treaties liability balance of \$336,070 and \$334,524 as of December 31, 2025 and 2024, respectively, is comprised of reinsurance ceded to unaffiliated third parties.

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8. REINSURANCE

For the years ended December 31, 2025 and 2024, the Company had reinsurance agreements with nonaffiliates.

The closed blocks of business acquired via stock purchase may include risks that were ceded to other reinsurers under various yearly renewable term, coinsurance and funds withheld agreements. The closed blocks of business acquired via coinsurance may include risks that were ceded to other reinsurers under existing inuring reinsurance agreements (inuring reinsurance). The Company's acquisition is net of this inuring reinsurance. For those risks ceded to other reinsurers, the related per life retentions vary by block of business.

Reinsurance and retrocession treaties do not relieve the Company from its obligations to counterparties. Failure of reinsurers or retrocessionaires to honor their obligations could result in losses to the Company. Expected credit losses recognized in the allowance for credit loss for the period along with the changes thereof from the prior period related to reinsurance recoverable balances and inuring reinsurance exposures are:

	<u>2025</u>	<u>2024</u>
Balance, beginning of period	\$ 37,342	\$ 24,933
Provision for credit losses	(4,909)	12,440
Write-offs	(16)	(31)
Balance, end of period	<u>\$ 32,416</u>	<u>\$ 37,342</u>

The Company notes that the 2025 and 2024 write-off shown above represents a portion of the allowance for credit loss that was recognized upon adoption of *ASU 2016-13—Financial Instruments—Credit Losses (Topic 326)* related to Scottish Re. The remaining net assets related to Scottish Re were written down directly to earnings.

Scottish Re

Scottish Re US Inc., a Delaware domiciled life and health reinsurer (Scottish Re), ceased writing new business in 2008. The blocks of reinsurance were managed under the terms of the treaties until continued deterioration of their financial condition forced Scottish Re into receivership in March 2019. On July 6, 2023, the Scottish Re Board of Directors unanimously consented to the entry of a Liquidation Order and waived formal service and hearing on the Motion. The Court issued a Liquidation and Injunction Order on July 18, 2023. Following that order, all reinsurance treaties with Scottish Re were cancelled effective September 30, 2023. As of December 31, 2025 and 2024, the Company has no GAAP reserves ceded associated with its prior exposure to Scottish Re.

The Company estimates recovery of outstanding receivables from the Liquidator to be 60% of original value, so it impaired the outstanding paid recoverables of \$33,651 by \$13,460 to \$20,191 and the asset transfer receivable of \$21,275 by \$8,510 to \$12,765. No changes were made to these assumptions during 2025 or 2024. The Company expects the recovery process to extend into 2029.

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The following table presents information for the Company's reinsurance recoverable, including the respective amount and A.M. Best rating for each reinsurer representing in excess of 5% of the total as of December 31, 2025 and 2024:

2025 Reinsurer	A.M. Best Rating	Amount	% of Total
Non-affiliate:			
Reinsurer A	A+	\$ 306,245	38 %
Reinsurer B	A+	103,442	13 %
Reinsurer C	A	77,060	9 %
Reinsurer D	A	69,518	9 %
Reinsurer E	A	69,193	8 %
Other reinsurers		190,977	23 %
Total		<u>\$ 816,435</u>	<u>100 %</u>

2024 Reinsurer	A.M. Best Rating	Amount	% of Total
Non-affiliate:			
Reinsurer A	A+	\$ 313,426	37 %
Reinsurer B	A+	111,489	13 %
Reinsurer C	A	79,812	9 %
Reinsurer D	A	76,661	9 %
Reinsurer E	A	73,910	9 %
Other reinsurers		194,676	23 %
Total		<u>\$ 849,973</u>	<u>100 %</u>

Included in the total reinsurance recoverable balance were \$60,022 and \$63,108 of claims recoverable, of which \$712 and \$1,425 were in excess of 90 days past due, as of December 31, 2025 and 2024, respectively, but were deemed collectible.

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The effect of reinsurance and retrocessions on net premiums is as follows:

	2025		2024
Direct	\$ 151,104	\$	162,943
Reinsurance assumed	233,250		269,359
Reinsurance ceded	(81,613)		(83,459)
Net premiums	<u>\$ 302,741</u>	\$	<u>348,843</u>

The effect of reinsurance and retrocessions on claims and policy benefits—net of reinsurance ceded is as follows:

	2025		2024
Direct	\$ 628,202	\$	787,182
Reinsurance assumed	1,217,634		691,960
Reinsurance ceded	(81,731)		(77,377)
Claims and policy benefits - net of reinsurance ceded	<u>\$ 1,764,105</u>	\$	<u>1,401,765</u>

The effect of reinsurance and retrocessions on life insurance inforce is shown in the following schedule:

	Direct		Assumed		Ceded		Net
December 31, 2025	\$ 88,985,939	\$	80,846,016	\$	(8,609,041)	\$	161,222,914
December 31, 2024	\$ 91,649,510	\$	86,531,760	\$	(9,892,591)	\$	168,288,679

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9. LIABILITIES FOR FUTURE POLICY BENEFITS

The reconciliation to the LFPB in the consolidated balance sheets is as follows:

	<u>2025</u>	<u>2024</u>
Liabilities for future policy benefits		
Traditional life	\$ 2,151,565	\$ 2,213,843
Payout annuities and structured settlements	10,286,762	10,242,295
Disabled income, accident & health, and long term care	2,518,782	2,626,102
Other long-duration balances ¹	612,242	726,399
Total Liabilities for future policy benefits	<u>15,569,351</u>	<u>15,808,639</u>
 Additional liabilities		
Universal life	6,656,148	5,835,784
Other long-duration balances ¹	3,675	3,851
Total Additional liabilities	<u>6,659,823</u>	<u>5,839,635</u>
Total - Liabilities for future policy benefits	<u><u>\$ 22,229,174</u></u>	<u><u>\$ 21,648,274</u></u>

¹ Represents LFPB and additional liabilities related to smaller blocks of business.

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The balances of and changes in LFPB for the year ended December 31, 2025, are as follows:

	<u>Traditional Life</u>	<u>Payout Annuities and Structured Settlements</u>	<u>Disabled Income, Accident & Health, and Long Term Care</u>
Present Value of Expected Net Premiums			
Beginning of year	\$ 786,460	\$ —	\$ 56,845
Beginning of year at original discount rate	805,143	—	57,830
Effect of changes in cash flow assumptions	25,279	—	(1,192)
Effect of actual variances from expected experience	(7,780)	8,879	(4,130)
Balance adjusted for variances from expectation	822,642	8,879	52,508
Issuances	23	—	—
Interest accrual	37,488	14	2,041
Net premiums collected	(101,724)	(8,893)	(9,962)
End of year at original discount rate	758,429	—	44,587
Effect of changes in discount rate assumptions	2,695	—	391
End of year	\$ 761,124	\$ —	\$ 44,978
Present Value of Expected Future Policy Benefits			
Beginning of year	\$ 2,996,632	\$ 10,242,295	\$ 2,682,947
Beginning of year at original discount rate (1)	3,269,554	11,980,268	2,788,481
Effect of changes in cash flow assumptions	37,227	(98,708)	(6,145)
Effect of actual variances from expected experience	2,012	10,590	(12,039)
Balance adjusted for variances from expectation	3,308,793	11,892,150	2,770,297
Issuances	4,090	229	—
Interest accrual	122,639	413,934	112,549
Benefits payments	(348,747)	(766,405)	(295,907)
End of year at original discount rate (1)	3,086,775	11,539,908	2,586,939
Effect of changes in discount rate assumptions	(178,024)	(1,253,146)	(23,177)
End of year	\$ 2,908,751	\$ 10,286,762	\$ 2,563,760
Floored position of liabilities for future policy benefits	3,938	—	—
Liabilities for future policy benefits	2,151,565	10,286,762	2,518,782
Less: Reinsurance recoverable	(161,188)	(29)	—
Liabilities for future policy benefits, after reinsurance recoverable	\$ 1,990,377	\$ 10,286,733	\$ 2,518,782
Weighted-average duration (years)	9.04	14.13	6.6

(1) Includes DPL within Payout Annuities and Structured Settlements of \$1,323,000 and \$977,000 as of December 31, 2025 and December 31, 2024, respectively.

The principal inputs used in the establishment of the LFPB for traditional life products include actual premiums, actual benefits, in-force data, locked-in claim related expense, the locked-in interest accretion rate, the current upper-medium grade discount rate at the balance sheet date and best estimate mortality and persistency assumptions.

In traditional life, for the year ended December 31, 2025, the Company recognized an \$11,947 increase to the LFPB as a result of updates to actuarial assumptions. This net impact was primarily due to updates to mortality on a limited number of term and whole life cohorts and a reduction to future mortality improvement on all traditional life products. The Company also recognized a \$9,791 increase

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to the LFPB as a result of differences of actual experience compared to expected. This net impact was primarily due to the actual experience related to persistency on term and whole life policies varying from the expected experience.

The impact of traditional life loss cohorts (those with net premiums in excess of gross premiums) was recognized as an increase to LFPB in the amount of \$25,879 for the year ended December 31, 2025.

The principal inputs used in the establishment of the LFPB for payout annuity products include actual premiums, actual benefits, in-force data, locked-in claim-related expense, the locked-in interest accretion rate, the current upper-medium grade discount rate at the balance sheet date and best estimate mortality assumptions.

In payout annuities and structured settlements for the year ended December 31, 2025, the Company recognized a \$98,708 decrease to the LFPB as a result of updates to actuarial assumptions. This net impact was primarily due to updates to future mortality improvement on all payout annuities and structured settlements and updates to mortality assumptions for substandard structured settlement policies. The Company also recognized a \$1,712 increase to the LFPB as a result of differences of actual experience compared to expected. This net impact was primarily due to the actual experience related to mortality on structured settlement policies varying from the expected experience.

The principal inputs used in the establishment of the LFPB for disabled income, accident & health and LTC products include actual premiums, actual benefits, in-force data, locked-in claim-related expense, the locked-in interest accretion rate, current upper-medium grade discount rate at the balance sheet date and best estimate assumptions. The best estimate assumptions include mortality, lapse, incidence, claim utilization, claim cost inflation and claim continuance.

In disabled income, accident & health, and long term care (LTC) for the year ended December 31, 2025, the Company recognized a \$4,953 decrease to the LFPB as a result of updates to actuarial assumptions. This net impact was primarily due to updates to morbidity and mortality on long term care policies. The Company also recognized a \$7,909 decrease to the LFPB as a result of differences of actual experience compared to expected. This net impact was primarily due to the actual experience related to higher termination rates on long term care varying significantly from the expected experience, partially offset by persistency and claim cost inflation on long term care policies.

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The balances of and changes in the LFPB for the year ended December 31, 2024, are as follows:

	<u>Traditional Life</u>	<u>Payout Annuities and Structured Settlements</u>	<u>Disabled Income, Accident & Health, and Long Term Care</u>
Present Value of Expected Net Premiums			
Beginning of year	\$ 838,181	\$ —	\$ 50,582
Beginning of year at original discount rate	854,317	—	51,152
Effect of changes in cash flow assumptions	(39,689)	—	6,734
Effect of actual variances from expected experience	44,084	7,001	8,207
Balance adjusted for variances from expectation	858,712	7,001	66,093
Issuances	8	(57)	—
Interest accrual	39,705	19	2,130
Net premiums collected	(93,282)	(6,963)	(10,393)
End of year at original discount rate	805,143	—	57,830
Effect of changes in discount rate assumptions	(18,683)	—	(985)
End of year	\$ 786,460	\$ —	\$ 56,845
Present Value of Expected Future Policy Benefits			
Beginning of year	\$ 3,322,042	\$ 11,119,854	\$ 2,879,795
Beginning of year at original discount rate (1)	3,543,599	12,259,901	2,935,065
Effect of changes in cash flow assumptions	(35,914)	9,606	22,251
Effect of actual variances from expected experience	33,135	15,720	25,926
Balance adjusted for variances from expectation	3,540,820	12,285,227	2,983,242
Issuances	4,056	280	—
Interest accrual	124,473	389,898	117,347
Benefits payments	(399,795)	(695,137)	(312,108)
End of year at original discount rate (1)	3,269,554	11,980,268	2,788,481
Effect of changes in discount rate assumptions	(272,921)	(1,737,973)	(105,534)
End of year	\$ 2,996,633	\$ 10,242,295	\$ 2,682,947
Floored position of liabilities for future policy benefits	3,670	—	—
Liabilities for future policy benefits	2,213,843	10,242,295	2,626,102
Less: Reinsurance recoverable	(169,648)	—	—
Liabilities for future policy benefits, after reinsurance recoverable	\$ 2,044,195	\$ 10,242,295	\$ 2,626,102
Weighted-average duration (years)	8.60	14.10	6.50

(1) Includes DPL within Payout Annuities and Structured Settlements of \$977,000 and \$1,029,000 as of December 31, 2024 and December 31, 2023, respectively.

The principal inputs used in the establishment of the LFPB for traditional life products include actual premiums, actual benefits, in-force data, locked-in claim related expense, the locked-in interest accretion rate, the current upper-medium grade discount rate at the balance sheet date and best estimate mortality and persistency assumptions.

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In traditional life, for the year ended December 31, 2024, the Company recognized a \$3,775 increase to the LFPB as a result of updates to actuarial assumptions. This net impact was primarily due to updates on traditional life policies, offset by other model enhancements on traditional life policies. The Company also recognized a \$10,950 decrease to the LFPB as a result of differences of actual experience compared to expected. This net impact was primarily due to the actual experience related to the benefits on traditional life policies varying significantly from the expected experience, partially offset by the actual experience related to the premiums on the traditional life policies.

The impact of traditional life loss cohorts (those with net premiums in excess of gross premiums) was recognized as an increase to LFPB in the amount of \$24,938 for the year ended December 31, 2024.

The principal inputs used in the establishment of the LFPB for payout annuity products include actual premiums, actual benefits, in-force data, locked-in claim-related expense, the locked-in interest accretion rate, the current upper-medium grade discount rate at the balance sheet date and best estimate mortality assumptions.

In payout annuities and structured settlements for the year ended December 31, 2024, the Company recognized a \$9,606 increase to the LFPB as a result of updates to actuarial assumptions. This net impact was primarily due to updates to the mortality assumption on the payout annuity policies, partially offset by other model enhancements on the payout annuity policies. The Company also recognized \$8,719 increase to the LFPB as a result of differences of actual experience compared to expected.

This net impact was primarily due to the actual experience related to the benefits on a couple of payout annuity policies varying significantly from the expected experience, partially offset by the premiums on the payout annuity policies varying from the expected experience.

The principal inputs used in the establishment of the LFPB for disabled income, accident & health and LTC products include actual premiums, actual benefits, in-force data, locked-in claim-related expense, the locked-in interest accretion rate, current upper-medium grade discount rate at the balance sheet date and best estimate assumptions. The best estimate assumptions include mortality, lapse, incidence, claim utilization, claim cost inflation, claim continuance, and premium rate increases.

In disabled income, accident & health, and LTC for the year ended December 31, 2024, the Company recognized a \$15,517 increase to the LFPB as a result of updates to actuarial assumptions. This net impact was primarily due to updates to the morbidity assumption on LTC policies. The Company also recognized a \$17,719 increase to the LFPB as a result of differences of actual experience compared to expected.

This net impact was primarily due to the actual experience related to the benefits on LTC policies varying significantly from the expected experience, partially offset by premiums on LTC policies.

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The amounts of undiscounted and discounted expected gross premiums and expected future benefit payments related to the LFPB are as follows:

	2025		2024	
	Undiscounted	Discounted	Undiscounted	Discounted
Traditional Life				
Expected future benefit payments	4,867,223	2,913,320	5,117,038	3,001,985
Expected future gross premiums	2,274,160	1,591,105	2,510,362	1,711,924
Payout Annuities and Structured Settlements				
Expected future benefit payments	21,292,464	10,382,358	23,674,763	10,652,352
Expected future gross premiums	—	—	—	—
Disabled Income, Accident & Health, and Long Term Care				
Expected future benefit payments	3,693,763	5,127,521	3,975,230	5,365,885
Expected future gross premiums	397,728	645,057	467,444	740,436

The amounts of revenue and interest recognized in the accompanying consolidated statements of comprehensive income (loss) related to the LFPB as of December 31 are as follows:

	2025		2024	
	Gross Premiums	Interest Accretion	Gross Premiums	Interest Accretion
Traditional Life	\$ 276,513	\$ 85,149	\$ 291,146	\$ 47,724
Payout Annuities and Structured Settlements	8,892	413,949	7,024	389,879
Disabled Income, Accident & Health, and Long Term Care	70,882	110,507	82,534	115,217
Total	<u>\$ 356,287</u>	<u>\$ 609,605</u>	<u>\$ 380,705</u>	<u>\$ 552,820</u>

The weighted-average interest rates related to the LFPB for the years ended December 31 are as follows:

	2025	2024
Traditional Life		
Interest accretion rate	4.2 %	4.1 %
Current discount rate	5.0 %	5.3 %
Payout Annuities and Structured Settlements		
Interest accretion rate	4.4 %	4.3 %
Current discount rate	5.4 %	5.6 %
Disabled Income, Accident & Health, and Long Term Care		
Interest accretion rate	4.7 %	4.7 %
Current discount rate	4.8 %	5.3 %

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The balances of and changes in the additional liabilities for the year ended December 31, 2025, are as follows:

	Universal Life
Beginning of year	\$ 5,835,784
Beginning of year cumulative effect of AOCI adjustment	365,504
Beginning of year excluding AOCI adjustment	6,201,288
Effect of changes in cash flow assumptions	22,079
Effect of actual variances from expected experience	23,559
Adjusted balance, beginning of year	6,246,926
Interest accrual	125,745
Net assessments collected, excluding realized gains (losses)	1,192,277
Realized gains (losses)	1,074
Unrealized gains (losses) on trading securities	58,798
Benefits paid	(756,282)
Effect of changes in discount rate assumptions	2,376
End of year excluding AOCI adjustment	6,870,914
End of year cumulative effect of AOCI adjustment	(214,766)
End of year	\$ 6,656,148
Flooring impact (if applicable)	—
Additional liabilities for death benefits	6,656,148
Less: Reinsurance recoverable	(5,608)
Additional liabilities for death benefits, after reinsurance recoverable	\$ 6,650,540
Weighted-average duration (years)	17.00

The principal inputs used in the establishment of the additional liabilities for the universal life products include historical actual fees and benefits, in-force data, the locked-in discount rate, the stochastic fund return scenario assumption, and best estimate lapse and mortality assumptions.

For the year ended December 31, 2025, the Company recognized an \$22,079 increase to the additional liabilities as a result of updates to assumptions. This net impact was primarily due to updates to future mortality improvements on all universal life policies, and a reduction in ultimate lapse rates on its worksite universal life policies. The Company also recognized a \$23,559 increase to the additional liabilities as a result of differences of actual experience compared to expected. This net impact was primarily due to the actual experience related to persistency on secondary guarantee universal life policies varying significantly from the expected experience.

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The balances of and changes in the additional liabilities for the year ended December 31, 2024, are as follows:

	Universal Life
Beginning of year	\$ 3,055,755
Beginning of year cumulative effect of AOCI adjustment	(57,050)
Beginning of year excluding AOCI adjustment	2,998,705
Effect of changes in cash flow assumptions	1,686
Effect of actual variances from expected experience	(10,924)
Adjusted balance, beginning of year	2,989,467
Interest accrual	57,516
Net assessments collected, excluding realized gains (losses) ¹	4,115,519
Realized gains (losses)	16,499
Unrealized gains (losses) on trading securities	(233,514)
Benefits paid	(743,785)
Effect of changes in discount rate assumptions	(414)
End of year excluding AOCI adjustment	6,201,288
End of year cumulative effect of changes of AOCI adjustment	(365,504)
End of year	\$ 5,835,784
Flooring impact (if applicable)	—
Additional liabilities for death benefits	5,835,784
Less: Reinsurance recoverable	(3,731)
Additional liabilities for death benefits, after reinsurance recoverable	\$ 5,832,053

¹ \$3,365,846 is due to the reinsurance agreements with PLAZ. See Note 3 Closed Block Reinsurance

Weighted-average duration (years) 17.00

The principal inputs used in the establishment of the additional liabilities for the universal life products include historical actual fees and benefits, in-force data, the locked-in discount rate, the stochastic fund return scenario assumption, and best estimate lapse and mortality assumptions.

For the year ended December 31, 2024, the Company recognized a \$1,686 increase to the additional liabilities as a result of updates to assumptions. This net impact was primarily due to updates to mortality and lapse assumptions on some of the universal life policies, partially offset by other model enhancements on the universal life policies. The Company also recognized a \$10,924 decrease to the additional liabilities as a result of differences of actual experience compared to expected. This net impact was primarily due to the actual experience related to benefits on universal life policies varying significantly from the expected experience, partially offset by the actual experience related to the assessments on universal life policies.

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The weighted-average interest rates related to the additional liabilities as of December 31, are as follows:

	<u>2025</u>	<u>2024</u>
Universal Life - Interest accretion rate	4.1 %	3.9 %

10. INTEREST SENSITIVE CONTRACT LIABILITIES

The reconciliation to the interest sensitive contract liabilities in the accompanying consolidated balance sheets is as follows:

	<u>2025</u>	<u>2024</u>
Policyholders account balances		
Universal Life	\$ 18,598,457	\$ 18,228,359
Deferred Annuities	1,537,401	1,724,050
Reconciling items		
Investment Contracts *	918,385	1,010,068
Unearned Profit reserve	1,691,461	1,686,815
Other balances	213,257	212,672
Total – Interest sensitive contract liabilities	<u>\$ 22,958,961</u>	<u>\$ 22,861,964</u>

* Consist of policyholders account balances related to investment contracts, including certain payout annuities and structured settlements.

The balances of and changes in policy account balances as of December 31 are as follows:

	<u>2025</u>	
	<u>Universal Life</u>	<u>Deferred Annuities</u>
Beginning of year	\$ 18,228,359	\$ 1,724,050
Premiums	1,131,449	3,401
Interest credited	528,650	56,962
Policyholder charges	(1,196,913)	(851)
Surrender benefits	(326,346)	(194,545)
Account value released on death	(216,175)	(53,093)
Investment performance	449,433	—
Transfers from (to) separate account	—	1,477
End of year	\$ 18,598,457	\$ 1,537,401
Weighted-average crediting rate	2.87 %	3.51 %
Net amount at risk	\$ 92,066,623	N/A
Cash surrender value	\$ 18,177,566	\$ 1,532,872

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	2024	
	Universal Life	Deferred Annuities
Beginning of year	\$ 17,974,002	\$ 2,038,589
Premiums	849,910	4,099
Interest credited	464,687	70,894
Policyholder charges	(1,009,331)	(180)
Surrender benefits	(201,103)	(330,796)
Account value released on death	(256,531)	(60,619)
Investment performance	406,725	—
Transfers from (to) separate account	—	2,063
End of year	\$ 18,228,359	\$ 1,724,050
Weighted-average crediting rate	2.57 %	3.77 %
Net amount at risk	\$ 93,082,540	N/A
Cash surrender value	\$ 17,747,707	\$ 1,719,222

The Company did not have a premium deficiency reserve as of December 31, 2025 or December 31, 2024.

The policy account balances by range of guaranteed minimum crediting rates and the related range of difference, in basis points, between rates credited to policyholders and the respective guaranteed minimum as of December 31 are as follows:

Range of Guaranteed Minimum Crediting Rate	2025				
	At Guaranteed Minimum	1 Basis Point - 50 Basis Points Above	51 Basis Points - 150 Basis Points Above	Greater Than 150 Basis Points Above	Total
Universal Life					
Up to 1.00%	\$ 32,713	\$ 2	\$ 1,371,315	\$ 4,833,495	\$ 6,237,525
1.01% - 2.00%	440,310	1,197,310	659,897	34,448	2,331,965
2.01% - 3.00%	856,387	1,194,075	393,788	78,664	2,522,914
3.01% - 4.00%	5,175,854	153,663	81,106	17,114	5,427,737
4.01% - 5.00%	1,387,323	97,412	1,902	8,705	1,495,342
5.01% and above	545,326	28,923	1,243	7,482	582,974
Total	\$ 8,437,913	\$ 2,671,385	\$ 2,509,251	\$ 4,979,908	\$ 18,598,457
Deferred Annuities					
Up to 1.00%	\$ —	\$ —	\$ —	\$ 39,446	\$ 39,446
1.01% - 2.00%	—	—	53,612	80,405	134,017
2.01% - 3.00%	81,623	124,136	25,826	30	231,615
3.01% - 4.00%	728,401	32,129	74,615	1,005	836,150
4.01% - 5.00%	290,654	—	391	—	291,045
5.01% and above	5,128	—	—	—	5,128
Total	\$ 1,105,806	\$ 156,265	\$ 154,444	\$ 120,886	\$ 1,537,401

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Range of Guaranteed Minimum Crediting Rate	2024					Total
	At Guaranteed Minimum	1 Basis Point - 50 Basis Points Above	51 Basis Points - 150 Basis Points Above	Greater Than 150 Basis Points Above		
Universal Life						
Up to 1.00%	\$ 29,177	\$ 2	\$ 1,387,201	\$ 4,559,274	\$ 5,975,654	
1.01% - 2.00%	447,054	1,179,091	597,239	31,396	2,254,780	
2.01% - 3.00%	980,679	1,044,962	381,334	74,634	2,481,609	
3.01% - 4.00%	4,977,126	165,037	77,622	40,530	5,260,315	
4.01% - 5.00%	1,443,920	130,881	3,853	8,397	1,587,051	
5.01% and above	609,003	51,565	1,317	7,065	668,950	
Total	\$ 8,486,959	\$ 2,571,538	\$ 2,448,566	\$ 4,721,296	\$ 18,228,359	
Deferred Annuities						
Up to 1.00%	\$ —	\$ —	\$ —	\$ 44,991	\$ 44,991	
1.01% - 2.00%	—	—	—	143,893	143,893	
2.01% - 3.00%	22,600	71,216	136,284	22,889	252,989	
3.01% - 4.00%	412,436	341,922	57,841	144,109	956,308	
4.01% - 5.00%	251,353	29,108	1,235	33,045	314,741	
5.01% and above	11,128	—	—	—	11,128	
Total	\$ 697,517	\$ 442,246	\$ 195,360	\$ 388,927	\$ 1,724,050	

11. SEPARATE ACCOUNTS

The balances of and changes in separate account liabilities as of December 31, are as follows:

	2025		
	Universal Life	Deferred Annuities	Total
Beginning of year	\$ 25,757	\$ 238,375	\$ 264,132
Premiums and deposits	1,859	315	2,174
Policy charges	(1,252)	(3,258)	(4,510)
Surrenders and withdrawals	(1,243)	(20,146)	(21,389)
Benefit payments	(76)	(8,351)	(8,427)
Investment performance	4,168	32,749	36,917
Net transfers from (to) general account	(182)	(1,191)	(1,373)
End of year	\$ 29,031	\$ 238,493	\$ 267,524
Cash surrender value	\$ 29,031	\$ 238,493	

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The balances of and changes in VOBA for the years ended December 31 are as follows:

	2025			
	Traditional Life	Payout Annuities and Structured Settlements	Universal Life	Total
Beginning of year	\$ 135,394	\$ 9,970	\$ 567,946	\$ 713,309
Amortized	(18,933)	(1,085)	(34,955)	(54,972)
End of year	\$ 116,461	\$ 8,885	\$ 532,991	<u><u>\$ 658,337</u></u>

	2024			
	Traditional Life	Payout Annuities and Structured Settlements	Universal Life	Total
Beginning of year	\$ 159,866	\$ 11,095	\$ 604,594	\$ 775,555
Amortized	(24,472)	(1,125)	(36,649)	(62,246)
End of year	\$ 135,394	\$ 9,970	\$ 567,945	<u><u>\$ 713,309</u></u>

The expected amortization of VOBA in the next five years is as follows:

2026	\$ 50,382
2027	45,802
2028	41,733
2029	38,106
2030 and thereafter	34,863

The balances of and changes in the unearned profit reserve for universal life products for the years ended December 31 are as follows:

	2025	2024
Beginning of year	\$ 1,686,815	\$ 939,792
Capitalized	86,153	804,353
Amortized	(81,507)	(57,330)
End of year	<u><u>\$ 1,691,461</u></u>	<u><u>\$ 1,686,815</u></u>

13. INCOME TAXES

WRL is not subject to taxes in Canada on income or realized capital gains. Wilton Re US Holdings, its subsidiaries, and WREB are subject to income taxes imposed by US authorities. WREB became a US taxpayer as of January 1, 2018.

In December 2023, the Bermuda government enacted the Corporate Income Tax Act 2023, which introduces a 15% corporate income tax (CIT) reduced by creditable foreign taxes, applicable to Bermuda constituent entities of multinational enterprise groups with annual revenue of €750 million or more, effective for fiscal years beginning on or after January 1, 2025. The Company has assessed its

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position and expects to qualify for the five-year limited international footprint exemption, which defers the application of the Bermuda CIT for the Company until tax years beginning on or after January 1, 2030. The deferred taxes on the balance sheet have been calculated using the enacted rate for temporary differences that will be reversed once the regime comes into effect. However, a net deferred tax asset of approximately \$783,794 related to transition tax adjustments has been reduced to zero by a valuation allowance to reflect that no incremental benefit is expected to be realized because of the availability of credits for US income taxes to offset the Bermuda tax liability.

At December 31, 2025 and 2024, the Company had US net operating loss carryforwards of approximately \$2,434,589 and \$1,803,555, respectively, which do not have an expiration date and can be carried forward indefinitely. The Company expects to utilize all the net operating losses. In addition, the Company has \$52,625 of capital losses eligible for carryforward which will begin to expire upon filing of the 2028 tax return.

For the year ended December 31, 2025, income tax refunded (net of paid) amounted to (\$8,387), which composed of (\$23,052) Federal income tax refund, and \$14,665 payment in federal income taxes.

Income tax expense attributable to income from operations for the years ended December 31 is as follows:

	<u>2025</u>	<u>2024</u>
Current tax expense	\$ 5,376	\$ 26,154
Deferred tax expense	139,551	9,639
Income tax expense	\$ 144,927	\$ 35,793

The income tax expense differs from applying the US federal income tax rate of 21% to income before taxation as a result of the following:

	<u>2025</u>	<u>2024</u>
Computed expected tax expense at U.S. Federal Statutory Tax Rate	\$ 138,997	\$ 66,708
Foreign tax effects		
Foreign loss not subject to U.S. tax	13,224	23,494
Withholding on foreign dividend	305	23,843
Nontaxable or Nondeductible Items		
Tax-exempt interest	(2,932)	(2,222)
Dividend received deduction	(2,634)	(2,377)
Removal of WROL's 9 months' non-taxable activities	—	(12,790)
Other permanent items	(424)	101
Changes in valuation allowances	(50)	—
Other adjustments		
Other	(1,559)	(3,253)
Opening DTA from WROL merger into WREB	—	(57,710)
Income tax expense	\$ 144,927	\$ 35,793

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The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities at December 31 are presented in the following table:

	<u>2025</u>	<u>2024</u>
Deferred income tax assets:		
Deferred acquisition costs/value of business acquired	\$ 89,640	\$ 96,519
Net operating losses	511,264	378,747
Capital losses carry forward	11,051	10,013
Nondeductible accruals	29,631	32,205
Investments including OCI and CECL	616,011	631,006
Differences between tax and financial reporting bases concerning certain reinsurance transactions	1,611,609	1,547,372
Bermuda Economic Transition Adjustment	783,794	480,996
Other	3,937	4,321
Total deferred tax assets	<u>3,656,937</u>	<u>3,181,179</u>
Deferred income tax liabilities:		
Liabilities for future policy benefits	(1,626,072)	(1,411,409)
Total deferred tax liabilities	<u>(1,626,072)</u>	<u>(1,411,409)</u>
Valuation allowance	(783,997)	(481,248)
Net deferred tax asset	<u><u>\$ 1,246,868</u></u>	<u><u>\$ 1,288,522</u></u>

Under the Canada-US tax treaty, the Company is subject to a 5% withholding tax on certain dividends. Any distributions will be subject to 5% withholding tax to the extent there are current or accumulated earnings and profits.

Wilton Re US Holdings and its subsidiaries, as well as WREB's federal income tax returns for tax years 2022–2024 are open and subject to examination. Wilton Reassurance Company and its subsidiaries' federal income tax return for 2020 and 2022 are currently under examination by the Internal Revenue Service.

The Inflation Reduction Act enacted the Corporate Alternative Minimum Tax (CAMT) on August 16, 2022. The CAMT imposes a 15% minimum tax on the Adjusted Financial Statement Income (AFSI) of applicable corporations for taxable years beginning after December 31, 2022.

Based on an analysis of the average annual AFSI for the three preceding tax years, the Company has determined it falls within the safe harbor provisions provided in IRS Notice 2025-27 and is not considered an "applicable corporation" for the 2024 and 2025 tax years. Accordingly, no CAMT liability has been recognized in the accompanying financial statements.

On July 4, 2025, the One Big Beautiful Bill Act (OBBBA) was enacted into law. The OBBBA includes several changes to the U.S. federal income tax system, including modifications to international tax provisions and business deductions. The Company has evaluated the provisions of the OBBBA and determined that they do not have a material impact on the Company's financial statements, effective tax rate, or deferred tax assets and liabilities for the year end December 31, 2025.

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As of December 31, 2025 and 2024, the Company had no unrecognized tax benefits.

14. STATUTORY REQUIREMENTS AND DIVIDEND RESTRICTIONS

The Company's insurance and reinsurance subsidiaries are subject to insurance laws and regulations in the jurisdictions in which they operate. These regulations include restrictions that limit the amount of dividends or other distributions available to shareholders without prior approval of the insurance regulatory authorities.

Bermuda

WREB is subject to insurance laws and regulations of Bermuda by the Bermuda Monetary Authority (BMA). These regulations include restrictions that limit the amount of dividends or other distributions available to shareholders without prior approval of the insurance regulatory authorities.

Under Bermuda law, the following statutory conditions must all be met prior to a distribution to shareholders:

1. The value of the assets backing the Company's insurance liabilities, as certified by the Company's approved actuary, must be greater than the Company's reserves (also certified) after the distribution (Insurance Act, Section 24);
2. Company must be solvent after payment of the dividend, i.e. the realizable value of its assets must be greater than its liabilities (Companies Act, Section 54);
3. BMA approval is required for dividends exceeding 25% of the Company's statutory capital and surplus, per its previous year's statutory balance sheet (Insurance Act, Section 31B);
4. BMA approval is required for any distribution exceeding 15% of the Company's statutory capital, per its previous year's statutory financial statements (Insurance Act, Section 31C); and,
5. After the distribution, the Company's capital must be above regulatory margins (Insurance Act, Sections 31B and 31C).

U.S. Statutory

WRAC, WRNY, TLIC, WCAC, RRE3 and RRE4 file financial statements prepared in accordance with statutory accounting practices prescribed or permitted by insurance regulators in the United States. The National Association of Insurance Commissioners (NAIC) prescribes risk based capital (RBC) requirements for the United States domiciled life and health insurance companies. As of December 31, 2025 and 2024, all of the Company's United States domiciled insurance and reinsurance subsidiaries exceeded all minimum RBC requirements.

WRAC is subject to statutory regulations of the State of Minnesota. Under these regulations, the maximum amount of dividends which can be paid by a company to shareholders in any twelve-month period without prior approval of the Minnesota Department of Commerce is restricted to the greater of 10% of surplus or net income less realized gains of the preceding year. In addition, any dividends must be paid from positive unassigned surplus. WRAC can currently pay dividends of \$40,345 in 2026 without prior regulatory approval, but is subject to change based on any increase in unassigned surplus during 2026.

WRNY is subject to statutory regulations of the state of New York. Under these regulations, the maximum amount of dividends which can be paid by a company to shareholders in any twelve-month

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period without prior approval of the New York Department of Financial Services is restricted to the greater of 10% of its surplus to policyholders as of the immediately preceding calendar year or net income less realized gains of the preceding year, which may be further limited. In addition, dividends must be paid from earned surplus, defined as an amount equal to an insurer's positive unassigned surplus, excluding 85% of the change in net unrealized capital gains or losses less capital gain tax, for the immediately preceding calendar year. WRNY can pay dividends of \$65,951 in 2026 without prior regulatory approval.

TLIC is subject to statutory regulations of the state of Texas. Under these regulations, the maximum amount of dividends which can be paid by a company to shareholders in any twelve-month period without prior approval of the Texas Department of Insurance is restricted to the greater of the prior year net gain from operations after federal income tax and before capital gains and losses or 10% of statutory capital and surplus. TLIC can pay dividends of \$62,878 in 2026 without prior regulatory approval.

WCAC is subject to statutory regulations of the state of Illinois. Under these regulations, the maximum amount of dividends which can be paid by a company to shareholders in any twelve-month period without prior approval of the Illinois Department of Insurance is restricted to the greater of 10% of surplus or net income for the preceding year. In addition, any dividends must be paid from positive unassigned surplus. WCAC can pay dividends of \$24,297 in 2026 without prior regulatory approval.

RRE3 and RRE4 are both subject to statutory regulations of the state of Missouri. As special purpose financial captives under these regulations, all dividends to be paid to shareholders must receive prior approval by the Director of the Missouri Department of Insurance.

The following table presents statutory capital and surplus as of December 31:

	2025	2024
Wilton Reinsurance Bermuda Limited	\$ 1,104,306	\$ 1,603,704
Wilton Reassurance Company	\$ 1,167,254	\$ 964,641
Wilton Reassurance Life Company of New York	\$ 324,423	\$ 305,435
Texas Life Insurance Company	\$ 245,855	\$ 233,086
Wilcac Life Insurance Company	\$ 247,337	\$ 260,152
Redding Reassurance Company 3 LLC	\$ 120,415	\$ 134,779
Redding Reassurance Company 4 LLC	\$ 133,972	\$ 144,106

The following table presents statutory net income (loss) for the years ended December 31:

	2025	2024
Wilton Reinsurance Bermuda Limited	\$ 316,620	\$ 626,465
Wilton Reassurance Company	\$ 235,779	\$ 128,764
Wilton Reassurance Life Company of New York	\$ 66,285	\$ 28,885
Texas Life Insurance Company	\$ 61,389	\$ 69,288
Wilcac Life Insurance Company	\$ 23,195	\$ 45,062
Redding Reassurance Company 3 LLC	\$ 6,311	\$ 12,657
Redding Reassurance Company 4 LLC	\$ (103,476)	\$ (1,565,155)

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15. INCENTIVE PLANS

Certain employees and officers within Wilton Re have been granted the conditional right to receive performance awards if certain performance indicators are met and depending on continued employment of the individual employee to whom the rights have been granted. The performance indicators apply over a performance period of three or four years, depending on the plan, and consist of financial targets set by the Board of Directors. The Company incurs charges related to these performance awards which include multiple incentive programs; a Long-Term Incentive Program (LTIP) initiated in 2014, as well as an Equity Incentive Program (EIP) and an Equity Participation Plan (EPP) initiated in 2022. These incentive programs vest over varying periods of time between one and four years, after which final unit values are determined based on actual performance.

The program expense is recognized ratably over the requisite performance period as a component of operating expenses. At December 31, 2025 and 2024, included within other liabilities of the accompanying consolidated balance sheets, is the Company's payable of \$90,160 and \$109,432, respectively, resulting in incurred expenses of \$31,695 and \$37,767 for the years ended 2025 and 2024, respectively, related to awards vesting between 2025 and 2028. The Company paid \$50,967 and \$27,833 for the years ended 2025 and 2024, respectively.

16. FUNDING AGREEMENTS

Federal Home Loan Bank (FHLB) Membership

Four of the Company's insurance subsidiaries are members of the FHLB. Members can borrow on a collateralized basis from the FHLB. As a condition of membership, the companies are required to hold certain minimum amounts of FHLB common stock and additional amounts based on the amount of the borrowings.

The following table presents the carrying value of FHLB common stock held by each of the insurance subsidiaries as of December 31:

	FHLB District	2025	2024
WRAC	Des Moines	\$ 10,000	\$ 10,000
WRNY	New York	1,294	985
WCAC	Chicago	713	680
WCAC (formerly WLCO)	Indianapolis	—	15,649
TLIC	Dallas	5,468	800
	Total	\$ 17,475	\$ 28,114

WCAC (formerly WLCO)

Due to the change of domicile related to the merger of Wilco Life Insurance Company (WLCO) into WCAC in 2020, WCAC is no longer eligible to be a member of the Federal Home Loan Bank of Indianapolis (FHLBI), to which WLCO was a member. Companies are required to hold a certain amount of FHLBI common stock as a member in the FHLBI and for the five-year notification period following the membership withdrawal. In March 2025, FHLBI initiated a stock redemption in the amount of \$15,649.

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TLIC

In May 2025, TLIC entered into a funding agreement with the FHLB in exchange for cash and for which the FHLB has been granted a lien on a specific population of TLIC's assets used to collateralize TLIC's obligations under the funding agreement.

The amount of TLIC's collateralized borrowing from the FHLB was \$110,000 as of December 31, 2025. The borrowing has a five-year term that matures April 2030 and an interest rate based off a floating rate determined by the FHLB's short-term discount note auctions. The interest rate as of December 31, 2025, was 4.674%. The borrowings are classified as funding agreements in the accompanying consolidated balance sheets.

The advance on the agreement is collateralized primarily by securities with a fair value as of December 31, 2025, of \$159,124 classified as either fixed maturities available-for-sale or commercial mortgage loans in the accompanying consolidated balance sheets. Interest expense of \$3,015 was recognized in 2025 related to the borrowing under interest credited to interest sensitive contract liabilities in the accompanying consolidated statements of comprehensive income (loss).

Borrowing Capacity

The borrowing capacity is established by the amount of commercial and residential mortgage-backed securities, commercial mortgage loans, and U.S. Treasury and government agency securities the entity can pledge, and the FHLB will haircut the value of securities by anywhere from 8-30% based on the type of holdings. Most of the eligible securities the insurance subsidiaries can pledge are on the lower side of the FHLB range given the high ratings of the eligible securities. As a result, a 10% haircut is used to approximate each entity's borrowing capacity for security collateral and 30% for commercial mortgage loan collateral, when applicable. The following table presents the estimated borrowing capacity for each insurance subsidiary as of December 31:

	FHLB District	2025	2024
WRAC	Des Moines	\$ 3,106	\$ 3,844
WRNY	New York	941,418	887,197
WCAC	Chicago	79,251	80,764
TLIC	Dallas	253,679	161,709
	Total	\$ 1,277,454	\$ 1,133,514

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17. COMMITMENTS AND CONTINGENCIES

Funding of Investments

The Company's commitments to fund investments as of December 31 are presented as follows:

	2025		2024	
	Commitment	Unfunded	Commitment	Unfunded
Limited Partnerships	\$ 2,783,818	\$ 622,702	\$ 2,574,800	\$ 512,218

The Company anticipates that the majority of its current limited partnership commitments will be invested over the next five years; however, these commitments could become due any time at the request of the counterparties.

Collateral Arrangements

Certain of the Company's operating subsidiaries are required under applicable law, as a result of specific contractual undertakings, or both, to maintain amounts in trust or similar collateral arrangements to secure such subsidiaries' performance of specified policy or contract liabilities. These arrangements include, among others, trusts maintained in connection with indemnity reinsurance or similar arrangements or to support specified blocks of payout annuity obligations and deposits mandated in connection with certain borrowing arrangements. While the terms of these arrangements vary, the Company's operating subsidiaries generally retain investment management responsibility for these collateral assets subject, in certain cases, to compliance with agreed investment guidelines. The aggregate market value of investments maintained by the Company's operating subsidiaries pursuant to these arrangements as of December 31, 2025 and 2024, was \$22,348,612 and \$21,901,246, respectively.

Legal Proceedings

In the normal course of business, the Company is involved in litigation, principally from claims made under insurance policies and contracts. The Company reviews its litigation matters on an ongoing basis.

In May 2020, a putative class action was filed in the United States District Court for the Northern District of California against a subsidiary of the Company claiming the subsidiary did not follow the proper third-party designee, lapse and grace period requirements under California statutes, Sections 10113.71 and 10113.72 noting the subsidiary's grace period procedures are in violation of the express policy provisions. No class has been certified and the subsidiary disputes plaintiffs' allegations of wrongdoing. To avoid the continued legal costs associated with the litigation and after consideration of advice from counsel, the subsidiary and its US insurance affiliates entered into a proposed settlement in principle with plaintiffs on September 20, 2024, to resolve all claims on a class basis. As of December 31, 2025 and 2024, the Company recorded a contingency reserve of \$21,174 and \$21,250 respectively. The class wide proposed settlement must be approved by the court as fair, adequate, and reasonable. The parties are in the process of preparing the appropriate documentation to seek preliminary approval from the court. The Company expects to seek final approval from the court by the end of the second quarter of 2026.

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18. LONG-TERM AND OTHER DEBT

Long-Term Debt

The balances of the Company's long-term debt for as of December 31, 2025 and 2024, are as follows:

	2025	2024
Liquidity facilities	\$ 455,000	\$ 250,000
Long-term debt	<u>\$ 455,000</u>	<u>\$ 250,000</u>

As discussed in Note 5 - *Derivative Instruments*, the Company has entered into derivative agreements in order to exchange floating for fixed cash flows on certain debt arrangements.

Liquidity Facilities

In September 2021, WRL, along with Wilton Re US Holdings, extended its existing five-year \$500,000 senior revolving credit facility (Wells Fargo Facility I) by 3 years, with a new expiry in 2026 with a syndicate of lenders. The facility included a \$100,000 letter of credit sublimit. The applicable margin for base rate loans ranged from 0.125% to 0.75%. The applicable margin for LIBOR loans/CDOR Loans/SOFR Loans ranged from 1.125% to 1.75%. Any amounts borrowed could be repaid at any time without prepayment penalty. In September 2022, the Wells Fargo Facility I was amended to, among other things, remove the LIBOR rate option for Borrowings thereunder.

In September 2023, WRL along with its subsidiaries, renewed its 364-day \$500,000 senior revolving credit facility (Wells Fargo Facility II) with a syndicate of lenders. Wells Fargo Facility II had the same financial covenant restrictions and rates as Wells Fargo Facility I. The applicable margin for base rate loans ranged from 0.125% to 0.75%. The applicable margin for SOFR Loans ranged from 1.125% to 1.75%.

In September 2024, WRL, along with Wilton Re US Holdings, amended and restated the existing Wells Fargo Facility I and eliminated the Wells Fargo Facility II and the Term Facility by increasing the aggregate commitment available thereunder from \$500,000 to \$1,100,000 and extending the facility by 1 year, with a new expiry date in 2027 (Wells Fargo Facility III). Under the Wells Fargo Facility III, the full amount of commitment is available for the making of unsecured borrowings and for the issuance of secured and unsecured letters of credit. The Wells Fargo Facility III also requires the Company's combined leverage ratio not to be greater than 0.375 to 1.00 (which may increase to 0.40 to 1.00 during any two calendar quarters at the Company's election) and that the Company maintain a minimum adjusted consolidated tangible net worth. Borrowings under the Wells Fargo Facility III bear interest, at the applicable borrower's option, at either a base rate or a SOFR rate, in each case, plus an applicable margin that is determined according to a sliding scale based upon the financial strength ratings of WRAC and WREB. The applicable margin for base rate loans ranges from 0.125% to 0.75%. The applicable margin for SOFR Loans ranges from 1.125% to 1.75%. Any amounts borrowed may be repaid at any time without prepayment penalty. On and as of September 25, 2024, (i) Wilton Re US Holdings borrowed \$250,000 under the Wells Fargo Facility III and used the proceeds of such borrowing to prepay in full the Term Facility and (ii) all borrowings and letters of credit outstanding under the Wells Fargo Facility I or the Well Fargo Facility II became borrowings and letters of credit outstanding under the Wells Fargo Facility III.

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During 2024, the Company fully repaid its \$330,000 borrowing and \$250,000 remained drawn at WRUS under the Wells Fargo Facility III. During 2025, the Company drew \$240,000 and repaid \$35,000 under the Wells Fargo Facility III. During 2025 and 2024, the Company incurred interest of \$25,173 and \$15,684, respectively, which was recorded as interest expense on the consolidated statements of comprehensive income (loss). Of the 2025 and 2024 incurred interest expense, the Company paid interest of \$25,871 and \$15,871, respectively.

The Company obtains letter of credits (LOCs) for the benefit of various affiliated and unaffiliated insurance companies from which the Company assumes business. These LOCs represent guarantees of performance under the reinsurance agreements and allow ceding companies to take statutory reserve credits.

LOCs issued under the facilities may be collateralized by qualifying cash and securities (liquid collateral). At December 31, 2025 and 2024, there were approximately \$34,166 and \$38,371, respectively, of outstanding bank LOCs issued by the Company under the facilities that were collateralized. The market value of the collateral held by the Company at December 31, 2025 and 2024 was \$52,862 and \$43,024, respectively. In addition, at December 31, 2025 and 2024, there were approximately \$200,000 and \$220,000, respectively, of outstanding bank LOCs issued by the Company under the facilities that were not collateralized.

Term Facility

On March 28, 2023, the Company borrowed \$250,000 under term facility with a syndicate of banks led by US Bank (Term Facility). These funds were used to redeem the fixed-to-floating rate senior notes issued in 2013. The interest rate for this borrowing was set at SOFR plus the applicable margin that was determined according to a sliding scale based upon the financial strength ratings of WRAC, WREB and ivari, a Canadian life insurance company owned by Proj Fox Acquisition Inc. (Proj Fox), a former wholly owned subsidiary of WRL. On October 3, 2023, the Company sold Proj Fox and its subsidiaries. The applicable margin under the Term Facility ranged from 1.375% to 2.000% until March 28, 2025, and thereafter the applicable margin under the Term Facility ranged from 1.500% to 2.125%.

In October 2023, the Wells Fargo Facility I, Wells Fargo Facility II and the Term Facility were all amended to, among other things, (i) remove Proj Fox and its subsidiaries as parties thereunder, (ii) remove the CDOR rate option for Borrowings thereunder, and (iii) revise the ratings that determines the applicable margin thereunder to be based on the financial strength ratings of WRAC and WREB.

Effective September 25, 2024, Wilton Re U.S. Holdings elected to prepay the Term Facility in full using the Wells Fargo Facility III as described above.

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Other Debt

The balances of the Company's other debt for the years ended December 31, 2025 and 2024, are as follows:

	2025		2024
2038 Surplus note I	\$ 411,795	\$	452,174
2038 Surplus note II	612,478		548,326
2044 Surplus note	1,794,373		1,684,680
Subordinated notes	401,810		401,220
Total other debt	<u>\$ 3,220,456</u>	\$	<u>3,086,400</u>

RRE3 Surplus Note I - Weston 2038 LLC Credit-Linked Note I

On July 27, 2018, RRE3 issued \$845,738 of its face amount 6.00% Variable Funding Surplus Notes, final maturity July 1, 2038 (the 2038 Surplus Note I) in exchange for an equivalent face amount of 6.00% Variable Funding Credit-Linked Notes, final maturity July 1, 2038 (the 2038 CLN I) issued by Weston 2038 LLC, an "orphan" special purpose Delaware limited liability company (Weston 2038) established by RRE3 and Hannover Life Reassurance Company of America (Bermuda), Ltd. (Hannover). The principal amount of the 2038 Surplus Note I will always mirror the principal amount of the 2038 CLN I; and the 2038 Surplus Note I and the 2038 CLN I will each accrue interest on the outstanding principal amount at 6.00% per annum, which amounts are non-cash and will be fully offset pursuant to a netting agreement. The 2038 CLN I supports non-economic reserves required to be carried by the Company's domestic insurance subsidiaries under Regulation XXX and Guideline AXXX.

Concurrently with the issuance of the 2038 CLN I, Weston 2038 entered into a risk transfer agreement with Hannover (Block 1 Risk Transfer Agreement) pursuant to which, in exchange for a fee, Hannover will provide liquidity to Weston 2038 for any redemption/monetization of the 2038 CLN I. As of July 27, 2018, AM Best assigned a Long-Term Issue Credit Rating of "A" to the 2038 CLN I. Subsequently, on June 20, 2024, and again on June 18, 2025, AM Best reaffirmed its Long-Term Issue Credit Rating of "A" to the 2038 CLN I. Upon request by WRAC for payment under the 2038 CLN I, the 2038 CLN I will be drawn down in the amount of such request and Hannover will back such request through operation of the Block 1 Risk Transfer Agreement. In connection with each draw, the outstanding principal balance of the 2038 Surplus Note I and the 2038 CLN I will be reduced by the amount of the draw and a 6.00% Funded 2038 Surplus Note in the same amount of the draw will be issued to Hannover.

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The 2038 Surplus Note I is classified as other debt and the 2038 CLN I is a component of issuer obligations - non-affiliates held-to-maturity on the consolidated balance sheets. Considering the “linked” and illiquid nature of the 2038 CLN I and 2038 Surplus Note I, both notes are classified as held-to-maturity and carried at amortized cost. The net interest expense paid by RRE3 is zero and the financing fee is recognized in interest expense, in the consolidated statements of comprehensive income (loss). Information regarding the two notes are as follows:

	2038 Surplus Note I	2038 CLN I
January 1, 2024, carrying value	\$ 504,436	\$ 504,436
Decrease - March	(17,204)	(17,204)
Decrease - June	(10,820)	(10,820)
Decrease - September	(11,528)	(11,528)
Decrease - December	(12,710)	(12,710)
December 31, 2024, carrying value	452,174	452,174
Decrease - March	(2,396)	(2,396)
Decrease - June	(18,810)	(18,810)
Decrease - September	(12,119)	(12,119)
Decrease - December	(7,054)	(7,054)
December 31, 2025, carrying value	<u>\$ 411,795</u>	<u>\$ 411,795</u>
2024 interest (incurred) earned	\$ (29,070)	\$ 29,070
2025 interest (incurred) earned	\$ (26,270)	\$ 26,270

RRE3 Surplus Note II - Weston 2038 LLC Credit-Linked Note II

On August 30, 2023, RRE3 issued \$433,229 of its face amount 6.00% Variable Funding Surplus Notes, final maturity July 1, 2043 (the 2038 Surplus Note II) in exchange for an equivalent face amount of 6.00% Variable Funding Credit-Linked Notes, final maturity July 1, 2043 (the 2038 CLN II) issued by Weston 2038. The principal amount of the 2038 Surplus Note II will always mirror the principal amount of the 2038 CLN II; and the 2038 Surplus Note II and the 2038 CLN II will each accrue interest on the outstanding principal amount at 6.00% per annum, which amounts are non-cash and will be fully offset pursuant to a netting agreement. The 2038 CLN II supports non-economic reserves required to be carried by the Company’s domestic insurance subsidiaries under Regulation XXX and Guideline AXXX.

Concurrently with the issuance of the 2038 CLN II, Weston 2038 entered into a risk transfer agreement with Hannover (Block 2 Risk Transfer Agreement) pursuant to which, in exchange for a fee, Hannover will provide liquidity to Weston 2038 for any redemption/monetization of the 2038 CLN II. As of August 30, 2023, AM Best assigned a Long-Term Issue Credit Rating of “A” to the 2038 CLN II. Subsequently, on June 20, 2024, and again on June 18, 2025, AM Best reaffirmed its Long-Term Issue Credit Rating of “A” to the 2038 CLN II. Upon request by WRAC for payment under the 2038 CLN II, the 2038 CLN II will be drawn down in the amount of such request and Hannover will back such request through operation of the Block 2 Risk Transfer Agreement. In connection with each draw, the outstanding principal balance of the 2038 Surplus Note II and the 2038 CLN II will be reduced by the amount of the draw and a 6.00% Funded 2038 Surplus Note II in the same amount of the draw will be issued to Hannover.

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The 2038 Surplus Note II is classified as other debt and the 2038 CLN II is a component of issuer obligations - non-affiliates held-to-maturity on the consolidated balance sheets. Considering the “linked” and illiquid nature of the 2038 CLN II and 2038 Surplus Note II, both notes are classified as held-to-maturity and carried at amortized cost. The net interest expense paid by RRE3 is zero and the financing fee is recognized in interest expense, in the consolidated statements of comprehensive income (loss). Information regarding the two notes are as follows:

	2038 Surplus Note II	2038 CLN II
January 1, 2024, carrying value	\$ 469,815	\$ 469,815
Increase - March	6,503	6,503
Increase - June	11,302	11,302
Decrease - September	(8,972)	(8,972)
Increase - December	69,678	69,678
December 31, 2024, carrying value	<u>\$ 548,326</u>	<u>\$ 548,326</u>
Increase - March	2,900	2,900
Increase - June	12,135	12,135
Increase - September	23,846	23,846
Increase - December	25,271	25,271
December 31, 2025, carrying value	<u>\$ 612,478</u>	<u>\$ 612,478</u>
2024 interest (incurred) earned	\$ (28,766)	\$ 28,766
2025 interest (incurred) earned	\$ (33,758)	\$ 33,758

RRE4 Surplus Note - Weston 2044 LLC Credit-Linked Note

On December 19, 2024, RRE4 issued \$1,654,000 of its face amount 6.00% Variable Funding Surplus Notes, final maturity October 1, 2044 (the 2044 Surplus Note) in exchange for an equivalent face amount of 6.00% Variable Funding Credit-Linked Notes, final maturity October 1, 2044 (the 2044 CLN) issued by Weston 2044 LLC, an “orphan” special purpose Delaware limited liability company (Weston 2044) established by RRE4 and Hannover. The principal amount of the 2044 Surplus Note will always mirror the principal amount of the 2044 CLN; and the 2044 Surplus Note and the 2044 CLN will each accrue interest on the outstanding principal amount at 6.00% per annum, which amounts are non cash and will be fully offset pursuant to a netting agreement. The 2044 CLN supports non-economic reserves required to be carried by the Company’s domestic insurance subsidiaries under Regulation XXX and Guideline AXXX.

Concurrently with the issuance of the 2044 CLN, Weston 2044 entered into a risk transfer agreement with Hannover (Block 3 Risk Transfer Agreement) pursuant to which, in exchange for a fee, Hannover will provide liquidity to Weston 2044 for any redemption/monetization of the 2044 CLN. As of December 19, 2024, AM Best assigned a Long-Term Issue Credit Rating of “A” to the 2044 CLN. Subsequently, on November 12, 2025, AM Best reaffirmed its Long-Term Issue Credit Rating of “A” to the 2044 CLN. Upon request by WRAC for payment under the 2044 CLN, the 2044 CLN will be drawn down in the amount of such request and Hannover will back such request through operation of the Block 3 Risk Transfer Agreement. In connection with each draw, the outstanding principal balance of

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the 2044 Surplus Note and the 2044 CLN will be reduced by the amount of the draw and a 6.00% Funded 2044 Surplus Note in the same amount of the draw will be issued to Hannover.

The 2044 Surplus Note is classified as other debt and the 2044 CLN is a component of issuer obligations - non-affiliates held-to-maturity on the consolidated balance sheets. Considering the “linked” and illiquid nature of the 2044 CLN and 2044 Surplus Note, both notes are classified as held-to-maturity and carried at amortized cost. The net interest expense paid by RRE4 is zero and the financing fee is recognized in interest expense, in the consolidated statements of comprehensive income (loss). Information regarding the two notes are as follows:

	<u>2044 Surplus Note</u>	<u>2044 CLN</u>
December 19, 2024, carrying value	\$ 1,654,000	\$ 1,654,000
Increase - December	30,680	30,680
December 31, 2024, carrying value	<u>\$ 1,684,680</u>	<u>\$ 1,684,680</u>
Increase - March	8,746	8,746
Increase - June	37,961	37,961
Increase - September	18,187	18,187
Increase - December	44,799	44,799
December 31, 2025, carrying value	<u><u>\$ 1,794,373</u></u>	<u><u>\$ 1,794,373</u></u>
2024 interest (incurred) earned	\$ (3,263)	\$ 3,263
2025 interest (incurred) earned	\$ (102,899)	\$ 102,899

Subordinated Notes

In October 2020, the Company consummated the sale of a \$400,000 subordinated perpetual non-cumulative notes offering (the Notes), initially as a private placement offering under regulation 4(a)(2) and will be available for resale under 144A. The Notes are subordinate to all other indebtedness of the Company and pay fixed interest semi-annually in arrears on April 22 and October 22. The interest will be periodically reset based on the then-current 5-Year Treasury Yield plus an applicable margin of 5.266%. The first interest rate reset will occur following the October 22, 2030, interest payment, and every five years thereafter. Due to the perpetual and non-cumulative features of the Notes, they are treated as operating leverage by the rating agencies and therefore excluded from the debt-to-capital ratio as defined in our credit agreements. Due to its legal form, the Notes are classified as a liability within other debt on the consolidated balance sheets. The interest payments are recorded as a component of interest expense on the consolidated statements of comprehensive income and (loss). During 2025 and 2024, interest of \$24,590 and \$24,590 respectively, was recorded as interest expense on the consolidated statements of comprehensive income (loss).

If a Change of Control Event occurs the Company may redeem the Notes in whole within 120 days following the occurrence of the Change of Control Event. If the Company does not give a notice of redemption to the holders of the Notes within 60 days following the occurrence of the Change of Control Event, then the interest rate per annum on the Notes will increase by 5.00% beginning on the 60th day following such change of control (except to the extent any such interest is cancelled). A “Change of Control Event” is described generally to occur when any nationally recognized statistical

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rating organization (NRSRO) that rates the Notes, downgrades the Notes from the rating by such NRSRO that was issued on the Settlement Date as a result of a change of control (i.e. the current majority shareholders ceases to beneficially own, or exercise voting rights directly or indirectly, representing at least a majority of the total voting interest in the Company).

19. FAIR VALUE

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

Financial assets and liabilities recorded at fair value on the consolidated balance sheets are categorized as follows:

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

The types of financial investments included in Level 1 are listed equities, mutual funds, money market funds, US Treasury Securities and non-interest bearing cash.

Level 2 Pricing inputs other than quoted prices in active markets which are either directly or indirectly observable as of the reporting date, and fair value determined through the use of models or other valuation methods. Such inputs may include benchmarking prices for similar assets in active, liquid markets, quoted prices in markets that are not active and observable yields and spreads in the market. Level 2 valuations may be obtained from independent sources for identical or comparable assets or through the use of valuation methodologies using observable market-corroborated inputs. Prices from third-party pricing services are validated through analytical reviews.

The types of financial instruments included in Level 2 include publicly traded issues such as US and foreign corporate securities, residential and commercial mortgage-backed securities, preferred stocks and common stocks among others.

Level 3 Prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. They reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability. Market standard techniques for determining the estimated fair value of certain securities that trade infrequently may rely on inputs that are not observable in the market or cannot be derived from or corroborated by market observable data. Prices are determined using valuation methodologies such as discounted cash flow models and other techniques. Management believes these inputs are consistent with what other market participants would use when pricing similar assets.

The types of financial investments included in Level 3 primarily include privately placed fixed maturities or equities, equities with limited trading, certain asset-backed and mortgage-backed securities, commercial mortgage loans, collateral loans and the LLC or limited partnership interests that are not accounted for on an equity basis.

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Recurring Fair Value Measurements

The assets and liabilities measured at fair value on a recurring basis and their placement in the fair value hierarchy, including those items for which the Company has elected the FVO, are summarized below at:

December 31, 2025	Fair Value	Level 1	Level 2	Level 3
Invested assets:				
U.S. government and agencies	\$ 3,776,712	\$ 3,248,580	\$ 528,132	\$ —
State and political subdivisions	1,501,937	—	1,480,844	21,093
Foreign sovereign	97,703	—	97,703	—
Corporate securities	18,586,162	—	16,919,160	1,667,002
Residential mortgage-backed securities	1,196,743	—	1,196,743	—
Commercial mortgage-backed securities	1,071,255	—	1,071,255	—
Asset backed securities	1,409,460	—	1,199,614	209,846
Collateralized debt obligations	1,626,047	—	1,615,561	10,486
Total fixed maturity	29,266,019	1 3,248,580	24,109,012	1,908,427
Preferred stock	550,601	—	439,526	111,075
Common stock	58,309	—	17,479	40,830
Total fixed maturity and equity securities	29,874,929	3,248,580	24,566,017	2,060,332
Commercial mortgage loans	859,379	—	—	859,379
Other invested assets	1,451,259	2 —	630,800	820,459
Total invested assets	32,185,567	3,248,580	25,196,817	3,740,170
Funds withheld at interest:				
U.S. government and agencies	85,113	17,028	68,085	—
State and political subdivisions	48,724	—	48,724	—
Foreign sovereign	2,835	—	2,835	—
Corporate securities	735,844	—	735,844	—
Residential mortgage-backed securities	131,699	—	131,699	—
Commercial mortgage-backed securities	84,747	—	84,747	—
Asset backed securities	61,679	—	61,679	—
Collateralized debt obligations	19,958	—	19,958	—
Preferred stock	3,575	—	3,575	—
Other invested assets	27,012	—	27,012	—
Funds withheld at interest: segregated portfolio assets - general account	1,201,186	3 17,028	1,184,158	—
Funds withheld at interest: segregated portfolio of assets - separate account	4,309,432	—	4,309,432	—
Total funds withheld at interest	5,510,618	17,028	5,493,590	—
Other assets - separate account assets	266,180	261,507	4,673	—
Total	\$ 37,962,365	\$ 3,527,115	\$ 30,695,080	\$ 3,740,170
Financial liabilities:				
Derivative liabilities	\$ 956,444	\$ —	\$ 956,444	\$ —

1 Issuer obligations—non-affiliates of \$2,818,646 are a component of Total fixed maturities not measured at fair value on a recurring basis.

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- 2 Components of other invested assets not measured at fair value on a recurring basis are life settlement contracts—equity method of \$28,794 and limited partnerships of \$2,240,248.
- 3 Cash and short-term investments of \$68,968 are a component of Funds withheld at interest: segregated portfolio of assets—general account not measured at fair value on a recurring basis.
- 4 Funds withheld at interest: Non-segregated portfolio of assets of \$77,233 are a component of Funds withheld at interest not measured at fair value on a recurring basis.

December 31, 2024	Fair Value	Level 1	Level 2	Level 3
Invested assets:				
U.S. government and agencies	\$ 3,572,137	\$ 3,095,496	\$ 476,641	\$ —
State and political institutions	1,503,728	—	1,482,358	21,370
Foreign sovereign	135,533	—	135,533	—
Corporate securities	18,002,269	—	16,532,887	1,469,382
Residential mortgage-backed securities	914,440	—	911,649	2,791
Commercial mortgage-backed securities	1,087,363	—	1,087,363	—
Asset-backed securities	1,377,753	—	1,022,605	355,148
Collateralized debt obligations	1,866,606	—	1,866,606	—
Total fixed maturity	28,459,829 ¹	3,095,496	23,515,642	1,848,691
Preferred stock	619,947	—	509,980	109,967
Common stock	64,702	105	28,113	36,484
Total fixed maturity and equity securities	29,144,478	3,095,601	24,053,735	1,995,142
Commercial mortgage loans	1,017,772	—	—	1,017,772
Other invested assets	1,412,087 ²	—	628,251	783,836
Total invested assets	31,574,337	3,095,601	24,681,986	3,796,750
Funds withheld at interest:				
U.S. government and agencies	80,872	16,428	64,444	—
State and political subdivisions	43,675	—	43,675	—
Foreign sovereign	2,699	—	2,699	—
Corporate securities	767,037	—	767,037	—
Residential mortgage-backed securities	117,333	—	117,333	—
Commercial mortgage-backed securities	88,385	—	88,385	—
Asset-backed securities	58,145	—	58,145	—
Collateralized debt obligations	34,412	—	34,412	—
Total fixed maturity	1,192,558	16,428	1,176,130	—
Preferred stock	9,828	—	9,828	—
Common stock	3	—	3	—
Other invested assets	23,653	—	23,653	—
Funds withheld at interest: segregated portfolio assets - general account	1,226,042 ³	16,428	1,209,614	—
Funds withheld at interest: segregated portfolio of assets - separate account	4,018,773 ⁴	—	4,018,773	—
Total funds withheld at interest	5,244,815	16,428	5,228,387	—
Other assets - separate account assets	263,981	256,609	7,372	—
Total	\$ 37,083,133	\$ 3,368,638	\$ 29,917,745	\$ 3,796,750
Financial liabilities:				
Derivative liabilities	\$ 762,483	\$ —	\$ 762,483	\$ —

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- 1 Issuer obligations—non-affiliates of \$2,685,180 are a component of Total fixed maturities not measured at fair value on a recurring basis.
- 2 Components of Other invested assets not measured at fair value on a recurring basis are life settlement contracts—equity method of \$33,141 and limited partnerships of \$2,159,830.
- 3 Cash and short-term investments of \$58,964 are a component of Funds withheld at interest: segregated portfolio of assets—general account not measured at fair value on a recurring basis.
- 4 Funds withheld at interest: Non-segregated portfolio of assets of \$77,733 are a component of Funds withheld at interest not measured at fair value on a recurring basis.

Fixed Maturity and Equity Securities

Publicly traded fixed maturity securities included in fixed maturity and equity securities and funds withheld at interest are valued based on quoted market prices or broker prices. Private placement securities included in fixed maturity and equity securities and funds withheld at interest are valued based on the credit quality and duration of marketable securities deemed comparable by the Company's investment advisor, which may be of another issuer. In some cases, discounted cash flow analysis may be used.

U.S. Government and Agencies, State and Political Subdivisions, Foreign Sovereign and Corporate Securities

US Treasury securities, which trade based on quoted prices for identical assets in an active market, are included in Level 1.

The fair value of Level 2 bonds and securities is predominantly priced by third-party pricing services and broker quotes. Their pricing models typically utilize the following inputs: principal and interest payments, treasury yield curve, credit spreads from new issue and secondary trading markets, early redemption or call features, benchmark securities and reported trades.

Level 3 bonds and securities primarily represent investments in privately placed bonds, credit tenant loans and other less liquid corporate and municipal bonds for which prices are not readily available. To determine a fair value, the Company may rely on modeling for market valuation using both observable and unobservable inputs. These inputs are entered into industry standard pricing models to determine the final price of the security. These inputs typically include: projected cash flows, discount rate, industry sector, underlying collateral, credit quality of the issuer, maturity, embedded options, recent new issuance, comparative bond analysis, and seniority of debt.

The extent of the use of each market input depends on the asset class, market conditions and the relevant market data available. Depending on the security, these inputs may change, some market inputs may not be relevant or additional inputs may be necessary.

The fair value of corporate bonds classified as Level 3 is sensitive to changes in the interest rate spread over the corresponding US Treasury rate. This spread represents a risk premium that is affected by company-specific and market factors. An increase in the spread can be caused by a perceived increase in credit risk of a specific issuer and/or an increase in the overall market risk premium associated with similar securities.

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Mortgage-Backed Securities, Asset-Backed Securities and Collateralized Debt Obligations

This category consists of residential mortgage-backed securities, commercial mortgage-backed securities, and other asset-backed securities, such as credit card and automobile receivables, home equity loans, manufactured housing bonds and collateralized debt obligations. Level 2 securities are priced from information provided by third-party pricing services and independent broker quotes. For mortgage-backed and asset-backed securities, valuation is based primarily on matrix pricing or other similar techniques using standard market inputs including spreads for actively traded securities, spreads off benchmark yields, expected prepayment speeds and volumes, current and forecasted loss severity, credit rating, weighted average coupon, weighted average maturity, average delinquency rates, geographic region, debt-service coverage ratios and issuance-specific information including, but not limited to: collateral type, payment terms of the underlying assets, payment priority within the tranche, structure of the security, deal performance, vintage of loans and insurance guarantees.

The Company has included mortgage-backed and asset-backed securities with less liquidity in Level 3, these securities are primarily privately placed transactions with little transparency to the market or other securities with limited or inactive trading markets. Significant inputs cannot be derived principally from or corroborated by observable market data. The significant unobservable inputs used in the fair value measurement of these securities typically include: discounted cash flows, credit rating of issuer, debt coverage ratios, type and quality of underlying collateral, prepayment rates, probability of default and loss severity in the event of default.

Included in the pricing of mortgage-backed and asset-backed securities are estimates of the rate of future prepayments of principal over the remaining life of the securities. Such estimates are derived based on the securities' underlying structure and rates of prepayments previously experienced at the interest rate levels projected for the underlying collateral. Changes in significant inputs used in the fair value measurement, such as the paydown rate (the projected annual rate of principal reduction), may affect the fair value of the securities. For example, a decrease in the paydown rate would increase the projected weighted average life and increase the sensitivity of the fair value to changes in interest rates.

Preferred and Common Stock

The fair values of preferred and common stocks are primarily based upon quoted market prices in active markets and are classified within Level 1 in the fair value hierarchy. The fair values of preferred and common stocks, for which quoted market prices are not readily available, are based on prices obtained from independent pricing services and are generally classified within Level 2 in the fair value hierarchy. Privately placed transactions with little transparency to the market or other equities with limited or inactive trading markets may rely on modeling for market valuation using both observable and unobservable inputs. These are generally classified within Level 3 in the fair value hierarchy.

Commercial Mortgage Loans

The Company elects the FVO for CMLs. The loans are valued using a net present value calculation of future cash flows. The calculation uses a credit spread plus a liquidity spread and is added to an interpolated Treasury yield to determine the discount rate. Credit and liquidity spreads are derived from industry spread curve data provided by third parties that are considered market-makers in commercial mortgage loans.

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The CMLs are considered Level 3 in the fair value hierarchy due to the limited transaction activity and unobservable inputs.

Derivatives

Free-standing exchange listed derivatives that are not actively traded are valued based on quoted prices for identical or similar instruments in markets that are active. Over-the-counter derivatives are valued using models that rely on inputs such as interest rate yield curves, implied volatilities and credit spreads that are observable for substantially the full term of the contract.

Other Invested Assets

Surplus Debentures

Surplus debentures are similar to corporate securities. The fair values of surplus debentures are primarily based on prices obtained from independent pricing services or may be obtained from independent third-party dealers in the absence of quoted market prices. They are generally classified within Level 2 in the fair value hierarchy.

Collateral Loans

Collateral loans are valued at the lesser of par or recovery value. Collateral loans may also have an equity component as part of the funding vehicle structure. Residual cash flows to the equity component are valued using a net present value calculation. The discount rates are internal rates of return that are calibrated to reflect market conditions and company-specific risks.

The collateral loans are considered Level 3 in the fair value hierarchy due to the limited transaction activity and unobservable inputs.

Residual or Equity Tranche LLC Investments

For the residual or equity tranches, expected cash flows to the equity component are valued using a net present value calculation. The discount rates are internal rates of return that are calibrated to reflect market conditions and company-specific risks. These are generally classified within Level 3 of the fair value hierarchy due to the unobservable inputs.

Separate Account Assets

Separate account assets included in Level 1 generally consist of shares of underlying funds that have daily quoted net asset values. Separate account assets included in Level 2 primarily consist of Corporate and Mortgage-backed securities included in Level 2 of the fair value hierarchy.

Funds Withheld

The fair value of embedded derivatives associated with funds withheld reinsurance treaties is determined based upon a total return swap methodology with reference to the fair value of the investments held by the ceding company that support the Company's funds withheld at interest asset. The fair value of the underlying assets is generally based on market observable inputs using market valuation methodologies.

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Changes of Level 3 Assets Measured at Fair Value on a Recurring Basis

The Company obtains our Level 3 fair value measurements from independent, third-party pricing sources. The Company does not develop the significant inputs used to measure the fair value of these assets, and the information regarding the significant inputs is not readily available to us. Independent broker-quoted fair values are non-binding quotes developed by market makers or broker-dealers obtained from third-party sources recognized as market participants. The fair value of a broker-quoted asset is based solely on the receipt of an updated quote from a single market maker or a broker-dealer recognized as a market participant as the Company does not adjust broker quotes when used as the fair value measurement for an asset. In addition, some prices are determined based on discounted cash flow models.

The Company's policy is to recognize transfers into and out of levels within the fair value hierarchy at the end of the period in which the actual event or change in circumstances that caused the transfer occurs.

For all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3), the following table presents select activity for the years ended December 31:

	2025			2024		
	Purchases	Transfer Into	Transfer Out of	Purchases	Transfer Into	Transfer Out of
Invested Assets						
Corporate securities	\$ 138,150	\$ 64,186	\$ (4,607)	\$ 205,691	\$ 131,137	\$ (39,778)
Residential mortgage-backed securities	—	—	(2,516)	2,803	5	—
Asset-backed securities	26,084	—	(16,596)	146,590	15,309	—
Collateralized debt obligations	8,712	—	—	—	—	—
Common stock	3,380	—	—	—	—	—
Other invested assets	3,250	—	(495)	130,366	—	(85,771)
Short term	12,982	—	—	—	—	—
Total invested assets	<u>\$ 192,558</u>	<u>\$ 64,186</u>	<u>\$ (24,214)</u>	<u>\$ 485,450</u>	<u>\$ 146,451</u>	<u>\$ (125,549)</u>

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20. OTHER COMPREHENSIVE INCOME

The following table presents the components of the Company's other comprehensive income (loss) for the years ended December 31, 2025 and 2024

	2025		
	Before-Tax Amount	Tax (Expense) Benefit	After-Tax Amount
Unrealized investment gains (losses):			
Unrealized investment gains (losses) arising during the year ¹	\$ 386,167	\$ (85,629)	\$ 300,538
Less: reclassification adjustment for (gains) losses realized in net income ²	73,956	(16,399)	57,557
Unrealized investment gains (losses) net of reclassification adjustments	312,211	(69,230)	242,981
Adjustments for changes in policyholder liabilities	(150,738)	33,425	(117,313)
Total change in net unrealized investment gains (losses)	161,473	(35,805)	125,668
Effect of updating discount rates on future policy benefits	(624,585)	133,702	(490,883)
Other comprehensive income	\$ (463,112)	\$ 97,897	\$ (365,215)
	2024		
	Before-Tax Amount	Tax (Expense) Benefit	After-Tax Amount
Unrealized investment gains (losses):			
Unrealized investment gains (losses) arising during the year ¹	\$ (1,463,732)	\$ 313,795	\$ (1,149,937)
Less: reclassification adjustment for (gains) losses realized in net income ²	16,753	(3,592)	13,161
Unrealized investment gains (losses) net of reclassification adjustments	(1,480,485)	317,387	(1,163,098)
Adjustments for changes in policyholder liabilities	422,554	(90,586)	331,968
Total change in net unrealized investment gains (losses)	(1,057,931)	226,801	(831,130)
Effect of updating discount rates on future policy benefits	679,894	(146,189)	533,706
Other comprehensive income	\$ (378,037)	\$ 80,612	\$ (297,425)

² Reclassifications from AOCI into earnings are recognized within investment earnings - net on the statement of comprehensive income (loss).

The balance of and changes in each component of accumulated other comprehensive income (AOCI), net of income taxes, were as follows:

	Unrealized investment gains (losses)	Effect of updating discount rates on future policy benefits	Total AOCI
Balance at December 31, 2023	\$ 390,225	\$ 1,068,123	\$ 1,458,348
Other comprehensive income before reclassifications	(1,045,960)	679,894	(366,065)
Amounts reclassified from AOCI	(11,971)	—	(11,971)
Net other comprehensive income (loss)	226,800	(146,189)	80,611
Balance at December 31, 2024	\$ (440,906)	\$ 1,601,829	\$ 1,160,923
Other comprehensive income before reclassifications	199,723	(624,585)	(424,862)
Amounts reclassified from AOCI	(38,250)	—	(38,250)
Net other comprehensive income (loss)	(35,805)	133,702	97,897
Balance at December 31, 2025	\$ (315,238)	\$ 1,110,946	\$ 795,708

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The following table presents the amount of AOCI reclassifications for the years ended December 31, 2025 and 2024:

For the year ended December 31:	Amount Reclassified from AOCI		Affected Line Item on Statement of Comprehensive Income (Loss)
	2025	2024	
Net unrealized investment gains (losses):			
Realized gains (losses) on available-for-sale securities	\$ 32,648	\$ 24,214	Investment earnings, net
Credit losses on available-for-sale securities	5,601	(12,243)	Investment earnings, net
Total before tax	38,250	11,971	
Income tax benefit (expense)	(8,481)	(2,566)	
Net unrealized investment gains, net of tax	\$ 29,768	\$ 9,405	

21. SUBSEQUENT EVENTS

The Company has evaluated the impact of subsequent events through March 26, 2026, representing the date at which the consolidated financial statements were available to be issued. The following events occurred subsequent to December 31, 2025:

Senior Revolving Credit Facility

In January 2026, WRAC became a party to the Wells Fargo Facility III.

Letter of Credit

On February 4, 2026, WREB reduced its unsecured letter of credit to WCAC, by \$30,000 to reduce required collateral for reserve credit.

Quinquennial Exam Notification

In February 2026, the Company was notified that its U.S. insurance subsidiaries are scheduled to be examined in connection with their quinquennial review requirements. The examination is scheduled to commence in the first half of 2026.

Declared Dividend

In January 2026, the Company's Board of Directors declared a dividend to its shareholders in the amount of \$162,000, and the dividend was paid on January 16, 2026.

* * * * *

INDEPENDENT AUDITOR'S REPORT

The Board of Directors of Wilton Re Ltd.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Wilton Re Ltd. and its subsidiaries (the "Company") as of December 31, 2025, based on the criteria established in the *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We also have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), the consolidated financial statements as of and for the year ended December 31, 2025, of the Company, and our report dated March 26, 2026, expresses an unmodified opinion on those financial statements and includes an emphasis-of-matter paragraph regarding the Company's adoption of Accounting Standards Update No. 2018-12, *Financial Services— Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts*, as amended.

Basis for Opinion

We conducted our audit in accordance with GAAS. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for Internal Control over Financial Reporting

Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Wilton Re Ltd. and Subsidiaries' Internal Control over Financial Reporting.

Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting

Our objectives are to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects and to issue an auditor's report that includes our opinion on internal control over financial reporting. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material weakness when it exists.

In performing an audit of internal control over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Obtain an understanding of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction, of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Selatti & Sonke LLP

March 26, 2026

REPORT OF MANAGEMENT ON WILTON RE LTD. AND SUBSIDIARIES' INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Wilton Re Ltd. and Subsidiaries (the Company) is responsible for establishing and maintaining adequate internal controls over financial reporting. Internal controls are designed to provide reasonable assurance to the Company's management, Audit Committee and Board of Directors regarding the preparation and fair presentation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Because of inherent limitations in any internal control, no matter how well designed, misstatements due to human error or fraud may occur and not be detected, including the possible circumvention or override of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, internal control effectiveness may vary over time.

Management assessed the effectiveness of the Company's internal controls over financial reporting as of December 31, 2025, based on criteria for effective internal control over financial reporting described in "*Internal Control—Integrated Framework*" issued by the 2013 Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on those criteria management concluded that the Company's internal controls over financial reporting are effective as of December 31, 2025, in providing reasonable assurance regarding the reliability of financial reporting in accordance with generally accepted accounting principles.



Dmitri Ponomarev
Group Chief Executive Officer
Wilton Re Ltd.



Steven D. Lash
SVP & Group Chief Financial Officer
Wilton Re Ltd.

March 26, 2026