

## **Resolution Life Australasia Limited**

### **30 June 2023 Business Update**

Resolution Life Australasia reported an after-tax statutory profit of AUD117 million for the half year ended 30 June 2023.

The business has remained resilient in the first half of 2023, generating a stable profit and capital emergence for shareholders. The first half favourable result was primarily driven by an increase in interest earned on short and fixed term investments and policy loans, due to an increase in increase rates.

As at 30 June 2023 Resolution Life's capital base of AUD2,096 million was AUD1,231 million in excess of the Prescribed Capital Amount of AUD865 million which represents a Capital Adequacy Multiple of 242% (pre-1H0223 half year-end transfers, dividends and/or capital returns and capital injections).

### **Resolution Life Australasia acquisition of AIAA Super and Investments business**

The acquisition of AIA Australia's Superannuation and Investment life insurance business was approved by the Federal Court of Australia, with the transfer of policyholders to Resolution Life effective as of 1 July 2023. Under the terms of the agreement AIA Australia will continue to provide transitional services for up to eighteen months.

This acquisition supports Resolution Life's commitment to business growth and allows it to help more customers in achieving their financial objectives. The completion of the acquisition will see AIA Australia's Superannuation & Investment life insurance business fully integrated into Resolution Life's local operations.

### **Resolution Life Group**

In January 2023, Resolution Life announced that Nippon Life Insurance Company had agreed to invest an additional commitment of USD1 billion in Resolution Life, following the recently announced strategic partnership between Resolution Life and Blackstone. Since 2019, Nippon Life has been the largest investor in Resolution Life, supporting its growth through 8 transactions to a company with USD80bn+ of reserves and 3 million policies under management across 3 international platforms. Having invested USD650 million so far, this additional USD1 billion commitment from Nippon Life is expected to bring their cumulative investment to USD1.65 billion.

In May 2023, Resolution Life announced it had entered into a strategic transaction with Farmers New World Life Insurance Company (FNWL), a subsidiary of Farmers Group, Inc. Under the agreement, FNWL will cede its in-force individual life insurance business to Resolution Life's insurance subsidiary, Security Life of Denver Insurance Company. Resolution Life will administer the reinsured policies, with certain operations supporting administration moving to Resolution Life. The transaction is expected to be completed in 2023, subject to any closing conditions or regulatory approval requirements.

Resolution Life Group continues to actively seek out further acquisition opportunities both within Australia, New Zealand and globally.

### Key metrics – Resolution Life Australasia Limited

(in AUD millions)

	1H2023	1H2022	% Change
Statutory profit <sup>1</sup>	117	78	50.0%
Net assets <sup>2</sup>	1,904	2,036	-6.5%
Capital base <sup>3</sup>	2,096	2,443	-14.2%
Prescribed Capital Amount <sup>4</sup>	865	794	8.9%
Capital adequacy multiple	242%	307%	-21.2%

\* Note: This report has been prepared on a “Margin on Services” (MoS) basis, as this continues to be the basis of accounting used for APRA regulatory reporting & supervision up to and including 30 Jun 2023. YTD investment returns do not change measurement under IFRS 9, which will continue as the applicable reporting basis for 2023 and beyond.

1. The first half favourable result was primarily driven by an increase in interest earned on short and fixed term investments and policy loans, due to an increase in increase rates. 2. The change in net assets is driven by reported profits, net of return of capital and dividend payments during the year. 3. Similar drivers to net assets, however, excludes impact of movement in intangible assets (e.g., deferred acquisition costs). The reduction is also due to the crystallisation on DTLs from the rotation of equity assets into the in-house unit trusts providing less support to balance sheet DTAs, and general reduction in net assets due to increase in interest rates 4. The increase in prescribed capital amount (PCA) is mainly driven by the payment to AIA to fund the acquisition and being recognised as a contingent payable (i.e., the recognition of payment for AIA transaction as a receivable which triggers a concentration risk charge). This effect is temporary, and this will reverse post 30 June upon the transfer of AIA business into RLAL.

### Credit ratings

Resolution Life Australasia’s credit ratings are as follows:

	Rating Agency	Rating	Outlook	Last review date
Resolution Life Australasia Limited Insurance Financial Strength Rating	Moody’s	<b>A3</b>	STABLE	6 September 2022
Resolution Life Australasia Limited Insurer Financial Strength Rating	Fitch	<b>A</b>	STABLE	11 August 2023
AMP Tier 2 Subordinated Notes	Moody’s	<b>Baa2 (hyb)</b>	STABLE	24 November 2021

In April 2022, Fitch assigned ‘BBB’ ratings to Resolution Life Group Holdings and RLGH Finance Bermuda. The outlook on all ratings is Stable.

### Contact details

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