

**SAMMONS FINANCIAL GROUP, INC.  
AND SUBSIDIARIES**

**(an indirect wholly owned subsidiary of Sammons Enterprises, Inc.)**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2025 and 2024**

# SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES

(an indirect wholly owned subsidiary of Sammons Enterprises, Inc.)

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## **Report of Independent Auditors**

To the Management and Board of Directors of Sammons Financial Group, Inc.

### ***Opinion***

We have audited the accompanying consolidated financial statements of Sammons Financial Group, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of income, of comprehensive income, of stockholder's equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated 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.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Emphasis of Matter***

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for long-duration insurance contracts in 2025. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 the consolidated financial statements are available to be issued.

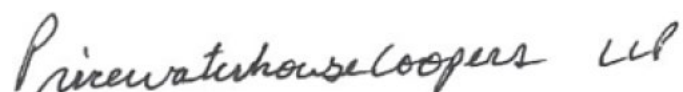
## ***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 US 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 consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated 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.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

Des Moines, Iowa  
March 24, 2026

# SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES

(an indirect wholly owned subsidiary of Sammons Enterprises, Inc.)

## CONSOLIDATED BALANCE SHEETS

(Amounts in Millions, except share amounts)

	December 31,	
	2025	2024
<b>ASSETS</b>		
Investments		
Fixed maturities available-for-sale, at fair value (net of allowance for credit losses of \$168 and \$138, respectively); amortized cost \$102,649 and \$96,764, respectively, (portion under fair value option: \$340 and \$495, respectively)	\$ 95,584	\$ 86,699
Fixed maturities, trading, at fair value	254	463
Equity securities, at fair value	1,287	917
Mortgage loans (net of allowance for credit losses of \$116 and \$108, respectively; includes \$9 and \$9, respectively, under the fair value option)	10,251	8,507
Policy loans	943	841
Short-term investments	2,753	4,103
Derivative instruments	4,865	3,304
Other invested assets (net of allowance for credit losses of \$1 and \$4, respectively; portion at fair value under fair value option; \$281 and \$321, respectively)	8,452	7,732
Total investments	124,389	112,566
Cash	1,918	1,562
Accrued investment income	1,058	912
Deferred policy acquisition costs	7,311	6,764
Deferred sales inducements	2,312	1,684
Other assets	1,817	1,603
Reinsurance receivables (net of allowance for credit losses of \$17 and \$9, respectively)	3,886	2,077
Deferred income tax asset	1,206	1,873
Separate account assets	3,479	3,184
Total assets	<u>\$ 147,376</u>	<u>\$ 132,225</u>

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

# SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES

(an indirect wholly owned subsidiary of Sammons Enterprises, Inc.)

## CONSOLIDATED BALANCE SHEETS

(Amounts in Millions, except share amounts)

	December 31,	
	2025	2024
<b>LIABILITIES</b>		
Policyholder account balances	\$ 102,131	\$ 94,598
Policy benefit reserves	10,013	7,916
Market risk benefit liability	3,356	2,882
Policy claims and benefits payable	725	631
Notes and loans payable	2,811	2,810
Repurchase agreements, other borrowings and collateral on derivative instruments	12,835	12,649
Derivative instruments	1,942	1,316
Other liabilities	3,321	2,888
Separate account liabilities	3,479	3,184
Total liabilities	<u>140,613</u>	<u>128,874</u>
Redeemable noncontrolling interests	135	143
<b>STOCKHOLDER'S EQUITY</b>		
Common stock, \$1 par value, 1,000 shares authorized, issued and outstanding	—	—
Additional paid-in capital	2,088	1,829
Retained earnings	10,134	9,281
Accumulated other comprehensive loss	(5,600)	(7,908)
Total Sammons Financial Group Inc. stockholder's equity	<u>6,622</u>	<u>3,202</u>
Noncontrolling interests	<u>6</u>	<u>6</u>
Total stockholder's equity	<u>6,628</u>	<u>3,208</u>
Total liabilities and stockholder's equity	<u>\$ 147,376</u>	<u>\$ 132,225</u>

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

# SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES

(an indirect wholly owned subsidiary of Sammons Enterprises, Inc.)

## CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Millions)

	Year Ended December 31,	
	2025	2024
<b>REVENUES</b>		
Premiums	\$ 2,264	\$ 1,530
Charges on interest sensitive and investment-type products	1,161	1,110
Net investment income	5,733	5,795
Net gains on derivatives and derivative instruments	614	17
Net realized investment losses	(412)	(496)
Investment service fee revenue	226	165
Other income	50	36
Total revenue	9,636	8,157
<b>BENEFITS AND EXPENSES</b>		
Index credits and interest credited to policyholder account balances	3,106	3,178
Benefits incurred	3,083	2,401
Policyholder liability remeasurement (gains) losses	60	(42)
Change in market risk benefits	(113)	(389)
Amortization of deferred sales inducements	250	176
Total benefits	6,386	5,324
Operating and other expenses (net of commissions and other expenses deferred)	1,203	1,102
Amortization of deferred policy acquisition costs	688	635
Total benefits and expenses	8,277	7,061
Income before income taxes	1,359	1,096
Income tax provision	137	110
Net income	1,222	986
Plus: Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	5	2
Net income attributable to Sammons Financial Group Inc.	\$ 1,227	\$ 988

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

# SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES

(an indirect wholly owned subsidiary of Sammons Enterprises, Inc.)

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Millions)

	Year Ended December 31,	
	2025	2024
Net income	\$ 1,222	\$ 986
Other comprehensive income (loss):		
Net unrealized gain (loss) on available-for-sale investments	2,411	(754)
Change in liability for future policy benefits related to discount rate	(107)	166
Change in market risk benefits related to instrument specific credit risk	(2)	(80)
Other	6	(1)
Total other comprehensive income (loss), net of tax	2,308	(669)
Comprehensive income	3,530	317
Plus: Comprehensive loss attributable to noncontrolling interests and redeemable noncontrolling interests	5	2
Comprehensive income attributable to Sammons Financial Group Inc.	\$ 3,535	\$ 319

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## SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES

(an indirect wholly owned subsidiary of Sammons Enterprises, Inc.)

### CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY

(Amounts in Millions)

	Redeemable Noncontrolling Interests	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Stockholder's Equity
<b>Balance at December 31, 2023</b>	\$ 142	\$ —	\$ 1,813	\$ 8,840	\$ (5,985)	\$ 8	\$ 4,676
Total comprehensive income (loss)	—	—	—	988	(669)	(2)	317
Cumulative effect of adoption of new accounting guidance	—	—	—	(79)	(1,254)	—	(1,333)
Capital contribution	—	—	16	—	—	—	16
Dividends paid on common stock	—	—	—	(468)	—	—	(468)
Purchase accounting measurement period adjustment	1	—	—	—	—	—	—
<b>Balance at December 31, 2024</b>	143	—	1,829	9,281	(7,908)	6	3,208
Total comprehensive income	(5)	—	—	1,227	2,308	—	3,535
Capital contribution	—	—	259	—	—	—	259
Dividends paid on common stock	—	—	—	(374)	—	—	(374)
Distributions to noncontrolling interests	(3)	—	—	—	—	—	—
<b>Balance at December 31, 2025</b>	\$ 135	\$ —	\$ 2,088	\$ 10,134	\$ (5,600)	\$ 6	\$ 6,628

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# SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES

(an indirect wholly owned subsidiary of Sammons Enterprises, Inc.)

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Millions)

	Year Ended December 31,	
	2025	2024
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 1,222	\$ 986
Adjustments to reconcile net income to net cash provided by operating activities		
Amortization of deferred policy acquisition costs and deferred sales inducements	938	811
Net amortization of premiums, discounts and capitalized interest on investments	(319)	(441)
Policy acquisition costs deferred	(1,235)	(1,371)
Sales inducements deferred	(878)	(786)
Net realized investment losses	412	496
Non-cash derivative activity	1,196	1,874
Provision for deferred income taxes	65	81
Net index credits, interest credited and product charges on interest sensitive and investment-type products	2,268	2,432
Non-cash income from other invested assets	(517)	(456)
Distributions of income on equity method investments	305	253
Depreciation and amortization expense	52	43
Changes in other assets and liabilities		
Accrued investment income	(152)	(30)
Change in market risk benefits	(113)	(389)
Other, net	5	(85)
Net payables	352	26
Policy benefits and reserves	2,550	1,940
Derivatives purchased, net of collateral	(1,608)	(1,912)
Net cash provided by operating activities	\$ 4,543	\$ 3,472

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

# SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES

(an indirect wholly owned subsidiary of Sammons Enterprises, Inc.)

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Millions)

	Year Ended December 31,	
	2025	2024
<b>INVESTING ACTIVITIES</b>		
Proceeds from investments sold, matured or repaid		
Fixed maturities, available-for-sale	\$ 16,980	\$ 9,996
Fixed maturities, trading	245	142
Equity securities	164	373
Mortgage loans	1,736	1,246
Other invested assets	502	621
Short-term investments	374,280	298,195
Cost of investments acquired		
Fixed maturities, available-for-sale	(23,052)	(14,665)
Fixed maturities, trading	(105)	(224)
Equity securities	(338)	(15)
Mortgage loans	(3,564)	(3,469)
Other invested assets	(967)	(945)
Short-term investments	(372,834)	(299,813)
Payment for business acquisition, net of cash acquired	(139)	(17)
Cash flows related to contingent earn-out	—	(11)
Purchase of property and equipment	(6)	(15)
Net change in policy loans	(102)	(117)
Net cash used in investing activities	\$ (7,200)	\$ (8,718)

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# SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES

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## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Millions)

	Year Ended December 31,	
	2025	2024
<b>FINANCING ACTIVITIES</b>		
Receipts from interest sensitive and investment-type products	\$ 14,190	\$ 17,362
Benefits paid on interest sensitive and investment-type products	(10,847)	(12,003)
Net change in repurchase agreements	(199)	(126)
Increase in FHLB borrowings	2,157	647
Decrease in FHLB borrowings	(2,157)	(647)
Payment of contingent earn-out	(13)	(14)
Borrowings on notes and loans payable	192	812
Repayments on notes and loans payable	(192)	(34)
Payment of debt issuance costs	—	(6)
Capital contributions received	259	16
Dividends paid on common stock	(374)	(468)
Dividends to noncontrolling interests	(3)	—
Net cash provided by financing activities	\$ 3,013	\$ 5,539
Net change in cash	356	293
Cash at beginning of year	1,562	1,269
Cash at end of year	\$ 1,918	\$ 1,562
<b>SUPPLEMENTAL INFORMATION</b>		
Cash paid (received) during the year for		
Income taxes	\$ (35)	\$ 56
Interest on other borrowings	139	119
Interest on notes payable	140	127
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Estimated present value of deferred and contingent consideration at acquisition date	\$ 99	\$ —

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

# **SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES**

(an indirect wholly owned subsidiary of Sammons Enterprises, Inc.)

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Organization**

Sammons Financial Group, Inc. (“SFG” or the “Company”) is an indirect wholly owned subsidiary of Sammons Enterprises, Inc. (“SEI”). SFG is a holding company with 100% stock ownership of thirteen principal subsidiaries which include Midland National Life Insurance Company and Subsidiaries (“Midland National”), North American Company for Life and Health Insurance and Subsidiaries (“North American”), Sammons Institutional Group, Inc. (“SIG”), Sammons Financial Network LLC, (“SFN”), SFG Tenura, LLC (“Tenura”), Heyday Insurance Agency, LLC (“Heyday”), My Financial Freedom LLC, SFG Bermuda Ltd (“SFG Bermuda”), Property Disposition, Inc. (“PDI”), SFG Asset Management, LLC (“SFGAM”), SFG Fortuna (“Fortuna”), SFG US Insurance Holdings LLC and Sammons Financial Group Wealth Management Holdings, LLC (“SFGWM”). Together, Midland National and North American offer individual life and annuity products in 49 states and the District of Columbia.

Midland National has three active subsidiaries. MNL Reinsurance Company (“MNL Re”), Solberg Reinsurance Company (“Solberg Re”) and Canal Reinsurance Company (“Canal Re”) are captive reinsurance companies domiciled in Iowa.

North American has one insurance subsidiary, Lantern Insurance Company (“Lantern”) domiciled in Iowa.

SFGWM wholly owns Beacon Capital Management, Inc. (“Beacon”) and holds a majority interest in NorthRock Partners Holdco, LLC (“NorthRock”).

On July 1, 2025, SFGWM closed on the acquisition of 100% of the outstanding equity interests of Wealthcare LLC (“Wealthcare”), a Registered Investment Advisor (RIA) firm, for \$70 million in cash. Assets acquired primarily include \$43 million in client relationship intangible assets and \$25 million in goodwill. The goodwill results primarily from intangible assets that do not qualify for separate recognition.

On July 11, 2025, NorthRock closed on the acquisition of the assets of SCB Ventures, LLC for \$30 million in cash and \$84 million in deferred consideration, \$74 million of which is due on or before the first anniversary of the transaction. Assets acquired primarily include \$54 million in client relationship intangible assets and \$55 million in goodwill. The goodwill results primarily from intangible assets that do not qualify for separate recognition.

SFGAM, Beacon, Wealthcare and NorthRock are investment advisory firms registered with the Securities and Exchange Commission.

On December 31, 2025, SFG dissolved Sammons Securities, Inc., and became SFN’s direct parent and sole member. SFN is a Delaware limited liability company that operates as a registered wholesale broker-dealer that distributes variable annuity, registered index-linked annuity, and mutual fund products. SFN is a member of the Financial Industry Regulatory Authority, Inc.

SIG is a wholly owned subsidiary of SFG for the purpose of offering mutual fund IRAs for distribution through independent broker-dealers.

# **SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES**

(an indirect wholly owned subsidiary of Sammons Enterprises, Inc.)

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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### **Basis of presentation**

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and reflect the consolidation of the Company with its wholly owned subsidiaries and all entities for which it holds a controlling financial interest. Intercompany transactions have been eliminated in consolidation.

The Company has a financial interest in several entities where it is required to determine whether the entity should be consolidated in the Company’s financial statements. For each financial interest, the Company performs an analysis to determine whether it has a controlling financial interest in an entity by first evaluating whether the entity is a voting interest entity or a variable interest entity (“VIE”). The analysis requires the evaluation of several characteristics, including the determination of whether an entity has sufficient equity at risk to allow it to adequately finance its activities, the determination of whether the party with the power to direct the activities of the entity has equity investment at risk in the entity, and whether the equity investment at risk lacks the obligation to absorb expected losses or the right to receive expected residual returns.

If an entity is determined to be a VIE, the next step is the identification of the primary beneficiary of the VIE. An enterprise is deemed to be the primary beneficiary of a VIE if it has both (i) the power to direct the activities of the entity that most significantly impact the VIE’s economic success and (ii) has the obligation to absorb losses or receive benefits that could potentially be significant to the VIE. The Company determines whether it is the primary beneficiary of a VIE by performing an analysis that principally considers: (i) the VIE’s purpose and design, (ii) the VIE’s capital structure, (iii) the terms between the VIE and its variable interest holders and other parties involved with the VIE, (iv) which variable interest holders have the power to direct the activities of the VIE that most significantly impact the VIE’s economic performance, (v) which variable interest holders have the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE and (vi) related party relationships. The party that is the primary beneficiary consolidates the financial results of the VIE. The Company will continue to assess its investments on an ongoing basis as circumstances may change whereby an entity could be determined to be a VIE, or determined to no longer be a VIE. The Company could become, or cease to be, a primary beneficiary of a VIE. All of these situations could potentially have a corresponding impact on the Company’s consolidated financial statements.

Voting interest entities are entities in which the total equity investment at risk is sufficient to enable the entity to finance its activities independently and the equity holders have the obligation to absorb losses, the right to receive residual returns, and the right to make decisions about the entity’s activities. The usual condition for a controlling financial interest in an entity is ownership of a majority voting interest. Accordingly, the Company consolidates voting interest entities in which it has a majority voting interest. When the Company does not have a controlling financial interest in an entity but exerts significant influence over the entity’s operating and financial policies (generally defined as owning a voting interest of 20% to 50%) and has an investment in common stock or in-substance common stock, the Company primarily accounts for its investment using the equity method of accounting. For certain limited partnerships, the threshold for the equity method of accounting is 5%.

See Note 6 for further discussion related to the Company’s involvement with VIEs.

# **SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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### **Use of estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

The most significant areas which require the use of management's estimates relate to the determination of the fair values of financial assets and liabilities, derivatives and derivative instruments, impairment of securities and allowances for expected credit losses, computation of income taxes, and actuarial valuation of deferred policy acquisition costs ("DAC"), deferred sales inducements ("DSI"), unearned revenue liability ("URL"), reinsurance receivables, policy benefit reserves and market risk benefit assets and liabilities ("MRB").

### **Fair value of financial assets, financial liabilities and financial instruments**

The Company can elect an option to record certain financial assets and financial liabilities at fair value. The election is irrevocable and is made on a contract by contract basis. The Company has elected to utilize the fair value option for certain fixed maturity securities that contain characteristics of both debt and equity as well as certain mortgage loans that are part of the portfolio of assets in support of the Company's modified coinsurance agreement. In addition, the Company elects to utilize the fair value option on a limited partnership involved in the construction and operation of natural gas power plants.

Fair value estimates are significantly affected by the assumptions used, including discount rates and estimates and timing of future cash flows. Although fair value estimates are calculated using assumptions that management believes are appropriate, changes in assumptions could cause these estimates to vary materially. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in some cases, could not be realized in the immediate settlement of the instruments.

The Company uses the following methods and assumptions in estimating the fair value of its financial instruments:

#### *Fixed maturity and equity securities*

Fair value for fixed maturity and equity securities is obtained primarily from independent pricing sources, broker quotes and discounted cash flow models. Fair value is based on quoted market prices, where available. For securities not actively traded, fair value is estimated using values obtained from independent pricing services or broker quotes. When values are not available from pricing services or broker quotes, such as private placements including corporate securities, asset-backed securities, commercial mortgage-backed and residential mortgage-backed securities, fair value may be estimated by discounting expected future cash flows using a current market rate applicable to the yield, credit quality and maturity of the investments.

#### *Mortgage loans*

Fair value for mortgage loans, for which the fair value option has been elected, is estimated using a duration-adjusted pricing methodology that reflects changes in market interest rates and the specific interest-rate sensitivity of each mortgage. Price changes derived from the monthly duration-adjustments are applied to the mortgage portfolio. Each mortgage modeled is assigned a spread corresponding to its risk profile. These

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### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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spreads are adjusted for current market conditions. The discount rates used include internally generated illiquidity and default factors.

#### *Derivative instruments*

Fair value for options is based on internal financial models or counterparty quoted prices. Variation margin accounts, consisting of cash balances applicable to open futures contracts, held by counterparties are reported at the cash balances, which is equal to fair value. Fair value for interest rate swaps, foreign currency forwards and other derivatives is based on exchange prices, broker quoted prices or fair values provided by the counterparties.

#### *Other invested assets*

Fair value of investments in limited partnerships, for which the fair value option has been elected, is obtained from an independent pricing source and is derived from a discounted cash flow model of the underlying operations.

#### *Reinsurance receivables – embedded derivatives from reinsurance ceded*

Fair value for embedded derivatives related to coinsurance with funds withheld treaties for indexed annuities is determined based on fair values of the financial instruments in the funds withheld portfolios and on models the Company has developed to estimate the fair values of the liabilities ceded.

Fair value for the embedded derivative related to a modified coinsurance treaty for multi-year guaranteed annuities is based on the difference between the fair value and the cost basis of the financial instruments applicable to the Company's modified coinsurance agreement.

#### *Separate account assets*

Separate account assets are reported at fair value in the consolidated balance sheets based on quoted net asset values of the underlying mutual funds.

#### *Policyholder account balances*

The reported value of the Company's investment-type insurance contracts includes the fair value of indexed life and annuity embedded derivatives which are calculated as the present value of benefits attributable to the excess of the projected contract values over the projected minimum guarantee values using discounted cash flow valuation techniques based on current interest rates adjusted to reflect the Company's own credit risk and a risk margin.

#### *Market risk benefits*

Market risk benefits are measured at fair value at the contract level and reported as either an asset or liability on the consolidated balance sheets. The fair value is determined as the present value of projected future benefit payments less the present value of expected future fees attributable to the MRB based on assumptions a market participant would use. Fair value measurement relies on both observable and unobservable inputs. Economic assumptions include interest rates, equity returns, implied volatilities, and discount spreads

# **SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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reflective of market participant pricing. Actuarial assumptions—such as mortality, lapse, withdrawal, and utilization—are unobservable and reviewed regularly against emerging experience. These assumptions are applied using stochastic, risk-neutral scenario modeling through a range of potential market outcomes. A risk margin is incorporated to capture uncertainty in non-capital market inputs, and adjustments are made for the Company's nonperformance risk based on current credit spreads and observable debt market information.

### **Investments and investment income**

#### *Fixed maturity securities*

The Company is required to classify its fixed maturity securities (bonds and redeemable preferred stocks) into three categories: securities that the Company has the positive intent and the ability to hold to maturity are classified as "held-to-maturity;" securities that are held for current resale are classified as "trading securities;" and securities not classified as held-to-maturity or as trading securities are classified as "available-for-sale." Investments classified as trading or available-for-sale are required to be reported at fair value in the consolidated balance sheets. The Company currently has no securities classified as held-to-maturity.

Trading fixed maturity securities are carried at fair value with changes in fair value included in net realized investment gains (losses) on the consolidated statements of income. The Company has fixed maturity securities classified as trading related to the Company's modified coinsurance treaty. The Company has fixed maturities classified as trading for a funds withheld reinsurance agreement that was recaptured.

Available-for-sale fixed maturity securities are carried at fair value with the unrealized holding gains (losses), net of allowances for expected credit losses, included as a component of other comprehensive income ("OCI") in the consolidated statements of comprehensive income. OCI is reported net of related adjustments to intangibles (primarily future policy benefits) and deferred income taxes.

For certain asset-backed securities, the Company recognizes income using a constant effective yield based on anticipated prepayments and the estimated economic lives of the securities. When actual prepayments differ from anticipated prepayments, the effective yield is recalculated prospectively to reflect actual payments to date and anticipated future payments. This adjustment is included in net investment income.

#### *Equity securities*

Equity securities include common stock and non-redeemable preferred stock. Equity securities are carried at fair value with subsequent changes in fair value recognized in net realized investment gains (losses) in the consolidated statements of income.

#### *Mortgage loans*

Mortgage loans consist of commercial mortgage loans and residential mortgage loans and are carried at the adjusted unpaid balances, net of an allowance for credit losses. The Company has elected the fair value option on a portion of its mortgage loans related to the Company's modified coinsurance treaty. The Company's residential mortgage loans are recorded on a one month lag.

See Note 3 for further discussion of the Company's mortgage loans.

# **SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES**

(an indirect wholly owned subsidiary of Sammons Enterprises, Inc.)

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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### *Policy loans*

Policy loans are carried at unpaid principal balances which approximate fair value.

### *Short-term investments*

Short-term investments primarily consist of money market funds, certain interest bearing deposits held by various commercial banks, and certificates of deposit, carried at principal plus accrued interest, and agency discount notes and fixed maturity securities acquired with less than one year to maturity, carried at fair value.

### *Derivative instruments*

Derivative instruments consist of options, futures, foreign currency forwards and interest rate swaps. Derivative instruments are reported at fair value.

### *Other invested assets*

Other invested assets are comprised of company owned life insurance (“COLI”), limited partnerships, Federal Home Loan Bank of Des Moines (“FHLB”) common stock, collateral loans and certain investments held by VIE’s in situations where the Company has been determined to be the primary beneficiary. COLI is reported at its cash surrender value. Limited partnerships are reported under the equity method of accounting or at fair value depending on the respective ownership percentage, ability to control or election to apply the fair value option. In most cases, the carrying amounts represent the Company’s share of the entity’s underlying equity reported in its balance sheet. The majority of the Company’s limited partnerships are reported on a three month lag. FHLB common stock is carried at cost. Collateral loans are carried at amortized cost, net of an allowance for credit losses.

### *Credit losses - available-for-sale securities*

The Company reviews its investments to determine whether the amortized cost basis of the securities is recoverable. If the Company intends to sell the security or more likely than not will be required to sell the security before recovery of its amortized cost basis, the amortized cost basis of the security is written down to fair value through net realized investment gains (losses). If the Company does not intend to sell the security and it is not more likely than not it will be required to sell the security before recovery of its amortized cost basis, management evaluates whether the decline in fair value has resulted from credit losses or other factors. This evaluation is based on the credit rating of the issuer, the extent to which fair value is below amortized cost considering rate changes since acquisition, and the price at which a security is trading relative to other similarly rated securities. If analysis of these qualitative factors results in the security needing to be impaired, a credit impairment is recognized as an allowance for credit losses against the carrying value of the investment with the change in the credit allowance recognized in net realized investment gains (losses) to the extent the amortized cost of the security exceeds the net present value of its projected future cash flows (the “net present value”). The net present value used to measure a credit impairment is calculated by discounting the Company’s best estimate of projected future cash flows at the effective interest rate implicit in the available-for-sale debt security at the date of acquisition or at the current yield in the case of beneficial interest. The allowance is limited by the amount that the fair value is less than the amortized cost. If the estimated fair value is greater than the present value of projected future cash flows expected to be collected, this portion of the decline in value related to other-than-credit factors is recorded in OCI as an unrealized loss.

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### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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#### *Credit losses - assets held at amortized cost and off-balance sheet credit exposures*

The Company evaluates its assets held at amortized cost and establishes an allowance for expected credit losses on its commercial and residential mortgage loans as well as collateral loans and reinsurance receivables.

The Company records an allowance for expected credit loss in earnings within net realized investment gains (losses) in an amount that represents the portion of the amortized cost basis of these assets that the Company does not expect to collect.

In establishing the allowance on loans, the Company applies significant judgment and takes into consideration loan to value ratios, underlying collateral, debt service coverage ratios as well as past events and current and forecasted future economic conditions. Loans that share similar risk characteristics are pooled together. If a loan does not share risk characteristics with any other loans it is evaluated individually. Probabilities of default and losses given default by pool are derived considering historical default and loss experience and current and forecasted market conditions are applied to the amortized costs of the loans in arriving at the expected credit loss. The Company uses several decades of historical default and loss severity experiences which capture multiple economic cycles. Adjustments are made to the current market conditions for what the Company believes will occur in the next three years based on macroeconomic scenarios. The period beyond the reasonable and supportable forecast period is gradually reverted to the historical mean.

The Company ceases to accrue interest when the collection of interest is not considered probable, which is based on a current evaluation of the status of the borrower and the number of days past due. When a loan is placed on non-accrual status, uncollected past due accrued interest income that is considered uncollectible is written-off against net investment income. Generally, the accrual of interest income resumes after all delinquent amounts are paid and management believes all future principal and interest payments will be collected. The Company records cash receipts on non-accruing loans in accordance with the loan agreement. The Company records write-offs of mortgage loan balances not considered collectible upon the realization of a credit loss, for commercial mortgage loans typically through foreclosure or after a decision is made to sell a loan, and for residential mortgage loans, typically after considering the individual consumer's financial status. The write-off is recorded in net investment gains (losses), net of any credit allowance on that loan. Interest income on non-performing loans is generally recognized on a cash basis. Cash recoveries on principal amounts previously charged-off are generally reported in net investment gains (losses).

For reinsurance receivables, the allowance is determined considering the probability of default of the reinsurer and loss in the event of default. Reinsurance receivables are pooled by the financial strength rating of the reinsurer and industry default and loss probabilities are applied to the receivable we hold from the reinsurers for both incurred and future claims. If funds are withheld in support of the treaties, an allowance is held only on the excess of the amortized cost of the assets above their fair values.

#### *Investment income*

Investment income is recorded when earned and includes interest and dividends received and accrued, amortization of purchased premium and discounts on securities, certain proceeds from derivatives and equity earnings from limited partnerships. Dividends are recorded on the ex-dividend date. Investment expenses are reported as a reduction in investment income.

# **SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES**

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### *Net realized investment gains (losses)*

Net realized investment gains (losses) are determined on the basis of specific identification of the investments.

See Note 3 for further discussion of the Company's investments and investment income.

### **Cash**

Cash consists of deposits held by various commercial and custodial banks and represent short term, highly liquid investments, which are readily convertible to cash. The Company treats certain accounts held by various commercial banks and money market funds as short-term investments. The Company has deposits with certain financial institutions which exceed federally insured limits. The Company has reviewed the creditworthiness of these financial institutions and believes there is minimal risk of material loss.

### **Derivatives and derivative instruments**

The Company primarily uses derivative instruments to manage its fixed indexed and policy obligation interest guarantees and interest rate and credit risks applicable to its investments. To mitigate these risks, the Company enters into interest rate swaps, futures contracts and equity indexed call and put options. To qualify for hedge accounting, the Company is required to formally document the hedging relationship at the inception of each derivative transaction. This documentation includes the specific derivative instrument, risk management objective, hedging strategy, identification of the hedged item, specific risk being hedged and how effectiveness will be assessed. To be considered an effective hedge, the derivative must be highly effective in offsetting the variability of the cash flows or the changes in fair value of the hedged item. Effectiveness is evaluated on a retrospective and prospective basis. The Company has no derivatives that qualify for hedge accounting. The Company also uses foreign currency forwards to protect itself against currency fluctuations between trade and settlement dates on financial instruments denominated in foreign currencies.

In addition to the use of derivative instruments to manage risks, the Company also had a program that utilizes purchased call options to enhance yields and obtain diversified exposure to asset classes outside of its core portfolio. The Company ended this program in 2025.

Derivative instruments are carried at fair value, with changes in fair value reflected as net gains (losses) on derivatives and derivative instruments in the consolidated statements of income.

The Company has certain reinsurance arrangements and fixed maturity securities containing embedded derivatives due to the incorporation of credit risk exposures that are not clearly and closely related to the creditworthiness of the obligor.

The agreements between the Company and its derivative counterparties require the posting of collateral when the market value of the derivative instruments exceeds the cost of the instruments. Under guidelines implemented under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Company or its counterparties are required to post initial and variation margin collateral. Collateral posted by counterparties is reported in the consolidated balance sheets in cash and fixed maturity securities with a corresponding liability reported in repurchase agreements, other borrowings and collateral on derivative instruments.

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See Note 4 for further discussion of the Company's derivatives and derivative instruments.

### **Accrued investment income**

Accrued investment income consists of amounts due on invested assets. The Company does not hold an allowance for credit losses on accrued investment income. Instead, accrued investment income is written off when deemed uncollectible, which is when it is 90 days past due. Accrued investment income is written off through net investment income in the consolidated statements of income.

### **Deferred policy acquisition costs, deferred sales inducements and unearned revenue liabilities**

Policy acquisition costs that vary with, and are related to, the successful acquisition of new and renewal insurance contracts are deferred to the extent that such costs are deemed recoverable from future profits. The costs result directly from and are essential to the contract acquisition and would not have been incurred by the Company had the contract acquisition not occurred. Such costs include commissions, policy issuance, underwriting and medical inspection fees as well as sales inducements credited to policyholder account balances. The deferred costs are grouped into cohorts based on the product type and issue year and amortized on a constant level basis over the expected term of the contract. The constant level basis is policy counts which are projected based on policyholder behavior assumptions over the expected contract term. Changes to projected experience are recognized as amortization prospectively over the remaining contract term. The Company presents capitalized acquisition costs and sales inducements net of related amortization separately in the consolidated balance sheets and the amortization of the capitalized acquisition costs and sales inducements as a separate component of expenses in the consolidated statements of income in accordance with authoritative guidance.

Certain product charges on life insurance products that are collected in the early years of the contract are deferred as an unearned revenue liability and then amortized over the expected contract term using the same methodology as DAC and DSI amortization. The unearned revenue liability is presented within other liabilities in the consolidated balance sheets and the amortization is presented within charges on interest sensitive and investment-type products in the consolidated statements of income.

See Note 8 for further discussion of the Company's DAC, DSI and URL.

### **Other assets**

Other assets includes goodwill, intangible assets, and market risk benefit assets, among other balances. At the end of each reporting period, the Company evaluates if there are any indicators of a goodwill impairment triggering event at the reporting unit level. If a triggering event is identified and the Company determines the carrying value of the reporting unit exceeds its fair value, an impairment charge to goodwill is recognized for the difference between carrying value and fair value. The Company does not amortize goodwill.

The Company reassesses the appropriateness of the carrying value of other intangible assets annually or when events or circumstances indicate that the carrying amounts may not be fully recoverable. The Company periodically reviews identifiable intangibles for impairment as events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If the carrying amounts of the assets exceed their respective fair values, additional impairment tests are performed to measure the amount of the impairment loss, if any. Finite lived intangible assets are amortized over their estimated useful lives.

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See Note 11 for further discussion of the Company's goodwill and intangible assets.

See the market risk benefit section of this footnote below, and Note 14 for further discussion of the Company's market risk benefit assets.

#### **Reinsurance receivables**

Liabilities ceded to reinsurance companies and receivables related to obligations due from those reinsurers to the Company are reported as reinsurance receivables. If, at inception of a reinsurance contract, amounts to be paid under the reinsurance contract are anticipated to be less than amount to be received for policy benefits relating to the underlying reinsured contracts and expense allowances, a cost of reinsurance balance is established to avoid a day one gain. The company holds a cost of reinsurance balance for reinsurance of certain universal life type contracts. The cost of reinsurance is reported as reinsurance receivable on the consolidated balance sheets and is amortized based on assessments. Funds withheld liabilities and embedded derivatives associated with certain annuity coinsurance with funds withheld agreements are also reported as reinsurance receivables in the consolidated balance sheets. The Company uses reinsurance for risk mitigation on life and annuity products and, in certain cases, capital relief. For new fully underwritten business, the Company generally reinsures the excess of each individual risk over \$2.5 million dollars on ordinary life policies in order to spread its risk of loss. For new fully underwritten business on accumulation life policies the Company reinsures the excess of each individual risk over \$10 million. For new business underwritten on an accelerated basis, the Company generally reinsures 50% of each individual risk. The Company remains contingently liable for the liabilities ceded in the event the reinsurers are unable to meet their obligations under the reinsurance agreements. In instances when reinsurers are not expected to meet such obligations, reinsurance receivable balances are reported net of allowances for credit losses. To limit the possibility of such losses, the Company evaluates the financial condition of its reinsurers and monitors its concentration of credit risk. The Company generally reinsures with companies rated "A" or better by A.M. Best. The Company monitors these ratings on an on-going basis as it is at risk that a reinsurer may be downgraded after an agreement has been entered.

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

The separate accounts held by the Company are funds on which investment income and gains or losses accrue directly to certain policyholders. The assets of these accounts are legally separated and are not subject to the claims that may arise out of any other business of the Company. The Company reports its separate account assets at fair value. The underlying investment risks are assumed by the policyholders. The Company records the related liabilities at amounts equal to the fair value of the underlying assets. The Company reflects these assets and liabilities in separate account assets and liabilities in the consolidated balance sheets. The Company reports the fees earned for administrative and policyholder services performed for the separate accounts as a component of investment service fee revenue and maintenance and expense charges as a component of other income in the consolidated statements of income.

See Note 16 for further discussion of the Company's separate account assets and liabilities. For discussion of the fair value measurement of guaranteed benefits that are accounted for as MRBs, see Note 14.

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**Policyholder liabilities**

*Policyholder account balances*

Policyholder account balances reported in the consolidated balance sheets are determined using the retrospective deposit method. Policyholder account balances consist of the net policyholder deposits and credited interest and fixed index credits less charges for mortality and policy administrative expenses. Interest crediting rates ranged primarily from 0.25% to 6.00% in 2025 and 2024. For certain contracts, these crediting rates extend for periods in excess of one year. For annuity and life contracts with returns linked to the performance of an underlying market index, an embedded derivative exists related to the equity market option. Policyholder reserves equal the combined guaranteed component of the contract and the fair value of the embedded derivative. Changes in the fair value of the embedded derivative as well as accretion of the guaranteed component are included in benefits incurred on the consolidated statements of income.

See Note 12 for further discussion of the Company's policyholder account balances.

*Policy benefit reserves*

Policy benefit reserves includes the liability for future policyholder benefits under traditional and limited payment products with life contingencies. Also included are deferred profit liabilities, additional insurance reserves and loss reserves.

Liabilities for future policyholder benefits are recognized for traditional and limited payment long-duration insurance contracts and are measured using the net level premium method. Under this method, the liability represents the present value of expected future policy benefits and related expenses, less the present value of expected future net premiums.

Expected future cash flows are based on current best estimate assumptions for mortality, policyholder behavior, expenses, and other relevant factors. These assumptions are reviewed and updated at least annually or more frequently if warranted by emerging experience. When assumptions are updated, the liability for future policyholder benefits is recalculated using the revised assumptions. Changes in the liability for future policyholder benefits due to changes in assumptions and differences between actual experience and expected experience, are recognized in policyholder liability remeasurement (gains) losses in the consolidated statements of income.

The discount rate used to measure the liability is based on an upper-medium grade fixed-income yield and is updated each reporting period. The Company constructs a single-A discount rate curve to measure the liability for future policy benefits which is intended to reflect the characteristics and duration of the underlying insurance cash flows. Where observable data is limited at certain maturities, reasonable interpolation and extrapolation techniques are applied to complete the curve for the full duration of the insurance liabilities. Changes in the discount rate are recognized in other comprehensive income (loss) and do not affect net income.

For certain long-duration insurance contracts, the Company establishes deferred profit liabilities ("DPL") to defer and recognize over the expected term of the related contracts, a portion of expected future profits.

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DPLs are determined based on expected future assessments and other policy charges in excess of expected benefits and expenses, using current best estimate assumptions. These assumptions are reviewed and updated at least annually or more frequently if warranted by emerging experience. Changes in assumptions are reflected in the remeasurement of DPLs with the effect recognized in net income in the period of the update. DPLs are amortized in proportion to the incidence of expected future assessments or other policy charges over the remaining contract duration.

For interest-sensitive life products, the Company recognizes additional insurance reserves to ensure an appropriate pattern of profit recognition over the life of the contracts. These liabilities are established when the expected pattern of assessments and other charges would otherwise result in the recognition of profits in early periods followed by losses in later periods.

The additional insurance reserves are measured as the present value of expected future benefit payments, less the present value of expected future assessments and related charges, using current best estimate assumptions for mortality, policyholder behavior, expenses and other relevant factors. The measurement reflects the interest rates credited under the contract. Assumptions are reviewed and updated at least annually or more frequently if warranted by emerging experience. Changes in the additional insurance reserve due to changes in assumptions and differences between actual experience and expected experience, are recognized in policyholder liability remeasurement (gains) losses in the consolidated statements of income.

For universal life-type contracts, the Company performs premium deficiency testing using current best estimate assumptions. A premium deficiency exists when the present value of expected future benefits and expenses exceeds the carrying amount of net reserves, net of reinsurance, after consideration of related intangible for deferred balances, including DSI and URL. Any deficiency first reduces such related asset balances with a charge to current period earnings and any excess is recognized as an increase to policy benefit reserves. The test incorporates a discount rate based on market yields as of the testing date.

See Note 13 for further discussion of the Company's policy benefit reserves.

*Market risk benefits*

Market risk benefits ("MRBs") represent contract features that provide protection to policyholders from other-than-nominal capital market risks such as equity and interest rates while exposing the Company to those same risks. For the Company, MRBs are primarily associated with deferred annuities that include guaranteed minimum withdrawal benefits and guaranteed minimum death benefits, which are the most significant features, and to a lesser extent, guaranteed minimum accumulation benefits and guaranteed minimum income benefits. Multiple MRB features on a single contract are aggregated and measured as one combined MRB.

All identified MRBs are measured at fair value at the contract level and reported as either an asset or liability on the consolidated balance sheets. The fair value is determined as the present value of projected future benefit payments less the present value of expected future fees attributable to the MRB, based on assumptions a market participant would use. Changes in MRB fair value are recorded in net income, excluding changes due to the Company's nonperformance risk, which are recorded in other comprehensive income (loss). MRBs in an asset position are presented separately from those in a liability position, as no legal right of offset exists. MRBs ceded through reinsurance are also measured at fair value, and are reported within reinsurance receivables on the consolidated balance sheets.

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The Company generally uses an attributed fee approach at contract inception to value MRBs, estimating the portion of expected future fees required to fund all expected MRB benefits, resulting in an initial fair value near zero. This fee percentage remains fixed over the contract's life, and all excess fees are recognized as product policy fees. At contract inception, when fees are insufficient to cover expected benefits, an offsetting adjustment is established to ensure no gain or loss is recognized at issue. This adjustment is subsequently amortized over time in relation to the host contract of the same policy and is reported within benefits incurred on the consolidated statements of income.

Upon extinguishment of the account balance, the MRB is derecognized and used as the initial premium in the calculation of a liability for future policy benefits.

See Note 14 for further discussion of the Company's MRBs.

#### *Policy claims and benefits*

The liability for policy claims and benefits payable includes provisions for reported claims and estimates for claims incurred but not reported, based on the terms of the related policies and contracts and on prior experience. Claim liabilities are based on estimates and are subject to future changes in claim severity and frequency. Estimates are periodically reviewed and adjustments are reflected in benefits incurred in the consolidated statements of income.

#### **Repurchase agreements**

As part of its investment strategy, the Company enters into repurchase agreements to increase the Company's investment return. The Company accounts for these transactions as secured borrowings, where the amount borrowed is tied to the fair value of the underlying collateral securities. As of December 31, 2025 and 2024, there were \$6,929 million and \$7,128 million, respectively, of such agreements outstanding. The collateral for these agreements is reported in fixed maturity securities in the consolidated balance sheets.

See Note 7 for further discussion of the Company's repurchase agreements.

#### **Income taxes**

SEI has elected to be treated as an S corporation and to treat certain of its eligible subsidiaries as qualified subchapter S subsidiaries. As a result of these elections, the Company, SIG, Tenura, Heyday, My Financial Freedom, SFN, PDI, SFGAM, Fortuna and SFGWM, which wholly owns Beacon and Wealthcare and holds a majority interest in NorthRock, are treated as disregarded entities and included in SEI's Federal S Corporation income tax return. The insurance subsidiaries are C Corporations. Midland National files a consolidated Federal income tax return with its wholly owned subsidiaries, MNL Re, Solberg Re and Canal Re. North American files a consolidated Federal income tax return with its wholly owned subsidiary, Lantern Insurance Company. SFG Bermuda, which made an election to be treated as a domestic corporation, files its own separate tax return.

The Company recognizes deferred income tax assets and liabilities for its C Corporation insurance subsidiaries for the expected future tax effects attributable to temporary differences between the financial statement and tax return bases of assets and liabilities. Deferred tax assets and liabilities are measured based on enacted tax rates expected to apply to taxable income in the periods in which the deferred tax asset or

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liability is expected to be realized or settled. The effect of a change in tax laws or rates on deferred tax assets and liabilities is recognized in income in the period in which such change is enacted. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that all or some portion of the deferred tax assets will not be realized.

If applicable, the Company's liability for income taxes would include a liability for unrecognized tax benefits, interest and penalties which relate to tax years still subject to review by the IRS or other taxing jurisdictions. The Company recognizes tax benefits only on tax positions where it is more likely than not to prevail if reviewed by the IRS or another taxing authority.

See Note 19 for further discussion of the Company's income taxes.

#### **Recognition of traditional life insurance revenue and policy benefits**

Traditional life insurance products include those products with fixed and guaranteed premiums and benefits. Life insurance premiums are recognized as premium revenue when due. Benefits claims are recognized as incurred.

#### **Recognition of revenue and policy benefits for interest sensitive life insurance products and investment contracts ("interest sensitive policies")**

Interest sensitive policies are issued on a periodic and single premium basis. Amounts collected are credited to policyholder account balances. Revenues from interest sensitive policies consist of charges assessed against policyholder account balances for the cost of insurance, policy administration, and surrender charges. Revenues also include investment income related to the investments that support the policyholder account balances. Policy benefits and claims that are charged to expense include benefits incurred in the period in excess of related policyholder account balances. Benefits also include interest and fixed index amounts credited to the account balances.

#### **Revenue from contracts with customers**

Investment service fee revenue is comprised primarily of wealth management advisory fees and mutual fund related fees.

Revenue from contracts with customers is recognized when promised services are delivered to the Company's customers in an amount the Company expects to receive in exchange for those services (i.e., the transaction price). Contracts with customers can include multiple services, which are accounted for as separate performance obligations if they are determined to be distinct. The Company's performance obligations to its customers are generally satisfied when the promised service is transferred to the customer, either at a point in time or over time. Revenue from a performance obligation transferred at a point in time is recognized at the time that the customer obtains control over the promised service. Revenue from performance obligations satisfied over time is recognized in a manner that depicts the Company's performance in transferring control of the service, which is generally measured based on time elapsed, as the customers receive the benefit of the services as they are provided.

Payment for some services is considered to be variable consideration, as the amount of revenue the Company expects to receive is subject to factors outside of its control, including market conditions. Variable

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consideration is only included in revenue when amounts are not subject to significant reversal, which is generally when uncertainty around the amount of revenue to be received is resolved. The Company records deferred revenue from contracts with customers when payment is received prior to the performance of its obligation to the customer.

The Company involves third parties in providing services under certain contracts with customers. The Company is generally deemed to control the promised services before they are transferred to the customer. Accordingly, the related revenues are presented gross of the related costs. When the Company is deemed to not control the promised services before they are transferred to the customer, revenue is recognized net of the related costs.

#### *Wealth management advisory fees*

The Company earns asset management and related administrative fees for performing asset management, advisory, and related administrative services to clients. Such fees are generally based on the values of the assets in the managed accounts. Asset values are impacted by market fluctuations, inflows and outflows of assets. Fees are generally collected quarterly in advance and are based on balances either at the beginning of the quarter or at the end of the quarter or average balances throughout the quarter. Asset management, advisory, and related administrative fees are recognized over time as the services are performed.

#### *Mutual fund revenue*

The Company earns servicing fees for providing sales and marketing support to third-party mutual fund companies and for supporting the availability and distribution of their products on the Company's platforms. These fees, which are received monthly or quarterly in arrears, are generally based on a percentage of average daily assets under administration with the fund companies. As fees are based on factors outside of the Company's control, including market performance and customer behavior, such revenue is recognized at a point in time when it is probable that a significant reversal will not occur.

The Company earns recordkeeping fees from mutual fund customers for providing recordkeeping, administrative, and related services. These fees, which are received monthly in arrears, are generally based on a percentage of assets under administration. As fees are based on factors outside of the Company's control, including market performance and customer behavior, such revenue is recognized at a point in time when it is probable that a significant reversal will not occur.

See Note 18 for further discussion of the Company's revenue from contracts with customers.

#### **Comprehensive income**

Comprehensive income for the Company includes net income and OCI, which includes changes in post-retirement liability, future policy benefits related to discount rate, market risk benefits related to credit risk and the non-credit portion of net unrealized gains (losses) on available-for-sale securities. Components of OCI are presented net of intangibles and taxes.

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### **Adoption of ASU 2018-12 Targeted Improvements to the Accounting for Long-Duration Contracts (“LDTI”)**

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 by various subsequent ASUs with a transition date of January 1, 2024 (the “Transition Date”). The Company adopted the new guidance for deferred acquisition costs and balances amortized in a similar manner as well as liabilities for future policy benefits for traditional and limited-payment contracts on a retrospective basis to cohorts issued in and after 2010. The Company adopted the guidance on market risk benefits retrospectively to the date of contract issuance, as required. Adoption of guidance for all other balances, transactions, and disclosures was on a modified retrospective basis.

Adoption of LDTI impacted the Company’s accounting and presentation related to long-duration insurance contracts and certain related balances as of and for the year ended December 31, 2024. Amounts within the consolidated financial statements which were previously presented, have been revised to conform with the current year accounting and presentation under LDTI.

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table represents the effects of the adoption on the applicable financial statement lines of the consolidated balance sheet:

<i>(In millions)</i>	December 31, 2024		
	Pre-Adoption of LDTI	Adjustments	Post-Adoption of LDTI
<b>ASSETS</b>			
Deferred policy acquisition costs	\$ 8,543	\$ (1,779)	\$ 6,764
Deferred sales inducements	1,944	(260)	1,684
Other assets	1,426	177	1,603
Reinsurance receivables	3,368	(1,291)	2,077
Deferred income tax asset	1,410	463	1,873
Total assets	\$ 134,915	\$ (2,690)	\$ 132,225
<b>LIABILITIES</b>			
Policyholder account balances	\$ 97,980	\$ (3,382)	\$ 94,598
Policy benefit reserves	8,398	(482)	7,916
Market risk benefit liability	—	2,882	2,882
Other liabilities	2,838	50	2,888
Total liabilities	129,806	(932)	128,874
<b>STOCKHOLDER'S EQUITY</b>			
Retained earnings	9,630	(349)	9,281
Accumulated other comprehensive loss	(6,499)	(1,409)	(7,908)
Total Sammons Financial Group Inc. stockholder's equity	4,960	(1,758)	3,202
Total stockholder's equity	4,966	(1,758)	3,208
Total liabilities and stockholder's equity	\$ 134,915	\$ (2,690)	\$ 132,225

## SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES

(an indirect wholly owned subsidiary of Sammons Enterprises, Inc.)

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table represents the effects of the adoption on the applicable financial statement lines of the consolidated statement of income:

<i>(In millions)</i>	<b>Year Ended December 31, 2024</b>		
	<b>Pre-Adoption of LDTI</b>	<b>Adjustments</b>	<b>Post-Adoption of LDTI</b>
<b>REVENUES</b>			
Premiums	\$ 1,577	\$ (47)	1,530
Charges on interest sensitive and investment-type products	1,316	(206)	1,110
Net gains (losses) on derivatives and derivative instruments	258	(241)	17
Other income	37	(1)	36
Total revenue	<u>8,652</u>	<u>(495)</u>	<u>8,157</u>
<b>BENEFITS AND EXPENSES</b>			
Benefits incurred	2,324	77	2,401
Policyholder liability remeasurement (gains) losses	—	(42)	(42)
Change in market risk benefits	—	(389)	(389)
Amortization of deferred sales inducements	198	(22)	176
Total benefits	<u>5,700</u>	<u>(376)</u>	<u>5,324</u>
Operating and other expenses (net of commissions and other expenses deferred)	1,104	(2)	1,102
Amortization of deferred policy acquisition costs	413	222	635
Total benefits and expenses	<u>7,217</u>	<u>(156)</u>	<u>7,061</u>
Income before income taxes	1,435	(339)	1,096
Income tax provision	179	(69)	110
Net income	<u>1,256</u>	<u>(270)</u>	<u>986</u>
Net income attributable to Sammons Financial Group, Inc.	<u>1,258</u>	<u>(270)</u>	<u>988</u>

## SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES

(an indirect wholly owned subsidiary of Sammons Enterprises, Inc.)

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table represents the effects of the adoption on the applicable financial statement lines of the consolidated statement of comprehensive income (loss):

<i>(In millions)</i>	<b>Year Ended December 31, 2024</b>		
	<b>Pre-Adoption of LDTI</b>	<b>Adjustments</b>	<b>Post-Adoption of LDTI</b>
Net income	\$ 1,256	\$ (270)	\$ 986
Other comprehensive income (loss):			
Net unrealized gain (loss) on available-for-sale investments	(516)	(238)	(754)
Change in liability for future policy benefits related to discount rate	—	166	166
Change in market risk benefits related to instrument specific credit risk	—	(80)	(80)
Other	2	(3)	(1)
Total other comprehensive income (loss), net of tax	(514)	(155)	(669)
Comprehensive income	742	(425)	317
Comprehensive income attributable to Sammons Financial Group, Inc.	\$ 744	\$ (425)	\$ 319

The following table represents the effects of the adoption on the Company's retained earnings:

<i>(In millions)</i>	<b>January 1, 2024</b>
	<b>Retained Earnings</b>
Retrospective adoption of DAC, DAC-like balances, and future policy benefits	(514)
Change in measurement of net liabilities on annuity contracts	1,282
Updates to certain universal life contract liabilities	(871)
Total pre-tax adjustments	(103)
Tax impact	24
Total after-tax adjustments	\$ (79)

## SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES

(an indirect wholly owned subsidiary of Sammons Enterprises, Inc.)

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table represents the effects of the adoption on the Company's accumulated other comprehensive income:

	<b>January 1, 2024</b>
	<b>Accumulated Other Comprehensive Income</b>
<i>(In millions)</i>	
Removal of shadow offsets on unrealized investment gains and losses	(1,188)
Interest rate remeasurement of future policy benefits	(64)
Non-performance risk remeasurement of market risk benefits	(335)
Total pre-tax adjustments	(1,587)
Tax impact	333
Total after-tax adjustments	<u>\$ (1,254)</u>

The following table represents the effects of the adoption on applicable financial statement lines of the consolidated statement of cash flow:

	<b>Year Ended December 31, 2024</b>		
	<b>Pre-Adoption of LDTI</b>	<b>Adjustments</b>	<b>Post-Adoption of LDTI</b>
<i>(In millions)</i>			
<b>OPERATING ACTIVITIES</b>			
Net income	\$ 1,256	\$ (270)	\$ 986
Adjustments to reconcile net income to net cash provided by operating activities			
Amortization of deferred policy acquisition costs and deferred sales inducements	611	200	811
Policy acquisition costs deferred	(1,367)	(4)	(1,371)
Net derivative activity	1,571	303	1,874
Provision for deferred income taxes	150	(69)	81
Net index credits, interest credited and product charges on interest sensitive and investment-type products	2,584	(152)	2,432
Changes in other assets and liabilities			
Change in market risk benefits, net	—	(389)	(389)
Net payables	46	(20)	26
Policy benefits and reserves	1,539	401	1,940
Net cash provided by operating activities	<u>3,472</u>	<u>—</u>	<u>3,472</u>
Net cash used in investing activities	(8,718)	—	(8,718)
Net cash provided by financing activities	5,539	—	5,539
Net change in cash	293	—	293
Cash at beginning of year	1,269	—	1,269
Cash at end of year	<u>\$ 1,562</u>	<u>\$ —</u>	<u>\$ 1,562</u>

## SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following tables detail the January 1, 2024 transition adjustments by providing a rollforward of the ending reported balances as of December 31, 2023 to the opening balances as of January 1, 2024.

The following table summarizes the change in DAC:

<i>(In millions)</i>	<b>Traditional Life</b>	<b>Universal Life</b>	<b>Fixed Annuity</b>	<b>Other</b>	<b>Total</b>
Balance prior to transition	\$ 639	\$ 3,552	\$ 3,100	\$ 41	\$ 7,332
Removal of shadow offsets on unrealized investment gains and losses	—	(626)	(486)	—	(1,112)
Cumulative impact of retrospective adoption	(51)	(324)	162	11	(202)
Balance after transition	<u>\$ 588</u>	<u>\$ 2,602</u>	<u>\$ 2,776</u>	<u>\$ 52</u>	<u>\$ 6,018</u>

The following table represents the change in DSI:

<i>(In millions)</i>	<b>Fixed Annuity</b>	<b>Other</b>	<b>Total</b>
Balance prior to transition	\$ 1,206	\$ 51	\$ 1,257
Removal of shadow offsets on unrealized investment gains and losses	(175)	(14)	(189)
Cumulative impact of retrospective adoption	12	(6)	6
Balance after transition	<u>\$ 1,043</u>	<u>\$ 31</u>	<u>\$ 1,074</u>

The following table represents the change in URL on universal life products:

<i>(In millions)</i>		
Balance prior to transition		\$ 1,194
Removal of shadow offsets on unrealized investment gains and losses		(384)
Cumulative impact of retrospective adoption		586
Balance after transition		<u>\$ 1,396</u>

The following table represents the change in the liability for future policy benefits:<sup>(1)</sup>

<i>(In millions)</i>	<b>Traditional Life</b>	<b>Single Premium (Life Contingent)</b>	<b>Total</b>
Balance prior to transition	\$ 1,825	\$ 1,704	\$ 3,529
Cumulative impact of retrospective adoption	(205)	(126)	(331)
Effect of remeasurement of future policy benefits to an upper-medium grade discount rate	78	11	89
Balance after transition	<u>\$ 1,698</u>	<u>\$ 1,589</u>	<u>\$ 3,287</u>

<sup>(1)</sup>Liability for future policy benefits, excluding reinsurance recoverables, is included in policy benefit reserves on the consolidated balance sheets. For additional information regarding the liability for future policy benefits, see Note 13.

**SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The following table represents the change in additional insurance reserves on universal life products:

*(In millions)*

Balance prior to transition	\$	2,798
Change in shadow offsets on unrealized investment gains and losses		18
Other adjustments		91
Balance after transition	<u>\$</u>	<u>2,907</u>

The following table represents changes in market risk benefits:

<i>(In millions)</i>	<b>Variable Annuity</b>	<b>Fixed Annuity</b>	<b>Total</b>
Liability for guaranteed benefits, prior to transition	\$ 14	\$ 2,438	\$ 2,452
Removal of shadow offsets on unrealized investment gains and losses	—	207	207
Adjustment for the difference between carrying amount and estimated fair value, except for the difference due to nonperformance risk	(63)	(1,532)	(1,595)
Adjustment for cumulative effect of changes in nonperformance risk since issuance	3	332	335
Adjustment to the host contract for differences between prior carrying amount and fair value measurement under the option based approach	—	804	804
Balance after transition	<u>\$ (46)</u>	<u>\$ 2,249</u>	<u>\$ 2,203</u>

# **SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES**

(an indirect wholly owned subsidiary of Sammons Enterprises, Inc.)

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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### **2. EFFECTS OF NEW AUTHORITATIVE GUIDANCE**

#### **Recently adopted authoritative guidance**

##### *New and proposed tax laws*

On August 16, 2022, the U.S. enacted the Inflation Reduction Act of 2022 (the “Act”). The Act contained various tax-related provisions, including the establishment of a new 15 percent corporate alternative minimum tax (“CAMT”) on adjusted financial statement income for certain large corporations, effective for the years beginning on or after January 1, 2023. The CAMT may apply in any given year when tentative minimum tax then exceeds the regular tax liability, which generates a corresponding alternative minimum tax credit (“AMTC”) carryforward. The AMTC is accounted for as a deferred tax asset with an indefinite carryover life, recoverable in years when the regular tax liability exceeds tentative minimum tax. The Company has determined that it is an applicable corporation subject to CAMT for 2023 and future years. In 2025, the IRS issued interim guidance that was adopted by the Company, and additional guidance is expected during 2026.

The tax accounting consequences of a change in tax law are required to be recognized in the period legislation is enacted. Generally, a company is also required to consider the impact of new tax law on realizability of its deferred tax assets, including determination of whether a change to their valuation allowance amount is necessary. The Company made an accounting policy election to disregard CAMT status when evaluating the need for a valuation allowance for its non-CAMT deferred tax assets.

We are currently monitoring the Pillar Two model rules proposed by the Organisation for Economic Co-operation and Development, including the Side-by-Side safe harbor agreement released in January 2026. The rules require a 15% global minimum tax but are expected to exempt U.S. multinationals from other countries’ top-up taxes once enacted. While we are still evaluating the potential consequences of Pillar Two, we do not expect it will have a material impact on either our effective tax rate or cash tax liabilities.

On December 27, 2023, Bermuda enacted legislation implementing a Corporate Income Tax (“CIT”) system with a statutory rate of 15%. The CIT applies to certain Bermuda tax resident entities and Bermuda permanent establishments that are constituent entities of a multinational group with consolidated annual revenue of at least €750 million in at least two of the four preceding fiscal years, subject to certain exemptions. The CIT will apply to SFG Bermuda and is generally effective for fiscal years beginning on or after January 1, 2025. The new CIT rules provide significant flexibility and allow taxpayers to make various elections, including choosing among various acceptable accounting standards and establishing an opening loss carryforward. The rules also provide relief from double taxation, including a foreign tax credit (“FTC”) based on accrued current and deferred taxes in a foreign jurisdiction. For a Bermuda entity for which a U.S. federal section 953(d) election is in place, a FTC is available for U.S. federal tax. SFG Bermuda expects to generate excess future FTCs in Bermuda for U.S. taxes incurred and, therefore, does not expect the CIT will have a material impact, if any.

On July 4, 2025, the United States enacted Public Law 119-21, commonly referred to as the “One Big Beautiful Bill Act.” The provisions of Public Law 119-21 did not have a material impact to the Company’s consolidated financial statements for the year ended December 31, 2025 and, based on current guidance, the Company does not expect to record any material impacts in the future.

# **SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES**

**(an indirect wholly owned subsidiary of Sammons Enterprises, Inc.)**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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### *Targeted Improvements to the Accounting for Long-Duration Contracts*

Effective January 1, 2025, the Company adopted ASU 2018-12, Financial Services—Insurance: Targeted Improvements to the Accounting for Long-Duration Contracts. Adoption of this ASU impacted, at least to some extent, the accounting and disclosure requirements for all long-duration insurance and investment contracts issued by the Company and had a significant financial impact on the consolidated financial statements and disclosures. See Note 1 for additional information regarding the adoption and impacts.

### **Recently issued authoritative guidance**

#### *Purchased Loans*

In November 2025, the FASB issued an accounting standards update that expands the population of acquired financial assets subject to the gross-up approach to include purchased seasoned loans. The standard is effective for annual periods beginning on or after December 15, 2026, with early adoption permitted. The standard will be applied on a prospective basis to loans acquired on or after the effective date. The Company is assessing the impact of this new guidance on its consolidated financial statements.

#### *Targeted Improvements to the Accounting for Internal-Use Software*

In September 2025, the FASB issued an accounting standards update which modernizes the guidance regarding internal-use software to better align with current software development practices, including agile methodologies, and provide further guidance on when an entity is required to start capitalizing eligible costs. The standard is effective for fiscal years beginning after December 15, 2027 with early adoption permitted as of the beginning of an annual reporting period. The Company is assessing the impact of this new guidance on its consolidated financial statements.

#### *Improvements to Income Tax Disclosures*

On December 14, 2023, the FASB issued an accounting standard update to address improvements to income tax disclosures. The standard requires disaggregated information about a company's effective tax rate reconciliation, as well as information on income taxes paid. The standard is effective for non-public business entities for annual periods beginning after December 15, 2025, with early adoption permitted. The standard will be applied on a prospective basis with the option to apply the standard retrospectively. The adoption of the standard is not expected to have an impact on the Company's consolidated results of operations and financial condition as the standard is disclosure-related only.

#### *Disclosure Improvements*

In October 2023, the FASB issued an accounting standards update that adds disclosure requirements to the codification that currently exist only in SEC guidance. The guidance added to the codification will become effective for non-public business entities two years after it is removed from the SEC guidance. The Company is assessing the impact of the new guidance on its consolidated financial statements.

# SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES

(an indirect wholly owned subsidiary of Sammons Enterprises, Inc.)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 3. INVESTMENTS AND NET INVESTMENT INCOME

#### Fixed maturity securities

The amortized cost, allowance for credit losses, gross unrealized gains, gross unrealized losses and estimated fair value of fixed maturity securities classified as available-for-sale are as follows:

	December 31, 2025				
<i>(In millions)</i>	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses <sup>(1)</sup>	Fair Value
U.S. government and agencies	\$ 12,510	\$ —	\$ 53	\$ 932	\$ 11,631
Municipal securities	8,153	1	103	1,095	7,160
Corporate securities	52,675	142	660	4,836	48,357
Residential mortgage-backed securities	6,984	6	73	570	6,481
Commercial mortgage-backed securities	1,782	1	10	189	1,602
Asset-backed securities	20,062	18	295	425	19,914
Other debt obligations	483	—	—	44	439
Total available-for-sale	<u>\$ 102,649</u>	<u>\$ 168</u>	<u>\$ 1,194</u>	<u>\$ 8,091</u>	<u>\$ 95,584</u>

<sup>(1)</sup> Gross unrealized losses are net of allowance for credit losses.

	December 31, 2024				
<i>(In millions)</i>	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses <sup>(1)</sup>	Fair Value
U.S. government and agencies	\$ 10,982	\$ —	\$ 9	\$ 1,251	\$ 9,740
Municipal securities	8,550	1	89	1,289	7,349
Corporate securities	50,604	118	265	6,341	44,410
Residential mortgage-backed securities	6,527	4	39	743	5,819
Commercial mortgage-backed securities	1,950	—	8	261	1,697
Asset-backed securities	17,570	15	248	632	17,171
Other debt obligations	581	—	—	68	513
Total available-for-sale	<u>\$ 96,764</u>	<u>\$ 138</u>	<u>\$ 658</u>	<u>\$ 10,585</u>	<u>\$ 86,699</u>

<sup>(1)</sup> Gross unrealized losses are net of allowance for credit losses.

## SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES

(an indirect wholly owned subsidiary of Sammons Enterprises, Inc.)

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table summarizes the amortized cost and fair value of available-for-sale fixed maturity securities, by contractual maturity. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties:

<i>(In millions)</i>	<b>December 31, 2025</b>	
	<b>Amortized Cost</b>	<b>Fair Value</b>
Due in one year or less	\$ 912	\$ 913
Due after one year through five years	7,776	7,750
Due after five years through ten years	15,946	15,774
Due after ten years	49,187	43,131
Securities not due at a single maturity date (primarily structured securities)	28,828	28,016
Total fixed maturity securities	<u>\$ 102,649</u>	<u>\$ 95,584</u>

#### Gross unrealized losses

The Company's gross unrealized losses and fair value on its available-for-sale fixed maturity securities, for which an allowance for credit losses has not been recorded, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, are as follows:

<i>(In millions)</i>	<b>December 31, 2025</b>					
	<b>Less than 12 months</b>		<b>12 months or more</b>		<b>Total</b>	
	<b>Fair Value</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>	<b>Gross Unrealized Losses</b>
U.S. government and agencies	\$ 849	\$ 5	\$ 7,381	\$ 927	\$ 8,230	\$ 932
Municipal securities	199	5	4,675	1,034	4,874	1,039
Corporate securities	5,397	164	18,691	2,950	24,088	3,114
Residential mortgage- backed securities	278	6	2,984	563	3,262	569
Commercial mortgage-backed securities	152	2	974	185	1,126	187
Asset-backed securities	2,436	93	5,456	322	7,892	415
Other debt obligations	—	—	439	44	439	44
Total available-for-sale	<u>\$ 9,311</u>	<u>\$ 275</u>	<u>\$ 40,600</u>	<u>\$ 6,025</u>	<u>\$ 49,911</u>	<u>\$ 6,300</u>

## SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

<i>(In millions)</i>	December 31, 2024					
	Less than 12 months		12 months or more		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. government and agencies	\$ 812	\$ 18	\$ 7,266	\$ 1,233	\$ 8,078	\$ 1,251
Municipal securities	1,061	48	4,304	1,187	5,365	1,235
Corporate securities	9,590	360	23,376	5,274	32,966	5,634
Residential mortgage- backed securities	1,559	31	3,022	704	4,581	735
Commercial mortgage-backed securities	135	4	1,117	255	1,252	259
Asset-backed securities	1,161	18	7,241	606	8,402	624
Other debt obligations	—	—	503	68	503	68
Total available-for-sale	<u>\$ 14,318</u>	<u>\$ 479</u>	<u>\$ 46,829</u>	<u>\$ 9,327</u>	<u>\$ 61,147</u>	<u>\$ 9,806</u>

At December 31, 2025, the Company held 17,005 individual fixed maturity securities that were in an unrealized loss position and for which no allowance for credit losses has been recorded (including 14,237 individual fixed maturity securities that were in a continuous unrealized loss position for 12 months or more). At December 31, 2024, the Company held 29,269 individual fixed maturity securities that were in an unrealized loss position and for which no allowance for credit losses has been recorded (including 22,343 individual fixed maturity securities that were in a continuous unrealized loss position for 12 months or more). Management concluded that for all other fixed maturity securities in an unrealized loss position, the unrealized loss was not due to issuer-specific credit-related factors. Where unrealized losses have not been recognized into income, it is primarily because the securities' issuer(s) are of high credit quality, management does not intend to sell and it is likely that management will not be required to sell the securities prior to their anticipated recovery, and the decline in estimated fair value is largely due to changes in interest rates and non-issuer specific credit spreads. These issuers continued to make timely principal and interest payments and the estimated fair value is expected to recover as the securities approach maturity.

**SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The following table provides a rollforward of the allowance for credit loss:

<i>(In millions)</i>	Municipal securities	Corporate securities	Residential mortgage- backed securities	Commercial mortgage- backed securities	Asset- backed securities	Total available- for-sale
<b>Balance at December 31, 2023</b>	\$ —	\$ 73	\$ 8	\$ 1	\$ 8	\$ 90
Additions for credit losses not previously recorded	—	60	—	—	1	61
Reductions for securities sold during the period	—	(22)	—	—	—	(22)
Increases (decreases) for credit losses on securities with an allowance recorded in the previous period	1	7	(4)	(1)	6	9
<b>Balance at December 31, 2024</b>	<b>\$ 1</b>	<b>\$ 118</b>	<b>\$ 4</b>	<b>\$ —</b>	<b>\$ 15</b>	<b>\$ 138</b>
Additions for credit losses not previously recorded	—	57	1	1	13	72
Reductions for securities sold during the period	—	(30)	(1)	—	(12)	(43)
Increases (decreases) for credit losses on securities with an allowance recorded in the previous period	—	(3)	2	—	2	1
<b>Balance at December 31, 2025</b>	<b>\$ 1</b>	<b>\$ 142</b>	<b>\$ 6</b>	<b>\$ 1</b>	<b>\$ 18</b>	<b>\$ 168</b>

For the year ended December 31, 2025, the allowance for credit losses on available for sale securities increased primarily related to net additions in the industrial, insurance, and commercial real estate development sectors and a small net increase in previously impaired securities, partially offset by a net release on sold and restructured securities within the financial sector.

The Company did not have any fixed maturity securities purchased with credit deterioration as of December 31, 2025 or 2024.

## SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### Net investment income and investment gains (losses)

The major categories of investment income reflected in the consolidated statements of income are summarized as follows:

<i>(In millions)</i>	<u>Year ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Gross investment income		
Fixed maturity securities	\$ 4,296	\$ 3,915
Equity securities	64	78
Mortgage loans	604	468
Policy loans	43	37
Cash and short-term investments	174	168
Derivative instruments	175	780
Other invested assets	514	460
Total gross investment income	<u>5,870</u>	<u>5,906</u>
Less: Investment expenses	137	111
Net investment income	<u>\$ 5,733</u>	<u>\$ 5,795</u>

Investment expenses primarily consist of investment advisor fees and other expenses related to the administration of investments. Interest incurred on repurchase agreements and other borrowings is netted in fixed maturity securities. Interest incurred on collateral on derivative instruments is netted in cash and short-term investments.

The major categories of realized investment gains (losses) reflected in the consolidated statements of income are summarized as follows:

<i>(In millions)</i>	<u>Year ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Fixed maturity securities, available-for-sale	\$ (381)	\$ (345)
Fixed maturity securities, trading	11	(29)
Equity securities	48	39
Mortgage loans	(56)	(28)
Other invested assets	1	—
Provision for credit losses	(35)	(133)
Net realized investment losses	<u>\$ (412)</u>	<u>\$ (496)</u>

## SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES

(an indirect wholly owned subsidiary of Sammons Enterprises, Inc.)

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table summarizes the change in unrealized gains and (losses) on fixed maturity securities classified as trading and equity securities the Company held as of the respective year end:

<i>(In millions)</i>	<b>Year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Fixed maturity securities, trading	\$ 48	\$ (25)
Equity securities	26	51

Proceeds from the sale of securities and the gross realized gains and (losses) on these sales (prior to gains (losses) ceded to reinsurer and excluding allowance for credit losses, maturities, calls, exchanges and prepayments) were as follows:

<i>(In millions)</i>	<b>Year ended December 31,</b>			
	<b>2025</b>		<b>2024</b>	
	<b>Fixed Maturity Securities</b>	<b>Equity Securities</b>	<b>Fixed Maturity Securities</b>	<b>Equity Securities</b>
Proceeds from sales	\$ 7,797	\$ 113	\$ 3,957	\$ 289
Gross realized gains	60	25	36	14
Gross realized losses	(436)	(2)	(389)	(20)

### Mortgage loans

The carrying value of mortgage loans reported is the gross carrying value less allowances and is as follows:

<i>(In millions)</i>	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Commercial mortgage loans:</b>		
Gross carrying value of commercial mortgage loans	\$ 5,638	\$ 5,854
Allowance for credit losses	(94)	(101)
Commercial mortgage loans, carrying value	5,544	5,753
<b>Residential mortgage loans:</b>		
Gross carrying value of residential mortgage loans	4,729	2,761
Allowance for credit losses	(22)	(7)
Residential mortgage loans, carrying value	4,707	2,754
Mortgage loans, carrying value	<u>\$ 10,251</u>	<u>\$ 8,507</u>

## SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The gross carrying value of the Company's commercial mortgage loans by property type is as follows:

	December 31,			
	2025		2024	
<i>(In millions, except percentages)</i>	Gross Carrying Value	Percent	Gross Carrying Value	Percent
Office	\$ 1,778	32 %	\$ 2,021	34 %
Industrial	1,126	20 %	939	16 %
Hotel	1,038	18 %	1,161	20 %
Retail	944	17 %	1,084	19 %
Multi-Family	436	8 %	370	6 %
Other	302	5 %	265	5 %
Medical	14	— %	14	— %
Total commercial mortgage loans	<u>\$ 5,638</u>	<u>100 %</u>	<u>\$ 5,854</u>	<u>100 %</u>

Commercial mortgage loans by United States geographic locations are as follows:

	December 31,			
	2025		2024	
<i>(In millions, except percentages)</i>	Gross Carrying Value	Percent	Gross Carrying Value	Percent
Pacific	\$ 1,877	34 %	\$ 1,909	33 %
South Atlantic	1,157	21 %	1,057	18 %
Middle Atlantic	984	17 %	1,126	19 %
Mountain	977	17 %	978	17 %
East North Central	263	5 %	292	5 %
West South Central	171	3 %	193	3 %
New England	136	2 %	161	3 %
East South Central	54	1 %	53	1 %
West North Central	19	— %	85	1 %
Total commercial mortgage loans	<u>\$ 5,638</u>	<u>100 %</u>	<u>\$ 5,854</u>	<u>100 %</u>

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The Company's commercial mortgage loans by origination year are as follows as of December 31:

<i>(In millions, except percentages)</i>	<b>Gross Carrying Value</b>	<b>Percent</b>
2025	\$ 604	11 %
2024	1,242	22 %
2023	332	6 %
2022	1,289	23 %
2021 and prior	2,171	38 %
Total commercial mortgage loans	<u>\$ 5,638</u>	<u>100 %</u>

The Company has outstanding commitments on mortgage loans (specific to reverse mortgage loans) of \$8 million at December 31, 2025.

Information regarding the Company's credit quality indicators for its recorded investment in mortgage loans, gross of allowances is as follows:

<i>(In millions, except percentages)</i>	<b>December 31,</b>			
	<b>2025</b>		<b>2024</b>	
	<b>Gross Carrying Value</b>	<b>% of Total</b>	<b>Gross Carrying Value</b>	<b>% of Total</b>
Commercial mortgage loans:				
NAIC CM Rating Category:				
CM1	\$ 2,117	38 %	\$ 2,351	40 %
CM2	2,816	50 %	2,760	47 %
CM3	515	9 %	608	11 %
CM4	11	0 %	64	1 %
In or near default	179	3 %	71	1 %
Total commercial mortgage loan	<u>5,638</u>	<u>100 %</u>	<u>5,854</u>	<u>100 %</u>
Allowance for credit losses	<u>(94)</u>		<u>(101)</u>	
Commercial mortgage loans net of allowance	<u>5,544</u>		<u>5,753</u>	
Residential mortgage loans				
Performing	4,638	98 %	2,739	99 %
Non-performing	91	2 %	22	1 %
Total residential mortgage loans	<u>4,729</u>	<u>100 %</u>	<u>2,761</u>	<u>100 %</u>
Allowance for credit losses	<u>(22)</u>		<u>(7)</u>	
Residential mortgage loans net of allowance	<u>4,707</u>		<u>2,754</u>	
Total mortgage loans	<u>\$ 10,251</u>		<u>\$ 8,507</u>	

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Information regarding the Company's loan to value ratio for its recorded investment in commercial mortgage loans is as follows:

	December 31,			
	2025		2024	
	Gross Carrying Value	% of Total	Gross Carrying Value	% of Total
<i>(In millions, except percentages)</i>				
Less than 50%	\$ 1,816	32 %	\$ 2,446	42 %
50% to 60%	2,153	38 %	2,187	37 %
61% to 70%	1,335	24 %	924	16 %
71% to 80%	32	1 %	297	5 %
81% to 90%	—	— %	—	— %
91% to 100%	—	— %	—	— %
Greater than 100%	302	5 %	—	— %
Total mortgage loans	<u>\$ 5,638</u>	<u>100 %</u>	<u>\$ 5,854</u>	<u>100 %</u>

The loan-to-value ratio is determined using the most recent appraised value. Appraisals are updated when there is an indication of a possible significant collateral decline or there are loan modifications or refinance requests. A loan-to-value ratio in excess of 100% indicates the unpaid loan amount exceeds the fair value of the underlying collateral.

The rollforward of the allowance for credit losses on the Company's mortgage portfolio is as follows:

	Year ended December 31,					
	2025			2024		
	Commercial Mortgage Loans	Residential Mortgage Loans	Collateral Loans	Commercial Mortgage Loans	Residential Mortgage Loans	Collateral Loans
<i>(In millions)</i>						
Balance at beginning of period	\$ 101	\$ 7	\$ 4	\$ 24	\$ —	\$ 2
Write off	(31)	—	—	—	—	—
Change in provision for credit losses	24	15	(3)	77	7	2
Balance at end of period	<u>\$ 94</u>	<u>\$ 22</u>	<u>\$ 1</u>	<u>\$ 101</u>	<u>\$ 7</u>	<u>\$ 4</u>

The ending allowance for commercial mortgage loans and residential mortgage loans in the table above are within mortgage loans on the consolidated balance sheets. The ending allowance for collateral loans is within other invested assets on the consolidated balance sheets.

#### Loan Modifications

The Company may modify the terms of a loan when the borrower is experiencing financial difficulties to optimize recovery of amounts due on the loan. Changes to the terms of a loan, pursuant to a modification agreement, are factored into the analysis of the loan's expected credit losses.

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For commercial mortgage loans, modifications for borrowers experiencing financial difficulty are tailored for individual loans and may include maturity extensions, deferral of amounts due (where interest continues to accrue), principal forgiveness or a combination of these modifications.

The table below presents the number of modifications of loans to borrowers experiencing financial difficulty during the years ended December 31, 2025 and 2024, respectively, and the net carrying value of those loans as of December 31, 2025 and 2024, respectively.

	December 31,			
	2025		2024	
	Number of modifications to borrowers experiencing financial difficulty <sup>(2)</sup>	Net carrying value	Number of modifications to borrowers experiencing financial difficulty	Net carrying value
Maturity extension	2	\$ 126	1	\$ 27
Principal forgiveness	0	\$ —	3	\$ 65
Deferral of amounts due	1	\$ 20	0	\$ —
Combination <sup>(1)</sup>	0	\$ —	1	\$ 11

<sup>(1)</sup> Includes modification involving deferral of amounts due and maturity extension.

<sup>(2)</sup> Includes only new or additional modifications effective during the period.

The carrying value of loans to borrowers experiencing financial difficulty for which modifications have been granted during the years ended December 31, 2025 and 2024, respectively, are 3% and 2% of the total gross carrying value of commercial mortgage loans.

Two of the three loans for which principal forgiveness was granted in 2024, with gross carrying values of \$65 million were paid off at the agreed upon discount in 2025 generating \$28 million in proceeds.

Of the six modified loans to borrowers experiencing financial difficulty that remain outstanding at December 31, 2025, three were current and three were more than 90 days past due.

The two commercial mortgage loans with a gross carrying value of \$8 million that were in the process of foreclosure as of December 31, 2024 were sold in 2025 generating proceeds of \$6 million. As of December 31, 2025, no commercial mortgage loans are in the process of foreclosure.

The Company took ownership of one piece of commercial real estate in 2024, via receipt of the deed in lieu of foreclosure. The fair value of the real estate acquired in satisfaction of the mortgage loan was \$10 million as of December 31, 2024. The property was sold in 2025 generating proceeds of \$11 million. The Company did not take ownership of any commercial real estate in 2025.

#### Other

##### *Federal Home Loan Bank of Des Moines*

Midland National and North American are each members of FHLB Des Moines. In order to maintain its memberships and borrow funds, each company was required to purchase FHLB common stock that collectively total \$227 million as of December 31, 2025 and 2024. These securities are included in other

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invested assets and are carried at cost. Resale of these securities is restricted only to FHLB. As members of FHLB, each company can borrow money provided that FHLB's collateral and stock ownership requirements are met. The maximum amount a member can borrow is based on a certain percentage of the member's statutory assets. The interest rate and repayment terms differ depending on the type of advance and the term selected. At December 31, 2025 and 2024, the Company had outstanding advances of \$4,599 million from FHLB (see Note 7).

#### *Deposits with regulatory authorities*

At December 31, 2025 and 2024, securities with reported values of \$4 million were on deposit with regulatory authorities as required by law. These consist of fixed maturity securities reported in the consolidated balance sheets at fair value with an amortized cost of \$4 million at December 31, 2025 and 2024.

#### **Credit risk concentration**

The Company generally strives to maintain a diversified invested assets portfolio. Credit risk concentrations to any single issuer or groups of issuers with similar credit profiles are closely monitored. Other than investments in U.S. government or U.S. government agencies, the Company has no significant concentration of credit risk.

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**4. DERIVATIVES AND DERIVATIVE INSTRUMENTS**

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

<i>(In millions)</i>	December 31,			
	2025		2024	
	Notional Amount	Fair Value	Notional Amount	Fair Value
<b>Assets:</b>				
<b>Derivative Instruments</b>				
Foreign exchange derivatives	\$ —	\$ —	\$ 119	\$ 3
Futures	32	24	184	17
Options	65,917	4,841	57,479	3,284
		<u>\$ 4,865</u>		<u>\$ 3,304</u>
Reinsurance receivables - embedded derivatives from reinsurance ceded:				
Index annuity products ceded	N/A	\$ 339	N/A	\$ 394
Annuity funds withheld and modco	N/A	151	N/A	186
		<u>\$ 490</u>		<u>\$ 580</u>
Fixed maturity securities that contain embedded derivatives:				
Hybrid instruments	N/A	<u>\$ 340</u>	N/A	<u>\$ 495</u>
<b>Liabilities:</b>				
Investment-type insurance contracts embedded derivatives:				
Index life and annuity products	N/A	<u>\$ 9,628</u>	N/A	<u>\$ 9,025</u>
<b>Derivative instruments:</b>				
Interest rate swaps	\$ —	\$ —	\$ 500	\$ 4
Foreign exchange derivatives	121	—	—	—
Written options	22,729	1,942	17,807	1,312
		<u>\$ 1,942</u>		<u>\$ 1,316</u>

None of the derivatives above are designated as hedging instruments.

# **SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES**

(an indirect wholly owned subsidiary of Sammons Enterprises, Inc.)

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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### **Indexed options and futures**

The Company has indexed annuity and indexed universal life products that provide for a guaranteed base return and a higher potential return tied to several major equity market indices. In order to fund these benefits, the Company purchases over-the-counter index options that compensate the Company for any appreciation over the strike price and offsets the corresponding increase in the policyholder obligation. The Company classifies these options and futures as derivative instruments.

The Company amortizes the cost of options against investment income over the term of the option. When the options are exercised at maturity, the value received by the Company is reflected as net investment income in the consolidated statements of income. The Company marks the indexed options it holds to market with changes in market value reflected in net gains (losses) on derivatives and derivative instruments.

The futures contracts have no initial cost and are marked to market daily. That daily mark-to-market is settled through the Company's variation margin accounts maintained with the counterparty. The Company reports the change in the futures variation margin accounts as net gains (losses) on derivatives and derivative instruments in the consolidated statements of income.

### **Embedded derivatives related to indexed life and annuity products**

The Company's indexed life and annuity products contain embedded derivatives. The fair value of the embedded options related to these direct and ceded policyholder obligations are based upon current and expected index levels and returns as well as assumptions regarding general policyholder behavior, primarily lapses and withdrawals. These projected benefit values are discounted to the current date using an assumed interest rate consistent with the duration of the liability adjusted to reflect the Company's credit risk and a risk margin. The Company reports the change in fair value of the embedded derivative as benefits incurred in the consolidated statements of income.

The Company has two coinsurance with funds withheld reinsurance agreements as well as a modified coinsurance agreement with unaffiliated reinsurers. Under applicable guidance, the Company's reinsurance agreements contain embedded derivatives that require bifurcation due to credit risks the reinsurer is assuming that are not clearly and closely related to the creditworthiness of the Company. The embedded derivatives contained in these agreements have characteristics similar to a total return swap since the Company cedes the total return on a designated investment portfolio to the outside reinsurer. The Company has developed models based on the expected cash flows of the ceded annuity business to estimate the fair value of the policy liabilities for the two funds withheld agreements. The value of the derivative embedded in the funds withheld coinsurance agreements is equal to the difference between the fair value of the assets in the funds withheld portfolio and the fair value of the policy liabilities estimated from cash flow models. The value of the derivative embedded in the modified coinsurance agreement is equal to the difference between the fair value and cost basis of the underlying financial instruments in the modified coinsurance ("modco") portfolio. The value of the embedded derivative is reported in the consolidated balance sheets in reinsurance receivables. The net change in the reported value of the embedded derivatives is reported in net gains (losses) on derivatives and derivative instruments in the consolidated statements of income.

See Note 10 for further discussion related to the Company's coinsurance with funds withheld reinsurance and modified coinsurance agreements.

# **SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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### **Embedded derivatives related to hybrid financial instruments**

The Company holds fixed maturity securities with embedded derivatives, that are considered to be hybrid financial instruments, and has elected fair value measurement. These securities are reported in the consolidated balance sheets in fixed maturity securities, available-for-sale, at fair value. Any change in the fair value of the security is reported as net gains (losses) on derivatives and derivative instruments in the consolidated statements of income. The amortized cost and fair value of the Company's hybrid financial instruments at December 31, 2025 was \$417 million and \$340 million, respectively. At December 31, 2024, the amortized cost and fair value of the Company's hybrid financial instruments was \$567 million and \$495 million, respectively. The decision to elect fair value measurement is made on an instrument-by-instrument basis under the guidance. The Company will consider making an election of fair value measurement at the time of any future acquisitions of hybrid financial instruments.

### **Other derivative instruments**

The Company has also entered into interest rate swap agreements to help manage its overall exposure to interest rate changes. These other derivative instruments do not hedge specific assets or liabilities and as such are not accounted for under hedge accounting. Swaps are reported at fair value in the consolidated balance sheets and changes in the fair value are reported as a component of net gains (losses) on derivatives and derivative instruments in the consolidated statements of income. Periodic interest rate swap settlements and current period changes in the swap accruals for these non-hedge swaps are reported as a component of net investment income in the consolidated statements of income with the payable or receivable included in accrued investment income in the consolidated balance sheets. The stated fair value of the applicable interest rate swaps excludes the current period accruals. As of December 31, 2025, the Company had no outstanding interest rate swap agreements.

The Company has entered into foreign currency forwards to protect itself against currency fluctuations on financial instruments denominated in foreign currencies. These forwards are reported at fair value in the consolidated balance sheets and changes in fair value are reported as a component of net gains (losses) on derivatives and derivative instruments in the consolidated statements of income.

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table presents the impact of derivatives and derivative instruments not designated as hedging instruments in the consolidated statements of income:

<i>(In millions)</i>	<b>Year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Gains (losses) recognized in net gains on derivatives and derivative instruments:		
Interest rate swaps	\$ 4	\$ 1
Foreign exchange derivatives	(12)	6
Embedded derivatives in:		
Annuity funds withheld and modco	(35)	(51)
Hybrid instruments	(5)	17
Fixed maturities, available-for-sale	—	(3)
Futures	7	(11)
Options	655	58
	<u>\$ 614</u>	<u>\$ 17</u>
Gains (losses) recognized in net investment income:		
Interest rate swaps	\$ (4)	\$ (7)
Options	179	787
	<u>\$ 175</u>	<u>\$ 780</u>
Gains (losses) recognized in benefits incurred:		
Embedded derivatives in:		
Indexed life and annuity products	\$ (81)	\$ (68)
Indexed annuity products ceded	4	7
	<u>\$ (77)</u>	<u>\$ (61)</u>

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 5. OFFSETTING OF ASSETS AND LIABILITIES

Certain of the Company's derivative instruments are subject to enforceable master netting arrangements that provide for the net settlement of all derivative contracts between the Company and a counterparty in the event of default or upon the occurrence of certain termination events. Collateral support agreements are also in place requiring the Company or the counterparty to pledge collateral in the event minimum thresholds have been reached, typically related to the fair value of the outstanding derivatives. Additionally, certain of the Company's repurchase agreements provide for net settlement on termination of the agreement.

The Company reports derivative instruments and repurchase agreements on a gross basis within the consolidated balance sheets. The tables below present the Company's gross and net derivative instruments and gross and net repurchase agreements by asset and liabilities for the Company:

	December 31, 2025		
<i>(In millions)</i>	Gross amounts recognized	Collateral- received/ pledged	Net Amount
<b>Offsetting of financial assets:</b>			
Derivative instruments	\$ 4,865	\$ 1,288	\$ 3,577
Total financial assets	<u>\$ 4,865</u>	<u>\$ 1,288</u>	<u>\$ 3,577</u>
<b>Offsetting of financial liabilities:</b>			
Derivative instruments	\$ 1,942	\$ —	\$ 1,942
Repurchase agreements	6,929	6,929	—
Total financial liabilities	<u>\$ 8,871</u>	<u>\$ 6,929</u>	<u>\$ 1,942</u>
	December 31, 2024		
<i>(In millions)</i>	Gross amounts recognized	Collateral- received/ pledged	Net Amount
<b>Offsetting of financial assets:</b>			
Derivative instruments	\$ 3,304	\$ 922	\$ 2,382
Total financial assets	<u>\$ 3,304</u>	<u>\$ 922</u>	<u>\$ 2,382</u>
<b>Offsetting of financial liabilities:</b>			
Derivative instruments	\$ 1,316	\$ —	\$ 1,316
Repurchase agreements	7,128	7,128	—
Total financial liabilities	<u>\$ 8,444</u>	<u>\$ 7,128</u>	<u>\$ 1,316</u>

#### 6. VARIABLE INTEREST ENTITIES

##### Consolidated VIEs

The Company has concluded that as of December 31, 2025, it has a variable interest in, and is the primary beneficiary of a number of variable interest entities, specifically limited partnerships of which the Company receives substantially all of the economics and trusts established to invest in residential mortgage loans. Therefore, the results of operations and financial position of these VIEs are included in the Company's

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consolidated financial statements. The VIEs are consolidated on a lag ranging from one month to one quarter due to timing of reporting from the VIEs.

The trusts established for the purpose of investing in residential mortgage loans are consolidated and reported on a one month lag due to the timing of receipt of reporting from the servicers and custodians. As of December 31, 2025 and 2024, \$465 million and \$179 million, respectively, of cash reported on the balance sheets was used primarily for the purchase of mortgage loans or short term investments in the trusts.

These entities have no features that could expose us to losses that would significantly exceed the difference between the consolidated assets and liabilities. As of December 31, 2025 and 2024, assets that can only be used to settle obligations of these VIEs were \$6,229 million and \$3,549 million, respectively, and the liabilities for which creditors only have recourse to the VIEs were \$38 million and \$58 million, respectively. The net gain of the consolidated VIEs was \$261 million and \$80 million for the years ended December 31, 2025 and 2024, respectively. The following table summarizes the carrying amounts of these entities' assets and liabilities included in the Company's consolidated balance sheets:

<i>(In millions)</i>	December 31,	
	2025	2024
<b>ASSETS</b>		
Investments		
Mortgage loans	\$ 4,699	\$ 2,746
Short-term investments	100	79
Other invested assets	844	511
Total investments	5,643	3,336
Cash	467	158
Accrued investment income	26	13
Other assets	93	42
Total assets	<u>\$ 6,229</u>	<u>\$ 3,549</u>
<b>LIABILITIES</b>		
Notes and loans payable	\$ 28	\$ 29
Other liabilities	10	29
Total liabilities	<u>\$ 38</u>	<u>\$ 58</u>

#### Unconsolidated VIEs

The Company holds variable interests in a number of VIEs where the Company is not the primary beneficiary. Investments in these VIEs are reported in fixed maturity securities and other invested assets.

Investments in VIEs held as fixed maturity securities include CMBS, RMBS, CLOs and other ABS. These entities are VIEs due to their thin capitalization. The Company has made the determination that it is not the primary beneficiary. This determination is made due to the Company's lack of power to direct the activities of these entities as well as less than majority ownership of the total issuances.

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Investments in VIEs held as other invested assets are primarily limited partnership equity holdings where the Company is a limited partner. The partnerships are deemed VIEs because the equity ownership lacks power to direct the activities of the partnership. The Company has determined that it is not the primary beneficiary of these entities due to the Company's lack of power to direct activities as well as less than majority ownership of the total equity investment. The Company has provided loans to a small number of limited partnerships deemed to be VIEs, which are included in the table below.

The Company's carrying amount of its assets compared to its maximum exposure to loss related to unconsolidated VIEs is as follows:

<i>(In millions)</i>	December 31,	
	2025	2024
Fixed maturity securities, available-for-sale		
Carrying amount of assets	\$ 21,732	\$ 18,547
Maximum exposure to loss	22,031	19,091
Other invested assets		
Carrying amount of assets	\$ 5,545	\$ 5,408
Maximum exposure to loss	6,631	6,678

The Company's maximum exposure to loss includes its direct investment in the unconsolidated VIEs and the total additional financial support it could be required to provide. In general, this additional support is in the form of additional funding commitments.

#### 7. REPURCHASE AGREEMENTS, OTHER BORROWINGS, AND COLLATERAL ON DERIVATIVE INSTRUMENTS

##### Repurchase agreements

Securities sold under repurchase agreements are effectively collateralized borrowings. In these transactions, the Company receives cash in exchange for transferring securities as collateral and recognizes an obligation to reacquire the securities for cash at the transaction's maturity. These types of transactions create risks, including (1) the counterparty may fail to fulfill its obligations under outstanding agreements, (2) the fair value of the securities transferred may decline below the amount of the obligation to reacquire the securities, and therefore create an obligation to pledge additional amounts, and (3) the counterparty may accelerate the maturity on demand requiring the Company to reacquire the security prior to contractual maturity. The Company attempts to mitigate these risks through the use of highly liquid securities, selecting counterparties with long-standing performance records and monitoring the fair value of collateral pledged relative to contractually required repurchase amounts. The repurchase collateral posted by counterparties was \$19 million and \$0 as of December 31, 2025 and 2024, respectively.

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The following table provides the underlying collateral types of the Company's gross obligations as well as the remaining contractual maturity under repurchase and securities lending agreements:

<i>(In millions)</i>	December 31, 2025				
	Remaining Contractual Maturity of the Agreements				
	Overnight and Continuous	Up to 30 days	30-90 days	Greater Than 90 days	Total
<b>Repurchase agreements</b>					
U.S. government and agencies	\$ —	\$ —	\$ 156	\$ 3,580	\$ 3,736
Corporate securities	—	115	200	1,524	1,839
Residential mortgage-backed securities	—	—	176	821	997
Commercial mortgage-backed securities	—	—	10	347	357
<b>Total borrowing</b>	<b>\$ —</b>	<b>\$ 115</b>	<b>\$ 542</b>	<b>\$ 6,272</b>	<b>\$ 6,929</b>

<i>(In millions)</i>	December 31, 2024				
	Remaining Contractual Maturity of the Agreements				
	Overnight and Continuous	Up to 30 days	30-90 days	Greater Than 90 days	Total
<b>Repurchase agreements</b>					
U.S. government and agencies	\$ —	\$ 79	\$ —	\$ 3,464	\$ 3,543
Corporate securities	—	—	—	2,198	2,198
Residential mortgage-backed securities	—	—	—	1,040	1,040
Commercial mortgage-backed securities	—	—	—	347	347
<b>Total borrowing</b>	<b>\$ —</b>	<b>\$ 79</b>	<b>\$ —</b>	<b>\$ 7,049</b>	<b>\$ 7,128</b>

#### Other borrowings

At December 31, 2025 and 2024, the Company had outstanding borrowings of \$4,599 million from the FHLB in accordance with the terms of its membership agreement. The purpose of the borrowings is to complement the Company's repurchase agreement program. The borrowings are reported as a component of repurchase agreements, other borrowings and collateral on derivative instruments in the consolidated balance sheets.

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table provides the maturity dates and interest rates for the outstanding borrowings:

December 31, 2025			
FHLB Borrowings Outstanding			
Maturity date year	Outstanding principal (In millions)		Interest rate range
2026	\$	1,777	0.88% - 4.49%
2027		660	3.56% - 4.39%
2028		647	3.73% - 4.44%
2029		1,049	3.80% - 4.46%
2030		466	3.91% - 4.49%
Total FHLB borrowing	\$	4,599	

Interest expense incurred during 2025 and 2024 was \$139 million and \$119 million, respectively, and is reported as a component of net investment income in the consolidated statements of income.

In accordance with the FHLB membership agreement, the Company was required to purchase FHLB common stock. At December 31, 2025 and 2024, the Company held \$227 million of FHLB common stock. In addition, the Company has posted mortgage loans and agency MBS/CMO fixed maturity securities with fair values in excess of the amount of the borrowing as collateral. The fair value of collateral posted for FHLB is \$6,664 million and \$6,545 million at December 31, 2025 and 2024, respectively.

On December 21, 2018, Solberg Re, an indirect wholly owned limited purpose subsidiary domiciled in the State of Iowa, secured a contingent note guarantee with an unrelated third party. The contingent note guarantee functions in a manner similar to a letter of credit and supports redundant statutory required reserves on certain term life insurance policies assumed from Midland National and North American. The contingent note guarantee has a remaining term of 11 years and has an aggregate maximum issuance amount of \$485 million and \$539 million at December 31, 2025 and 2024, respectively. \$445 million and \$489 million was utilized as an admitted asset on Midland National and North American's statutory financial statements at December 31, 2025 and 2024, respectively. The contingent note guarantee can be drawn upon when actual policy benefits applicable to the specific life insurance term policies exceed specified thresholds. The contingent note has not been drawn upon as of December 31, 2025. Solberg Re pays a fee to the guarantee provider equal to 0.25% per annum, payable quarterly, applied to the amount of the guarantee utilized. Fees incurred related to the contingent note guarantee were \$1 million for each of the years ended December 31, 2025 and 2024.

On September 30, 2019, Canal Re, another indirect wholly owned limited purpose subsidiary domiciled in the State of Iowa, secured a contingent note guarantee of specific risks on certain term life insurance policies assumed from Midland National and North American from an unrelated third party. This contingent note guarantee functions in a manner similar to a letter of credit. The contingent note guarantee has a remaining term of 9 years where \$608 million and \$544 million was utilized as an admitted asset on Midland National and North American's statutory financial statements at December 31, 2025 and 2024, respectively. The contingent note has not been drawn upon as of December 31, 2025. Canal Re pays a fee to the guarantee provider equal to 0.25% per annum, payable quarterly, applied to the amount of the guarantee utilized. Fees incurred related to the contingent note guarantee were \$1 million for each of the years ended December 31, 2025 and 2024.

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On December 31, 2012, MNL Re, another indirect wholly owned limited purpose subsidiary domiciled in the State of Iowa, secured a contingent note guarantee of specific risks on certain permanent life insurance policies assumed from Midland National and North American from an unrelated third party. The contingent note guarantee has subsequently been amended to increase the aggregate maximum guarantee amount, extend the term, decrease the fee rate and increase the permanent life insurance policies covered under the agreement. This contingent note guarantee functions in a manner similar to a letter of credit. The contingent note guarantee has a remaining term of 11 years and had an aggregate maximum guarantee amount of \$1,440 million and \$1,458 million at December 31, 2025 and 2024, respectively. \$796 million and \$760 million was utilized as an admitted asset on Midland National and North American's statutory financial statements at December 31, 2025 and 2024, respectively. MNL Re pays a fee to the guarantee provider equal to 0.35% per annum, payable quarterly, applied to the amount of the guarantee utilized. The contingent note guarantee can be drawn upon when actual policy benefits applicable to the specific permanent life insurance policies exceed certain thresholds. The contingent note has not been drawn upon as of December 31, 2025. Fees incurred related to the contingent note guarantee were \$3 million for each of the years ended December 31, 2025 and 2024.

#### Collateral on derivative instruments

Collateral posted by counterparties at December 31, 2025 and 2024 applicable to derivative instruments was \$1,288 million and \$922 million, respectively, and is reflected in the consolidated balance sheets in cash and fixed maturity securities. The obligation to repay the collateral is reflected in the consolidated balance sheets in repurchase agreements, other borrowings and collateral on derivative instruments.

#### 8. DAC, DSI and URL

The following table is a rollforward of DAC by product:

<i>(In millions)</i>	<b>Traditional Life</b>	<b>Universal Life</b>	<b>Fixed Annuity</b>	<b>Total</b>
<b>Balance at January 1, 2024</b>	\$ 588	\$ 2,602	\$ 2,776	\$ 5,966
Capitalizations				
Commissions	60	189	1,084	1,333
Underwriting and acquisition expense	10	8	8	26
Amortization expense	(56)	(145)	(428)	(629)
<b>Balance at December 31, 2024</b>	<b>602</b>	<b>2,654</b>	<b>3,440</b>	<b>6,696</b>
Capitalizations				
Commissions	55	256	877	1,188
Underwriting and acquisition expense	11	10	10	31
Amortization expense	(56)	(143)	(483)	(682)
<b>Balance at December 31, 2025</b>	<b>\$ 612</b>	<b>\$ 2,777</b>	<b>\$ 3,844</b>	<b>\$ 7,233</b>

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The following table reconciles DAC from the table above to the consolidated balance sheets:

<i>(In millions)</i>	December 31,	
	2025	2024
Traditional life	\$ 612	\$ 602
Universal life	2,777	2,654
Fixed annuity	3,844	3,440
Variable annuity	37	38
Other	31	20
Value of business acquired	10	10
<b>Total</b>	<b>\$ 7,311</b>	<b>\$ 6,764</b>

The following table is a rollforward of fixed annuity DSI:

<i>(In millions)</i>		
<b>Balance at January 1, 2024</b>	\$	1,043
Sales inducement costs deferred		786
Amortization expense		(175)
<b>Balance at December 31, 2024</b>		<b>1,654</b>
Sales inducement costs deferred		878
Amortization expense		(249)
<b>Balance at December 31, 2025</b>	<b>\$</b>	<b>2,283</b>

The following table reconciles DSI from the table above to the consolidated balance sheets:

<i>(In millions)</i>	December 31,	
	2025	2024
Fixed annuity	\$ 2,283	\$ 1,654
Universal life	26	27
Variable annuity	3	3
<b>Total</b>	<b>\$ 2,312</b>	<b>\$ 1,684</b>

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The following table is a rollforward of universal life URL:

*(In millions)*

<b>Balance at January 1, 2024</b>	\$	1,396
Unearned revenue deferred		263
Amortization income		(90)
<b>Balance at December 31, 2024</b>		<u>1,569</u>
Unearned revenue deferred		229
Amortization income		(92)
<b>Balance at December 31, 2025</b>	<u>\$</u>	<u>1,706</u>

**9. PROPERTY, PLANT AND EQUIPMENT**

The major classifications of property, plant and equipment recorded in the consolidated balance sheets as a component of other assets are as follows:

<i>(In millions, except for years)</i>	<b>Range of Useful Lives</b>	<b>December 31,</b>	
		<b>2025</b>	<b>2024</b>
Land	n/a	\$ 13	\$ 13
Buildings and improvements	15 - 39 years	103	102
Leasehold improvements	4 - 10 years	7	7
Furniture and fixtures	7 - 10 years	8	8
Computer equipment and software	3 - 5 years	291	308
Total property, plant and equipment		422	438
Accumulated depreciation		(294)	(282)
Net property, plant and equipment		<u>\$ 128</u>	<u>\$ 156</u>

Depreciation expense was \$35 million and \$34 million for the years ended December 31, 2025 and 2024, respectively.

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#### 10. REINSURANCE

The Company is primarily involved in the cession and, to a lesser degree, assumption of life and annuity reinsurance with other companies. The effect of reinsurance on premiums, charges on interest sensitive and investment-type products and benefits incurred is as follows:

(In millions)

	December 31,	
	2025	2024
<b>Premiums</b>		
Direct	\$ 2,376	\$ 1,635
Ceded	(112)	(105)
Total premiums	<u>\$ 2,264</u>	<u>\$ 1,530</u>
<b>Charges on interest sensitive and investment-type products</b>		
Direct	\$ 1,688	\$ 1,532
Assumed	5	5
Ceded	(532)	(427)
Total charges on interest sensitive and investment-type products	<u>\$ 1,161</u>	<u>\$ 1,110</u>
<b>Benefits incurred</b>		
Direct	\$ 3,512	\$ 2,822
Assumed	7	3
Ceded	(436)	(424)
Total benefits incurred	<u>\$ 3,083</u>	<u>\$ 2,401</u>

The Company is party to two funds withheld coinsurance agreements with a third-party reinsurer. These are indemnity agreements that cover 50% of substantially all policies of specific annuity plans issued from January 1, 2002 through March 31, 2005, 60% of substantially all policies of specific annuity plans issued from April 1, 2005 through February 29, 2008, and 50% of substantially all policies of specific annuity plans issued from March 1, 2008 through November 30, 2012. In these agreements, the Company agrees to withhold, on behalf of the reinsurer, assets equal to the statutory liabilities associated with these policies. The Company has netted the funds withheld liability of \$1,531 million and \$1,801 million against the reserves ceded of \$1,487 million and \$1,958 million in reinsurance receivables in the December 31, 2025 and 2024 consolidated balance sheets, respectively. The reinsurance receivables contain embedded derivatives as discussed in Note 4.

The Company is a party to a coinsurance agreement with a third-party reinsurer. This indemnity agreement covers 80% of all policies issued after September 4, 2024 on specific annuity plans. Reserves ceded of \$2,604 million and \$674 million associated with this agreement are reported as a component of reinsurance receivables in the consolidated balance sheets as of December 31, 2025 and 2024, respectively.

The Company is a party to a modified coinsurance agreement with a third-party reinsurer. This indemnity agreement covers 80% of all policies issued on or after January 1, 2014 of specific annuity plans. In this agreement, the Company retains, on behalf of the reinsurer, assets equal to the statutory liabilities associated with the reinsured policies. As of December 31, 2025 and 2024, the Company's reserves related to this

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agreement were \$301 million and \$455 million, respectively, and are included in policyholder account balances.

The Company is a party to three coinsurance agreements with a third-party reinsurer. Two of these agreements are indemnity agreements that cover 100% of all policies issued from January 1, 2008 through September 30, 2009 of specific annuity plans. Reserves ceded of \$88 million and \$105 million associated with these agreements are reported as a component of reinsurance receivables in the December 31, 2025 and 2024 consolidated balance sheets, respectively. The third coinsurance agreement is an indemnity agreement which covers 90% of all policies issued after July 1, 2010 of specific annuity plans. Reserves ceded of \$220 million and \$372 million associated with this agreement are reported as a component of reinsurance receivables in the December 31, 2025 and 2024 consolidated balance sheets, respectively.

Premiums, interest sensitive life and investment product charges, and benefits incurred are stated net of the amounts of premiums and claims assumed and ceded. Policyholder account balances, policy benefit reserves, and policy claims and benefits payable are reported gross of the related reinsurance receivables. These receivables are recognized in a manner consistent with the liabilities related to the underlying reinsured contracts. The credit allowance on reinsurance receivables was \$17 million and \$9 million for years ended December 31, 2025 and 2024, respectively.

### 11. GOODWILL AND OTHER INTANGIBLE ASSETS

The following table summarizes the changes in the carrying amount of goodwill included as a component of other assets in the consolidated balance sheets:

<i>(In millions)</i>	December 31,	
	2025	2024
Balance at beginning of year	\$ 181	\$ 144
Measurement period adjustment	—	37
Additions due to business acquisitions	80	—
Balance at end of year	<u>\$ 261</u>	<u>\$ 181</u>

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The following table presents major classifications of intangible assets included as a component of other assets in the consolidated balance sheets:

<i>(In millions)</i>	Weighted Average Amortization Period	December 31, 2025		
		Gross	Accumulated Amortization	Net
<b>Finite-lived intangible assets</b>				
Client relationships	10 - 29 years	\$ 348	\$ (31)	\$ 317
Brands and trade names	15 years	10	(1)	9
Non-compete agreements	4 - 9 years	8	(2)	6
Total finite-lived intangible assets		366	(34)	332
<b>Indefinite-lived intangible assets</b>				
State insurance licenses	N/A	13	—	13
Total indefinite-lived intangible assets		13	—	13
Total intangible assets		\$ 379	\$ (34)	\$ 345

<i>(In millions)</i>	Weighted Average Amortization Period	December 31, 2024		
		Gross	Accumulated Amortization	Net
<b>Finite-lived intangible assets</b>				
Client relationships	15 - 29 years	\$ 189	\$ (14)	\$ 175
Brands and trade names	15 years	10	(1)	9
Non-compete agreements	9 years	7	(1)	6
Total finite-lived intangible assets		206	(16)	190
<b>Indefinite-lived intangible assets</b>				
State insurance licenses	N/A	13	—	13
Total indefinite-lived intangible assets		13	—	13
Total intangible assets		\$ 219	\$ (16)	\$ 203

For finite-lived intangible assets, amortization expense was \$18 million and \$9 million for 2025 and 2024, respectively. There were no impairment charges related to purchased intangible assets during the years ended December 31, 2025 and 2024.

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The estimated aggregate amortization expense for each of the next five succeeding fiscal years is as follows:

Years Ending December 31,	Total
2026	\$ 26
2027	25
2028	24
2029	23
2030	21
Thereafter	213
<b>Total</b>	<b>\$ 332</b>

**12. POLICYHOLDER ACCOUNT BALANCES**

The following table summarizes the balance of and changes in the carrying amount of policyholder account balances included in the consolidated balance sheets:

<i>(In millions)</i>	Universal Life	Fixed Annuity <sup>1</sup>	Funding Agreements	Total
<b>Balance at December 31, 2023</b>	\$ 26,846	\$ 59,859	\$ 124	\$ 86,829
Premiums received	1,813	15,575	1,092	18,480
Policy charges	(1,236)	(189)	—	(1,425)
Surrenders and withdrawals	(2,118)	(8,354)	(130)	(10,602)
Benefit payments	(199)	(1,036)	—	(1,235)
Net transfers from (to) separate account	49	—	—	49
Interest credited	1,233	1,995	16	3,244
Acquired account balances	—	62	—	62
Other	22	3	—	25
<b>Balance at December 31, 2024</b>	\$ 26,410	\$ 67,915	\$ 1,102	\$ 95,427
Premiums received	1,926	13,464	1,813	17,203
Policy charges	(1,265)	(282)	—	(1,547)
Surrenders and withdrawals	(1,762)	(8,058)	(129)	(9,949)
Benefit payments	(204)	(1,113)	—	(1,317)
Net transfers from (to) separate account	45	—	—	45
Interest credited	1,136	1,992	101	3,229
Other	7	—	—	7
<b>Balance at December 31, 2025</b>	\$ 26,293	\$ 73,918	\$ 2,887	\$ 103,098

<sup>1</sup> Fixed Annuities includes Registered Index Linked Annuities

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The following table provides additional detail on policyholder account balances:

	<b>December 31, 2025</b>		
	<b>Universal Life</b>	<b>Fixed Annuity</b>	<b>Funding Agreements</b>
<i>(In millions, except for percentages)</i>			
Weighted-average crediting rate <sup>1</sup>	3.4 %	2.8 %	5.0 %
Net amount at risk <sup>2</sup>	\$ 358,063	\$ 6,753	\$ —
Cash surrender value	\$ 24,892	\$ 67,280	\$ —

	<b>December 31, 2024</b>		
	<b>Universal Life</b>	<b>Fixed Annuity</b>	<b>Funding Agreements</b>
<i>(In millions, except for percentages)</i>			
Weighted-average crediting rate <sup>1</sup>	3.4 %	2.6 %	5.4 %
Net amount at risk <sup>2</sup>	\$ 348,905	\$ 6,446	\$ —
Cash surrender value	\$ 24,995	\$ 61,138	\$ —

<sup>1</sup>Excludes policies where crediting rates do not apply.

<sup>2</sup> For universal life, net amount at risk is defined as the current death benefit in excess of the current account balance. For fixed annuity, net amount at risk is defined as the greater of the current Guaranteed Minimum Death Benefit and Guaranteed Minimum Withdrawal Benefit amounts, where applicable, in excess of the current account balance.

The following table is a reconciliation of the policyholder account balance rollforward to policyholder account balances on the consolidated balance sheets:

	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
<i>(In millions)</i>		
Policyholder account balances rolled forward above	\$ 103,098	\$ 95,427
Other policyholder account balances	623	621
Embedded derivative in indexed products and related host adjustments	(1,646)	(1,506)
Deposit funds	56	56
Total policyholder account balances	<u>\$ 102,131</u>	<u>\$ 94,598</u>

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The following table presents policyholder account balances by range of guaranteed minimum crediting rates, as well as the range of the difference between rates credited to policyholders and the respective guaranteed minimums:

(In millions)

Range of Guaranteed Minimum Crediting Rate <sup>1</sup>	December 31, 2025					Total
	At guaranteed minimum	1 to 50 Basis Points Above	51 to 150 Basis Points Above	Greater than 150 Basis Points Above		
<b>Annuities</b>						
Less than 2.00%	\$ 5,053	\$ 1,858	\$ 10,886	\$ 49,827	\$	67,624
2.00% to 3.99%	4,747	52	1	13		4,813
Greater than 3.99%	—	—	—	—		—
Total	\$ 9,800	\$ 1,910	\$ 10,887	\$ 49,840	\$	72,437
<b>Life insurance</b>						
Less than 2.00%	\$ —	\$ —	\$ 4,606	\$ 5,574	\$	10,180
2.00% to 3.99%	5,586	1,801	4,460	1,071		12,918
Greater than 3.99%	3,032	154	10	—		3,196
Total	\$ 8,618	\$ 1,955	\$ 9,076	\$ 6,645	\$	26,294

(In millions)

Range of Guaranteed Minimum Crediting Rate <sup>1</sup>	December 31, 2024					Total
	At guaranteed minimum	1 to 50 Basis Points Above	51 to 150 Basis Points Above	Greater than 150 Basis Points Above		
<b>Annuities</b>						
Less than 2.00%	\$ 5,015	\$ 2,973	\$ 12,267	\$ 41,193	\$	61,448
2.00% to 3.99%	5,587	61	3	6		5,657
Greater than 3.99%	—	—	—	—		—
Total	\$ 10,602	\$ 3,034	\$ 12,270	\$ 41,199	\$	67,105
<b>Life insurance</b>						
Less than 2.00%	\$ 2	\$ 2	\$ 4,277	\$ 5,679	\$	9,960
2.00% to 3.99%	6,290	1,238	4,874	673		13,075
Greater than 3.99%	3,129	241	9	—		3,379
Total	\$ 9,421	\$ 1,481	\$ 9,160	\$ 6,352	\$	26,414

<sup>1</sup>Excludes policies where minimum guaranteed crediting rates do not apply.

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### 13. POLICY BENEFIT RESERVES

The following table summarizes the changes in the carrying amount of the liability for future policy benefits, included within policy benefit reserves in the consolidated balance sheets:

<i>(In millions)</i>	Year ended December 31, 2025		
	Traditional Life	Single Premium (Life Contingent)	Total
<b>Present Value of Expected Net Premiums</b>			
Balance, beginning of year	\$ 2,565	\$ —	\$ 2,565
Beginning balance at original discount rate	2,729	—	2,729
Effect of changes in cash flow assumptions	16	—	16
Effect of actual variances from expected experience	24	—	24
Adjusted beginning of year balance	2,769	—	2,769
Issuances	224	—	224
Net premiums collected	(286)	—	(286)
Interest accrual	108	—	108
Capping of net premium ratio	(3)	—	(3)
Other	8	—	8
Ending balance at original discount rate	2,820	—	2,820
Effect of changes in discount rate assumptions	(77)	—	(77)
Balance, end of year	\$ 2,743	\$ —	\$ 2,743
<b>Present Value of Expected Future Policy Benefits</b>			
Balance, beginning of year	\$ 4,136	\$ 2,496	\$ 6,632
Beginning balance at original discount rate	4,342	2,576	6,918
Effect of changes in cash flow assumptions	16	38	54
Effect of actual variances from expected experience	31	(3)	28
Adjusted beginning of year balance	4,389	2,611	7,000
Issuances	234	1,775	2,009
Benefit payments	(383)	(256)	(639)
Interest accrual	195	116	311
Other	(8)	—	(8)
Ending balance at original discount rate	4,427	4,246	8,673
Effect of changes in discount rate assumptions	(89)	18	(71)
Balance, end of year	4,338	4,264	8,602
Flooring of reserve	1	—	1
Gross liability for future policy benefits	1,596	4,264	5,860
Less: Reinsurance recoverable	(109)	—	(109)
Net liability for future policy benefits, after reinsurance recoverable	\$ 1,487	\$ 4,264	\$ 5,751

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<i>(In millions)</i>	Year ended December 31, 2024		
	Traditional Life	Single Premium (Life Contingent)	Total
<b>Present Value of Expected Net Premiums</b>			
Balance, beginning of year	\$ 2,596	\$ —	\$ 2,596
Beginning balance at original discount rate	2,685	—	2,685
Effect of changes in cash flow assumptions	4	—	4
Effect of actual variances from expected experience	(27)	—	(27)
Adjusted beginning of year balance	2,662	—	2,662
Issuances	245	—	245
Net premiums collected	(275)	—	(275)
Interest accrual	97	—	97
Capping of net premium ratio	(3)	—	(3)
Other	3	—	3
Ending balance at original discount rate	2,729	—	2,729
Effect of changes in discount rate assumptions	(164)	—	(164)
Balance, end of year	\$ 2,565	\$ —	\$ 2,565
<b>Present Value of Expected Future Policy Benefits</b>			
Balance, beginning of year	\$ 4,245	\$ 1,568	\$ 5,813
Beginning balance at original discount rate	4,256	1,557	5,813
Effect of changes in cash flow assumptions	4	(40)	(36)
Effect of actual variances from expected experience	(38)	4	(34)
Adjusted beginning of year balance	4,222	1,521	5,743
Issuances	260	1,141	1,401
Benefit payments	(323)	(171)	(494)
Interest accrual	183	82	265
Other	—	3	3
Ending balance at original discount rate	4,342	2,576	6,918
Effect of changes in discount rate assumptions	(206)	(80)	(286)
Balance, end of year	4,136	2,496	6,632
Flooring of reserve	2	—	2
Gross liability for future policy benefits	1,573	2,496	4,069
Less: Reinsurance recoverable	(151)	—	(151)
Net liability for future policy benefits, after reinsurance recoverable	\$ 1,422	\$ 2,496	\$ 3,918

Significant assumptions and inputs to the calculation of future policy benefits for payout annuities with life contingencies include policyholder demographic data, assumptions for policyholder longevity and policyholder utilization for contracts with deferred lives, and discount rates. For traditional life products,

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significant assumptions and inputs include policyholder demographic data, assumptions for mortality, morbidity, and lapse and discount rates.

The Company bases certain key assumptions related to policyholder behavior on industry data adjusted to align with actual company experience, if necessary. At least annually, the Company reviews all significant cash flow assumptions and updates as necessary, unless emerging experience indicates a more frequent review is necessary. The discount rate reflects market observable inputs from upper-medium grade fixed income instrument yields and is interpolated, where necessary, to conform to the duration of our liabilities.

For the year ended December 31, 2025, for traditional life, the net effect of actual variances from expected experience was primarily driven by unfavorable mortality. Further, the net effect of updating actuarial assumptions resulted in a small increase in reserves due to minor updates to mortality and expenses.

For the year ended December 31, 2025, for single premium (life contingent), deviations from expected experience were small and within the range of normal short term variability. Further, the net impact of updating actuarial assumptions was an increase in reserves, driven primarily by changes to the modeling of future benefit increases.

For the year ended December 31, 2024, for traditional life, the net effect of actual variances from expected experience was primarily driven by unfavorable mortality. Further, the net effect of updating actuarial assumptions resulted in a slight increase in reserve due to minor updates to mortality and conversion assumptions.

For the year ended December 31, 2024, for single premium (life contingent), deviations from expected experience were insignificant. Further, the net impact of updating actuarial assumptions was a decrease in reserves, driven primarily by changes to mortality assumptions.

During the year ended December 31, 2025, no material losses were incurred resulting from net premiums exceeding gross premiums. For traditional life, reserves increased \$3 million due to non-participating term and whole life contracts where net premium exceeded gross premium for certain issue year cohorts, and reserves increased \$1 million due to flooring the reserve at zero for certain issue year cohorts. For single premium (life contingent), reserves increased by \$5 million due to the new business reserve exceeding the new business premium.

During the year ended December 31, 2024, no material losses were incurred resulting from net premiums exceeding gross premiums. Reserves increased \$3 million due to non-participating traditional life contracts where net premium exceeded gross premium for certain issue year cohorts, and reserves increased \$2 million due to flooring the reserve at zero for certain issue year cohorts.

For universal life-type contracts, the Company performs premium deficiency testing using best estimate assumptions as of the reporting date. A premium deficiency exists if the liabilities determined under these assumptions exceed the carrying amount of net reserves, including unearned revenue liabilities, net of reinsurance, and any related intangible and certain deferred balances. Any deficiency first reduces any related asset balances with a charge to current-period earnings. To the extent the deficiency exceeds those asset balances, the Company increases policy benefit reserves for the excess. Investment yields are used as the discount rate in performing the premium deficiency testing, which is consistent with the discount rate used in the measurement of the reserve.

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Based on testing performed as of the reporting date, no new premium deficiency reserve was required. The Company continues to carry a reserve established in prior periods as a result of premium deficiency testing, and that reserve remains appropriate as of the reporting date.

The following table provides supplemental information related to the balances of and changes in the liability for future policy benefits included in the disaggregated tables above, on a gross basis, as of the periods indicated:

	December 31,		December 31,	
	2025		2024	
<i>(In millions, except for percentages and durations)</i>	Traditional Life	Single Premium (Life Contingent)	Traditional Life	Single Premium (Life Contingent)
Undiscounted				
Expected future gross premiums	\$ 7,459	\$ —	\$ 7,231	\$ —
Expected future benefit payments	\$ 8,084	\$ 7,293	\$ 7,815	\$ 4,413
Discounted (at current discount rate)				
Expected future gross premiums	\$ 4,650	\$ —	\$ 4,413	\$ —
Expected future benefit payments	\$ 4,330	\$ 4,264	\$ 4,131	\$ 2,496
Weighted average duration of liability (at original discount rate)	13	8	13	9
Weighted average duration of liability (at current discount rate)	12	8	11	8
Weighted average interest rate (at original discount rate)	6.0%	5.4%	6.1%	5.2%
Weighted average interest rate (at current discount rate)	5.1%	5.3%	5.4%	5.5%

For the discount rate methodology, the Company constructs a single-A discount rate curve to measure the liability for future policy benefits. The curve is intended to reflect the characteristics and duration of the underlying insurance cash flows and is derived by reference to upper-medium grade fixed-income yields.

For maturities with observable market data, the curve is developed using government benchmark yields plus observable public single-A corporate bond spreads across relevant tenors. Upper-medium grade is defined consistent with major rating agencies (for example, the A-/A/A+ spectrum). Where observable data are limited at certain maturities, reasonable interpolation and extrapolation techniques are applied to complete the curve for the full duration of the insurance liabilities.

The discount rate is updated each reporting period. The effect of changes in the discount rate is recognized in other comprehensive income.

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The following table summarizes the changes in the carrying amount of additional insurance reserves on universal life products, included within policy benefit reserves in the consolidated balance sheets:

<i>(In millions)</i>	<b>Year ended December 31, 2025</b>	
Balance, beginning of year	\$	3,236
Beginning balance before shadow reserve adjustment		3,386
Effect of changes in cash flow assumptions		6
Effect of actual variances from expected experience		12
Adjusted beginning of year balance		<u>3,404</u>
Issuances		2
Interest accrual		127
Assessments collected		262
Benefit payments		(73)
Other		(7)
Ending balance before shadow reserve adjustment		<u>3,715</u>
Effect of shadow reserve adjustment		(138)
Balance, end of year		<u>3,577</u>
Less: Reinsurance recoverable		—
Net additional liability, after reinsurance recoverable	\$	<u><u>3,577</u></u>

<i>(In millions)</i>	<b>Year ended December 31, 2024</b>	
Balance, beginning of year	\$	2,907
Beginning balance before shadow reserve adjustment		3,042
Effect of changes in cash flow assumptions		2
Effect of actual variances from expected experience		2
Adjusted beginning of year balance		<u>3,046</u>
Issuances		2
Interest accrual		116
Assessments collected		275
Benefit payments		(45)
Other		(8)
Ending balance before shadow reserve adjustment		<u>3,386</u>
Effect of shadow reserve adjustment		(150)
Balance, end of year		<u>3,236</u>
Less: Reinsurance recoverable		—
Net additional liability, after reinsurance recoverable	\$	<u><u>3,236</u></u>

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A reconciliation of policy reserves reported in the preceding rollforwards to policy benefit reserves on the consolidated balances sheets is as follows:

<i>(In millions)</i>	December 31,	
	2025	2024
Liability for future policy benefits	\$ 5,860	\$ 4,069
Additional insurance reserves	3,577	3,236
Deferred profit liability	189	213
Other policy benefit reserves	387	398
Total policy benefit reserves	<u>\$ 10,013</u>	<u>\$ 7,916</u>

The following table provides information regarding revenue and interest expense relating to the liability for future policy benefits and additional insurance reserves recognized in the consolidated statements of income (loss):

<i>(In millions)</i>	Revenues <sup>1</sup>		Interest expense	
	Year ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Traditional Life	\$ 525	\$ 515	\$ 87	\$ 86
Single Premium (Life Contingent)	1,595	854	116	82
Universal Life	875	923	127	116
Total	<u>\$ 2,995</u>	<u>\$ 2,292</u>	<u>\$ 330</u>	<u>\$ 284</u>

<sup>1</sup> Represents “Gross Premiums” for benefit reserves and “Gross Assessments” for additional insurance liabilities.

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 14. MARKET RISK BENEFITS

The following table summarizes the Company's issued and reinsured products that meet the criteria to be classified as market risk benefits:

<i>(In millions)</i>	<b>Variable Annuity</b>	<b>Fixed Annuity</b>	<b>Total</b>
<b>Balance at December 31, 2024</b>	\$ (52)	\$ 2,753	\$ 2,701
Balance, beginning of 2025, before effect of changes in instrument-specific credit risk	(55)	2,319	2,264
Issuances	(1)	304	303
Interest accrual	(1)	161	160
Attributed fees collected	19	184	203
Benefit payments	(2)	(4)	(6)
Effect of changes in interest rates	(5)	(286)	(291)
Effect of changes in equity markets	(5)	(12)	(17)
Actual policyholder behavior different from expected behavior	(8)	10	2
Effect of changes in future expected policyholder behavior	1	46	47
Balance, end of 2025, before effect of changes in instrument-specific credit risk	(57)	2,722	2,665
Effect of changes in the instrument-specific credit risk	3	439	442
<b>Balance at December 31, 2025</b>	(54)	3,161	3,107
Reinsured market risk benefit, end of year	—	(228)	(228)
<b>Balance at December 31, 2025, net of reinsurance</b>	<b>\$ (54)</b>	<b>\$ 2,933</b>	<b>\$ 2,879</b>

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<i>(In millions)</i>	Variable Annuity	Fixed Annuity	Total
<b>Balance at January 1, 2024</b>	\$ (46)	\$ 2,249	\$ 2,203
Balance, beginning of 2024, before effect of changes in instrument-specific credit risk	(49)	1,917	1,868
Issuances	—	855	855
Interest accrual	(1)	148	147
Attributed fees collected	19	132	151
Benefit payments	(3)	(2)	(5)
Effect of changes in interest rates	(15)	(699)	(714)
Effect of changes in equity markets	(4)	10	6
Actual policyholder behavior different from expected behavior	(2)	(7)	(9)
Effect of changes in future expected policyholder behavior	—	(35)	(35)
Balance, end of 2024, before effect of changes in instrument-specific credit risk	(55)	2,319	2,264
Effect of changes in the instrument-specific credit risk	3	434	437
<b>Balance at December 31, 2024</b>	(52)	2,753	2,701
Reinsured market risk benefit, end of year	—	(205)	(205)
<b>Balance at December 31, 2024, net of reinsurance</b>	\$ (52)	\$ 2,548	\$ 2,496

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The following table provides supplemental information related to market risk benefits:

	<b>December 31, 2025</b>	
<i>(In millions, except for attained age)</i>	<b>Variable Annuity</b>	<b>Fixed Annuity</b>
Net amount at risk <sup>1</sup>	\$ 50	\$ 6,753
Weighted-average attained age of contract holders (in years)	78	68

	<b>December 31, 2024</b>	
<i>(In millions, except for attained age)</i>	<b>Variable Annuity</b>	<b>Fixed Annuity</b>
Net amount at risk <sup>1</sup>	\$ 58	\$ 6,445
Weighted-average attained age of contract holders (in years)	78	67

<sup>1</sup> Net amount at risk is defined as the greater of the current Guaranteed Minimum Death Benefit and Guaranteed Minimum Withdrawal Benefit amounts, where applicable, in excess of the current account balance.

The following table presents the market risk benefit assets and liabilities which are netted in the rollforward above. Market risk benefit assets are included in other assets on the consolidated balance sheets:

<i>(In millions)</i>	<b>As of December 31, 2025</b>			<b>As of December 31, 2024</b>		
	<b>Asset</b>	<b>Liability</b>	<b>Net</b>	<b>Asset</b>	<b>Liability</b>	<b>Net</b>
Variable Annuity	\$ 75	\$ 21	\$ (54)	\$ 72	\$ 20	\$ (52)
Fixed Annuity	174	3,335	3,161	109	2,862	2,753
Total	\$ 249	\$ 3,356	\$ 3,107	\$ 181	\$ 2,882	\$ 2,701

The following table summarizes the impacts to the market risk benefits from updating actuarial assumptions:

<i>(In millions)</i>	<b>Year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Guaranteed minimum withdrawal benefit elections	\$ (72)	\$ (26)
Surrender rates	106	(9)
Other	13	—
Total	\$ 47	\$ (35)

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**15. NOTES AND LOANS PAYABLE**

The Company had the following notes payable outstanding:

<i>(In millions, except for percentages)</i>	Interest Rate at December 31,	Principal Amount At December 31,		Interest expense	
		2025	2024	2025	2024
<b>Senior Notes</b>					
Senior notes due 2027	4.45%	\$ 500	\$ 500	\$ 22	\$ 22
Senior notes due 2031	3.35%	850	850	28	28
Senior notes due 2032	4.75%	500	500	24	24
Senior notes due 2034	6.875%	750	750	52	39
Senior notes due 2043	7.00%	200	200	14	14
Debt issue costs		(14)	(16)	2	2
Discount on notes		(3)	(3)	—	—
		<u>\$ 2,783</u>	<u>\$ 2,781</u>	<u>\$ 142</u>	<u>\$ 129</u>

On October 25, 2013, SFG issued Senior Notes (the “2013 Notes”) in a private placement at a principal and par value amount of \$200 million. The 2013 Notes are senior unsecured obligations of the Company and may be redeemed at any time and from time to time at a make-whole redemption price. The Company contributed the net proceeds from the 2013 Notes to its insurance company subsidiaries to support growth.

On May 12, 2017, SFG issued Senior Notes (the “2017 Notes”) in a private placement at a principal and par value amount of \$500 million. The 2017 Notes are senior unsecured obligations of the Company and may be redeemed at any time and from time to time at a make-whole redemption price. The Company contributed the net proceeds from the 2017 Notes to its insurance company subsidiaries to support growth.

On April 16, 2021, SFG issued Senior Notes (the “2021 Notes”) in a private placement at a principal and par value amount of \$850 million. The 2021 Notes are senior unsecured obligations of the Company and may be redeemed at any time and from time to time at a make-whole redemption price. The Company contributed the net proceeds from the 2021 Notes to its subsidiaries to support growth.

On April 8, 2022, SFG issued Senior Notes (the “2022 Notes”) in a private placement at a principal and par value amount of \$500 million. The 2022 Notes are senior unsecured obligations of the Company and may be redeemed at any time and from time to time at a make-whole redemption price. The Company contributed the net proceeds from the 2022 Notes to its subsidiaries to support growth.

On March 28, 2024, SFG issued Senior Notes (the “2024 Notes”) in a private placement at a principal and par value amount of \$750 million. The 2024 Notes are senior unsecured obligations of the Company and may be redeemed at any time and from time to time at a make-whole redemption price. The Company contributed the net proceeds from the 2024 Notes to its subsidiaries to support growth.

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#### 16. SEPARATE ACCOUNT ASSETS AND LIABILITIES

The following table summarizes the balance of and changes in the carrying amount of separate account liabilities included in the consolidated balance sheets:

<i>(In millions)</i>	Year Ending December 31, 2025		
	Variable Universal Life	Variable Annuities <sup>1</sup>	Total
Balance, beginning of year	\$ 778	\$ 2,406	\$ 3,184
Premiums and deposits	22	958	980
Surrenders and withdrawals	(25)	(266)	(291)
Benefit payments	(7)	(121)	(128)
Investment performance	127	349	476
Policy charges	(29)	(32)	(61)
Net transfers from (to) general account	(14)	(673)	(687)
Other changes	6	—	6
Balance, end of year	\$ 858	\$ 2,621	\$ 3,479
Cash surrender value	\$ 851	\$ 2,600	\$ 3,451

<i>(In millions)</i>	Year Ending December 31, 2024		
	Variable Universal Life	Variable Annuities <sup>1</sup>	Total
Balance, beginning of year	\$ 688	\$ 2,253	\$ 2,941
Premiums and deposits	22	603	625
Surrenders and withdrawals	(21)	(245)	(266)
Benefit payments	(5)	(124)	(129)
Investment performance	141	310	451
Policy charges	(29)	(31)	(60)
Net transfers from (to) general account	(25)	(360)	(385)
Other changes	7	—	7
Balance, end of year	\$ 778	\$ 2,406	\$ 3,184
Cash surrender value	\$ 770	\$ 2,381	\$ 3,151

<sup>1</sup>RILA sales are recorded as a separate account liability until they are swept into the general account. This sweep is recorded in Net Transfers from (to) separate account.

All separate account assets are invested in variable insurance trusts. The fair value of the assets supporting the separate accounts totaled \$3,479 million and \$3,184 million at December 31, 2025 and 2024, respectively. For the periods ended December 31, 2025 and 2024, there were no transfers of assets, other than cash, from the general account to the separate account; therefore no gains or losses were recorded.

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#### 17. ACCUMULATED OTHER COMPREHENSIVE INCOME

The components of accumulated OCI are as follows:

<i>(In millions)</i>	Net Unrealized Gain (Loss) on Available-For-Sale Securities	Other	Intangible Offset	Liability for Future Policy Benefits Discount Rate	Market Risk Benefit Nonperformance Risk Margin	Deferred Income Taxes	Total
<b>Balance at December 31, 2023</b>	\$ (8,918)	\$ 25	\$ 1,319	\$ —	\$ —	\$ 1,589	\$ (5,985)
Transition adjustment	—	—	(1,188)	(64)	(335)	333	(1,254)
Other comprehensive income (loss) before reclassifications	(1,310)	(2)	16	210	(102)	247	(941)
Reclassification adjustments	349	—	(5)	—	—	(72)	272
<b>Balance at December 31, 2024</b>	(9,879)	23	142	146	(437)	2,097	(7,908)
Other comprehensive income (loss) before reclassifications	2,700	7	(21)	(135)	(2)	(525)	2,024
Reclassification adjustments	358	—	1	—	—	(75)	284
<b>Balance at December 31, 2025</b>	\$ (6,821)	\$ 30	\$ 122	\$ 11	\$ (439)	\$ 1,497	\$ (5,600)

The following table sets forth the reclassification adjustments in accumulated OCI by component as reflected in the consolidated statements of income:

<b>(Gains) losses in net income:</b>	<b>Affected Line Item in the Consolidated Statements of Income</b>	<b>For The Year Ended December 31,</b>	
<i>(In millions)</i>		<b>2025</b>	<b>2024</b>
Net Unrealized (Gain) Loss on Available-For-Sale Securities	Net realized investment losses	\$ 358	\$ 349
	Income tax benefit	(75)	(73)
		<u>\$ 283</u>	<u>\$ 276</u>
Intangible Offset	Benefits incurred	1	(5)
	Income tax expense	—	1
		<u>\$ 1</u>	<u>\$ (4)</u>

The unrealized gain (loss) on available-for-sale securities is adjusted by intangibles (primarily additional insurance reserves) and deferred income taxes and is included in the statements of comprehensive income.

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#### 18. REVENUE RECOGNITION

The following table presents the Company's disaggregation of revenue by timing of recognition:

<i>(In millions)</i>	Year ended December 31, 2025		
	Recognized Over Time	Recognized at a Point in Time	Total
<b>Revenue Type</b>			
Wealth management and advisory fees	\$ 136	\$ —	\$ 136
Mutual fund distribution and servicing fees	—	53	53
Mutual fund administration fees	—	34	34
Other fee based revenue	—	3	3
Total investment service fee revenue	\$ 136	\$ 90	\$ 226

<i>(In millions)</i>	Year ended December 31, 2024		
	Recognized Over Time	Recognized at a Point in Time	Total
<b>Revenue Type</b>			
Wealth management and advisory fees	\$ 81	\$ —	\$ 81
Mutual fund distribution and servicing fees	—	50	50
Mutual fund administration fees	—	31	31
Other fee based revenue	—	3	3
Total investment service fee revenue	\$ 81	\$ 84	\$ 165

#### 19. INCOME TAXES

The significant components of income tax expense are as follows:

<i>(In millions)</i>	Year Ended December 31,	
	2025	2024
Current	\$ 72	\$ 29
Deferred	65	81
Total income tax expense	\$ 137	\$ 110

Total income tax expense attributable to income before taxes differs from the amounts that would result from applying the U.S. federal statutory rate of 21% in 2025 and 2024. The significant differences in 2025 were tax credits, non-taxable income items including earnings on COLI, tax exempt interest, dividends received deductions, income from nontaxable entities and partnership deferred tax true-ups. The Company also had an increase in the Bermuda CIT deferred tax asset, offset by a full valuation allowance. The significant differences in 2024 were tax credits, non-taxable income including earnings on COLI, tax exempt interest, dividends received deductions, and income from nontaxable entities, as well as interest accrued on IRS tax refunds that favorably impacted the effective tax rate. The Company also had an increase in the Bermuda CIT deferred tax asset, offset by a full valuation allowance.

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The tax effects of temporary differences that give rise to significant portions of deferred income tax assets and deferred income tax liabilities are as follows:

<i>(In millions)</i>	December 31,	
	2025	2024
Deferred income tax assets		
Policy liabilities and reserves	\$ 1,163	\$ 958
Investments	857	1,694
Capital Loss Carryforwards	111	16
US Operating Loss Carryforward	369	249
Bermuda Operating Loss Carryforward	369	298
Other, net	309	322
Total gross deferred income tax assets	3,178	3,537
Less valuation allowance	(374)	(302)
Total deferred income tax assets	\$ 2,804	\$ 3,235
Deferred income tax liabilities		
Deferred policy acquisition costs and deferred sales inducements	\$ (1,598)	\$ (1,362)
Total deferred income tax liabilities	(1,598)	(1,362)
Net deferred income tax asset	\$ 1,206	\$ 1,873

If the Company determines that any of its deferred tax assets (“DTAs”) will not result in future tax benefits, a valuation allowance must be established for the portion of these assets that more-likely-than-not will not be realized. With the enactment of the Bermuda CIT in 2023, SFG Bermuda is now a dual resident taxpayer and will establish separate deferred tax balances for Bermuda and the US jurisdictions and consider the need for a valuation allowance in each jurisdiction based upon applicable tax laws.

As of December 31, 2025 and 2024, the Company has established valuation allowances of \$374 million and \$302 million, respectively. The valuation allowance at December 31, 2025 includes \$369 million for the DTA related to the \$2,457 million net operating loss (“NOL”) carryforward for Bermuda tax purposes. The valuation allowance at December 31, 2024 includes \$298 million for the DTA related to the \$1,987 million NOL carryforward for Bermuda tax purposes. While this NOL does not expire, the company expects to generate future foreign tax credits which would displace the DTA related to the NOL and thus no net benefit will be realized. The remaining valuation allowances in both years were established against certain capital DTAs at the Company’s subsidiaries that file separate tax returns, including a \$4 million valuation allowance against the DTA attributable to SFG Bermuda’s US capital loss carryforward of \$17 million at December 31, 2025, which will expire December 31, 2027 through December 31, 2030, and a \$1 million valuation allowance against the DTA attributable to Lantern’s US capital loss carryforward of \$7 million at December 31, 2025, which will expire December 31, 2027 through December 31, 2029, if not utilized. Adjustments to the valuation allowance will be made if there is a change in management’s assessment of the amount of the DTAs that are more-likely-than-not to be realized. Based upon a review of the Company’s anticipated future taxable income and after considering all other available evidence, both positive and negative, the Company’s management believes no additional valuation allowance is necessary.

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SFG Bermuda has a DTA of \$366 million related to its \$1,745 million NOL carryforward for US tax purposes and Lantern has a DTA of \$2 million related to its \$11 million NOL carryforward. The NOLs may be carried forward indefinitely. Midland National has a DTA of \$54 million related to a \$258 million capital loss carryforward and North American has a DTA of \$51 million related to a \$244 million capital loss carryforward at December 31, 2025. These will expire in tax year 2029 and 2030 if not utilized. SFG Bermuda has a DTA of \$33 million for CAMT credit carryforwards. These can be carried forward indefinitely and utilized against regular income tax.

The Company has not established a liability for unrecognized tax benefits and does not expect this to change during the next twelve months. The Company recognizes interest and/or penalties as a component of tax expense. The Company did not have any accrued interest and penalties at December 31, 2025 and 2024.

The Company is under IRS examination for the years 2015 through 2018, and 2020 through 2024. Years prior to 2015 are closed. At this time, there have been no proposed adjustments and the Company does not anticipate any adjustments that will have a material effect on the financial statements.

### **20. EMPLOYEE BENEFIT PLANS**

#### **Retiree Medical Plan**

The Company provides certain post-retirement health care benefits through a health and welfare benefit plan (“Retiree Medical Plan”) and life insurance benefits for eligible active and retired employees. The Retiree Medical Plan was amended in 2023 for the plan to terminate for future participants on January 1, 2025 and to scale down for current participants over a ten year period before complete termination. The accumulated benefit obligation included in other liabilities was \$3 million as of December 31, 2025 and 2024. The weighted-average discount rates used to determine the benefit obligations as of December 31, 2025 and 2024 were 4.21% and 4.97%, respectively.

#### **Employee stock ownership plan**

The Company participates in an Employee Stock Ownership Plan (“ESOP”) sponsored by SEI covering eligible employees of SFG. SFG pays and recognizes as an expense the current year allocation to its employees pursuant to the terms of a service agreement with SEI. SEI is responsible for funding employee distributions from the SEI Employee Stock Ownership Trust to participants as they occur. Compensation expense of \$50 million and \$34 million for 2025 and 2024, respectively, was recorded related to the ESOP.

### **21. FAIR VALUE**

Fair value is based on an exit price, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value guidance also establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. Market price observability is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Financial instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

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The Company determines the fair value of its investments, in the absence of observable market prices, using the valuation methodologies described below applied on a consistent basis. For some investments, market activity may be minimal or nonexistent and management's determination of fair value is then based on the best information available in the circumstances and may incorporate management's own assumptions, which involves a significant degree of judgment.

Investments for which market prices are not observable are generally private investments, securities valued using non-binding broker quotes or securities with very little trading activity. Fair values of private investments are determined by reference to public market or private transactions or valuations for comparable companies or assets in the relevant asset class when such amounts are available. If these are not available, a discounted cash flow analysis using interest spreads adjusted for the maturity/average life differences may be used. Spread adjustments are intended to reflect an illiquidity premium and take into account a variety of factors including but not limited to senior unsecured versus secured, par amount outstanding, number of holders, maturity, average life, composition of lending group, fixed maturity rating, credit default spreads, default rates and credit spreads applicable to the security sector. These valuation methodologies involve a significant degree of judgment.

Financial instruments measured and reported at fair value are classified and disclosed in one of the following categories.

Level 1 – Quoted prices are available in active markets that the Company has the ability to access for identical financial instruments as of the reporting date. The types of financial instruments included in Level 1 are listed equities, mutual funds, money market funds, non-interest bearing cash, exchange traded futures and options, and separate account assets. As required by the fair value measurements guidance, the Company does not adjust the quoted price for these financial instruments, even in situations where it holds a large position and a sale could reasonably impact the quoted price.

Level 2 – Fair values are based on quoted prices for identical assets or liabilities in active and inactive markets. Inactive markets involve few transactions for identical assets or liabilities and the prices are not current or price quotations vary substantially over time or among market makers, which would include some broker quotes. Level 2 inputs also include corroborated market data such as interest rate spreads, yield curves, volatilities, prepayment speeds, credit risks and default rates. Financial instruments that are generally included in this category include corporate bonds, asset-backed securities, CMOs, less liquid and restricted equity securities and over-the-counter derivatives.

Level 3 – Pricing inputs are unobservable for the financial instrument and include situations where there is little, if any, market activity for the financial instrument. These inputs may reflect the Company's estimates of the assumptions that market participants would use in valuing the financial instruments. Financial instruments that are included in this category generally include private corporate securities, collateralized fixed maturity obligations and indexed life and annuity embedded derivatives.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument. From time to time there may be movements between levels as inputs become more or less observable, which may depend on several factors including the activity of the market for the specific security,

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

the activity of the market for similar securities, the level of risk spreads and the source of the information from which the Company obtains the information.

The Company relies on third party pricing services and independent broker quotes to value fixed maturity and equity securities. The third party pricing services use discounted cash flow models or the market approach to value the securities when the securities are not traded on an exchange. The following characteristics are considered in the valuation process: benchmark yields, reported trades, issuer spreads, bids, offers, benchmark and comparable securities, estimated cash flows and prepayment speeds.

The Company performs both quantitative and qualitative analysis of the prices. The review includes initial and ongoing review of the third party pricing methodologies, back testing of recent trades, and review of pricing trends and statistics. In addition to the fair value hierarchy levels used to determine the value of assets, the Company also estimates fair value using the net asset value (“NAV”) practical expedient. The practical expedient is used for some investments made by a consolidated VIE and certain fund investments.

The following tables summarize the valuation of the Company’s financial instruments carried at fair value in the consolidated balance sheets by the fair value hierarchy levels defined in the fair value measurements guidance. Methods and assumptions used to determine the fair values are described in Note 1:

<i>(In millions)</i>	<b>December 31, 2025</b>				
	<b>Measured at NAV</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets:</b>					
Available-for-sale securities					
Fixed maturity securities:					
U.S. government and agencies	\$ —	\$ —	\$ 11,631	\$ —	\$ 11,631
Municipal securities	—	—	7,160	—	7,160
Corporate securities	—	—	44,218	4,139	48,357
Residential mortgage-backed securities	—	—	6,474	7	6,481
Commercial mortgage-backed securities	—	—	1,602	—	1,602
Asset-backed securities	—	—	11,556	8,358	19,914
Other debt obligations	—	—	164	275	439
Total available-for-sale securities	—	—	82,805	12,779	95,584
Trading securities					
Fixed maturity securities:					
Municipal securities	—	—	6	—	6
Corporate securities	—	—	142	8	150
Residential mortgage-backed securities	—	—	4	—	4
Commercial mortgage-backed securities	—	—	31	—	31
Asset-backed securities	—	—	61	2	63
Total trading securities	—	—	244	10	254

# SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES

(an indirect wholly owned subsidiary of Sammons Enterprises, Inc.)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	December 31, 2025				
<i>(In millions)</i>	Measured at NAV	Level 1	Level 2	Level 3	Total
Equity securities:					
Financial services	148	7	675	363	1,193
Other	—	63	31	—	94
Total equity securities	148	70	706	363	1,287
Mortgage Loans	—	—	—	9	9
Short-term investments					
U.S. government and agencies	—	—	2,561	—	2,561
Corporate securities	—	99	72	—	171
Asset-backed securities	—	—	—	21	21
Total short-term investments	—	99	2,633	21	2,753
Derivative instruments:					
Options	—	—	4,841	—	4,841
Futures	—	24	—	—	24
Total derivative instruments	—	24	4,841	—	4,865
Other invested asset	348	—	—	610	958
Other assets:					
Market risk benefit asset	—	—	—	249	249
Reinsurance receivables - embedded derivatives from reinsurance ceded:					
Indexed annuity products ceded	—	—	—	339	339
Annuity funds withheld and Modco	—	—	—	151	151
Total reinsurance receivables	—	—	—	490	490
Separate account assets	—	3,479	—	—	3,479
Total financial assets	\$ 496	\$ 3,672	\$ 91,229	\$ 14,531	\$ 109,928
<b>Financial liabilities:</b>					
Policyholder account balances - indexed					
life and annuity embedded derivatives	\$ —	\$ —	\$ —	\$ 9,628	\$ 9,628
Market risk benefit liabilities	—	—	—	3,356	3,356
Derivative instruments:					
Written options	—	—	1,942	—	1,942
Total derivative instruments	—	—	1,942	—	1,942
Other liabilities - contingent earn-out	—	—	—	101	101
Total financial liabilities	\$ —	\$ —	\$ 1,942	\$ 13,085	\$ 15,027

# SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES

(an indirect wholly owned subsidiary of Sammons Enterprises, Inc.)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

<i>(In millions)</i>	December 31, 2024				
	Measured at NAV	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>					
Available-for-sale securities					
Fixed maturity securities:					
U.S. government and agencies	\$ —	\$ —	\$ 9,740	\$ —	\$ 9,740
Municipal securities	—	—	7,349	—	7,349
Corporate securities	—	—	40,708	3,702	44,410
Residential mortgage-backed securities	—	—	5,783	36	5,819
Commercial mortgage-backed securities	—	—	1,697	—	1,697
Asset-backed securities	—	—	10,723	6,448	17,171
Other debt obligations	—	—	230	283	513
Total available-for-sale securities	—	—	76,230	10,469	86,699
Trading securities					
Fixed maturity securities:					
Municipal securities	—	—	6	—	6
Corporate securities	—	—	238	122	360
Residential mortgage-backed securities	—	—	17	—	17
Commercial mortgage-backed securities	—	—	28	—	28
Asset-backed securities	—	—	48	4	52
Total trading securities	—	—	337	126	463
Equity securities:					
Financial services	—	7	786	89	882
Other	—	—	35	—	35
Total equity securities	—	7	821	89	917
Mortgage Loans	—	—	—	9	9
Short-term investments:					
U.S. government and agencies	—	—	3,965	—	3,965
Corporate securities	—	79	12	—	91
Asset-backed securities	—	—	—	47	47
Total short-term investments	—	79	3,977	47	4,103
Derivative instruments:					
Options	—	—	3,284	—	3,284
Foreign exchange derivatives	—	—	3	—	3
Futures	—	17	—	—	17
Total derivative instruments	—	17	3,287	—	3,304
Other invested assets	144	—	—	564	708

## SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In millions)	December 31, 2024				
	Measured at NAV	Level 1	Level 2	Level 3	Total
Other assets:					
Market risk benefit asset	—	—	—	181	181
Reinsurance receivables - embedded derivatives from reinsurance ceded:					
Indexed annuity products ceded	—	—	—	394	394
Annuity funds withheld and modco	—	—	—	186	186
Total reinsurance receivables	—	—	—	580	580
Separate account assets	—	3,184	—	—	3,184
Total financial assets	\$ 144	\$ 3,287	\$ 84,652	\$ 12,065	\$ 100,148
<b>Financial liabilities:</b>					
Policyholder account balances - indexed life and annuity embedded derivatives	\$ —	\$ —	\$ —	\$ 9,025	\$ 9,025
Market risk benefit liability	—	—	—	2,882	2,882
Derivative instruments:					
Interest rate swaps	—	—	4	—	4
Written options	—	—	1,312	—	1,312
Total derivative instruments	—	—	1,316	—	1,316
Other liabilities - contingent earn-out	—	—	—	38	38
Total financial liabilities	\$ —	\$ —	\$ 1,316	\$ 11,945	\$ 13,261

Included in the December 31, 2025 Level 3 fixed maturity securities are private asset-backed securities, categorized as asset-backed securities, with unique fair value considerations. The private asset-backed securities consist of 10 securities with a par value of \$967 million and fair value of \$899 million. These securities were structured by the Company's investment advisor GPIM, between 2006 and 2009. The market for these securities is very limited and, as a result, there is a lack of observable market inputs. These securities are supported by invested assets held in trusts. The invested assets typically consist of a zero coupon U.S. Government or Government Agency security that has a par value and maturity equal to the par value and maturity of the applicable asset-backed security. The interest obligation applicable to these securities, which is market rate, is supported by the remaining assets held in the trust. The assets held in the trust provide no additional potential returns other than the contractual interest obligation. As a note holder in these trusts, the Company does not have access to detailed information about the underlying collateral in the trusts.

The Company has developed internal pricing models to determine the fair values of the private asset-backed securities. The internal models use cash flow projections with input assumptions consistent with market estimates for AA+/Aaa structured finance securities. The models assume limited liquidity and include assumptions regarding the collateral underlying the interest obligations due to the Company's limited access to information on the collateral.

## SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following tables summarize the changes in financial instruments measured at fair value, excluding accrued interest income and the changes in MRBs (see Note 14), for which Level 3 inputs were used to determine fair value:

<i>(In millions)</i>	Year ended December 31, 2025		
	Purchases	Issuances	Transfers in and/or out of Level 3 <sup>(1)</sup>
<b>Financial assets:</b>			
Available-for-sale securities			
Fixed maturity securities:			
Corporate securities	\$ 943	\$ —	\$ (129)
Residential mortgage-backed securities	7	—	(31)
Asset-backed securities	3,166	—	(8)
Total fixed maturity securities	4,116	—	(168)
Equity securities:			
Financial services	253	—	—
Total equity securities	253	—	—
Trading securities:			
Corporate securities	6	—	—
Total trading securities	6	—	—
Short-term investments:			
Asset-backed securities	21	—	(47)
Total short-term investments	21	—	(47)
Other invested assets	177	—	—
Other assets:			
Market risk benefit asset	—	11	—
Reinsurance receivables - embedded derivatives from reinsurance ceded			
Indexed annuity products ceded	—	(59)	—
Total reinsurance receivables	—	(59)	—
Total financial assets	\$ 4,573	\$ (48)	\$ (215)
<b>Financial liabilities:</b>			
Policyholder account balances - indexed life and annuity embedded derivatives	\$ —	\$ (522)	\$ —
Market risk benefit liability	—	314	—
Other liabilities - contingent earn-out	—	109	—
Total financial liabilities	\$ —	\$ (99)	\$ —

<sup>(1)</sup>Included in the transfers in and/or out column above is \$7 million of securities transferred into Level 3 that were valued by a pricing service using observable market data at December 31, 2024, but did not have enough observable data to

# SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

include in Level 2 at December 31, 2025 and \$222 million of securities priced using unobservable data at December 31, 2024 that were valued by a pricing service using observable market data at December 31, 2025.

<i>(In millions)</i>	<b>Year Ended December 31, 2024</b>		
	<b>Purchases</b>	<b>Issuances</b>	<b>Transfers in and/or out of Level 3<sup>(1)</sup></b>
<b>Financial assets:</b>			
Available-for-sale securities			
Fixed maturity securities:			
Municipal securities	\$ 18	\$ —	\$ (16)
Corporate securities	525	—	79
Residential mortgage-backed securities	36	—	—
Asset-backed securities	2,465	—	245
Total fixed maturity securities	<u>3,044</u>	<u>—</u>	<u>308</u>
Equity securities:			
Financial services	13	—	—
Total equity securities	<u>13</u>	<u>—</u>	<u>—</u>
Trading securities			
Corporate securities	150	—	—
Asset-backed securities	5	—	—
Total trading securities	<u>155</u>	<u>—</u>	<u>—</u>
Short-term investments			
Corporate securities	1	—	—
Asset-backed securities	132	—	—
Total short-term securities	<u>133</u>	<u>—</u>	<u>—</u>
Other invested assets	207	—	—
Other assets:			
Market risk benefit assets	—	(9)	—
Reinsurance receivables - embedded derivatives from reinsurance ceded			
Indexed annuity products ceded	—	(69)	—
Total reinsurance receivables	<u>—</u>	<u>(69)</u>	<u>—</u>
Total financial assets	<u>\$ 3,552</u>	<u>\$ (78)</u>	<u>\$ 308</u>
<b>Financial liabilities:</b>			
Policyholder account balances - indexed life and annuity embedded derivatives	\$ —	\$ (849)	\$ —
Market risk benefit liability	—	846	—
Other liabilities - contingent earn-out	—	25	—
Total financial liabilities	<u>\$ —</u>	<u>\$ 22</u>	<u>\$ —</u>

<sup>(1)</sup>Included in the transfers in and/or out column above is \$372 million of securities transferred into Level 3 that did not have enough observable data to include in Level 2 at December 31, 2024 and \$64 million of securities priced using



## **SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES**

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### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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The prescribed and permitted practices used by both Midland National and North American in 2025 include the following:

- In 2008, Iowa issued a prescribed practice that allows insurance companies to account for call option derivative assets that hedge the growth in interest credited to the hedged policy as a direct result of changes in the related indices at amortized cost. Other derivative instruments such as indexed futures, swaps and swaptions that may be used to hedge the growth in interest credited to the policy as a direct result of changes in the related indices would still be accounted for at fair value since an amortized cost for these instruments does not exist. As a result, Midland National and North American elected to establish a voluntary reserve to offset increases in the values of these other derivative instruments. The prescribed practice also provides guidance to determine indexed annuity reserve calculations based on Actuarial Guideline 35 Reserve assuming the market value of the call option(s) associated with the current index term is zero, regardless of the observable market for such option(s). At the conclusion of the index term, credited interest is reflected in the reserve as realized, based on actual index performance. Midland National and North American adopted this prescribed practice in 2008.
- In 2015, Iowa issued a prescribed practice that allows insurance companies domiciled in Iowa to use the Annuity 2000 mortality table for determining the minimum standard of valuation for annuities issued on or after January 1, 2015. NAIC accounting requires the 2012 IAR Mortality Table for determining the minimum standard of valuation for annuities issued during 2015.

The combined effect of applying these prescribed practices in 2025 decreased Midland National's and decreased North American's statutory-based surplus by \$214 million and \$284 million, respectively. The risk-based capital excluding the effect of these prescribed practices would not have resulted in a regulatory trigger event.

The State of Iowa statute allows limited purpose captive insurance companies to assume certain redundant insurance reserves. Solberg Re, MNL Re and Canal Re assume redundant reserves from Midland National and North American that are secured by a contingent note guarantee, see Note 7, that provided combined statutory-based surplus relief of \$1,849 million and \$1,792 million at December 31, 2025 and December 31, 2024, respectively.

Generally, the net assets of an Iowa domiciled insurance company available for distribution to its stockholders are limited to the amounts by which the net assets, as determined in accordance with statutory accounting practices, exceed minimum regulatory statutory capital requirements. All payments of dividends or other distributions to stockholders are subject to notification of regulatory authorities. The maximum amount of dividends that can be paid by Midland National and North American during any 12-month period, without prior approval of the Iowa insurance commissioner, is limited according to statutory regulations and is a function of statutory equity and statutory income (generally, the greater of prior year statutory-basis net gain from operations or 10% of prior year-end statutory-basis surplus). Midland National paid dividends of \$383 million and \$600 million in 2025 and 2024, respectively. Dividends payable in 2026 up to approximately \$514 million will not require prior approval of regulatory authorities. North American paid dividends of \$241 million and \$70 million in 2025 and 2024, respectively. Dividends payable in 2026 up to approximately \$262 million will not require prior approval of regulatory authorities.

At December 31, 2025 and 2024, Midland National reported statutory surplus of \$5,140 million and \$4,993 million, respectively, in accordance with statutory accounting principles. At December 31, 2025 and 2024,

## **SAMMONS FINANCIAL GROUP, INC. AND SUBSIDIARIES**

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### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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North American reported statutory surplus of \$2,461 million and \$2,458 million, respectively, in accordance with statutory accounting principles.

#### **23. OTHER RELATED PARTY TRANSACTIONS**

The Company pays fees to SEI under management contracts that cover certain investment, accounting, employee benefits and management services. The Company was charged \$82 million and \$67 million in 2025 and 2024, respectively, related to these contracts.

#### **24. COMMITMENTS AND CONTINGENCIES**

The Company has, in the normal course of business, claims and lawsuits filed against it. In some cases the damages sought are substantially in excess of contractual policy benefits. The Company believes these claims and lawsuits, either individually or in aggregate, will not materially affect the Company's financial position or results of operations.

The Company had outstanding capital commitments to limited partnerships of \$1,086 million and \$1,263 million at December 31, 2025 and 2024, respectively.

Under insurance guaranty fund laws, in most states insurance companies doing business therein can be assessed up to prescribed limits for policyholder losses incurred by insolvent companies. The Company does not believe such assessments will be materially different from amounts already provided for in the consolidated financial statements. Most of these laws do provide, however, that an assessment may be excused or deferred if it would threaten an insurer's own financial strength.

#### **25. SUBSEQUENT EVENTS**

The Company evaluated subsequent events through March 24, 2026 which is the date the consolidated financial statements were available to be issued. There were no subsequent event transactions that required disclosure in the consolidated financial statements.