



The Penn Mutual Life Insurance Company

■ 2025 Consolidated GAAP Financial Statements



Report of Independent Auditors

To the Board of Trustees of The Penn Mutual Life Insurance Company

Opinion

We have audited the accompanying consolidated financial statements of The Penn Mutual Life Insurance Company and its subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2025, and the related consolidated statements of operations, of comprehensive income, of changes in equity and of cash flows for the year 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 the results of its operations and its cash flows for the year 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 and investment 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.



Philadelphia, Pennsylvania

February 18, 2026

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Consolidated Balance Sheet

December 31,	2025
ASSETS	
Investments:	
Debt securities, at fair value:	
Available for sale	\$ 29,587,691
Equity securities, at fair value, available for sale	161,054
Real estate, net of accumulated depreciation	11,840
Policy loans	2,322,934
Alternative assets	1,624,809
Derivatives	1,116,059
Other invested assets	1,370,331
TOTAL INVESTMENTS	36,194,718
Cash	122,399
Investment income due and accrued	367,057
Deferred acquisition costs	4,085,485
Amounts recoverable from reinsurers	757,157
Market risk benefit asset	18,141
Broker/dealer receivables	12,702
Other assets	1,186,750
Separate account assets	9,573,748
TOTAL ASSETS	\$ 52,318,157
LIABILITIES AND EQUITY	
Liabilities:	
Reserves for future policy benefits	\$ 15,080,931
Other policyholder funds	16,321,910
Market risk benefit liabilities	93,605
Broker/dealer payables	4,411
Deferred tax liabilities	477,335
Debt	900,115
Derivatives	817,495
Other liabilities	2,594,716
Separate account liabilities	9,573,748
TOTAL LIABILITIES	45,864,266
Equity:	
Retained earnings	7,204,708
Accumulated other comprehensive loss	(750,817)
TOTAL EQUITY	6,453,891
TOTAL LIABILITIES AND EQUITY	\$ 52,318,157

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

Consolidated Statement of Operations

Year Ended December 31,	2025
REVENUES	
Premium and annuity considerations	\$ 2,273,529
Policy fee income	771,558
Net investment income	1,872,530
Net investment gains/(losses)	79,717
Broker/dealer fees and commissions	133,929
Other income	69,866
Total revenues	5,201,129
BENEFITS AND EXPENSES	
Benefits paid to policyholders and beneficiaries	1,757,094
Policyholder dividends	281,206
Increase in reserves for future policy benefits	1,637,418
General expenses	513,073
Market risk benefit loss	11,716
Broker/dealer sales expense	127,602
Amortization of deferred acquisition costs	247,749
Total benefits and expenses	4,575,858
Income before income taxes	625,271
Income tax expense	105,318
Net income	519,953
Net income attributable to noncontrolling interest	316
Net income attributable to Penn Mutual	\$ 519,637

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

Consolidated Statement of Comprehensive Income

Year Ended December 31	2025
Net income	\$ 519,953
Other comprehensive income/(loss)	
Unrealized (losses)/gains on investments:	
Unrealized (losses)/gains arising during the period, net of taxes of \$109,543	412,089
Reclassification adjustments included in net income, net of taxes of \$17,001	63,953
UNREALIZED GAINS	476,042
Valuation Allowance	—
UNREALIZED GAINS, net of Valuation Allowance	476,042
Market risk benefit non-performance risk gain/(loss)	120
Policyholder discount rate remeasurement gain/(loss)	(36,720)
Funded status of postretirement plans	
Curtailments and settlements arising during the period, net of taxes of \$2,032	7,643
FUNDED STATUS OF POSTRETIREMENT PLANS	7,643
Other comprehensive gain	447,085
Comprehensive income	\$ 967,038

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

(\$ in Thousands)

Consolidated Statement of Changes in Equity

	Accumulated Other Comprehensive Loss	Non- Controlling Interest	Retained Earnings	Total Equity
BALANCE AT DECEMBER 31, 2024	\$ (1,021,305)	\$ 4,678	\$ 6,793,099	\$ 5,776,472
Opening adjustment - adoption of ASU 2018-12	(176,597)	—	(114,047)	(290,644)
Opening adjustment - other	—	—	7,499	7,499
Net income	—	316	519,637	519,953
Unrealized gains/(losses) on investments, net of tax	476,042	—	—	476,042
Funded status of post retirement plans, net of tax	7,643	—	—	7,643
Policyholder discount rate remeasurement gain/(loss)	(36,720)	—	—	(36,720)
Market risk benefit non-performance risk gain/(loss)	120	—	—	120
Comprehensive gain				967,038
Change in noncontrolling interest	—	(4,994)	(1,480)	(6,474)
BALANCE AT DECEMBER 31, 2025	\$ (750,817)	\$ —	\$ 7,204,708	\$ 6,453,891

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

Consolidated Statement of Cash Flow

Year Ended December 31,	2025
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	\$ 519,637
Adjustments to reconcile net income to net cash provided by operating activities:	
Capitalization & amortization of acquisition costs, net	(217,156)
Policy fees & interest credited on universal life and investment contracts	87,152
Depreciation and amortization	55,306
Net investment (gains)/losses	(79,717)
Change in:	
Investment income due and accrued	(36,656)
Amounts recoverable from reinsurers	26,639
Future policy benefits	1,698,872
Accrued income taxes	(102,758)
Net broker/dealer receivables	(1,722)
Trading securities	341,499
Other assets and liabilities	287,116
Net investment income	114,380
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 2,692,591
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments:	
Debt securities, available for sale	\$ 3,515,831
Equity securities	292
Other invested assets	25,616
Maturity and other principal repayments:	
Debt securities, available for sale	3,209,119
Derivatives	404,284
Alternative assets	122,933
Other	149,377
Cost of investments acquired:	
Debt securities, available for sale	(9,034,010)
Equity securities	(144,499)
Alternative assets	(209,211)
Derivatives	(220,757)
Other	(754,166)
Change in policy loans, net	(452,039)
Change in short-term investments	(173,139)
Increase in collateral payable	10,687
Purchases of furniture and equipment, net of dispositions	(6,888)
NET CASH USED IN INVESTING ACTIVITIES	\$ (3,556,570)
CASH FLOWS FROM FINANCING ACTIVITIES	
Policyholder account balances:	
Deposits for universal life and investment contracts	\$ 4,318,781
Withdrawals from universal life and investment contracts	(3,832,173)
Transfers from separate accounts, net	426,627
Net (decrease)/increase in debt	378
Other	(4,362)
NET CASH PROVIDED BY FINANCING ACTIVITIES	\$ 909,251
Net (decrease)/ increase in cash	45,272
Cash, beginning of year	77,127
CASH, END OF YEAR	\$ 122,399

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

Notes to Consolidated Financial Statements

Note 1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

NATURE OF OPERATIONS The Penn Mutual Life Insurance Company (“PML”) and its subsidiaries (collectively, “the Company”) offer a wide range of insurance and investment products including life insurance, annuities and investment products, as well as advisory services. PML, a Pennsylvania domiciled mutual life insurance company, concentrates primarily on the sale of individual life insurance and annuity products. PML is licensed to sell its products in forty-nine states and the District of Columbia. PML and its wholly owned life insurance subsidiary, The Penn Insurance and Annuity Company (“PIA”), primarily market traditional whole life, term life, fixed universal life, indexed universal life, variable universal life, immediate annuity and fixed and variable deferred annuity products through a network of closely affiliated and independent financial professionals. PIA is domiciled in Delaware and is licensed to sell its products in forty-nine states and the District of Columbia. Vantis Life Insurance Company (“Vantis”), is a direct writer of individual annuities. Vantis is domiciled in Delaware and is licensed to sell its products in forty-nine states and the District of Columbia. The Penn Insurance and Annuity Company of New York (“PIANY”) is a direct writer of individual annuities and ordinary life insurance. Domiciled in New York, PIANY is licensed to sell its products in that state.

In addition, the Company offers a variety of investment products and advisory services through its non-insurance subsidiaries (principally broker/dealer and investment advisory subsidiaries). 1847 Financial, LLC (“1847FIN”), a wholly-owned subsidiary of PML, serves as a dedicated distribution entity for the Company. Hornor, Townsend & Kent, LLC (“HTK”), a wholly-owned subsidiary of 1847FIN and a dual-registered broker-dealer (registered with the SEC) and registered investment advisor (registered with FINRA), selects, trains and supervises personnel of the Company and independent registered representatives in connection with the sale of registered products. Penn Mutual Asset Management, LLC (“PMAM”), a wholly-owned subsidiary of PML, registered with the SEC, serves as an investment adviser to a number of affiliated funds and accounts. PMAM also offers private fund investment vehicles to its clients.

BASIS OF PRESENTATION The accompanying Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and reflect the consolidation of PML and its wholly owned and majority controlled subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

The Company invested with other co-investors in the Penn Mutual Asset Management Multi-Series Funds A and B and the Penn Mutual AM Strategic Income Fund (collectively “PMAM's Private Funds/PMUBX”). As the majority owner, the Company consolidated the funds, and any unaffiliated investors’ noncontrolling interest in the fund is reported in “Noncontrolling interest.” The funds were closed in 2025.

PML prepares its regulatory financial statements in accordance with statutory accounting practices prescribed or permitted by the Pennsylvania Insurance Department. Vantis, PIA and its wholly owned reinsurance company follow statutory practices prescribed or permitted by the Delaware Department of Insurance. PIANY follows statutory practices prescribed or permitted by the New York Department of Financial Services. These are comprehensive bases of accounting other than GAAP (collectively, “statutory accounting principles” or “SAP”).

ASU 2023-09 In December 2023, the FASB issued ASU 2023-09, *Income Taxes—Improvements to Income Tax Disclosures*, an update which enhances income tax disclosures. This guidance requires disaggregated information about an entity's effective tax rate reconciliation as well as information on income taxes paid. This update is applicable to all entities and is effective for non-public entities for fiscal years starting after December 15, 2025. Early adoption is permitted. The amendments in this update should be applied prospectively; however, retrospective application is permitted. The Company is currently evaluating the impact the new accounting guidance will have on its financial statements and disclosures.

ADOPTION OF ASU 2018-12 In August 2018, the Financial Accounting Standards Board (“FASB”) issued ASU 2018-12, *Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts*, which provides new authoritative guidance impacting the accounting and disclosure requirements for long-duration insurance and investment contracts issued by the Company. The Company adopted this guidance with an effective date and transition date of January 1, 2025. The Company adopted ASU 2018-12 under the modified retrospective

approach, except for Market Risk Benefits ("MRB"), which applied the full retrospective approach. The consolidated financial statements are presented under ASU 2018-12 for reporting periods beginning January 1, 2025.

Under ASU 2018-12, the Company includes actual historical cash flows along with best estimate future cash flows to derive the net premium ratio when calculating the Liability for Future Policy Benefits ("LFPB") associated with its traditional and limited-payment long-duration contracts. The Company reviews and updates, if necessary, assumptions used to measure future cash flows included in the net premium ratio at least annually. Historical cash flows included in the net premium ratio are updated for actual experience quarterly and as assumptions are updated. Changes in the measurement of the LFPB result from updates to cash flow assumptions and actual experience; these impacts are reported within Increase in reserves for policyholder benefits in the Consolidated Statement of Operations. The Company uses an upper-medium grade (low credit risk) fixed-income instrument yield (single-A) discount rate when calculating the LFPB. This discount rate is updated quarterly at each reporting date with the impact recognized in the Consolidated Statement of Comprehensive Income. There is no transition impact for whole life reserves as these are participating contracts and therefore outside the scope of ASU 2018-12.

ASU 2018-12 introduced the category of MRBs, which are contracts or contract features that provide protection to the policyholder from other-than-nominal capital market risk and expose the Company to other-than-nominal capital market risk upon the occurrence of a specific event or circumstance, such as death, annuitization or periodic withdrawal. MRBs are required to be measured at fair value, with periodic changes in fair value reported within MRB gain (loss) in the Consolidated Statement of Operations, except for periodic changes to instrument-specific credit risk related to direct policies, which are recognized in the Consolidated Statement of Comprehensive Income.

ASU 2018-12 simplified the amortization model for Deferred Acquisition Costs ("DAC") and DAC-like intangible balances, including Value of Business Acquired ("VOBA"), Sales Inducement Assets ("SIA") and Front End Loads ("FEL"). Historically these balances were amortized in proportion to premium or gross profits. These balances are now amortized on a constant-level basis over the expected term of the contract.

ASU 2018-12 requires disaggregated rollforwards from the beginning of year to the end of the reporting period balances. The Company also discloses information about inputs, judgments, assumptions, methods, changes during the period and the effect of these changes on the measurement of applicable balances. In determining the appropriate level of aggregation, the Company considered the nature and risk characteristics of its products and level of aggregation used in disclosures presented outside the financial statements.

The following table presents the cumulative effect adjustments, after-tax, and shown as increases/(decreases), to the applicable components of equity from the adoption of ASU 2018-12 as of January 1, 2025, by primary accounting topic:

	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
Liability for future policy benefits	\$ (2,561)	\$ (5,680)	\$ (8,241)
Market risk benefits	(111,486)	2,161	(109,325)
Deferred acquisition costs	—	(474,421)	(474,421)
Unearned revenue liabilities	—	301,343	301,343
Total	\$ (114,047)	\$ (176,597)	\$ (290,644)

The following table summarizes the impact of the adoption of ASU 2018-12 as of January 1, 2025 on the applicable financial statement line items in the Consolidated Balance Sheet:

(\$ in Thousands)

	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
Deferred acquisition costs	\$ —	\$ (600,534)	\$ (600,534)
Amounts recoverable from reinsurers	—	1,407	1,407
Reserves for future policy benefits	(77,061)	(8,596)	(85,657)
Other policyholder funds	—	380,780	380,780
Net market risk benefit asset/(liability)	(67,303)	3,403	(63,900)
Deferred Taxes	30,317	46,943	77,260
Total	\$ (114,047)	\$ (176,597)	\$ (290,644)

The following table summarizes the changes in DAC, pre-tax, due to the adoption of ASU 2018-12 in Accumulated Other Comprehensive Loss:

	Whole Life	Term Life	Universal Life	Variable Annuity	Deferred Annuity	Total
Balance pre-adoption, December 31, 2024	\$ 1,354,749	\$ 313,096	\$ 2,404,939	\$ 362,470	\$ 33,609	\$ 4,468,863
Impact from removal of shadow balances	(190,097)	—	(381,447)	(14,801)	(14,188)	(600,534)
Balance post-adoption January 1, 2025	\$ 1,164,652	\$ 313,096	\$ 2,023,492	\$ 347,669	\$ 19,421	\$ 3,868,329

The following table summarizes the changes in FEL, pre-tax, due to the adoption of ASU 2018-12 in Accumulated Other Comprehensive Income:

	Universal Life
Balance pre-adoption, December 31, 2024	\$ 1,637,367
Impact from removal of shadow balances	(381,447)
Balance post-adoption, January 1, 2025	\$ 1,255,920

The following tables summarize the changes in LFPBs, pre-tax, due to the adoption of ASU 2018-12 in Accumulated Other Comprehensive Income:

Benefit Reserves	Term Life	Payout Annuity	Total
Balance pre-adoption, December 31, 2024	\$ 357,603	\$ 1,849,144	\$ 2,206,747
Changes in cash flow assumptions and other activity	—	(121,115)	(121,115)
Balance after adoption at original discount rate	357,603	1,728,029	2,085,632
Cumulative changes in discount rate assumptions and other activity	30,487	(21,891)	8,596
Balance after adoption at current discount rate	388,090	1,706,138	2,094,228
Less: reinsurance recoverable post-adoption, January 1, 2025	(48,927)	—	(48,927)
Balance post-adoption, January 1, 2025, net of reinsurance recoverables	\$ 339,163	\$ 1,706,138	\$ 2,045,301

Reinsurance Recoverables	Term Life
Balance pre-adoption, December 31, 2024	\$ 47,520
Single-A discount rate measurement	1,407
Balance post-adoption, January 1, 2025	\$ 48,927

(\$ in Thousands)

Additional Insurance Reserves ("AIR")

Balance pre-adoption, December 31, 2024	\$	705,591
Unwinding amounts related to unrealized investment gains and losses		45,364
Balance pre-adoption, excluding amounts related to unrealized investment gains and losses		750,955
Reclassification of future policy benefits from AIRs to MRBs		(12,660)
Balance Post-Adoption, excluding amounts related to unrealized investment gains and losses		738,295
Amounts related to unrealized investment gains and losses after transition		(44,697)
Balance post-adoption, January 1, 2025	\$	693,598

The following table summarizes the changes in the net liability position of MRBs, pre-tax, due to the adoption of ASU 2018-12 and reconciles this balance to the Consolidated Balance Sheet:

Liability for guaranteed benefits recorded at fair value, prior to adoption	\$	(85,367)
AIR to be reclassified to MRBs, prior to transition, excluding amounts related to unrealized investment gains and losses		12,660
Total liability prior to adoption		(72,707)
Change in reserve basis to MRB framework		136,607
MRB balance post-adoption, January 1, 2025, at current Non-Performance Risk ("NPR") value	\$	63,900

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES The preparation of financial statements requires management to make estimates and assumptions that impact the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Those estimates are inherently subject to change and actual results could differ from those estimates. Included among the material reported amounts and disclosures that requires extensive use of estimates are:

- Fair value of certain invested assets and derivatives
- Expected credit losses
- Reserves for future policyholder benefits
- Accounting for income taxes and valuation of deferred income tax assets and liabilities and unrecognized tax benefits
- Litigation and other contingencies
- Other postretirement and postemployment benefits

INVESTMENTS The Company is required to classify its investments into one of three categories: held-to-maturity, available-for-sale, or trading. The Company determines classification of debt securities at the time of purchase. The Company classifies its debt securities (bonds, preferred stocks and mortgage and asset-backed securities) as available-for-sale ("AFS") and trading. AFS securities are reported at fair value, with unrealized gains/(losses) reported in Other comprehensive income, net of deferred taxes and related adjustments. Trading securities are held at fair value, with changes in value reported through net investment gains/(losses). Income on debt securities is recognized using the effective yield method of amortization. For mortgage and asset-backed securities ("structured securities") that do not have a fixed schedule of payments, the effect on amortization or accretion is revalued three times a year based on the current estimated cash flow. Cash flow assumptions for structured securities are obtained from broker dealer survey values or internal estimates consistent with the current interest rate and economic environments. These assumptions represent the Company's best estimate of the amount and timing of estimated principal and interest cash flows based on current information and events. Interest on debt securities is recorded as income when earned.

Equity securities are carried at fair value. Unrealized capital gains/(losses) are reported in net investment gains/(losses). Dividends on equity securities are credited to income on their ex-dividend dates.

Real estate is carried at depreciated cost. Depreciated cost is adjusted for impairments whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable, with the impairment being included in net investment losses. The Company did not recognize any impairments on its real estate during 2025. Depreciation is calculated using the straight-line method over the estimated useful life of the real estate holding, not to exceed 40 years. Depreciation expense on real estate is included in Net investment income in the Statement of Operations.

Cash equivalents include investments purchased with maturities of three months or less and money market funds.

Policy loans are stated at the aggregate balance of unpaid principal and capitalized interest.

Alternative assets are investments in limited partnerships for which the Company applies the equity method of accounting. Due to the timing of the valuation data received from the partnerships, these investments are reported in accordance with the most recent valuations received, which are primarily on a one quarter lag.

Other invested assets include short-term investments, low income housing tax credit investments (“LIHTC”), stock held in the Federal Home Loan Banks of Pittsburgh and Boston (“FHLB”), an investment in an unaffiliated mortgage fund and other miscellaneous invested assets. Short-term investments, which are carried at amortized cost and approximate fair value, consists of investments purchased with maturities of greater than three months and less than or equal to 12 months. Certain short-term investments are held as collateral for derivative transactions. LIHTC investments are accounted for under the proportional amortization method. The delayed equity contributions for these investments are unconditional and legally binding and therefore, have been recognized as a liability. LIHTC investments are reviewed for impairment which, if identified, is recorded as a net investment loss.

Investment income due and accrued consists primarily of interest and dividends. Interest is recognized on an accrual basis and dividends are recorded as earned on the ex-dividend date. Due and accrued income is not recorded on: (a) bonds in default; (b) bonds delinquent more than 90 days or where collection of interest is improbable; and (c) policy loan interest due and accrued in excess of the cash surrender value of the underlying contract.

Net investment gains/(losses) on sales are generally computed using the specific identification method and are included in income on the trade date. Unrealized capital gains/(losses) on investments, net of applicable taxes, are accounted for as a separate component of Other comprehensive income.

EVALUATING AVAILABLE FOR SALE INVESTMENTS FOR EXPECTED CREDIT LOSSES In 2025, the Company performed a regular evaluation, on a security-by-security basis, of its available for sale investment holdings in accordance with its impairment policy in order to evaluate whether such investments have expected credit losses and require an allowance to be established.

The Company considers, amongst other criteria, whether it has the intent to sell a particular impaired available for sale debt security. Decisions to sell are based on current market conditions and information available to the Company at that time. When the Company has determined it has the intent to sell or will be required to sell a security before recovery of its amortized cost, the security will be deemed to have an expected credit loss in the period that the sale decision was made and an allowance for the entire difference between the fair value and the amortized cost will be recorded in earnings.

If the Company believes it is more likely than not that it will not be required to sell the security before recovery of its amortized cost, the Company evaluates the security for impairment to determine if the decline in fair value below market value is considered to be an expected credit loss. Factors considered in this determination include, but are not limited to, the significance of the decline, current economic conditions, past credit loss experience, estimated future cash flows and other circumstances of the investment. If the Company concludes that there is an expected credit loss, the Company estimates the present value of the expected future cash flows to be received from the security, and if less than the amortized cost, an allowance will be established in that period. This amount is referred to as the credit loss and will be recognized in earnings. Any remaining difference between the present value of the expected future cash flows to be received and the estimated fair value of the security is referred to as the non-credit loss and will be recognized as a separate component of other comprehensive loss. For available for sale debt securities for which an expected credit loss was recognized in earnings, the decision as to whether or not the difference between the new amortized cost basis and the cash flows expected to be collected should be accreted as interest income is done on a security by security basis.

FHLB stock is evaluated for impairment considering the ultimate recoverability of its par value. When evaluating the ultimate recoverability of par value, the Company considers current facts and circumstances of the FHLB including any declines in the net assets of the FHLB, legislative and regulatory changes impacting the FHLB and the liquidity position of the FHLB. The Company also considers the materiality of the carrying amount of the FHLB stock to the Company and whether it is expected that the Company intends to dispose of the FHLB stock at an amount other than par value.

DERIVATIVE FINANCIAL INSTRUMENTS The Company may utilize various derivatives, including swaps, swaptions, futures, forward contracts, caps and options in conjunction with its management of assets and liabilities and interest rate risk. All derivatives are required to be recorded at fair value. The accounting treatment of specific derivatives depends on whether the financial instrument is designated and qualifies as a highly effective hedge. To qualify as a hedge, the hedge relationship is designated and formally documented at inception by detailing the particular risk management objective and strategy for the hedge. This includes the item and risk that is being hedged, the derivative that is being used, as well as how effectiveness is being assessed and measured. A derivative must be highly effective in accomplishing the objective of offsetting either changes in fair value or cash flows for the risk being hedged to qualify for hedge accounting. The hedging relationship is considered highly effective if the changes in fair value or discounted cash flows of the hedging instrument is within 80%-125% of the inverse changes in the fair value or discounted cash flows of the hedged item. The Company formally assesses effectiveness of its hedging relationships both at the hedge inception and on a quarterly basis. Derivatives are generally recognized at fair value. Derivatives with a positive fair value are reported as assets. Derivatives with a negative fair value are reported as liabilities. The Company does not engage in derivative financial instrument transactions for speculative purposes.

The Company has an embedded derivative in the form of equity options, which are related to the Interest Credited reserve. The Company has elected to record the change in value of the derivative that provides an economic hedge to the identified policyholder obligation, in interest on policy contract funds (“Benefits to policyholders”), the financial statement line item that reflects the change in the value of the embedded derivative.

Interest rate swaps, inflation swaps, caps, swaptions, currency swaps and interest rate futures are used to manage risk from interest rate fluctuations. Credit default swaps protect the Company from a decline in credit quality of a specified security. Receiver swaps, a type of interest rate swap, protect the Company from credit risk in the fixed income portfolio. These do not meet the criteria of an effective hedge.

Currency swaps are also used to manage exposure to fluctuation in currency values associated with certain foreign currency denominated bonds.

For a cash flow hedge, in which derivatives hedge the variability of cash flows related to variable rate available-for-sale securities and foreign denominated bonds, the accounting treatment depends on the effectiveness of the hedge. To the extent these derivatives are effective in offsetting the variability of the hedged cash flows, changes in the derivatives’ fair value are not included in current earnings, but are reported as Other comprehensive income. To the extent these derivatives are not effective, changes in their fair values are included in earnings as a net investment gain/(loss).

For a fair value hedge, in which the derivatives hedge the impact of changing interest rates on the value of specific municipal bonds, the accounting treatment depends on the effectiveness of the hedge. To the extent these derivatives are effective in offsetting the variability of the hedged interest rates, changes in the derivatives’ fair value are not included in current earnings, but are reported as Other comprehensive income. To the extent these derivatives are not effective, changes in their fair values are included in earnings as a net investment gain/(loss).

For derivatives, when hedge accounting is discontinued because it is probable that a forecasted transaction will not occur, the gain/(loss) that was accumulated in Other comprehensive income is recognized immediately in net investment gains/(losses). The derivative will continue to be carried on the balance sheet at its fair value with subsequent changes in fair value recorded in net investment gains/(losses). When hedge accounting is discontinued because the hedge is terminated, the accumulated gain/(loss) remains in Other comprehensive income until the forecasted transaction is no longer probable. At that time, the accumulated gain or loss is amortized in net investment gains/(losses) over the remaining life of the derivative contract.

The Company discontinues hedge accounting prospectively if: (i) it is determined that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item, (ii) the derivative expires, is sold, terminated, or exercised, (iii) the derivative is de-designated as a hedge instrument, or (iv) it is probable that the forecasted transaction will not occur and the derivative is held at fair value.

The Company utilizes total return swaps, interest rate swaps, inflation swaps, swaptions, financial futures and equity options to hedge risks associated with the offering of equity market based guarantees in the Company's annuity product portfolio. These derivatives do not qualify for hedge accounting. The change in fair value of these derivatives is recognized in net investment gain/(loss). The Company utilizes equity options in the form of call spreads to hedge equity market risks associated with the offering of indexed universal life insurance products. These derivatives do not qualify for hedge accounting. The realized gains or losses and change in fair value of the call spreads are recognized in benefits paid to policyholders and beneficiaries.

Interest rate caps, inflation swaps, certain interest rate swaps and credit default swaps are carried at fair value and do not qualify for hedge accounting treatment. As a result, the change in the fair value of the derivatives is recognized currently in net investment gains/(losses) in the period of change.

The Company also provides contracts with certain living benefits that are considered embedded derivatives.

Cash flows associated with derivative instruments are included in Policy fees & interest credited on universal life and investment contracts, Maturity of investments: derivatives, Acquisition of investments: derivatives and Increase in collateral payable within the Consolidated Statement of Cash Flows and the related gains/(losses) are included in Net investment (gains)/losses within the Consolidated Statement of Cash Flows.

DEFERRED ACQUISITION COSTS ("DAC") The costs that are directly related to the successful acquisition or renewal of insurance contracts and incremental direct costs of contract acquisition that are incurred in transactions with either independent third parties or employees have been deferred and recorded as an asset. DAC relating to internal replacements is immediately written off to expense and any new determinable expenses associated with the replacement are deferred.

DAC is being amortized on a constant-level basis over the expected term of grouped contracts taking into account the actual persistency observed in the current period. The amortization is calculated based on inforce amounts, policy counts or benefits using a consistent unit of measure.

OTHER ASSETS Other assets primarily consist of corporate owned life insurance, derivative collateral, fixed assets and taxes receivable.

Fixed assets includes, among others, property and equipment, leasehold improvements, computer equipment and packaged and internally developed software. Fixed assets are stated at cost, less accumulated depreciation and amortization, on a straight-line basis over the estimated useful lives of the related assets. Depreciation and amortization expense was \$3,065 for the year ended December 31, 2025.

FEDERAL HOME LOAN BANK BORROWINGS The Company is a member of the Federal Home Loan Bank of Pittsburgh, which provide access to collateralized advances, collateralized funding agreements and other FHLB products. The Company intends to use this access to funds as an additional source of liquidity for its operations and to earn incremental income. Collateralized advances from the FHLB are classified as Debt in the Consolidated Balance Sheet. Collateralized funding agreements issued to the FHLB are classified as Other policyholder funds in the Consolidated Balance Sheet. FHLB is a first-priority secured creditor. Vantis withdrew its membership in the Federal Home Loan Bank of Boston during 2023. The terms of the withdrawal process requires Vantis to maintain its membership stock for a period of 5 years.

The Company's membership in FHLB requires the ownership of member stock, and borrowings from FHLB require the purchase of FHLB activity based stock in an amount equal to 4% of the outstanding borrowings. All FHLB stock purchased by the Company is classified as restricted general account investments within Other invested assets in the Consolidated Balance Sheet. The Company's borrowing capacity is determined by the lesser of the assets available to be pledged as collateral to FHLB or 10% of the applicable company's prior period admitted general account assets in accordance with statutory accounting principles. The fair value of the qualifying assets pledged as collateral by the Company must be

maintained at certain specified levels of the borrowed amount, which can vary, depending on the nature of the assets pledged. The Company's agreement allows for the substitution of assets and the advances are pre-payable. Borrowings would be subject to prepayment penalties.

Dividends received on FHLB stock are recorded as income when earned. Interest expense incurred on FHLB borrowings classified as funding agreements is included in Benefits paid to policyholders and beneficiaries in the Consolidated Statement of Operations. Interest expense incurred on FHLB borrowings classified as advances is included in General expenses in the Consolidated Statement of Operations.

As of December 31, 2025, borrowings from the FHLB, segregated by those classified as advances and funding agreements:

	December 31, 2025	
	Outstanding Borrowings	Fair Value
Advances (Debt)	\$ —	\$ —
Funding agreements (Other policyholder funds)	500,000	504,436
Total	\$ 500,000	\$ 504,436

The Company incurred interest expense of \$42,088 for the year ended December 31, 2025 on borrowings from FHLB during the year that were classified as funding agreements.

RESERVES FOR FUTURE POLICY BENEFITS Future policy benefits include reserves for participating traditional life insurance, term insurance, and life contingent annuity products; excess death benefit liabilities associated with universal life contracts with secondary guarantees; and excess interest credits from indexed universal life contracts. These liabilities are established in amounts adequate to meet the estimated future obligations of the policies in-force.

Liabilities for participating traditional life products are computed using the net level premium method, using assumptions for investment yields, mortality and morbidity, which are consistent with the dividend fund interest rate and mortality rates used in calculating cash surrender values. Interest rate assumptions used in the calculation of the liabilities for participating traditional life products ranged from 2.25% to 4.50%. Reserves for substandard policies are computed using multiples of the respective underlying mortality tables.

Liabilities for life contingent annuity products and term insurance are computed by estimating future benefits and premiums. Assumptions are based on the Company's best estimate without provision for adverse deviations. Interest rate assumptions range from 2.66% to 14.32%.

For excess death benefit liabilities associated with universal life contracts with secondary guarantees, reserve estimates are established using the Company's best estimate assumptions, which include future investment income, mortality and lapse rates. Each year, a formal review of the assumptions underlying these estimates are analyzed and updated as necessary.

The significant assumption changes for 2025 included a revision to mortality for both life insurance and annuity. Liabilities that are categorized as embedded derivatives are held at fair value on the balance sheet. These embedded derivatives consist of index credits associated with fixed indexed annuities and indexed universal life. For the indexed products, the balance is recorded in Reserves for future policy benefits and the change in the fair value is recorded in Benefits paid to policy holders and beneficiaries.

For whole life, universal life and deferred annuity, premium deficiency testing occurs on an annual basis to ensure reserves are adequate to meet future policyholder obligations.

OTHER POLICYHOLDER FUNDS Other policyholder funds represent liabilities for universal life and investment-type annuity products. The liabilities for these products are based on the contract account value, which consists of deposits received from customers and investment earnings on the account value, less administrative, mortality and expense charges. The

liability for universal life products is also reduced by the cost of insurance charges. Other policyholder funds also include unearned revenue liabilities for certain front-end loads associated with universal life contracts.

Liabilities for non-life contingent annuity products are computed by estimating future benefits and expenses. Assumptions are based on Company experience projected at the time of policy issue. Interest rate assumptions, based on contractual terms, range from 1.00% to 9.25%.

Contract charges assessed against account values for universal life and investment-type annuities are reflected as policy fee income in revenue. Interest credited to account values and universal life benefit claims in excess of fund values are reflected as Benefits paid to policyholders and beneficiaries.

MARKET RISK BENEFITS Market risk benefits are contracts or contract features that provide protection to the policyholder from other-than-nominal capital market risk and expose the Company other-than-nominal capital market risk upon the occurrence of a specific event or circumstance, such as death, annuitization or periodic withdrawal. MRBs do not include the death benefit component of a life insurance contract (i.e. the difference between the account balance and the death benefit amount). All long-duration insurance contracts and certain investment contracts are subject to MRB evaluation. An MRB can be in either an asset or a liability position. The Company's MRB asset and MRB liabilities are reported at fair value separately on the Consolidated Balance Sheet. The Company issues variable and fixed annuity contracts that may include various types of guaranteed living benefit and guaranteed death benefit riders that have been classified as MRBs. Changes in the fair value of MRB assets and liabilities are recognized in net income (loss), except for the portion attributable to the change in non-performance risk that is recognized in Other comprehensive income (loss).

MRBs are valued based on a stochastic projection that incorporates a spread reflecting the Company's non-performance risk. The scenario assumptions, at each valuation date, are those the Company views to be appropriate for a hypothetical market participant and include assumptions for capital markets, policyholder behavior (e.g. policy lapse, rider utilization, etc.), mortality and risk margin. These assumptions are based on a combination of historical data and actuarial judgments. Each year, we conduct our comprehensive review of the actuarial assumptions and projection models used in estimating these MRBs and update these assumptions on a prospective basis as needed.

POLICYHOLDERS' DIVIDENDS PAYABLE As of December 31, 2025, participating insurance expressed as a percentage of insurance in-force is 81%, and as a percentage of annual premium is 89%. The Board of Trustees approves the amount of Policyholders' dividends to be paid annually. The aggregate amount of policyholders' dividends is calculated based on actual interest, mortality, morbidity and expense experience for the year and on management's judgment as to the appropriate level of equity to be retained by the Company. The carrying value of this liability approximates the earned amount and fair value at December 31, 2025. Policyholder dividends are recorded in the Consolidated Statement of Operations upon declaration by the Board of Trustees.

OTHER LIABILITIES Other liabilities include but are not limited to benefit liabilities, prepaid premiums, accrued expenses, value of business acquired, policyholder dividends payable and policyholder claims payable.

BROKER/DEALER RECEIVABLES AND PAYABLES Broker/dealer transactions in securities and listed options, including related commission revenue and expense, are recorded on a trade-date basis.

SEPARATE ACCOUNT ASSETS AND LIABILITIES The Company has separate account assets and liabilities representing segregated funds administered and invested by the Company primarily for the benefit of variable life insurance policyholders and annuity contract holders. The assets of each account are legally segregated and are not subject to claims that arise out of any other business of the Company. The separate accounts have varying investment objectives. At December 31, 2025, all separate account assets are stated at the fair value of the underlying assets, which are primarily mutual funds. The value of the assets in the separate accounts reflects the actual investment performance of the respective accounts and is not guaranteed by the Company. The liability at December 31, 2025 represents the policyholders' interest in the account and includes accumulated net investment income and realized and unrealized capital gains/(losses) on the assets, which reflects fair value. The investment income and net investment gains/(losses) from separate account assets accrue to the policyholders and are not included in the Consolidated Statement of Operations. Mortality, policy administration and surrender charges assessed against the accounts are included in Policy fee income in

the accompanying Consolidated Statement of Operations. Asset management fees charged to the accounts are included in Other income in the accompanying Consolidated Statement of Operations.

The Company issues variable annuity contracts in the separate accounts in which the Company provides various forms of guarantees to benefit the related contract holders called Guaranteed Minimum Death Benefits (“GMDB”), Guaranteed Minimum Accumulated Benefits (“GMAB”), GMAB/Guaranteed Minimum Withdrawal Benefits (“GMWB”) and GMWB with inflation protection. In accordance with guarantees provided, if the investment proceeds in the separate accounts are insufficient to cover the guarantees for the product, the policyholder proceeds will be remitted by the general account.

NET INVESTMENT INCOME Net investment income primarily includes interest income, including amortization of premium and accretion of discount, prepayment fees and dividend income and is net of related investment expenses.

NET INVESTMENT GAINS/(LOSSES) Net investment gains/(losses) primarily include realized gains (losses) from sales and disposals of investments.

RECOGNITION OF INCOME AND RELATED EXPENSES Premiums from traditional participating life insurance policies, term life policies and annuity policies with life contingencies are recognized as income when due. The associated benefits and expenses are matched with income so as to result in the recognition of profits over the life of the contracts.

Amounts received under universal life-type contracts are reported as deposits to policyholders’ account balances. Revenues from these contracts consist of amounts assessed during the period for mortality and expense risk, policy administration and surrender charges, and are included as Policy fee income in the Consolidated Statement of Operations. In addition to fees, the Company earns investment income from the investment of policyholders’ deposits in the Company’s general account portfolio.

Amounts previously assessed to compensate the Company for services to be performed over future periods are deferred and recognized into income over the period benefited, using the same factors used to amortize DAC costs. Policy benefits and claims that are charged to expense include benefit claims incurred in the period in excess of related policyholders’ account balances.

Premiums for contracts with a single premium or a limited number of premium payments due over a significantly shorter period than the total period over which benefits are provided are recorded as income when due. Any excess profit is deferred and recognized as income in a constant relationship to insurance in-force and, for annuities, in relation to the amount of expected future benefit payments.

OTHER INCOME Other income includes commission and expense allowances recognized by the Company pursuant to reinsurance agreements, fees charged to policyholders, and advisory fee revenue.

BROKER/DEALER FEES AND COMMISSIONS Commissions earned on securities transactions, including the related revenue and expenses, are recorded on a trade date basis. Management and underwriting fees are recorded as of the commitment date. Other revenue is recorded as earned.

GENERAL EXPENSES General expenses, including salaries and employees benefits and various operating expenses, are generally charged to expense as incurred.

BROKER/DEALER SALES EXPENSE Broker/dealer sales expense includes commissions paid, other compensation and other general operating expenses.

FEDERAL INCOME TAXES Current federal income taxes are charged or credited to operations based upon amounts estimated to be payable or recoverable as a result of taxable operations for the current year and any adjustments to such estimates from prior years. Deferred federal income tax assets (“DTAs”) and liabilities (“DTLs”) are recognized for expected future tax consequences of temporary differences between GAAP and taxable income. Temporary differences are identified and measured using a balance sheet approach whereby GAAP and tax balances are compared. Deferred income taxes are generally recognized based on enacted tax rates and a valuation allowance is recorded if it is more likely than not that any portion of the deferred tax asset will not be realized.

Uncertain tax positions (“UTP”) are established when the merits of a tax position are evaluated against certain measurement and recognition tests. UTP changes are reflected as a component of income taxes. The Company currently has no UTPs.

Any disproportionate tax effects lodged in accumulated Other comprehensive income are cleared to income under an aggregate portfolio approach, i.e. the disproportionate tax effect remains intact as long as the investment portfolio remains.

The Company files a consolidated federal income tax return with its life insurance subsidiaries. The method tax allocation among the companies is subject to a written agreement, whereby the tax allocation is made on a benefits for loss basis.

REINSURANCE In the normal course of business, the Company seeks to limit its exposure to loss on any single insured and to recover a portion of benefits paid by ceding reinsurance to other insurance enterprises or reinsurers under excess coverage, modified coinsurance and coinsurance contracts. The Company has set its retention limit for acceptance of risk on life insurance policies at various levels up to \$10,000 for single life and \$20,000 for joint lives.

Reinsurance does not relieve the Company of its primary liability and, as such, failure of reinsurers to honor their obligations could result in losses to the Company. The Company evaluates the risk transfer of its reinsurance contracts and the financial strength of potential reinsurers. The Company regularly monitors the financial condition and ratings of its existing reinsurers to ensure that amounts due from reinsurers are collectible.

Insurance liabilities are reported before the effects of reinsurance. Reinsurance receivables (including amounts related to ceded life insurance liabilities) are reported as assets in Amounts recoverable from reinsurers. Estimated reinsurance recoverables are recognized in a manner consistent with the liabilities related to the underlying reinsured contracts.

BENEFIT PLANS The Company follows guidance which requires an employer on a prospective basis to recognize the funded status of its postretirement plan as an asset or liability in its Consolidated Balance Sheet and to recognize changes in that funded status through Other comprehensive income in the year in which the changes occur.

CONTINGENCIES Amounts related to contingencies are accrued if it is probable that a liability has been incurred and an amount is reasonably estimable.

Note 3. INVESTMENTS

AFS DEBT SECURITIES AFS debt securities are carried at fair value. Amortized cost is net of \$13,823 in cumulative write-downs determined by management to be other than temporary declines in value as of December 31, 2025. The distribution of unrealized capital gains/(losses) on investments in AFS debt securities at December 31, 2025 follows:

(\$ in Thousands)

	Amortized Cost	Gross Unrealized Capital			Fair Value
		Gains	Losses	Non-Credit Losses	
Issuer Credit Obligation (ICO):					
U.S. Governments	\$ 111,868	210	\$ 1,336	\$ —	\$ 110,742
Other U.S. Governments	26,893	236	95	—	27,034
Foreign Sovereign	131,146	3,751	3,822	—	131,075
Municipal - General	379,521	3,259	31,786	—	350,994
Municipal - Special Revenue	1,809,990	15,717	153,468	—	1,672,239
Project Finance	128,679	1,418	10,119	—	119,978
Industrial and Miscellaneous	14,640,924	205,064	891,939	—	13,954,049
Single Entity-Backed	287,989	3,563	14,858	—	276,694
BDCs, Closed-End Funds & REITs	323,816	2,662	22,596	—	303,882
Bank Loans	61,205	2	871	—	60,336
Other Credit Obligations	66,519	673	2,591	—	64,601
Total ICO	17,968,550	236,555	1,133,481	—	17,071,624
Asset-backed Securities (ABS):					
Residential Mortgage-Backed Securities	4,775,306	81,303	69,502	—	4,787,107
Commercial Mortgage-Backed Securities	4,018,987	57,929	63,103	—	4,013,813
CLOs, CBOs, and CDOs	1,453,459	2,915	4,945	—	1,451,429
Other Financial Asset-Backed Securities	2,123,514	26,447	55,269	—	2,094,692
Lease-Backed Securities	59,607	1,168	3,092	—	57,683
Total ABS	12,430,873	169,762	195,911	—	12,404,724
Preferred Stock	115,888	12,358	16,903	—	111,343
Total AFS securities	\$ 30,515,311	\$ 418,675	\$1,346,295	\$ —	\$ 29,587,691

The amortized cost and fair value of AFS debt securities as of December 31, 2025 by contractual maturity is presented below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or repay obligations with or without call or prepayment penalties.

	2025	
	Amortized Cost	Fair Value
Due in one year or less	\$ 166,581	\$ 167,093
Due after one year through five years	1,465,412	1,493,018
Due after five years through ten years	2,573,131	2,615,642
Due after ten years	13,763,426	12,795,871
Asset-backed Securities (ABS):		
Residential Mortgage-Backed Securities	4,775,306	4,787,107
Commercial Mortgage-Backed Securities	4,018,987	4,013,813
CLOs, CBOs, and CDOs	1,453,459	1,451,429
Other Financial Asset-Backed Securities	2,123,514	2,094,692
Lease-Backed Securities	59,607	57,683
Preferred stock	115,888	111,343
Total	\$ 30,515,311	\$ 29,587,691

⁽¹⁾ Includes U.S. Agency structured securities

Asset-backed securities are presented separately in the maturity schedule due to the potential for prepayment. The weighted average life of these securities is estimated at 12.45 years.

Asset-backed securities follow a structured principal repayment schedule and 92% are of investment grade. Securities totaling \$3,219,425 are rated AAA.

At December 31, 2025, the largest industry concentration of the Company's portfolio was investments in Electric-Integrated of \$1,410,666, representing 5% of the total AFS debt portfolio.

The gross gains realized on sales were \$123,197 and the gross losses realized on sales were \$24,907 during 2025. During 2025, the Company recognized investment losses of \$23,280 related to the credit losses of AFS debt securities.

The Company's investment portfolio of AFS debt securities is predominantly comprised of investment grade securities. At December 31, 2025, AFS debt securities with fair value totaling \$1,593,339 were less than investment grade.

The Company accrues interest income on debt securities to the extent it is deemed collectible and the security continues to perform under its original contractual terms.

Credit Loss Rollforward The following table represents a rollforward of the cumulative credit loss component of impairment losses recognized in earnings on fixed maturity securities still held for which a portion of the impairment loss was recognized in Other comprehensive loss.

(\$ in Thousands)

For the year ended December 31:	2025
Balance, beginning of period	\$ 5,483
Credit loss impairments previously recognized on securities that matured, paid down, prepaid or were sold during the period	(103)
Credit loss impairments previously recognized on securities impaired to fair value during the period	—
Credit loss impairment recognized in the current period on securities not previously impaired	23,280
Additional credit loss impairments recognized in the current period of securities previously impaired	—
Balance, end of period	\$ 28,660

UNREALIZED LOSSES ON INVESTMENTS Management has determined that there are no unrealized losses in the Company's investments in fixed maturity securities at December 31, 2025 other than those temporary in nature.

The following tables present the gross unrealized capital losses and fair values for AFS debt securities with unrealized capital losses that are deemed to be only temporarily impaired, aggregated by investment category and length of time that individual securities have been in an unrealized capital loss position, at:

	<u>Less than 12 months</u>		<u>Greater than 12 months</u>		<u>Total</u>		<u>Number of Securities</u>
	<u>Fair Value</u>	<u>Gross Unrealized Capital Losses</u>	<u>Fair Value</u>	<u>Gross Unrealized Capital Losses</u>	<u>Fair Value</u>	<u>Gross Unrealized Capital Losses</u>	
December 31, 2025:							
Issuer Credit Obligation (ICO):							
U.S. Governments	\$ 67,979	\$ 1,107	\$ 2,142	\$ 229	\$ 70,121	\$ 1,336	13
Other U.S. Governments	11,355	95	—	—	11,355	95	3
Foreign Sovereign	19,963	439	21,712	3,383	41,675	3,822	14
Municipal - General	24,559	1,160	171,870	30,626	196,429	31,786	73
Municipal - Special Revenue	250,430	2,959	699,765	150,509	950,195	153,468	338
Project Finance	19,450	161	55,987	9,958	75,437	10,119	41
Industrial and Miscellaneous	2,414,820	61,960	5,248,605	829,979	7,663,425	891,939	2,905
Single Entity-Backed	21,019	838	153,272	14,020	174,291	14,858	75
BDCs, Closed-End Funds & REITs	7,586	313	150,766	22,283	158,352	22,596	67
Bank Loans	11,495	871	—	—	11,495	871	8
Other Credit Obligations	24,757	1,669	14,172	922	38,929	2,591	11
Total ICO	2,873,413	71,572	6,518,291	1,061,909	9,391,704	1,133,481	3,548
Asset-backed Securities (ABS):							
Residential Mortgage-Backed Securities	774,035	4,615	848,046	64,887	1,622,081	69,502	343
Commercial Mortgage-Backed Securities	544,326	7,280	1,001,008	55,823	1,545,334	63,103	534
CLOs, CBOs, and CDOs	278,481	1,949	170,871	2,996	449,352	4,945	96
Other Financial Asset-Backed Securities	654,744	8,606	475,567	46,663	1,130,311	55,269	226
Lease-Backed Securities	—	—	38,547	3,092	38,547	3,092	26
Total ABS	2,251,586	22,450	2,534,039	173,461	4,785,625	195,911	1,225
Preferred Stock	16,793	1,067	77,553	15,836	94,346	16,903	43
Total AFS securities	\$ 5,141,792	\$ 95,089	\$ 9,129,883	\$ 1,251,206	\$ 14,271,675	\$ 1,346,295	4,816

EQUITY SECURITIES The gross gains realized on sales were \$772 for 2025. The gross losses realized on sales were \$51 for 2025. Equity securities had a change in fair value recognized in net investment gains/(losses) of \$839 for the year ended December 31, 2025.

ALTERNATIVE ASSETS The investment values are provided per the partnerships' capital account statements. The Company's interest cannot be redeemed; instead distributions from each fund result from the liquidation of the underlying assets.

Unfunded commitments for alternative assets were \$1,144,994 as of December 31, 2025.

Net unrealized investment capital gains/(losses) on alternative assets that were classified as investment income aggregated \$28,381 for the year ended December 31, 2025. Net unrealized investment capital gains/(losses) classified as net investment gains/(losses) were \$0 for the year ended December 31, 2025.

OTHER INVESTED ASSETS The components of other invested assets as of December 31, 2025 were as follows:

	2025	
Short-term investments	\$	885,451
LIHTC		132,640
FHLB stock (restricted)		26,778
Tax credit fund		9,772
Investment in unaffiliated mortgage fund		309,270
Other		6,420
Total other invested assets	\$	1,370,331

The Company invests in LIHTC investments that generate tax credits for investing in affordable housing projects. Investors in entities operating qualified affordable housing projects receive tax benefits in the form of tax deductions from operating losses and tax credits.

The remaining unfunded commitments relating to LIHTC investments of \$241,050 for the year ended December 31, 2025 have been recorded in Other liabilities. The Company has no LIHTC properties under regulatory review at December 31, 2025. Impairment is determined by comparing the book value of the investment with the present value of future tax benefits. The investment is written down if the book value is higher than the present value and the write-down is accounted for as a realized loss. There were no net realized gains/(losses) attributed to impairments and related adjustments for the year ended December 31, 2025. There were no write-downs due to forfeiture of eligibility.

Unfunded commitments for unaffiliated mortgage fund were \$150,000 and \$0 for the years ended December 31, 2025 and 2024, respectively.

RESTRICTED ASSETS AND SPECIAL DEPOSITS The Company maintains assets on deposit with governmental authorities or trustees as required by certain state insurance laws. The Company also receives and pledges collateral for derivative contracts and FHLB in the form of cash and securities. Capital stock was purchased as a requirement to participate in the FHLB lending program.

The components of restricted assets are summarized as follows for the years ended:

Balance Sheet Classification	Type	2025
Debt securities - available for sale	Collateral – FHLB	\$ 3,239,775
Debt securities - available for sale	Reinsurance agreements	9,366,432
Debt securities - available for sale	New York 109 trust agreement	4,115,113
Debt securities - available for sale	Collateral – Derivatives	73,416
Debt securities - available for sale	State deposit	10,270
Alternative assets	Reinsurance agreements	190,094
Other invested assets	FHLB Stock	26,778
Other invested assets	Reinsurance agreements	124,263
Other assets	Collateral – Derivatives	341,703
Other assets	State deposit	5,341
Total restricted assets		\$ 17,493,185

NET INVESTMENT INCOME The components of net investment income are summarized as follows for the year ended:

December 31,	2025
AFS securities	\$ 1,663,018
Equity securities	6,174
Policy loans	108,957
Alternative assets	85,116
Derivatives	6,762
Other invested assets	57,874
Gross investment income	1,927,901
Less: Investment expenses	55,371
Net investment income	\$ 1,872,530

NET INVESTMENT GAINS/(LOSSES) The components of net investment gains/(losses) on investments were as follows for the year ended:

December 31,	2025
AFS securities	\$ 79,445
Trading securities	6,070
Equity securities	1,560
Derivatives	(32,935)
Other	25,616
Other invested assets	(39)
Net investment gains	\$ 79,717

Note 4. DERIVATIVES

The Company utilizes derivatives to achieve its risk management goals. Exposure to risk is monitored and analyzed as part of the Company's asset/liability management process, which focuses on risks that impact liquidity, capital and income. The Company may enter into derivative transactions to hedge exposure to interest rate, credit, liability, currency and cash flow risks. The Company may use forward contracts, swaps, futures, equity options, swaptions, caps, floors, collars and options on futures to mitigate these risks.

Derivative Instruments Designated and Qualifying as Hedging Instruments

The Company purchases certain interest rate swaps that qualify for hedge accounting. These swaps are used to hedge the impact of changing interest rates on the value of specific municipal bonds.

Unrealized gains or losses related to these derivatives designated and qualifying as hedging instruments are not included in current earnings, but are reported as Other comprehensive income. The net receipts/payments from these derivatives are recorded in the Consolidated Statement of Operations.

Derivative instruments that meet the criteria of a highly effective hedge are valued and reported in a manner that is consistent with the hedged asset or liability.

Derivative Instruments Not Designated and Not Qualifying as Hedging Instruments

The Company enters into interest rate caps, interest rate and equity futures, currency swaps, forward contracts, interest rate and treasury swaps, inflation swaps and equity options that do not qualify for hedge accounting.

These instruments are carried at fair value. Instruments with a positive fair value are reported as an asset in the Consolidated Balance Sheet. Instruments with a negative fair value are reported as a liability in the Consolidated Balance Sheet. The Company's use of interest rate caps is designed to manage risk associated with rising interest rates. The Company may use "to be announced" forward contracts to gain exposure to the investment risk and return of mortgage-backed securities.

The Company uses interest rate swaps to reduce market risks from changes in interest rates; the Company uses inflation swaps as an economic hedge to reduce inflation risk associated with inflation-indexed liabilities.

The Company offers a variety of variable annuity programs with guaranteed minimum balance or guaranteed withdrawal benefits. The contract holders may elect to invest in equity funds. Adverse changes in the equity markets expose the Company to losses if the changes result in contract holder's account balances falling below the guaranteed minimum. To mitigate the risk associated with these liabilities, the Company enters into equity futures, total return swaps and equity options. The changes in value of the futures and options will offset a portion of the changes in the annuity accounts relative to changes in the equity market. Adverse changes in the interest rate environment also expose the Company to losses from its variable annuity products. To mitigate this interest rate risk, the Company enters into interest rate swaps, interest rate futures, treasury swaps, treasury forwards and swaptions.

The Company offers Indexed Universal Life products that have an embedded option with guaranteed returns. The Company uses equity options in the form of call spreads for protection from rising equity levels and rising volatility. Realized and unrealized gains and losses related to these equity options are recorded in Benefits paid to policyholders and beneficiaries.

When entering into a derivative transaction, there are several risks, including but not limited to basis risk, credit risk and market risk. Basis risk is the exposure to loss from imperfectly matched positions, and is monitored and minimized by modifying or terminating the transaction. Credit risk is the exposure to loss as a result of default or a decline in credit rating of a counterparty. Credit risk is addressed by establishing and monitoring guidelines on the amount of exposure to any particular counterparty. Market risk is the adverse effect that a change in interest rates, currency rates, implied volatility rates or a change in certain equity indexes or instruments has on the value of a financial instrument. The Company manages the market risk by establishing and monitoring limits as to the types and degree of risk that may be undertaken. Also, the Company requires that an International Swaps and Derivatives Association Master Agreement ("ISDA Master Agreement" or "ISDA") govern all Over-the-Counter ("OTC") derivative contracts. In addition, interest rate swaps are centrally cleared through an exchange.

The following tables present the notional values and fair values for derivative financial instruments designated and qualifying as hedging instruments and derivative financial instruments not designated and not qualifying as hedging instruments. For those derivatives carried at fair value, fair values showing a gain are reported in Derivative assets, while fair values showing a loss are reported in Derivative liabilities.

(\$ in Thousands)

Consistent with the definition set by the Chicago Mercantile Exchange ("CME") and LCH.Clearnet ("LCH"), the Company offsets the variation margin payments with the derivative balances that are cleared through CME and LCH.

Derivative Instruments Designated and Qualifying as Hedging Instruments

December 31,	2025			
	Number of Contracts	Notional Value	Fair Value	
			Gain	Loss
Fair Value Hedges:				
Interest rate Swaps	2	\$ 33,500	\$ 1,865	\$ —
Total Designated and Qualifying Hedges	2	\$ 33,500	\$ 1,865	\$ —

Derivative Instruments Not Designated and Not Qualifying as Hedging Instruments

December 31,	2025		
	Notional Value	Fair Value	
		Gain	Loss
Currency swaps	\$ 23,263	\$ 373	\$ (48)
Equity futures	456,651	—	(3,126)
Equity options	8,852,941	1,101,596	(687,436)
Inflation swaps	115,000	1,147	(1,148)
Interest rate futures	—	—	—
Interest rate swaps	17,432,700	11,078	(11,894)
Swaptions	—	—	—
Total return swaps	203,809	—	(110,355)
Treasury forwards	200,000	—	(3,488)
Treasury swaps	—	—	—
Treasury futures	—	—	—
Total Not Designated and Not Qualifying Hedges	\$27,284,364	\$ 1,114,194	\$ (817,495)

The following table presents the impact of derivative financial instruments designated and qualifying as hedging instruments in the Consolidated Statement of Operations:

Derivative Instruments Designated and Qualifying as Hedging Instruments

December 31,	2025		
	Net Investment Income/(Loss)	Net Investment Gains/(Losses)	Benefits Paid to Policyholders and Beneficiaries
Fair Value hedges:			
Interest rate swaps	\$ 221	\$ —	\$ —
Total Designated and Qualifying Hedges	\$ 221	\$ —	\$ —

(\$ in Thousands)

The following table presents the impact of derivative financial instruments not designated and not qualifying as hedging instruments in the Consolidated Statement of Operations, including embedded derivatives.

Derivative Instruments Not Designated and Not Qualifying as Hedging Instruments

Year Ended December 31,	2025		
	Net Investment Income/(Loss)	Net Investment Gains/(Losses)	Benefits Paid to Policyholders and Beneficiaries
Currency swaps	\$ 651	\$ (2,935)	\$ —
Equity futures	—	65,481	—
Equity options	—	(22,714)	(266,492)
Inflation swaps	1,294	14	—
Interest rate futures	—	(1)	—
Interest rate swaps	(10,061)	17,631	—
Swaptions	—	(223)	—
Total return swaps	14,657	(87,935)	—
Treasury forwards	—	(2,253)	—
Total Not Designated and Not Qualifying Hedges	\$ 6,541	\$ (32,935)	\$ (266,492)

There are no existing gains and losses recorded in Accumulated other comprehensive income designated and qualifying as cash flow hedges as of December 31, 2025.

CREDIT RISK The Company is exposed to credit related losses in the event of non-performance by counterparties to derivative financial instruments. In order to minimize credit risk in derivative transactions executed over the counter and for over the counter centrally cleared swaps (“OTC cleared”), the Company and its derivative counterparties require collateral to be posted in the amount owed under each transaction, subject to minimum transfer amounts. Additionally, the ISDA with the counterparties allow for contracts in a positive position to be offset by contracts in a negative position. This right of offset or “netting”, combined with the collateral obtained from counterparties, reduces the Company’s exposure. The Company settles collateral with each counterparty daily. The net unsettled receivable position to the Company as of December 31, 2025 is \$36,144. The cash received from held collateral that is not invested in an interest bearing money market fund is invested mainly in fixed income securities. Bonds pledged as collateral are reported in available for sale securities.

For futures contracts, notional or contractual amounts of derivative financial instruments provide a measure of involvement in these types of transactions and do not represent the amounts exchanged between the parties engaged in the transaction. The amounts exchanged are determined by reference to the notional amounts and other terms of the derivative financial instruments.

The following table presents derivative collateral:

Year Ended December 31,	2025	
Total collateral held	\$	(738,892)
Total collateral pledged		404,183

Note 5. FAIR VALUE OF FINANCIAL INSTRUMENTS

FAIR VALUE MEASUREMENT Fair value is defined as 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. Fair value measurement is based on assumptions market participants would make in pricing an asset or liability. The inputs to valuation techniques used to measure fair value are prioritized by establishing a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to prices derived from unobservable inputs. An

asset or liability's classification within the fair value hierarchy is based on the lowest level of significant input to its fair value measurement.

The Company has categorized its assets and liabilities into the three-level fair value hierarchy based upon the priority of the inputs. The following summarizes the types of assets and liabilities included within the three-level hierarchy:

- Level 1 Fair value is based on unadjusted quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date. These generally provide the most reliable evidence and are used to measure fair value whenever available. Active markets are defined as having the following for the measured asset/liability: i) many transactions, ii) current prices, iii) price quotes not varying substantially among market makers, iv) narrow bid/ask spreads and v) most information publicly available. Prices are obtained from readily available sources for market transactions involving identical assets or liabilities.
- Level 2 Fair value is based on significant inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability through corroboration with observable market data. Prices for assets classified as Level 2 are primarily provided by an independent pricing service and internally priced securities using observable inputs. In circumstances where prices from pricing services are reviewed for reasonability but cannot be corroborated to observable market data as noted above, these security values are recorded in Level 3 in the Company's fair value hierarchy.
- Level 3 Fair value is based on significant inputs that are unobservable for the asset or liability. These inputs reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability. These are typically less liquid fixed maturity securities with very limited trading activity. Prices are determined using valuation methodologies such as option pricing models, discounted cash flow models, market approach and other similar techniques. Prices may be based upon non-binding quotes from brokers or other market makers that are reviewed for reasonableness based on the Company's understanding of the market but are not further corroborated with other additional observable market information.

The determination of fair value, which for certain assets and liabilities is dependent on the application of estimates and assumptions, can have a significant impact on the Company's results of operations. The following sections describe the valuation methodologies used to determine fair values as well as the key estimates and assumptions surrounding certain assets and liabilities, measured at fair value on a recurring basis, that could have a significant impact on the Company's results of operations or involve the use of significant unobservable inputs.

AFS SECURITIES The fair values of the Company's debt securities are generally based on quoted market prices, prices obtained from independent pricing services or pricing developed internally by the Company's investment manager.

The Company's investment manager reviews valuations received from the independent pricing services, and, for certain investment securities, may challenge the valuations received. Investment security valuations that are challenged may result in a change to a security valuation price from that initially received from the independent pricing service. In these instances, investment securities will be classified within Level 3 of the fair value hierarchy if unobservable inputs are used to develop the ultimate security valuation price.

In circumstances where market data such as quoted market prices or vendor pricing is not available, estimated fair value is calculated by the Company's investment manager using internal estimates based on significant observable inputs, if available. Inputs considered in developing internal pricing vary by type of security; however generally include: public debt, industrial comparables, underlying assets, credit ratings, yield curves, type of deal structure, collateral performance, loan characteristics and various indices, as applicable. Internally priced securities using significant observable inputs are classified within Level 2 of the fair value hierarchy, which generally include the Company's investments in privately-placed corporate securities and investments in certain structured securities that are priced using observable market data. Inputs considered for these securities generally include: public corporate bond spreads, industry sectors, average life, internal ratings, security structure, liquidity spreads, credit spreads and yield curves, as applicable. If the discounted cash flow

model incorporates significant unobservable inputs, these securities would be reflected within Level 3 in the Company's fair value hierarchy.

In circumstances where significant observable inputs are not available for internally priced securities, estimated fair value is calculated by the Company's investment manager by using unobservable inputs. These inputs reflect the Company's assumptions about the inputs market participants would use in pricing the asset, and are therefore included in Level 3 in the Company's fair value hierarchy. Circumstances where observable market data is not available may include events such as market illiquidity and credit events related to the security.

The Company's Level 3 debt securities generally include certain structured securities priced using one or multiple broker quotes, asset backed trust preferred debt, auction rate securities and certain public and private debt securities priced based on observable and unobservable inputs.

Significant inputs used in valuing the Company's Level 3 debt securities include: issue specific credit adjustments, illiquidity premiums, estimation of future collateral performance cash flows, default rate assumptions, acquisition cost, market activity for securities considered comparable and non-binding quotes from certain market participants. Certain of these inputs are considered unobservable, as not all market participants will have access to this data.

PREFERRED STOCK The fair values of publicly traded preferred stock securities are based on quoted market prices in active markets for identical assets and are classified within Level 1 in the Company's fair value hierarchy. The fair values of non-exchange traded preferred equity securities are based on prices obtained from independent pricing services. Accordingly, these securities are classified within Level 2 in the Company's fair value hierarchy. Preferred stock that is priced using less observable inputs are generally classified within Level 3 of the fair value hierarchy.

EQUITY SECURITIES Equity securities consist principally of investments in common stock of publicly traded companies, exchange traded funds and closed-end funds. The fair values of most publicly traded common stock securities are based on quoted market prices in active markets for identical assets and are classified within Level 1 in the Company's fair value hierarchy. Privately placed common stock securities for which there is no open market are classified within Level 3 of the fair value hierarchy.

DERIVATIVE INSTRUMENTS The fair values of derivative contracts are determined based on quoted prices in active exchanges or prices provided by counterparties, exchanges or clearing members as applicable, utilizing valuation models. The fair values of derivative contracts can be affected by changes in interest rates, foreign exchange rates, commodity prices, credit spreads, market volatility, expected returns and liquidity as well as other factors. Fair values can also be affected by changes in estimates and assumptions including those related to counterparty behavior used in valuation models.

The Company's exchange traded futures that are valued using quoted prices in active markets are classified within Level 1 in the Company's fair value hierarchy.

Derivative positions traded in the OTC and cleared OTC derivative markets where fair value is determined by third party independent services are classified within Level 2. These investments include: interest rate swaps, currency swaps, Treasury swaps, interest rate caps, total return swaps, swaptions, equity options, inflation swaps, forward contracts and credit default swaps. OTC derivatives classified within Level 2 are valued using models generally accepted in the financial services industry that use actively quoted or observable market input values from external market data providers, broker-dealer quotations, third-party pricing vendors, discounted cash flow models and/or recent trading activity. Prices are reviewed by investment professionals through comparison with directly observed recent market trades, comparison with valuations estimated through the use of valuation models maintained on an industry standard analytical and valuation platform, or comparison of all significant inputs used by the pricing service to observations of those inputs in the market.

OTHER INVESTED ASSETS Other invested assets consists of the Company's investment in FHLB common stock, low income housing tax credit investments ("LIHTC"), an investment in an unaffiliated mortgage fund, short-term investments and other miscellaneous invested assets. Fair value for the FHLB capital stock approximates par value, which

is determined by the FHLB and is considered unobservable. FHLB common stock is classified within Level 3 of the fair value hierarchy.

SEPARATE ACCOUNT ASSETS primarily consist of mutual funds. The fair value of mutual funds is based upon quoted prices in an active market, resulting in classification within Level 1 in the Company's fair value hierarchy.

FIXED INDEXED ANNUITY CONTRACTS The Company's liability for future policy benefits includes general account liabilities for interest credits indexed to the S&P 500 in excess of the guaranteed rates on indexed annuity contracts. These benefits are accounted for as embedded derivatives and are carried at fair value with changes in fair value included in net investment gains/(losses).

Fixed indexed annuity contracts allow the policyholder to elect a fixed interest rate return or an equity market component where their interest credited is based on the performance of common stock market indices. The equity market option is an embedded derivative, similar to a call option. The benefit reserve is equal to the sum of the fair value of the embedded derivative and the host (or guaranteed) component of the contracts. The fair value of the embedded derivative is computed as the present value of benefits attributable to the excess of the projected policy contract values over the projected minimum guaranteed contract values, discounted using appropriate rates that take into consideration the Company's own risk of nonperformance.

The projections of policy contract values are based on assumptions for future policy growth, which include assumptions for expected index credits on the next policy anniversary date, future equity option costs, volatility, interest rates and policyholder behavior (including lapse rates, benefit utilization rates, mortality rates and withdrawal rates). The projections of minimum guaranteed contract values include the same assumptions for policyholder behavior as were used to project policy contract values. The host contract is established at contract inception as the initial account value less the initial fair value of the embedded derivative and accreted over the policy's life. The host contract accretion rate is updated each quarter so that the present value of actual and expected guaranteed cash flows is equal to the initial host value. Since many of the assumptions utilized are unobservable and are considered to be significant inputs to the liability valuation, the liability included in future policy benefits has been reflected within Level 3 in the fair value hierarchy. During 2025, there was no impact to the liability due to the annual assumption review.

INDEXED UNIVERSAL LIFE CONTRACTS The Company's liability for future policy benefits includes general account liabilities for interest credits indexed to the S&P 500 in excess of the guaranteed rates on indexed universal life contracts. These benefits are accounted for as embedded derivatives and are carried at fair value with changes in fair value included in operating earnings as part of Benefits paid to policyholders and beneficiaries.

Fixed indexed universal life contracts allow the policyholder to elect a fixed interest rate return or an equity market component where their interest credited is based on the performance of common stock market indices. The equity market option is an embedded derivative, similar to a call option. The benefit reserve is equal to the sum of the fair value of the embedded derivative and the host (or guaranteed) component of the contracts. The fair value of the embedded derivative is computed as the present value of benefits attributable to the excess of the projected policy contract values over the projected minimum guaranteed contract values, discounted using appropriate rates that take into consideration the Company's own risk of nonperformance.

The projections of policy contract values are based on assumptions for future policy growth, which include assumptions for expected index credits on the next policy anniversary date, future equity option costs, volatility, interest rates and policyholder behavior (including lapse rates, benefit utilization rates, mortality rates and withdrawal rates). The projections of minimum guaranteed contract values include the same assumptions for policyholder behavior as were used to project policy contract values. The host contract is established at index bucket inception as the initial account value less the initial fair value of the embedded derivative and accreted over the policy's life. Since many of the assumptions utilized are unobservable and are considered to be significant inputs to the liability valuation, the liability included in future policy benefits has been reflected within Level 3 in the fair value hierarchy.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

(\$ in Thousands)

The following table presents the financial instruments carried at fair value by caption in the Consolidated Balance Sheet and by valuation hierarchy (as described above):

December 31, 2025	FV Level 1	FV Level 2	FV Level 3	Total
Assets:				
Issuer Credit Obligation (ICO):				
U.S. Governments	\$ 91,742	\$ 19,000	\$ —	\$ 110,742
Other U.S. Governments	—	27,034	—	27,034
Foreign Sovereign	—	131,075	—	131,075
Municipal - General	—	350,994	—	350,994
Municipal - Special Revenue	—	1,667,748	4,491	1,672,239
Project Finance	—	119,978	—	119,978
Industrial and Miscellaneous	—	13,949,744	4,305	13,954,049
Single Entity-Backed	—	276,694	—	276,694
SVO-Identified Bond ETFs	—	—	—	—
BDCs, Closed-End Funds & REITs	—	303,882	—	303,882
Bank Loans	—	60,336	—	60,336
Other Credit Obligations	—	15,726	48,875	64,601
Total ICO	91,742	16,922,211	57,671	17,071,624
Asset-backed Securities (ABS):				
Residential Mortgage-Backed Securities	—	4,786,084	1,023	4,787,107
Commercial Mortgage-Backed Securities	—	4,013,813	—	4,013,813
CLOs, CBOs, and CDOs	—	1,451,429	—	1,451,429
Other Financial Asset-Backed Securities	—	1,521,396	573,296	2,094,692
Lease-Backed Securities	—	57,683	—	57,683
Total ABS	—	11,830,405	574,319	12,404,724
Preferred stock	96,380	4,936	10,027	111,343
Total AFS securities	188,122	28,757,552	642,017	29,587,691
Equity securities	161,054	—	—	161,054
Derivatives:				
Futures	—	—	—	—
Options	—	1,101,596	—	1,101,596
Swaps	—	14,463	—	14,463
Forwards	—	—	—	—
Total derivatives	—	1,116,059	—	1,116,059
Other invested assets	1,343,553	—	26,778	1,370,331
Total investments	1,692,729	29,873,611	668,795	32,235,135
Separate account assets ⁽¹⁾	9,573,748	—	—	9,573,748
Total Assets	\$ 11,266,477	\$ 29,873,611	\$ 668,795	\$ 41,808,883

(\$ in Thousands)

Liabilities:					
Derivatives:					
Futures	\$	(3,126)	\$	—	\$ (3,126)
Options		—	(687,437)	—	(687,437)
Swaps		—	(123,444)	—	(123,444)
Forwards		—	(3,488)	—	(3,488)
Total derivatives		(3,126)	(814,369)	—	(817,495)
Future policy benefits		—	—	(342,133)	(342,133)
Total Liabilities	\$	(3,126)	\$ (814,369)	\$ (342,133)	\$ (1,159,628)

⁽¹⁾ Separate account assets represent segregated funds that are invested for certain customers. Investment risk associated with market value changes are borne by the customers, except to the extent of minimum guarantees made by the Company with respect to certain accounts. Separate account liabilities are not included in the above table as they are reported at contract value and not fair value in the Company's Consolidated Balance Sheet.

CHANGES IN LEVEL 3 RECURRING FAIR VALUE MEASUREMENTS When a determination is made to classify a financial instrument within Level 3, the determination is based upon the significance of the unobservable parameters to the overall fair value measurement. However, Level 3 financial instruments typically include, in addition to the unobservable or Level 3 components, observable components (that is, components that are actively quoted and can be validated to external sources).

During 2025, there were no securities transferred into or out of Level 3, including transfers that might have resulted from changes in pricing methodology from internal estimates or broker quotes to being priced by independent services or internal estimates using observable inputs. During 2025, the Company purchased and disposed of \$476,106 and \$344,291, respectively of Level 3 investments.

Note 6. SEPARATE ACCOUNTS

The Company maintains separate accounts, both registered with the Securities Exchange Commission ("SEC"), and not registered with the SEC, for its individual variable life and annuity products. Those separate account products not registered with the SEC are comprised of SEC registered funds.

Separate Accounts Registered with the SEC The Company maintains separate accounts, which are registered with the Securities Exchange Commission ("SEC"), for its individual variable life and annuity products with assets of \$9,572,365 at December 31, 2025. The assets for these separate accounts, which are carried at fair value, represent investments in shares of Penn Series Funds, Inc. and other non-proprietary funds.

Separate Accounts Not Registered with the SEC The Company also maintains separate accounts, which are not registered with the SEC, with assets of \$1,383 at December 31, 2025. While the product itself is not registered with the SEC, the underlying assets are comprised of SEC registered mutual funds. The assets in these separate accounts are carried at fair value.

The aggregate estimated fair value of assets, by major investment asset category, supporting separate accounts was as follows at December 31:

	2025
Fixed Maturity Securities	\$ 2,286,143
Equity Securities	7,049,735
Cash and Cash equivalents	237,870
Total aggregate estimated fair value of assets	\$ 9,573,748

The following table summarizes the balances of and changes in separate account liabilities for 2025:

(\$ in Thousands)

	Variable Annuity	Universal Life	Total
Balance at beginning of year	\$ 7,611,587	\$ 1,546,242	\$ 9,157,829
Premiums and deposits	270,564	180,018	450,582
Policy charges	(190,219)	(77,276)	(267,495)
Surrenders and withdrawals	(933,649)	(36,187)	(969,836)
Benefit payments	(100,239)	(10,155)	(110,394)
Investment Performance	867,074	215,801	1,082,875
Transfers from (to) general account	114,882	115,305	230,187
Balance at end of year	\$ 7,640,000	\$ 1,933,748	\$ 9,573,748
Cash surrender value	\$ 7,515,776	\$ 1,799,902	\$ 9,315,678

Note 7. LIABILITY FOR FUTURE POLICYHOLDER BENEFITS

Liability for Future Policy Benefits ("LFPB") primarily consists of the following sub-components:

- Benefit Reserves
- Deferred Profit Liability
- Additional Insurance Liabilities

The following table reconciles the Liability for future policy benefits to the Consolidated Balance Sheet:

December 31, 2025	
Whole Life	\$ 11,096,115
Payout Annuity LFPB	1,957,802
Term Life LFPB	453,766
Deferred Profit Liability	63,991
Additional Insurance Liability	825,881
Other	683,376
Total	\$ 15,080,931

Benefit Reserves

The balances of and changes in Benefit Reserves as of and for the period indicated consist of the three components presented below: Present Value of Expected Net Premiums rollforward, Present Value of Expected Future Policy Benefits rollforward and Net Liability for Future Policy Benefits.

(\$ in Thousands)

2025	Term Life	Payout Annuity	Total
Present Value of Expected Net Premiums			
Balance at beginning of year	\$ 837,319	\$ —	\$ 837,319
Effect of changes in discount rate assumptions	(39,281)	—	(39,281)
Beginning balance at original discount rate	798,038	—	798,038
Effect of changes in cash flow assumptions	(75,721)	—	(75,721)
Effect of actual variances from expected experience	10,924	—	10,924
Adjusted balance at beginning of year at original discount rate	733,241	—	733,241
Issuances	177,223	—	177,223
Net premiums and assessments collected	(106,707)	—	(106,707)
Interest accrual	45,969	—	45,969
Balance at end of year at original discount rate	849,726	—	849,726
Effect of changes in discount rate assumptions	57,430	—	57,430
Balance at end of year	\$ 907,156	\$ —	\$ 907,156
Present Value of Expected Future Policy Benefits			
Balance at beginning of year	\$ 1,225,409	\$ 1,706,139	\$ 2,931,548
Effect of changes in discount rate assumptions	(69,768)	21,890	(47,878)
Beginning balance at original discount rate	1,155,641	1,728,029	2,883,670
Effect of changes in cash flow assumptions	(82,205)	81,655	(550)
Effect of actual variances from expected experience	12,529	(17,107)	(4,578)
Adjusted balance at beginning of year at original discount rate	1,085,965	1,792,577	2,878,542
Issuances	187,532	229,488	417,020
Interest accrual	69,408	88,326	157,734
Benefit payments	(82,478)	(165,399)	(247,877)
Balance at end of year at original discount rate	1,260,427	1,944,992	3,205,419
Effect of changes in discount rate assumptions	100,494	12,810	113,304
Balance at end of year	\$ 1,360,921	\$ 1,957,802	\$ 3,318,723
Net Liability for Future Policy Benefits	\$ 453,766	\$ 1,957,802	\$ 2,411,568
Less: Reinsurance recoverables	50,686	—	50,686
Net Liability for Future Policy Benefits, Net of Reinsurance	\$ 403,080	\$ 1,957,802	\$ 2,360,882
Weighted-average duration of future policy benefits	10.5	7.8	
Weighted-average interest rate (at original discount rate)	6.43 %	5.38 %	
Weighted-average interest rate (at current discount rate)	4.78 %	4.87 %	

The Company uses an upper-medium grade (low credit risk) fixed-income instrument yield (single-A) discount rate when calculating LFPB. The thirtieth year forward rate is assumed for projection years 31 and beyond. The current discount rate is updated quarterly at each reporting date with the impact recognized in the Consolidated Statement of Comprehensive Income. The original discount rate is locked in for each year.

The following table summarizes the discounted and undiscounted expected future gross premiums and expected future benefit payments for 2025:

(\$ in Thousands)

	Discounted	Undiscounted
Term Life		
Expected future gross premiums	\$ 1,661,571	\$ 2,469,811
Expected future benefit payments	1,360,921	2,160,906
Payout Annuities		
Expected future benefit payments	\$ 1,957,802	\$ 3,207,141

The following table summarizes the gross premiums and interest recognized in insurance premiums and benefits, respectively, in the Consolidated Statement of Comprehensive Income for 2025:

	Term Life	Payout Annuities
Gross premiums	\$ 217,952	\$ 244,737
Interest Accrual	\$ (23,437)	\$ 93,344

Additional Insurance Liabilities

The LFPB also includes an additional insurance liability on certain universal life contracts where benefit features result in gains in early years followed by losses in later years. The liability for these future losses is accrued in relation to estimated contract assessments. A premium deficiency exists if the net liabilities together with future premiums are determined to be insufficient to provide for expected future policy benefits. Premium deficiency testing considers, among other factors, anticipated investment income and does not include a provision for adverse deviation. We did not have a premium deficiency reserve as of December 31, 2025.

The balances and the changes in the Additional Insurance Liability, were as follows:

	2025
Balance at beginning of year	738,295
Effect of changes in cash flow assumptions	(33,870)
Effect of actual variances from expected experience	40,711
Adjusted Balance at beginning of year	745,136
Issuances	1,299
Interest Accrual	31,617
Net Assessments Collected	74,706
Benefit payments	(26,877)
Balance at end of year before the impact of unrealized gains (losses)	825,881
Impact of unrealized gains (losses)	(38,907)
Balance at end of year	786,974
Weighted-average duration of future policy benefits	16
Weighted-average discount rate	5.13 %

Note 8. DAC

The following table illustrates the rollforward of the Company's DAC balance for the year ended December 31:

2025	Whole Life	Term Life	Universal Life	Variable Annuity	Fixed Annuity	Total
Balance at beginning of year, post-LDTI adoption	\$ 1,164,652	\$ 313,096	\$ 2,023,492	\$ 347,669	\$ 19,420	\$ 3,868,329
Deferrals	151,066	47,391	221,336	22,547	22,565	464,905
Amortization	(52,213)	(35,135)	(125,207)	(32,413)	(2,781)	(247,749)
Balance at end of year	\$ 1,263,505	\$ 325,352	\$ 2,119,621	\$ 337,803	\$ 39,204	\$ 4,085,485

Note 9. POLICYHOLDER ACCOUNT BALANCES

The following table summarizes the balances and changes in policyholder account balances:

2025	Variable Annuity	Deferred Annuity	Universal Life	Total
Balance at beginning of year, post-LDTI adoption	\$ 663,819	\$ 1,144,860	\$ 10,802,565	\$ 12,611,244
Premiums and deposits	355,826	45,053	1,694,091	2,094,970
Policy charges	(4,258)	(7,800)	(646,501)	(658,559)
Surrenders and withdrawals	(976,711)	(118,320)	(289,123)	(1,384,154)
Benefit payments	(124,196)	(32,739)	(82,153)	(239,088)
Transfers from (to) separate accounts	648,459	—	(221,831)	426,628
Interest credited	22,151	42,590	788,142	852,883
Other	3,183	644	(741)	3,086
Policyholder account balance at end of year	\$ 588,273	\$ 1,074,288	\$ 12,044,449	\$ 13,707,010
Other				2,614,900
Other policyholders fund balance at end of year				\$ 16,321,910
Weighted-average crediting rate	3.75 %	3.53 %	5.06 %	
Net amount at risk	\$ 729,181	\$ 44,164	\$ 76,667,696	
Cash surrender value	577,177	1,045,182	11,493,705	

The following table presents policyholder account balances by range of guaranteed minimum crediting rates and the related range of difference, in basis points, between the interest being credited to policyholders and the respective guaranteed contract minimums:

(\$ in Thousands)

December 31, 2025	At Guaranteed Minimum	1 - 50 Basis Points Above	51 - 100 Basis Points Above	101 - 150 Basis Points Above	> 150 Basis Points Above	Total
Variable Annuity						
Up to 1.00%	\$ —	\$ —	\$ —	\$ —	\$ 26,618	\$ 26,618
1.01% - 2.00%	—	—	—	—	—	—
2.01% - 3.00%	5,807	131,594	—	—	—	137,401
3.01% - 4.00%	—	424,254	—	—	—	424,254
4.01% and above	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total	\$ 5,807	\$ 555,848	\$ —	\$ —	\$ 26,618	\$ 588,273
Deferred Annuity						
Up to 1.00%	\$ 1,142	\$ —	\$ —	\$ 80,021	\$ 259,225	\$ 340,388
1.01% - 2.00%	—	—	—	748	5,967	6,715
2.01% - 3.00%	271,823	95,293	103	5,663	247,377	620,259
3.01% - 4.00%	68,203	—	—	—	—	68,203
4.01% and above	38,723	—	—	—	—	38,723
Other	—	—	—	—	—	—
Total	\$ 379,891	\$ 95,293	\$ 103	\$ 86,432	\$ 512,569	\$ 1,074,288
Universal Life						
Up to 1.00%	\$ —	\$ —	\$ —	\$ 77,379	\$ 46,944	\$ 124,323
1.01% - 2.00%	125,289	—	—	123,827	262,507	511,623
2.01% - 3.00%	89,271	410,861	1,253,120	—	2,671,526	4,424,778
3.01% - 4.00%	746,360	—	—	—	4,076,624	4,822,984
4.01% and above	2,160,741	—	—	—	—	2,160,741
Other	—	—	—	—	—	—
Total	\$ 3,121,661	\$ 410,861	\$ 1,253,120	\$ 201,206	\$ 7,057,601	\$12,044,449

Note 10. MARKET RISK BENEFITS

Contracts or contract features that provide protection to the policyholder from capital market risk, including equity, interest rate, and expose the Company to other-than-nominal capital market risk are classified as Market Risk Benefits ("MRBs"). The Company issues certain variable annuity contracts that include MRBs that have been bifurcated from the host contract.

The following table summarizes the balances of and changes in net MRB (assets) liabilities:

(\$ in Thousands)

Year Ended December 31,	2025
Balance at beginning of year	\$ 63,900
Effect of changes in non-performance risk	3,404
Balance at beginning of year, before the effect of changes in non-performance risk	67,304
Effect of changes in interest rates	2,989
Effect of changes in equity markets	(37,233)
Effect of changes in equity index volatility	932
Effect of assumption updates	11,981
Effect of inforce updates and other changes	33,046
Balance at end of year, before the effect of changes in non-performance risk	79,019
Effect of changes in non-performance risk	(3,555)
Balance at end of year	75,464
Less: Reinsurance recoverables	—
Net balance at end of year, net of reinsurance	\$ 75,464
Weighted-average attained age of contract holder	69
Net amount at risk	\$ 773,346

Note 11. INCOME TAXES

The federal income tax expense is as follows:

Year Ended December 31,	2025
Current	\$ 192,969
Deferred	(87,651)
Total federal income tax expense	\$ 105,318

The income taxes attributable to consolidated net income are different from the amounts determined by multiplying consolidated net income before income taxes by the expected statutory federal income tax rate. The difference between the amount of tax at the U.S. federal income tax rate of 21% and the consolidated tax provision is summarized as follows:

Year Ended December 31,	2025
Tax expense at 21%	\$ 131,307
(Decrease)/increase in income taxes resulting from:	
Separate account dividends received deduction	(3,814)
Dividends received deduction	(564)
Tax exempt income	(415)
LIHTC	(13,717)
Corporate owned life insurance	(6,420)
Other	(1,059)
Income tax expense	\$ 105,318
Effective tax rate	16.84 %

The effective tax rate is the ratio of income tax expense over income before income taxes.

(\$ in Thousands)

The significant temporary differences that give rise to the deferred tax assets and liabilities at December 31 relate to the following:

	2025
Deferred tax assets:	
Unrealized losses	\$ 199,401
Future policy benefits	6,922
Employee benefits	41,810
Valuation allowance	—
Total deferred tax asset	248,133
Deferred tax liabilities:	
DAC	(509,606)
Unrealized gains	(10,004)
Investments	(143,247)
Other	(62,611)
Total deferred tax liability	(725,468)
Net deferred tax liability	\$ (477,335)

The components of accrued income taxes are as follows:

	2025
Total deferred tax assets	\$ 248,133
Total deferred tax liabilities	(725,468)
Net deferred tax liabilities	(477,335)
Current Income Tax Payable	—
Total deferred tax liabilities	\$ (477,335)

As of December 31, 2025, the Company recorded a net current federal income tax receivable of \$14,586 including cash payments made in 2025 of \$40,000.

The Company utilized \$121,622 of the total credits available as of December 31, 2025. The Company has no LIHTC credits available as of December 31, 2025.

The Company has not recorded a valuation allowance as of December 31, 2025, as management determined that capital deferred tax assets would be realized. As part of its valuation allowance assessment, management considered the four sources of future taxable income.

The Company considered carryback capacity and future reversals of taxable temporary differences in realizing deferred tax assets, however, the Company has not identified any tax planning strategies to support realization of its DTAs at December 31, 2025. Furthermore, the Company does not anticipate future taxable income exclusive of reversing temporary differences and carryforwards.

The Company did not have any tax reserves for uncertain tax positions as of December 31, 2025. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits, as a component of tax expense. During the year ended December 31, 2025, the Company did not recognize or accrue penalties or interest.

Tax years 2022 and subsequent are still subject to audit by the Internal Revenue Service.

On August 16, 2022, the Inflation Reduction Act of 2022 ("2022 Act") was enacted into law. The 2022 Act includes a new corporate alternative minimum tax ("CAMT") for tax years beginning after December 31, 2022. The Company has determined that they are a non-applicable reporting entity in 2025.

On July 4, 2025, the One Big Beautiful Bill Act ("2025 Act") was enacted into law for tax years beginning in 2025. There was no material impact on the Company's financial statements as a result of this new act.

Note 12. REINSURANCE

The Company has assumed and ceded reinsurance on certain life and annuity contracts under various agreements. The table below highlights the reinsurance amounts shown in the accompanying financial statements.

	Direct	Assumed	Ceded	Net Amount
December 31, 2025:				
Premiums	\$ 2,321,295	\$ (1,175)	\$ 46,591	\$ 2,273,529
Benefits	1,965,716	5,687	214,309	1,757,094
Reserves	31,402,645	196	665,597	30,737,244

Reinsurance recoverables with a carrying value of \$357,921 were associated with a single reinsurer at December 31, 2025. The recoverables are collateralized by investment grade securities with a market value of \$354,396 held in trust.

Reinsurance recoverables with a carrying value of \$163,057 were associated with a single reinsurer at December 31, 2025. The recoverables are collateralized by investment grade securities with a market value of \$279,151 held in trust.

The Company entered into a coinsurance agreement effective January 1, 2013, to coinsure an existing block of guaranteed term products issued from 2007 through 2012. The Company established a Cost of Reinsurance asset of \$35,432 that is being amortized into income in the same manner as the original DAC. The Company recognized amortization expense of \$5,271 for the year ended December 31, 2025. The balance of the Cost of Reinsurance asset recorded in Other assets as of December 31, 2025 was \$16,914.

Note 13. DEBT

	2025
Surplus notes	\$ 900,115
Total debt	\$ 900,115

On April 29, 2021, the Company issued a Surplus Note ("2021 Note") at par with a principal balance of \$500,000. The 2021 Note bears interest at 3.80%, and has a maturity date of April 29, 2061. The 2021 Note was issued pursuant to Rule 144A under the Securities Act of 1933, as amended and is administered by a U.S. bank as registrar/paying agent. Interest on the 2021 Note is scheduled to be paid semiannually on June 15 and December 15 of each year. Interest paid on the 2021 Note was \$19,000 for the year ended December 31, 2025.

On July 1, 2010, the Company issued a Surplus Note ("2010 Note") with a principal balance of \$200,000, at a discount of \$8,440. The 2010 Note bears interest at 7.625%, and has a maturity date of June 15, 2040. The 2010 Note was issued pursuant to Rule 144A under the Securities Act of 1933, as amended and are administered by a U.S. bank as registrar/paying agent. Interest on the 7.625% 2010 Notes is scheduled to be paid semiannually on March 31 and September 30 of each year. At December 31, 2025, the amortized cost basis of the 2010 Note was \$193,780. Interest expense incurred on the 2010 Notes was \$15,250 for the year ended December 31, 2025.

On June 23, 2004, the Company issued a Surplus Note ("2004 Note") with a principal balance of \$200,000, at a discount of \$3,260. The 2004 Note bears interest at 6.65%, and has a maturity date of June 15, 2034. The 2004 Note was issued pursuant to Rule 144A under the Securities Act of 1933, as amended and are administered by a U.S. bank as registrar/paying agent. Interest on the 6.65% 2004 Note is scheduled to be paid semiannually on April 1 and October 1 of each year.

At December 31, 2025 the amortized cost basis of the 2004 Note was \$198,405. Interest expense incurred on the 2004 Note was \$13,300 for the year ended December 31, 2025.

The Company has not entered into repurchase agreements with financial institutions.

The Company has a line of credit of \$500 with the FHLB. As of December 31, 2025, there were no outstanding balances on the line of credit.

Note 14. BENEFIT PLANS The Company has maintained both funded and unfunded non-contributory defined benefit pension plans covering eligible employees. The Company also maintains other postretirement benefit plans (health care plans) covering eligible existing retirees. The Company uses a measurement date of December 31 for all plans.

QUALIFIED PENSION PLAN The Company sponsored a funded qualified non-contributory defined benefit pension plan covering eligible employees. The Company's policy was to fund qualified pension costs in accordance with the Employee Retirement Income Security Act ("ERISA") of 1974 and maintained the option to increase its contribution above the minimum based upon an evaluation of the Company's tax and cash positions and the funded status of the plan.

The Company approved the freezing of benefits under its qualified pension plan effective December 31, 2005. Therefore, no further benefits were accrued for participants.

The Company's Board of Trustees approved the termination of its frozen qualified pension plan on May 31, 2024. The Company offered the option of receiving a lump sum payment to certain participants with vested qualified benefits in lieu of receiving monthly annuity payments. The Company transferred the remainder of the Plan's pension obligation to a third-party insurance provider by purchasing a group annuity contract which was fully funded directly by plan assets. The third-party insurance provider assumed the obligation to pay future pension benefits and to provide administrative services on January 1, 2025.

NONQUALIFIED PENSION PLANS The Company sponsored unfunded nonqualified pension plans covering eligible employees. The Company approved the freezing of benefits under its nonqualified Tax Equity and Fiscal Responsibility Act ("TEFRA") plan effective December 31, 2005. Therefore, no further benefits were accrued for participants under this plan.

On December 30, 2023, the Company approved amendments to terminate the unfunded nonqualified pension plans. The remaining participants were paid in compliance with United States Internal Revenue Code Section 409A during December, 2025.

OTHER POSTRETIREMENT HEALTHCARE BENEFITS The Company provides certain life insurance and health care benefits ("other postretirement healthcare plans") for its existing retired employees and financial professionals, and their beneficiaries and covered dependents.

On December 5, 2023, the Company approved an amendment to close the other postretirement healthcare plans to new retirees effective December 31, 2023. Therefore, no new retired employees or financial professionals are eligible to join the plan.

OTHER PLANS PML has a non-qualified deferred compensation plan that permit eligible key employees, financial professionals and trustees to defer portions of their compensation to these plans. Certain company contributions in excess of allowable qualified plan limits may also be credited to these plans. Company contributions are recorded as expenses and earnings/(losses) on investments are recorded to interest credited to policyholder funds in the Statement of Operations.

BENEFIT OBLIGATIONS Accumulated benefit obligations represent the present value of pension benefits earned as of the measurement date based on service and compensation and do not take into consideration future salary increases.

Projected benefit obligations for defined benefit plans represent the present value of pension benefits earned as of the measurement date projected for estimated salary increases to an assumed date with respect to retirement, termination, disability or death.

(\$ in Thousands)

The following table sets forth the plans' change in projected benefit obligation of the defined benefit pension and other postretirement healthcare plans as of December 31, 2025:

	Penn Mutual Pension Plans	Vantis Pension Plans	Other Postretirement Healthcare Plans
Change in projected benefit obligation			
Projected benefit obligation at beginning of year	\$ 15,949	\$ 3,685	\$ 7,335
Interest cost	705	38	352
Actuarial loss/(gain)	9,523	488	11
Benefits paid	(2,196)	—	(784)
Settlements	(23,981)	(4,211)	—
Projected benefit obligation at end of year	\$ —	\$ —	\$ 6,914

The weighted-average assumptions used to measure the actuarial present value of the projected benefit obligation were as follows as of December 31, 2025:

	Other Postretirement Healthcare Plans
Nonqualified	
Discount rate	5.11 %

The discount rate is determined at the annual measurement date of the plan and is therefore subject to change each year. The rate reflects prevailing market rates for high quality fixed-income debt instruments with maturities corresponding to expected duration of the benefit obligations on the measurement date. The rate is used to discount the future cash flow of benefits obligations back to the measurement date.

The assumed health care cost trend rates used in determining the benefit obligation were as follows as of December 31, 2025:

	Other Postretirement Healthcare Plans	
	Pre-65	Post-65
Health care cost trend rate assumed for next year	6.50 %	6.50 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00 %	5.00 %
Year that the rate reaches the ultimate trend rate	2033	2033

PLAN ASSETS There are no plan assets attributable to the nonqualified other postretirement healthcare plans.

AMOUNTS RECOGNIZED IN THE CONSOLIDATED BALANCE SHEET The funded status of the Company's other postretirement healthcare plan is a comparison of the projected benefit obligation to the assets related to the respective plan, if any. The difference between the two represents amounts that have been appropriately recognized as expenses in prior periods that appear as the net amount recognized or represents amounts that will be recognized as expenses in the future through the amortization of the unrecognized net actuarial loss, unrecognized prior service costs, and remaining initial transition.

The following table sets forth the funded status of the plan as of December 31, 2025 as of the measurement date and then shows how the funded status is reconciled to the net asset liability recognized in the Consolidated Balance Sheet.

(\$ in Thousands)

	Other Postretirement Healthcare Plans	
Benefit obligation	\$	(6,914)
Funded status	\$	(6,914)

The funded status reconciles to amounts reported in the Consolidated Balance Sheet as follows for the year ended December 31, 2025:

	Other Postretirement Healthcare Plans	
Accrued benefit liability (Other liabilities)	\$	(6,914)
Funded status	\$	(6,914)

The amounts in Accumulated other comprehensive loss that have not yet been recognized as part of net periodic benefit cost/(credit) were as follows as of December 31, 2025:

	Other Postretirement Healthcare Plans	
Unrecognized prior service credit	\$	(3,837)
Unrecognized actuarial loss (gain)		(4,892)
Total	\$	(8,729)

NET PERIODIC BENEFIT COST/(CREDIT) AND OTHER COMPREHENSIVE INCOME/(LOSS) The components of net periodic benefit cost/(credit) were as follows for the year ended December 31, 2025:

	Penn Mutual Pension Plans		Vantis Pension Plans		Other Postretirement Healthcare Plans	
Interest cost	\$	705	\$	38	\$	352
Amortization of prior service credit		—		—		(511)
Amount of recognized gains		424		—		(430)
Settlements		16,025		529		—
Total net periodic benefit cost/(credit)	\$	17,154	\$	567	\$	(589)

Amounts recognized in Other comprehensive income/(loss) were as follows for the year ended December 31, 2025:

	Penn Mutual Pension Plans		Vantis Pension Plans		Other Postretirement Healthcare Plans	
Current year actuarial loss	\$	9,523	\$	488	\$	11
Amortization of actuarial loss		(424)		—		430
Amortization of prior service credit		—		—		511
Settlement gain		(16,025)		(529)		—
Total (gain)/loss recognized in other comprehensive income/(loss)	\$	(6,926)	\$	(41)	\$	952

(\$ in Thousands)

The weighted-average assumption used to determine net periodic benefit cost/(credit) was as follows for the year ended December 31, 2025:

	Other Postretirement Healthcare Plans
Discount rate	5.52 %

The assumed health care cost trend rates used in determining net periodic costs were as follow for the year ended December 31, 2025:

	Other Postretirement Healthcare Plans	
	Pre- 65	Post- 65
Health care cost trend rate assumed for current year	6.50 %	6.50 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00 %	5.00 %
Year that the rate reaches the ultimate trend rate	2033	2033

ACTUAL CONTRIBUTIONS AND BENEFITS The contributions made and the benefits paid from the plans at December 31, 2025 were as follows:

	Penn Mutual Pension Plans	Vantis Pension Plans	Other Postretirement Healthcare Plans
Employer contributions	\$ 25,760	\$ 4,211	\$ 784
Benefits paid	(2,196)	—	(784)
Settlements	(23,564)	(4,211)	—

The Company does not maintain any qualified benefit plans that would be subject to ERISA funding requirements.

PML expects to contribute to the nonqualified other postretirement healthcare plans in amounts equal to the expected benefit cost of approximately \$816.

The estimated future benefit payments are based on the same assumptions used to measure the benefit obligations at December 31, 2025. The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Other Post Retirement Healthcare Plans
2026	\$816
2027	776
2028	719
2029	681
2030	634
Years 2031-2035	2,580
Total	\$6,206

DEFINED CONTRIBUTION PLANS PML maintains three defined contribution retirement plans for substantially all of its employees and full-time financial professionals. For the first plan, the Company automatically contributes 7% of each participant's compensation as a profit sharing contribution. For the second plan, designated contributions of up to 6% of annual compensation are eligible to be matched by the Company. Contributions for the third plan are based on tiered earnings of full-time financial professionals.

For the year ended December 31, 2025 the expense recognized for contributions to these plans was \$7,920.

Note 15. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following summarizes the components and changes in accumulated other comprehensive loss for the year ended December 31, 2025. For reclassification adjustments, the title of each line indicates the associated line item on the Consolidated Statement of Comprehensive Loss:

Year Ended December 31,	2025
Unrealized Gains/(Losses) on Investments	
Reported balance, January 1,	\$ (1,023,398)
Opening adjustment - adoption of ASU 2018-12	(176,597)
Balance, January 1	(1,199,995)
Gains/(losses) arising during the period:	
Available for sale securities, net of taxes of \$110,563	415,929
Derivatives, net of taxes of \$5	18
Other securities, net of taxes of \$27	102
Change in reserves, DAC and unearned revenue, net of taxes of \$(1,052)	(3,960)
Subtotal	412,089
Reclassification adjustments:	
Available for sale securities ⁽¹⁾ , net of taxes of \$17,164	64,569
Other securities, net of taxes of \$0	(1)
Change in reserves, DAC and unearned revenue ⁽¹⁾ , net of taxes of \$(163)	(615)
Subtotal	63,953
Total other comprehensive income, unrealized losses on investments	476,042
Balance, December 31,	(723,953)
Funded Status of Postretirement Plans	
Reported balance, January 1	2,093
Curtailments and settlements arising during the period:	
Prior service cost, net of taxes of \$2,032	7,643
Total other comprehensive income, funded status of postretirement plans	7,643
Balance, December 31	9,736
Policyholder Liability Discount Rate Remeasurement Gain (Loss)	
Reported balance, January 1	—
Adjustments arising during the year, net of taxes of (\$9,761)	(36,720)
Balance, December 31	(36,720)
Market Risk Benefit Non-Performance Risk Gain (Loss)	
Reported balance, January 1	—
Adjustments arising during the year, net of taxes of \$32	120
Balance, December 31	120
Total Accumulated Other Comprehensive Loss, December 31	\$ (750,817)

⁽¹⁾ Reclassified to net investment gains/(losses)

Note 16. COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

The Company has obligations as a lessee for office space with initial noncancelable terms in excess of one year. The Company classified these leases as operating leases. These leases generally contain renewal options for periods ranging from two to five years. Because the Company is not reasonably certain to exercise these renewal options, the optional renewal options are excluded from lease payments. The Company's leases do not include termination options for either party to the lease or restrictive financial or other covenants. Payments due under the lease contracts include fixed payments plus, for many of the Company's leases, variable payments. The Company's office space leases require it to make variable payments for the Company's proportionate share of the building's property taxes, insurance and common area maintenance. These variable lease payments are not included in lease payments used to determine lease liability and are recognized as variable costs when incurred.

Maturities of lease liabilities under non-cancelable operating leases as of December 31, 2025 are as follows:

For the year ending:	Operating Leases
2026	\$ 2,784
2027	1,415
2028	771
2029	328
2028	—
Thereafter	—
Total Lease payments	5,298
Less: Imputed interest	(1,449)
Total lease liabilities	\$ 3,849

Lease term and discount rate for operating leases as of December 31, 2025 are as follows:

Weighted average remaining lease term: 1.29 years

Weighted average discount rate: 1.67%

Other supplemental cash flow information related to operating leases as of December 31, 2025 are as follows:

Cash paid for amounts included in the measurement of lease liabilities: \$6,396

ROU asset obtained in exchange for lease obligations: \$3,137

INVESTMENTS In the normal course of business, the Company extends commitments relating to its investment activities. As of December 31, 2025, the Company had outstanding commitments totaling \$1,294,994, relating to these investment activities. The fair value of these commitments approximates the face amount.

REINSURANCE The Company has a non-interest bearing variable funding note ("LLC") with a principle redemption date of December 31, 2044, with a current face amount of \$1,068,844 to support a modified coinsurance arrangement with a reinsurer. The LLC is not carried as an asset in the Company's Consolidated Balance Sheet. Upon certain triggering events, the LLC may be called upon to pay policyholder benefits under a reinsurance agreement. Interest is payable when amounts are drawn upon at the then prevailing prime rate. The Company pays a fee on the amount financed. For the year ended December 31, 2025, total fees incurred were \$2,599.

LITIGATION The Company and its subsidiaries are involved in litigation arising in and out of the normal course of business, which seek both compensatory and punitive damages. In addition, the regulators within the insurance and brokerage industries continue to focus on market conduct and compliance issues. While the Company is not aware of any actions or allegations that should reasonably give rise to a material adverse impact to the Company's financial position or liquidity, the outcome of litigation cannot be foreseen with certainty.

For some matters, the Company is able to estimate a possible range of loss. For such matters in which a loss is probable, an accrual has been made. For matters where the Company, however, believes a loss is reasonably possible, but not probable, no accrual is required. For matters for which an accrual has been made, but there remains a reasonably possible range of loss in excess of the amounts accrued or for matters where no accrual is required, the Company develops an estimate of the unaccrued amounts of the reasonably possible range of losses.

GUARANTY FUNDS The Company is subject to insurance guaranty fund laws in the states in which it does business. These laws assess insurance companies' amounts to be used to pay benefits to policyholders and policy claimants of insolvent insurance companies. Many states allow these assessments to be credited against future premium taxes. The liability for estimated guaranty fund assessments net of applicable premium tax credits as of December 31, 2025 was \$235. The Company believes such assessments in excess of amounts accrued will not materially impact its financial statement position, results of operation or liquidity.

Note 17. STATUTORY FINANCIAL INFORMATION

STATUTORY ACCOUNTING PRINCIPLES As described in Note 1, the insurance companies are required to file financial statements with their state of domicile in accordance with statutory accounting practices prescribed or permitted and as codified by the NAIC, which is a comprehensive basis of accounting other than GAAP. The Statutory accounting practices primarily differ from GAAP by charging policy acquisition costs to expense as incurred, recognizing certain policy fees as revenue when billed, establishing future policy benefit liabilities using different actuarial assumptions, reporting surplus notes as surplus instead of debt, as well as valuing investments and certain assets and accounting for deferred income taxes on a different basis.

Investments in bonds and preferred stocks are generally carried at amortized cost or market value. An Asset Valuation Reserve ("AVR") is established as a liability to offset potential investment losses and an Interest Maintenance Reserve ("IMR") is established as an asset or liability to capture capital gains/(losses) on the sale of fixed income investments, resulting from changes in the general level of interest rates.

STATUTORY NET INCOME AND SURPLUS The combined life insurance companies' statutory capital and surplus at December 31, 2025 was \$4,204,186. The combined life insurance companies' net income, determined in accordance with statutory accounting practices, for the year ended December 31, 2025 was \$118,995.

RISK-BASED CAPITAL Risk-based capital is a method developed by the NAIC to measure the minimum amount of capital appropriate for an insurance company to support its overall business operations in consideration of its size and risk profile. The formulas for determining the amount of risk-based capital specify various weighting factors that are applied to financial balances or various levels of activity based on the perceived degree of risk. Additionally, certain risks are required to be measured using actuarial cash flow modeling techniques, subject to formulaic minimums. The adequacy of the insurance companies' actual capital is measured by the risk-based capital results, as determined by the formulas. Companies below minimum risk-based capital requirements are classified within certain levels, each of which requires specified corrective action. At December 31, 2025, the Company's surplus exceeds these minimum levels.

Note 18. SUBSEQUENT EVENTS

The Company has evaluated events subsequent to December 31, 2025 and through the financial statement issuance date of February 18, 2026 and has determined that there were no significant events requiring recognition in the financial statements and no additional events requiring disclosure in the financial statements.

THE PENN MUTUAL
LIFE INSURANCE COMPANY
| EST. 1847 |

About The Penn Mutual Life Insurance Company

For more than 175 years, Penn Mutual has been a trusted partner to financial professionals across the U.S., placing protection solutions at the center of building stronger financial futures for individuals, families, and businesses. Penn Mutual and its affiliates offer a comprehensive suite of competitive products and services to meet the unique needs of financial professionals and their clients, including life insurance, annuities, wealth management, and institutional asset management. To learn more, including current financial strength ratings, visit pennmutual.com.

