



**Protective Life Corporation**  
**Financial Statements and Notes**  
**March 31, 2026**

**PROTECTIVE LIFE CORPORATION**  
**FINANCIAL STATEMENTS AND NOTES**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2026**

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**PROTECTIVE LIFE CORPORATION**  
**CONSOLIDATED CONDENSED STATEMENTS OF INCOME**  
(Unaudited)

For The  
Three Months Ended  
March 31,

	2026	2025
(Dollars In Millions)		
<b>Revenues</b>		
Gross premiums and policy fees	\$ 1,431	\$ 1,243
Reinsurance ceded	(432)	(258)
Net premiums and policy fees	999	985
Net investment income	977	931
Net realized gains	67	40
Other income	186	203
Total revenues	2,229	2,159
<b>Benefits and expenses</b>		
Benefits and settlement expenses, net of reinsurance ceded: (2026 - \$418; 2025 - \$157)	1,332	1,516
Amortization of deferred policy acquisition costs and value of business acquired	124	128
Policyholder liability remeasurement gains	(2)	(2)
Market risk benefits remeasurement losses	111	190
Other operating expenses, net of reinsurance ceded: (2026 - \$(72); 2025 - \$46)	454	301
Total benefits and expenses	2,019	2,133
<b>Income before income tax</b>	210	26
Income tax expense (benefit)	39	(1)
<b>Net income</b>	\$ 171	\$ 27

Prior period amounts recast for the implementation of ASU 2018-12.

See Notes to Consolidated Condensed Financial Statements

**PROTECTIVE LIFE CORPORATION**  
**CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(Unaudited)

	For The Three Months Ended March 31,	
	2026	2025
	(Dollars In Millions)	
<b>Net income</b>	\$ 171	\$ 27
Other comprehensive income (loss):		
Change in net unrealized gains (losses) on investments, net of income tax: (2026 - \$(155); 2025 - \$126)	(583)	474
Change in net unrealized losses on fixed maturities with an allowance for credit losses, net of income tax: (2026 - \$(9); 2025 - \$(2))	(33)	(6)
Change in accumulated losses —derivatives, net of income tax: (2026 - \$(2); 2025 - \$(4))	(10)	(14)
Change in current discount rate - liability for future policy benefits, net of income tax: (2026 - \$27; 2025 - \$(22))	102	(85)
Change in instrument-specific credit risk - market risk benefits, net of income tax: (2026 - \$9; 2025 - \$2)	36	5
Total other comprehensive income (loss)	(488)	374
<b>Total comprehensive income (loss)</b>	<b>\$ (317)</b>	<b>\$ 401</b>

Prior period amounts recast for the implementation of ASU 2018-12.

**PROTECTIVE LIFE CORPORATION**  
**CONSOLIDATED CONDENSED BALANCE SHEETS**

	As of	
	March 31, 2026	December 31, 2025
	(Unaudited)	
	(Dollars In Millions)	
<b>Assets</b>		
Fixed maturities, at fair value (amortized cost: 2026 - \$68,166; 2025 - \$68,320; allowance for credit losses: 2026 - \$102; 2025 - \$92)	\$ 61,027	\$ 62,044
Equity securities, at fair value (cost: 2026 - \$926; 2025 - \$865)	840	785
Commercial mortgage loans, net of allowance for credit losses (2026 - \$84; 2025 - \$84)	12,836	12,756
Policy loans	1,403	1,407
Other long-term investments	3,027	3,368
Short-term investments	2,304	4,334
Total investments	81,437	84,694
Cash	776	580
Accrued investment income	772	752
Accounts and premiums receivable	515	339
Reinsurance receivables, net of allowance for credit losses (2026 - \$119; 2025 - \$112)	16,721	14,204
Deferred policy acquisition costs and value of business acquired	5,275	5,134
Goodwill	2,051	1,213
Other intangibles, net of accumulated amortization (2026 - \$702; 2025 - \$672)	1,324	848
Property and equipment, net of accumulated depreciation (2026 - \$127; 2025 - \$123)	188	189
Other assets	413	463
Deferred income taxes, net	212	74
Market risk benefit assets	502	546
Assets related to separate accounts	32,480	33,017
<b>Total assets</b>	<b>\$ 142,666</b>	<b>\$ 142,053</b>

See Notes to Consolidated Condensed Financial Statements

**PROTECTIVE LIFE CORPORATION**  
**CONSOLIDATED CONDENSED BALANCE SHEETS**  
**(continued)**

	As of	
	March 31, 2026	December 31, 2025
	(Unaudited)	
	(Dollars In Millions)	
<b>Liabilities</b>		
Future policy benefits and claims	\$ 24,714	\$ 25,037
Unearned premiums	3,635	1,514
Total policy liabilities and accruals	28,349	26,551
Stable value product account balances	13,045	13,787
Policyholder account balances	44,973	44,112
Market risk benefit liabilities	734	712
Other policyholders' funds	814	862
Cost of reinsurance	859	873
Reinsurance liabilities	8,659	8,574
Other liabilities	3,865	3,961
Secured financing liabilities	1,026	920
Debt	2,414	2,666
Subordinated debt	606	606
Liabilities related to separate accounts	32,480	33,017
Total liabilities	137,824	136,641
<b>Commitments and contingencies—Note 16</b>		
<b>Shareowner's equity</b>		
Common Stock, 2026 and 2025 - \$0.01 par value; shares authorized: 5,000; shares issued: 1,000	—	—
Additional paid-in-capital	6,046	6,046
Retained earnings	2,507	2,589
Accumulated other comprehensive loss	(3,711)	(3,223)
Total shareowner's equity	4,842	5,412
<b>Total liabilities and shareowner's equity</b>	\$ 142,666	\$ 142,053

See Notes to Consolidated Condensed Financial Statements

**PROTECTIVE LIFE CORPORATION**  
**CONSOLIDATED CONDENSED STATEMENTS OF SHAREOWNER'S EQUITY**  
(Unaudited)

	<u>Common Stock</u>	<u>Additional Paid-In- Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Shareowner's Equity</u>
(Dollars In Millions)					
Balance, December 31, 2025	\$ —	\$ 6,046	\$ 2,589	\$ (3,223)	\$ 5,412
Net income			171		171
Other comprehensive loss				(488)	(488)
Comprehensive loss					(317)
Dividend to parent			(253)		(253)
Balance, March 31, 2026	<u>\$ —</u>	<u>\$ 6,046</u>	<u>\$ 2,507</u>	<u>\$ (3,711)</u>	<u>\$ 4,842</u>
(Dollars In Millions)					
	<u>Common Stock</u>	<u>Additional Paid-In- Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Shareowner's Equity</u>
Balance, December 31, 2024	\$ —	\$ 6,046	\$ 2,643	\$ (3,873)	\$ 4,816
Net income			27		27
Other comprehensive income				374	374
Comprehensive income					401
Dividend to parent			(181)		(181)
Balance, March 31, 2025	<u>\$ —</u>	<u>\$ 6,046</u>	<u>\$ 2,489</u>	<u>\$ (3,499)</u>	<u>\$ 5,036</u>

Prior period amounts recast for the implementation of ASU 2018-12.

**PROTECTIVE LIFE CORPORATION**  
**CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	For The Three Months Ended March 31,	
	2026	2025
(Dollars In Millions)		
<b>Cash flows from operating activities</b>		
Net income	\$ 171	\$ 27
Adjustments to reconcile net income to net cash used in operating activities:		
Net realized losses	(67)	(40)
Interest credited to universal life and investment products	559	508
Trading securities purchases, sales, and maturities, net	(151)	59
Amortization of premiums and accretion of discounts on investments and commercial mortgage loans	28	34
Change in:		
Policy fees assessed on universal life and investment products	(499)	(523)
Future policy liabilities, policyholder account balances and other policyholders' funds	(463)	(180)
Derivatives, net	(59)	21
Market risk benefits, net	112	190
Deferred acquisition costs and value of business acquired	(53)	(35)
Cost of reinsurance	(14)	—
Other, net	(593)	(490)
<b>Net cash used in operating activities</b>	<b>\$ (1,029)</b>	<b>\$ (429)</b>

Prior period amounts recast for the implementation of ASU 2018-12.

**PROTECTIVE LIFE CORPORATION**  
**CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS**  
(continued)

	For The Three Months Ended March 31,	
	2026	2025
(Dollars In Millions)		
<b>Cash flows from investing activities</b>		
Maturities and principal reductions of investments, available-for-sale	1,060	1,047
Sale of investments, available-for-sale	6,302	350
Cost of investments acquired, available-for-sale	(7,167)	(1,327)
Commercial mortgage loans:		
New loan originations	(443)	(356)
Repayments	364	303
Change in policy loans, net	5	11
Change in other long-term investments, net	19	76
Change in short-term investments, net	2,021	(713)
Net unsettled security transactions	(28)	(18)
Purchase of property, equipment, and intangibles	(2)	(4)
Payment for business acquisition, net of cash acquired	(915)	—
<b>Net cash provided by (used in) investing activities</b>	<b>1,216</b>	<b>(631)</b>
<b>Cash flows from financing activities</b>		
Borrowings under line of credit arrangements, debt, and subordinated debt	195	893
Principal payments on line of credit arrangement, debt, and subordinated debt	(450)	(753)
Change in secured financing liabilities	106	439
Dividends to parent	(253)	(181)
Deposits to universal life and investment contracts	3,035	3,481
Withdrawals from universal life and investment contracts	(2,626)	(2,770)
Other financing activities, net	2	2
<b>Net cash provided by financing activities</b>	<b>9</b>	<b>1,111</b>
<b>Change in cash</b>	<b>196</b>	<b>51</b>
<b>Cash at beginning of period</b>	<b>580</b>	<b>353</b>
<b>Cash at end of period</b>	<b>\$ 776</b>	<b>\$ 404</b>

Prior period amounts recast for the implementation of ASU 2018-12.

**PROTECTIVE LIFE CORPORATION**  
**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS**  
(Unaudited)

## **1. BASIS OF PRESENTATION**

### **Basis of Presentation**

Protective Life Corporation, a Delaware Corporation (the “Company”) is a holding company with subsidiaries that provide financial services through the production, distribution, and administration of insurance and investment products. The Company principally markets individual life insurance, guaranteed investment contracts, guaranteed funding agreements, fixed and variable annuities, extended service contracts, and paid family and medical leave throughout the United States and disability benefits law coverage (“DBL”) and paid family leave in New York. Founded in 1907, Protective Life Insurance Company, a Nebraska domiciled life insurance company, (“PLICO”) is the Company’s largest operating subsidiary. The Company is a wholly owned subsidiary of Daiichi Life International Holdings LLC (“Daiichi Life International”), a *godo kaisha* organized under the laws of Japan and subsidiary of Daiichi Life Group, Inc. (“Daiichi Life”).

These consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for the interim periods presented herein. In the opinion of management, the accompanying consolidated condensed financial statements reflect all adjustments (consisting only of normal recurring items) necessary for a fair presentation of the results for the interim periods presented. Operating results for the three months ended March 31, 2026, are not necessarily indicative of the results of operations that may be expected for the year ending December 31, 2026. The year-end consolidated condensed financial data included herein was derived from audited financial statements but this report does not include all disclosures required by GAAP.

Certain reclassifications have been made in the previously reported financial statements and accompanying notes to make the prior period amounts comparable to those of the current period. Such reclassifications had no effect on previously reported net income or shareowner’s equity.

The operating results of companies in the insurance industry have historically been subject to significant fluctuations due to changing competition, economic conditions, interest rates, investment performance, insurance ratings, claims, persistency, and other factors.

The consolidated condensed financial statements in this report include the accounts of Protective Life Corporation and its wholly owned subsidiaries and affiliate companies in which the Company holds a majority voting or economic interest. Intercompany balances and transactions have been eliminated.

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

### **Significant Accounting Policies**

These financial statements reflect the Company’s adoption of Accounting Standards Update (“ASU” or “Update”) No. 2018-12 - Financial Services - Insurance (Topic 944), *Targeted Improvements to the Accounting for Long-Duration Contracts* (“LDTI”). Details of the Company’s adoption are included in Note 2 in the Company’s consolidated financial statements for the year ended December 31, 2025.

For a full description of the Company’s significant accounting policies, refer to Note 2 in the Company’s consolidated financial statements for the year ended December 31, 2025. There were no significant changes to the Company’s accounting policies during the three months ended March 31, 2026.

## **3. RECENT TRANSACTIONS**

### **Obsidian Insurance Holdings, Inc.**

On April 28, 2026, the Company, through PLICO, entered into an agreement to acquire Obsidian Insurance Holdings, Inc. (“Obsidian”) and its affiliates. Obsidian is a leading property, casualty, and specialty insurance platform and operates as an insurance holding company with both admitted and non-admitted carrier subsidiaries. These subsidiaries issue policies underwritten by managing general agents, managing general underwriters, and program managers. Through its platform, Obsidian sources, underwrites, and manages a diversified portfolio of property, casualty, and specialty insurance programs and reinsures the majority of its business with select reinsurers. The transaction is subject to receipt of regulatory approvals and the satisfaction of customary closing conditions and is expected to close in the fourth quarter of 2026 or the first quarter of 2027.

**Portfolio Holding, Inc.**

On January 1, 2026, the Company completed the acquisition of Portfolio Holding, Inc. (“Portfolio”) and its subsidiaries. Portfolio is a leading provider for reinsurance management services and finance and insurance products for dealers nationwide. Portfolio offers dealer participation programs that help dealers build long-term wealth through reinsurance structures, enabling them to retain underwriting profits and investment income. Portfolio serves millions of in-force customers through vehicle service contracts, guaranteed asset protection (“GAP”) coverage and a broad range of ancillary products. The consideration paid at closing was approximately \$1.0 billion and is subject to post closing adjustments as defined in the purchase agreement.

As of the purchase date, the Company recorded an estimated \$22 million of contingent consideration, representing its best estimate of the present value of future payments that may be required upon the achievement of specified revenue-based triggering events. The contingent consideration is accrued within *other liabilities* in the Company’s consolidated condensed balance sheets.

The following table details the preliminary allocation of assets acquired and liabilities assumed from the Portfolio transaction as of the date of the closing. The Company has not completed the process of determining the fair value of assets acquired and liabilities assumed, but will do so in the twelve-month measurement period subsequent to the date of closing. These estimates are provisional and subject to adjustment. Any adjustments to these fair value estimates will be reflected, retroactively, as of the date of the acquisition.

	<b>Fair Value as of January 1, 2026</b>
	<b>(Dollars In Millions)</b>
<b>ASSETS</b>	
Total investments	\$ 76
Cash	88
Accounts and premiums receivable	140
Reinsurance receivable	1,927
VOBA	88
Goodwill	838
Other intangibles	505
Other assets	65
Total assets	3,727
<b>LIABILITIES</b>	
Future policy benefits and claims	\$ 65
Unearned premiums	2,025
Total policy liabilities and accruals	2,090
Reinsurance liabilities	170
Other liabilities	464
Total liabilities	2,724
<b>NET ASSETS ACQUIRED</b>	<b>\$ 1,003</b>

The amount of revenue and income (loss) before income tax of Portfolio included in the consolidated condensed statements of income for the three months ended March 31, 2026, amounted to \$56 million and \$(1) million, respectively.

The Company incurred approximately \$3 million of non-recurring costs associated with the transaction during the three months ended March 31, 2026.

Intangible assets recognized by the Company included the following (excluding goodwill):

	Estimated Fair Value on Acquisition Date	Estimated Useful Life
	(Dollars In Millions)	(in Years)
Dealer relationships	\$ 330	10
Agent relationships	140	10
Technology	25	7
Trade name	10	3
<b>Total intangible assets</b>	<b>\$ 505</b>	

#### 4. INVESTMENT OPERATIONS

Net realized gains (losses) are summarized as follows (recast for the adoption of LDIT):

	For The Three Months Ended March 31,	
	2026	2025
	(Dollars In Millions)	
Fixed maturities	\$ (14)	\$ 1
Equity securities	—	(6)
Modco trading portfolios	(100)	20
Change in net credit losses - fixed maturities	(9)	(9)
Commercial mortgage loans	(1)	(3)
Corporate-owned life insurance	(5)	(12)
Other investments	1	(2)
Net realized losses - investments	(128)	(11)
Net realized gains - derivatives <sup>(1)</sup>	195	51
Net realized gains	\$ 67	\$ 40

(1) See Note 6, *Derivative Financial Instruments*

The chart below summarizes the sales proceeds and gains (losses) realized on securities classified as available-for-sale (“AFS”).

	For The Three Months Ended March 31,	
	2026	2025
	(Dollars In Millions)	
<b>Securities in an unrealized gain position:</b>		
Sales proceeds	\$ 3,404	\$ 397
Realized gains	\$ 75	\$ 1
<b>Securities in an unrealized loss position:</b>		
Sales proceeds	\$ 2,079	\$ 153
Realized losses	\$ (89)	\$ —

The Company recognized net realized losses of \$2 million and \$6 million on equity securities still held at the end of the period for the three months ended March 31, 2026 and 2025, respectively. The Company recognized gains of \$2 million on disposals of equity securities for the three months ended March 31, 2026 and recognized immaterial gains on disposals of equity securities for the three months ended March 31, 2025.

The amortized cost, gross unrealized gains, gross unrealized losses, allowance for expected credit losses, and fair value of the Company’s investments classified as AFS are as follows:

<b>As of March 31, 2026</b>	<b>Amortized Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Allowance for Expected Credit Losses</b>	<b>Fair Value</b>
(Dollars In Millions)					
<b>Fixed maturities:</b>					
Residential mortgage-backed securities	\$ 13,537	\$ 27	\$ (1,264)	\$ —	\$ 12,300
Commercial mortgage-backed securities	650	—	(66)	(3)	581
Other asset-backed securities	4,475	23	(23)	—	4,475
U.S. government-related securities	750	1	(127)	—	624
Other government-related securities	235	—	(22)	—	213
States, municipals, and political subdivisions	1,924	1	(267)	—	1,658
Corporate securities	41,909	65	(5,307)	(99)	36,568
Redeemable preferred stocks	292	—	(78)	—	214
	<u>63,772</u>	<u>117</u>	<u>(7,154)</u>	<u>(102)</u>	<u>56,633</u>
Short-term investments	2,009	—	—	—	2,009
	<u>\$ 65,781</u>	<u>\$ 117</u>	<u>\$ (7,154)</u>	<u>\$ (102)</u>	<u>\$ 58,642</u>
<b>As of December 31, 2025</b>					
<b>Fixed maturities:</b>					
Residential mortgage-backed securities	\$ 12,668	\$ 63	\$ (1,218)	\$ —	\$ 11,513
Commercial mortgage-backed securities	931	1	(65)	(3)	864
Other asset-backed securities	3,956	36	(11)	—	3,981
U.S. government-related securities	774	2	(126)	—	650
Other government-related securities	216	1	(16)	—	201
States, municipals, and political subdivisions	2,122	1	(272)	—	1,851
Corporate securities	43,106	172	(4,684)	(89)	38,505
Redeemable preferred stocks	292	1	(70)	—	223
	<u>64,065</u>	<u>277</u>	<u>(6,462)</u>	<u>(92)</u>	<u>57,788</u>
Short-term investments	4,030	—	—	—	4,030
	<u>\$ 68,095</u>	<u>\$ 277</u>	<u>\$ (6,462)</u>	<u>\$ (92)</u>	<u>\$ 61,818</u>

The Company holds certain investments pursuant to funds withheld (“FWH”) arrangements under coinsurance or modified coinsurance reinsurance agreements. These investments are not available to settle any policyholder obligations other than those specifically covered by their respective reinsurance agreement and are not available to settle obligations to general creditors of the Company. Net investment income on assets held under FWH arrangements inures to the reinsurers and the Company recognizes ceded investment income as a component of *other operating expense*.

As of March 31, 2026, the amortized cost and fair value of AFS investments allocable to these arrangements was \$4.7 billion and \$4.0 billion, respectively. During the three months ended March 31, 2026, the Company recognized gross realized gains totaling \$2 million and gross realized losses totaling \$38 million attributable to disposals of AFS securities held pursuant to the FWH arrangements described above. There were no AFS investments held under these arrangements during the three months ended March 31, 2025. As of December 31, 2025, the amortized cost and fair value of AFS investments allocable to these arrangements was \$5.0 billion and \$4.4 billion, respectively. See Note 14, *Reinsurance* for additional information about assets held under FWH arrangements.

The fair value of fixed maturities classified as trading securities is as follows:

	As of	
	March 31, 2026	December 31, 2025
(Dollars In Millions)		
<b>Fixed maturities:</b>		
Residential mortgage-backed securities	\$ 169	\$ 182
Commercial mortgage-backed securities	400	415
Other asset-backed securities	1,536	1,404
U.S. government-related securities	30	35
Other government-related securities	14	14
States, municipals, and political subdivisions	131	136
Corporate securities	2,113	2,069
Redeemable preferred stocks	1	1
	<u>\$ 4,394</u>	<u>\$ 4,256</u>

The amortized cost and fair value of AFS fixed maturities as of March 31, 2026, by expected maturity, are shown below. Expected maturities of securities without a single maturity date are allocated based on estimated rates of prepayment that may differ from actual rates of prepayment.

	Available-For-Sale	
	Amortized Cost	Fair Value
(Dollars In Millions)		
Due in one year or less	\$ 1,066	\$ 1,040
Due after one year through five years	9,369	9,188
Due after five years through ten years	9,381	8,861
Due after ten years	43,956	37,544
	<u>\$ 63,772</u>	<u>\$ 56,633</u>

The following chart is a rollforward of the allowance for expected credit losses on fixed maturities classified as AFS:

	For The Three Months Ended March 31, 2026		
	Corporate Securities	CMBS	Total
	(Dollars In Millions)		
Beginning Balance	\$ 89	\$ 3	\$ 92
Additions for securities for which an allowance was not previously recorded	15	—	15
Adjustments on previously recorded allowances due to change in expected cash flows	3	—	3
Reductions on previously recorded allowances due to disposal of security in the current period	(8)	—	(8)
Write-offs of previously recorded allowances due to intent or requirement to sell	—	—	—
Ending Balance	<u>\$ 99</u>	<u>\$ 3</u>	<u>\$ 102</u>

	For The Three Months Ended March 31, 2025		
	Corporate Securities	CMBS	Total
	(Dollars In Millions)		
Beginning Balance	\$ 64	\$ 3	\$ 67
Additions for securities for which an allowance was not previously recorded	5	3	8
Adjustments on previously recorded allowances due to change in expected cash flows	2	(1)	1
Reductions on previously recorded allowances due to disposal of security in the current period	—	—	—
Write-offs of previously recorded allowances due to intent or requirement to sell	—	—	—
Ending Balance	<u>\$ 71</u>	<u>\$ 5</u>	<u>\$ 76</u>

The following table includes the gross unrealized losses and fair value of the Company's AFS fixed maturities, for which an allowance for credit losses has not been recorded aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of March 31, 2026:

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
(Dollars In Millions)						
Residential mortgage-backed securities	\$ 2,668	\$ (18)	\$ 5,132	\$ (1,246)	\$ 7,800	\$ (1,264)
Commercial mortgage-backed securities	—	—	541	(66)	541	(66)
Other asset-backed securities	707	(3)	291	(20)	998	(23)
U.S. government-related securities	85	—	403	(127)	488	(127)
Other government-related securities	54	(2)	153	(20)	207	(22)
States, municipals, and political subdivisions	10	(2)	1,615	(265)	1,625	(267)
Corporate securities	6,142	(248)	27,424	(5,059)	33,566	(5,307)
Redeemable preferred stocks	—	—	184	(78)	184	(78)
	<u>\$ 9,666</u>	<u>\$ (273)</u>	<u>\$ 35,743</u>	<u>\$ (6,881)</u>	<u>\$ 45,409</u>	<u>\$ (7,154)</u>

Residential mortgage-backed securities ("RMBS") had gross unrealized losses greater than twelve months of \$1.2 billion as of March 31, 2026. Factors such as credit enhancements within the deal structures, the average lives of the securities, and the performance of the underlying collateral support the recoverability of these investments.

U.S. government-related securities had gross unrealized losses greater than twelve months of \$127 million as of March 31, 2026. These declines were related to changes in interest rates.

States, municipals, and political subdivisions securities had gross unrealized losses greater than twelve months of \$265 million as of March 31, 2026. These losses are deemed temporary due to positive factors supporting the recoverability of the respective instruments. Positive factors considered include credit ratings, the financial health of the issuer, the continued access of the issuer to capital markets, interest rate movement, and other pertinent information.

Corporate securities had gross unrealized losses greater than twelve months of \$5.1 billion as of March 31, 2026, excluding losses of \$96 million that were considered credit-related. These losses are deemed temporary due to positive factors supporting the recoverability of the respective investments. Positive factors considered include credit ratings, the financial health of the issuer, the continued access of the issuer to capital markets, interest rate movement, and other pertinent information.

As of March 31, 2026, the Company had a total of 3,619 positions that were in an unrealized loss position, including 17 positions for which an allowance for credit losses was established. For unrealized losses for which an allowance for credit losses was not established, the Company does not consider these unrealized loss positions to be credit-related. This is based on the aggregate factors discussed previously and because the Company has the ability and intent to hold these investments until the fair values recover. The Company does not intend to sell or expect to be required to sell the securities before recovering the Company's amortized cost of the securities.

The following table includes the gross unrealized losses and fair value of the Company's AFS fixed maturities, for which an allowance for credit losses has not been recorded aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of December 31, 2025:

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(Dollars In Millions)					
Residential mortgage-backed securities	\$ 722	\$ (1)	\$ 5,130	\$ (1,217)	\$ 5,852	\$ (1,218)
Commercial mortgage-backed securities	—	—	740	(65)	740	(65)
Other asset-backed securities	292	(1)	142	(10)	434	(11)
U.S. government-related securities	—	—	426	(126)	426	(126)
Other government-related securities	—	—	160	(16)	160	(16)
States, municipals, and political subdivisions	—	—	1,764	(272)	1,764	(272)
Corporate securities	2,042	(70)	28,969	(4,614)	31,011	(4,684)
Redeemable preferred stocks	—	—	182	(70)	182	(70)
	<u>\$ 3,056</u>	<u>\$ (72)</u>	<u>\$ 37,513</u>	<u>\$ (6,390)</u>	<u>\$ 40,569</u>	<u>\$ (6,462)</u>

As of March 31, 2026, the Company held securities in its AFS portfolio with a fair value of \$2.1 billion and amortized cost of \$2.6 billion which were rated below investment grade. In addition, \$112 million of securities held in the Company's trading portfolio as of March 31, 2026, were rated below investment grade. Of the securities rated below investment grade in the Company's AFS and trading portfolios, the Company held securities with a fair value of \$1.3 billion and an amortized cost of \$1.5 billion that were not publicly traded.

The change in unrealized gains (losses), net of the allowance for expected credit losses and income taxes on fixed maturities classified as AFS is summarized as follows:

	For The Three Months Ended March 31,	
	2026	2025
	(Dollars In Millions)	
Fixed maturities	\$ (673)	\$ 518

The Company invests in certain structured products issued by Variable Interest Entities (“VIEs”). The Company is not the primary beneficiary of the VIEs. In certain cases, the Company has contributed assets to these VIEs in return for beneficial interests in such transferred assets. As of March 31, 2026, approximately \$344 million of investments represent beneficial interests in structured products containing assets previously held by the Company. The beneficial interests are generally measured at fair value, classified as Level 3 or at net asset value. The Company’s exposure to loss is limited to the carrying amount of the retained interests. During the three months ended March 31, 2026, gains of \$1 million were recognized on investments transferred to VIEs, comprising primarily bank loans. These transfers qualified as sales under ASC 860.

## 5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company determined the fair value of its financial instruments based on the fair value hierarchy established in FASB guidance referenced in the Fair Value Measurements and Disclosures Topic which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Company has adopted the provisions from the FASB guidance that is referenced in the Fair Value Measurements and Disclosures Topic for non-financial assets and liabilities (such as property and equipment, goodwill, and other intangible assets) that are required to be measured at fair value on a periodic basis. The effect on the Company’s periodic fair value measurements for non-financial assets and liabilities was not material.

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

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

- **Level 1:** Unadjusted quoted prices for identical assets or liabilities in an active market.
- **Level 2:** Quoted prices in markets that are not active or significant inputs that are observable either directly or indirectly. Level 2 inputs include the following:
  - a) Quoted prices for similar assets or liabilities in active markets;
  - b) Quoted prices for identical or similar assets or liabilities in non-active markets;
  - c) Inputs other than quoted market prices that are observable; and
  - d) Inputs that are derived principally from or corroborated by observable market data through correlation or other means.
- **Level 3:** Prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. They reflect management’s own estimates about the assumptions a market participant would use in pricing the asset or liability.

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The following table presents the Company's hierarchy for its assets and liabilities measured at fair value on a recurring basis as of March 31, 2026:

	Level 1	Level 2	Level 3	Total
	(Dollars In Millions)			
<b>Assets:</b>				
Fixed maturities - AFS				
Residential mortgage-backed securities	\$ —	\$ 11,502	\$ 798	\$ 12,300
Commercial mortgage-backed securities	—	448	133	581
Other asset-backed securities	—	3,028	1,447	4,475
U.S. government-related securities	378	246	—	624
Other government-related securities	—	213	—	213
States, municipals, and political subdivisions	—	1,658	—	1,658
Corporate securities	—	33,928	2,640	36,568
Redeemable preferred stocks	214	—	—	214
<b>Total fixed maturities - AFS</b>	<b>592</b>	<b>51,023</b>	<b>5,018</b>	<b>56,633</b>
Fixed maturities - trading				
Residential mortgage-backed securities	—	169	—	169
Commercial mortgage-backed securities	—	400	—	400
Other asset-backed securities	—	290	1,246	1,536
U.S. government-related securities	28	2	—	30
Other government-related securities	—	14	—	14
States, municipals, and political subdivisions	—	131	—	131
Corporate securities	—	1,853	260	2,113
Redeemable preferred stocks	1	—	—	1
<b>Total fixed maturities - trading</b>	<b>29</b>	<b>2,859</b>	<b>1,506</b>	<b>4,394</b>
<b>Total fixed maturities</b>	<b>621</b>	<b>53,882</b>	<b>6,524</b>	<b>61,027</b>
Equity securities	317	24	245	586
Commercial mortgage loans	—	—	202	202
Other long-term investments <sup>(1)</sup>	56	671	336	1,063
Short-term investments	1,563	741	—	2,304
<b>Total investments</b>	<b>2,557</b>	<b>55,318</b>	<b>7,307</b>	<b>65,182</b>
Cash	776	—	—	776
Other assets	68	—	—	68
Market risk benefit assets	—	—	502	502
Assets related to separate accounts	30,316	—	—	30,316
<b>Total assets measured at fair value on a recurring basis</b>	<b>\$ 33,717</b>	<b>\$ 55,318</b>	<b>\$ 7,809</b>	<b>\$ 96,844</b>
<b>Liabilities:</b>				
Policyholder account balances <sup>(2)</sup>	\$ —	\$ —	\$ 29	\$ 29
Other liabilities <sup>(1)</sup>	12	449	916	1,377
Market risk benefit liabilities	—	—	734	734
<b>Total liabilities measured at fair value on a recurring basis</b>	<b>\$ 12</b>	<b>\$ 449</b>	<b>\$ 1,679</b>	<b>\$ 2,140</b>

(1) Includes certain freestanding and embedded derivatives.

(2) Represents liability related to fixed indexed annuities.

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The following table presents the Company's hierarchy for its assets and liabilities measured at fair value on a recurring basis as of December 31, 2025:

	Level 1	Level 2	Level 3	Total
	(Dollars In Millions)			
<b>Assets:</b>				
Fixed maturities - AFS				
Residential mortgage-backed securities	\$ —	\$ 11,499	\$ 14	\$ 11,513
Commercial mortgage-backed securities	—	729	135	864
Other asset-backed securities	—	2,963	1,018	3,981
U.S. government-related securities	391	259	—	650
Other government-related securities	—	201	—	201
States, municipals, and political subdivisions	—	1,851	—	1,851
Corporate securities	—	35,808	2,697	38,505
Redeemable preferred stocks	223	—	—	223
<b>Total fixed maturities - AFS</b>	<b>614</b>	<b>53,310</b>	<b>3,864</b>	<b>57,788</b>
Fixed maturities - trading				
Residential mortgage-backed securities	—	182	—	182
Commercial mortgage-backed securities	—	415	—	415
Other asset-backed securities	—	296	1,108	1,404
U.S. government-related securities	32	3	—	35
Other government-related securities	—	14	—	14
States, municipals, and political subdivisions	—	136	—	136
Corporate securities	—	1,836	233	2,069
Redeemable preferred stocks	1	—	—	1
<b>Total fixed maturities - trading</b>	<b>33</b>	<b>2,882</b>	<b>1,341</b>	<b>4,256</b>
<b>Total fixed maturities</b>	<b>647</b>	<b>56,192</b>	<b>5,205</b>	<b>62,044</b>
Equity securities	295	37	337	669
Commercial mortgage loans	—	—	75	75
Other long-term investments <sup>(1)</sup>	34	1,098	282	1,414
Short-term investments	3,414	920	—	4,334
<b>Total investments</b>	<b>4,390</b>	<b>58,247</b>	<b>5,899</b>	<b>68,536</b>
Cash	580	—	—	580
Other assets	70	—	—	70
Market risk benefit assets	—	—	546	546
Assets related to separate accounts	30,843	—	—	30,843
<b>Total assets measured at fair value on a recurring basis</b>	<b>\$ 35,883</b>	<b>\$ 58,247</b>	<b>\$ 6,445</b>	<b>\$ 100,575</b>
<b>Liabilities:</b>				
Policyholder account balances <sup>(2)</sup>	\$ —	\$ —	\$ 29	\$ 29
Other liabilities <sup>(1)</sup>	5	764	1,056	1,825
Market risk benefit liabilities	—	—	712	712
<b>Total liabilities measured at fair value on a recurring basis</b>	<b>\$ 5</b>	<b>\$ 764</b>	<b>\$ 1,797</b>	<b>\$ 2,566</b>

(1) Includes certain freestanding and embedded derivatives.

(2) Represents liability related to fixed indexed annuities.

**Determination of Fair Values**

The valuation methodologies used to determine the fair values of assets and liabilities reflect market participant assumptions and are based on the application of the fair value hierarchy that prioritizes observable market inputs over unobservable inputs. The Company determines the fair values of certain financial assets and financial liabilities based on quoted market prices, where available. The Company also determines certain fair values based on future cash flows discounted at the appropriate current market rate. Fair values reflect adjustments for counterparty credit quality, the Company's credit standing, liquidity, and where appropriate, risk margins on unobservable parameters.

For a full description of the Company's fair value calculations and accounting policies, refer to Note 5 in the Company's consolidated financial statements for the year ended December 31, 2025.

**Valuation of Level 3 Financial Instruments**

The following table presents the valuation method for material financial instruments included in Level 3 as well as the unobservable inputs used in the valuation of those financial instruments:

March 31, 2026	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)	
<b>(Dollars In Millions)</b>					
<b>Assets:</b>					
RMBS	\$ 14	Discounted cash flow	Spread over treasury	2.32% -7.15% (2.58%)	
CMBS	133	Discounted cash flow	Spread over treasury	1.00% - 2.20% (1.88%)	
Other asset-backed securities	150	Liquidation	Liquidation value	\$98.25 - \$100.00 (\$98.62)	
			Discounted cash flow	Liquidity premium	-0.47% - 1.51% (0.13%)
			Paydown rate	6.50% - 18.94% (8.88%)	
Corporate securities	1,116	Discounted cash flow	Spread over treasury	0.46% - 3.80% (1.57%)	
Market risk benefit assets	502	Actuarial cash flow model	Mortality <sup>(2)</sup>	100% - \$141% of 2012 IAM ALB Basic table + Protective specific COVID adjustment and Mortality Improvement adjustment	
			Lapse <sup>(3)</sup>	0% - 36.95%, depending on duration/surrender charge period. Dynamically adjusted for WB moneyness and projected market rates vs credited rates.	
			Utilization <sup>(4)</sup>	80% - 93%, depending on qualified/non-qualified status and types of WB riders	
			Withdrawal <sup>(5)</sup>	0.4% - 4.9% prior to age 73 or elected WB if greater, greater of RMD and elected WB for ages 73+	
			Non-performance risk adjustment <sup>(6)</sup>	0.72% - 1.29%	
			Long-term equity volatility <sup>(7)</sup>	13.1% - 28.8%	
			Risk margin	0.30%	
<b>Liabilities:<sup>(1)</sup></b>					
MRB liabilities	\$ 734	Actuarial cash flow model		Unobservable inputs and ranges are the same as those used in the measurement of market risk benefit assets	
Embedded derivative —FIA	536	Actuarial cash flow model	Withdrawal rate	0.4% - 2.4% prior to age 73, RMD for ages 73+ or WB withdrawal rate. Assume underutilized RMD for non-WB policies ages 73-86	
			Mortality	98 - 140% of 2012 IAM ALB Basic table + Protective specific COVID adjustment and Mortality Improvement adjustment on some products	
			Lapse	0.2% - 50%, depending on duration/surrender charge period. Dynamically adjusted for WB moneyness and projected market rates vs credited rates.	
			Non-performance risk	0.72% - 1.29%	
			Risk margin	0.10%	
Embedded derivative —IUL	43	Actuarial cash flow model	Mortality	50.4% - 107.7% of base table (90% of 2015 VBT Primary Tables adjusted for 5.5 years of 2023 SOA HMI) with adjustments for underwriting updates for recent issues depending on issue date . 80% - 207% of duration 5 point in scale 2015 VBT Primary Tables, depending on type of business	
			Lapse	0.08% - 29.03%, depending on issue age and duration, smoking class, level of funding, and face band	
			Non-performance risk	0.72% - 1.29%	
			Risk margin	0.10%	

\*See chart below for footnote descriptions

The chart above excludes Level 3 financial instruments that are valued using broker quotes and those for which book value approximates fair value.

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The following table presents the valuation method for material financial instruments included in Level 3 as well as the unobservable inputs used in the valuation of those financial instruments:

December 31, 2025	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)	
<b>(Dollars in Millions)</b>					
<b>Assets:</b>					
RMBS	\$ 14	Discounted cash flow	Spread over treasury	2.63% - 7.25% (2.82%)	
CMBS	135	Discounted cash flow	Spread over treasury	1.00% - 2.30% (1.90%)	
Other asset-backed securities	150	Liquidation	Liquidation value	\$98.25 - \$100.00 (\$98.62)	
			Discounted cash flow	Liquidity premium	-0.47% - 1.40% (0.44%)
				Paydown rate	6.50% - 18.94% (9.16%)
Corporate securities	1,200	Discounted cash flow	Spread over treasury	0.50% - 3.60% (1.51%)	
MRB assets	546	Actuarial cash flow model	Mortality <sup>(2)</sup>	100% - \$141% of 2012 IAM ALB Basic table + Protective specific COVID adjustment and Mortality Improvement adjustment	
			Lapse <sup>(3)</sup>	0% - 37.26%, depending on duration/surrender charge period. Dynamically adjusted for WB moneyness and projected market rates vs credited rates.	
			Utilization <sup>(4)</sup>	80% - 93%, depending on qualified/non-qualified status and types of WB riders	
			Withdrawal <sup>(5)</sup>	0.4% - 4.9% prior to age 73 or elected WB if greater, greater of RMD and elected WB for ages 73+	
			Non-performance risk adjustment <sup>(6)</sup>	0.57% - 1.04%	
			Long-term equity volatility <sup>(7)</sup>	13.1% - 28.4%	
			Risk margin	0.30%	
<b>Liabilities:<sup>(1)</sup></b>					
MRB liabilities	\$ 712	Actuarial cash flow model		Unobservable inputs and ranges are the same as those used in the measurement of market risk benefit assets	
Embedded derivative —FIA	573	Actuarial cash flow model	Withdrawal rate	0.4% - 2.4% prior to age 73, RMD for ages 73+ or WB withdrawal rate. Assume underutilized RMD for non-WB policies ages 73-86	
			Mortality	98% to 140% of 2012 IAM ALB Basic table + Protective specific COVID adjustment and Mortality Improvement adjustment on some products	
			Lapse	0.2% - 50%, depending on duration/surrender charge period. Dynamically adjusted for WB moneyness and projected market rates vs credited rates.	
			Non-performance risk	0.57% - 1.04%	
			Risk margin	0.10%	
Embedded derivative - IUL	57	Actuarial cash flow model	Mortality	50.4% - 107.7% of base table (90% of 2015 VBT Primary Tables adjusted for 5.5 years of 2023 SOA HMI) with adjustments for underwriting updates for recent issues depending on issue date . 80% - 207% of duration 5 point in scale 2015 VBT Primary Tables, depending on type of business	
			Lapse	0.08% - 29.03%, depending on issue age and duration, smoking class, level of funding, and face band	
			Non-performance risk	0.57% - 1.04%	
			Risk margin	0.10%	

- (1) Excludes modified coinsurance arrangements.
- (2) Mortality rates vary by attained age, tax qualification status, guaranteed benefit election, and duration. The range displayed reflects ages from the minimum issue age for the benefit through age 95, which corresponds to the typical maturity age. A mortality improvement assumption is also applied.
- (3) Base lapse rates vary by contract-level factors, such as product type, surrender charge schedule and guaranteed benefits election. Lapse rates are further adjusted based on the degree to which a guaranteed benefit is in-the-money, with lower lapse applying when benefits are more in-the-money. Lapse rates are also adjusted to reflect lower lapse expectations when guaranteed benefits are utilized.
- (4) The utilization rate represents the expected percentage of contracts that will utilize the benefit through annuitization (GMIB) or commencement of withdrawals (GMWB). Utilization may vary by benefit type, attained age, duration, tax qualification status, benefit provision, and degree to which the guaranteed benefit is in-the-money.
- (5) The withdrawal rate represents the percentage of annual withdrawal assumed relative to the maximum allowable withdrawal amount under the free partial withdrawal provision or the GMWB, as applicable. Free partial withdrawal rates vary based on the product type, duration, and guaranteed minimum accumulation benefit (“GMAB”) election. Withdrawal rates on contracts with a GMWB vary based on attained age, tax qualification status, GMWB type and GMWB benefit provisions.
- (6) Non-performance risk adjustment is applied as a spread over the risk-free rate to determine the rate used to discount the related cash flows and varies by projection year.

(7) Long-term equity volatility represents the equity volatility beyond the period for which observable equity volatilities are available.

The chart above excludes Level 3 financial instruments that are valued using broker quotes and those for which book value approximates fair value.

The Company has considered all reasonably available quantitative inputs and broker information in determining the fair values of its financial instruments as of March 31, 2026 and December 31, 2025. As of March 31, 2026 and December 31, 2025, \$5.2 billion and \$4.0 billion of financial instruments classified as Level 3, respectively, were valued by brokers. Of these securities, \$784 million and none were classified as residential mortgage-backed securities, \$2.5 billion and \$2.0 billion were classified as other asset-backed securities, and \$1.8 billion and \$1.7 billion, respectively, were classified as corporate securities. In addition, \$73 million and \$170 million, respectively, were classified as equity securities.

In certain cases, the Company has determined that book value materially approximates fair value. As of March 31, 2026 and December 31, 2025, the Company held FHLB capital stock, which is included in equity securities, of \$171 million and \$167 million, respectively, for which book value approximates fair value.

The following table presents a reconciliation of the beginning and ending balances for fair value measurements for the three months ended March 31, 2026, for which the Company has used significant unobservable inputs (Level 3):

	Beginning Balance	Total Realized and Unrealized Gains		Total Realized and Unrealized Losses		Purchases	Sales	Issuances	Settlements	Transfers in/out of Level 3	Other	Ending Balance	Total Gains (losses) included in Net income related to Instruments still held at the Reporting Date
		Included in Net Income	Included in OCI	Included in Net Income	Included in OCI								
(Dollars In Millions)													
<b>Assets:</b>													
Fixed maturities AFS													
RMBS	\$ 14	\$ —	\$ —	\$ —	\$ —	\$ 784	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 798	\$ —
CMBS	135	—	—	(2)	—	—	(1)	—	—	—	1	133	—
Other asset-backed securities	1,018	—	1	(16)	(16)	617	(174)	—	—	—	1	1,447	—
Corporate securities	2,697	—	15	(8)	(27)	382	(434)	—	—	14	1	2,640	—
Total fixed maturities—AFS	3,864	—	16	(8)	(45)	1,783	(609)	—	—	14	3	5,018	—
Fixed maturities—trading													
Other asset-backed securities	1,108	—	1	(6)	(6)	217	(75)	—	—	1	—	1,246	—
Corporate securities	233	—	1	(1)	(1)	27	—	—	—	—	—	260	—
Total fixed maturities—trading	1,341	—	2	(7)	(7)	244	(75)	—	—	1	—	1,506	—
Total fixed maturities	5,205	—	18	(8)	(52)	2,027	(684)	—	—	15	3	6,524	—
Equity securities	337	—	8	(6)	(6)	105	(131)	—	—	(68)	—	245	—
Commercial mortgage loans	75	1	—	—	—	126	—	—	—	—	—	202	—
Other long-term investments <sup>(1)</sup>	282	59	—	(5)	—	—	—	—	—	—	—	336	54
Total investments	5,899	60	26	(13)	(58)	2,258	(815)	—	—	(53)	3	7,307	54
Total assets measured at fair value on a recurring basis <sup>(3)</sup>	\$ 5,899	\$ 60	\$ 26	\$ (13)	\$ (58)	\$ 2,258	\$ (815)	\$ —	\$ —	\$ (53)	\$ 3	\$ 7,307	\$ 54
<b>Liabilities:</b>													
Policyholder account balances <sup>(2)</sup>	\$ 29	\$ —	\$ —	\$ (1)	\$ —	\$ —	\$ —	\$ —	\$ (1)	\$ —	\$ —	\$ 29	\$ —
Other liabilities <sup>(1)</sup>	1,056	155	—	(15)	—	—	—	—	—	—	—	916	140
Total liabilities measured at fair value on a recurring basis <sup>(3)</sup>	\$ 1,085	\$ 155	\$ —	\$ (16)	\$ —	\$ —	\$ —	\$ —	\$ (1)	\$ —	\$ —	\$ 945	\$ 140

(1) Represents certain freestanding and embedded derivatives.

(2) Represents liabilities related to fixed indexed annuities.

(3) Excludes MRB assets of \$502 million and MRB liabilities of \$734 million as of March 31, 2026. See Note 12, *Market Risk Benefits* for additional information and a rollforward of MRB balances.

For the three months ended March 31, 2026, \$15 million of securities were transferred into Level 3 from Level 2. These transfers were related to changes in the observability of external information used in determining fair value, such as external ratings or credit spreads.

For the three months ended March 31, 2026, \$68 million of securities were transferred out of Level 3 as these securities are now measured using net asset value (“NAV”) as a practical expedient.

For the three months ended March 31, 2026, no securities were transferred into Level 2 from Level 3.

The following table presents a reconciliation of the beginning and ending balances for fair value measurements for the three months ended March 31, 2025, for which the Company has used significant unobservable inputs (Level 3) (recast for the adoption of LDTI):

	Total Realized and Unrealized Gains		Total Realized and Unrealized Losses		Purchases	Sales	Issuances	Settlements	Transfers in/out of Level 3	Other	Ending Balance	Total Gains (losses) included in Net Income related to Instruments still held at the Reporting Date
	Beginning Balance	Included in Net Income	Included in OCI	Included in Net Income								
(Dollars In Millions)												
<b>Assets:</b>												
Fixed maturities AFS												
Residential mortgage-backed securities	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 15	\$ —	\$ —	\$ —	\$ —	\$ 15	\$ —
CMBS	133	—	4	—	—	(1)	—	—	—	—	136	\$ —
Other asset-backed securities	679	—	6	—	(14)	25	(27)	—	—	(5)	664	—
Corporate securities	2,210	—	28	—	(2)	336	(183)	—	—	1	2,390	—
<b>Total fixed maturities— AFS</b>	<b>3,022</b>	<b>—</b>	<b>38</b>	<b>—</b>	<b>(16)</b>	<b>376</b>	<b>(211)</b>	<b>—</b>	<b>—</b>	<b>(5)</b>	<b>3,205</b>	<b>—</b>
Fixed maturities—trading												
Other asset-backed securities	77	—	—	—	—	(4)	—	—	—	—	73	—
Corporate securities	8	—	—	—	—	—	—	—	(4)	1	5	—
<b>Total fixed maturities—trading</b>	<b>85</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(4)</b>	<b>—</b>	<b>—</b>	<b>(4)</b>	<b>1</b>	<b>78</b>	<b>—</b>
<b>Total fixed maturities</b>	<b>3,107</b>	<b>—</b>	<b>38</b>	<b>—</b>	<b>(16)</b>	<b>376</b>	<b>(215)</b>	<b>—</b>	<b>—</b>	<b>(9)</b>	<b>3,283</b>	<b>—</b>
Equity securities	229	—	—	—	—	31	(35)	—	—	—	225	—
Other long-term investments <sup>(1)</sup>	323	—	—	(20)	—	—	—	—	—	—	303	(20)
<b>Total investments</b>	<b>3,659</b>	<b>—</b>	<b>38</b>	<b>(20)</b>	<b>(16)</b>	<b>407</b>	<b>(250)</b>	<b>—</b>	<b>—</b>	<b>(9)</b>	<b>3,811</b>	<b>(20)</b>
Total assets measured at fair value on a recurring basis <sup>(2)</sup>	\$ 3,659	\$ —	\$ 38	\$ (20)	\$ (16)	\$ 407	\$ (250)	\$ —	\$ —	\$ (9)	\$ 3,811	\$ (20)
<b>Liabilities:</b>												
Policyholder account balances <sup>(2)</sup>	\$ 35	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ 34	\$ —
Other liabilities <sup>(1)</sup>	931	62	—	(1)	—	—	—	—	—	—	870	61
Total liabilities measured at fair value on a recurring basis <sup>(3)</sup>	\$ 966	\$ 62	\$ —	\$ (1)	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ 904	\$ 61

(1) Represents certain freestanding and embedded derivatives.

(2) Represents liabilities related to fixed indexed annuities.

(3) Excludes MRB assets of \$468 million and MRB liabilities of \$678 million as of March 31, 2025. See Note 12, *Market Risk Benefits* for additional information.

For the three months ended March 31, 2025, no securities were transferred into Level 3 from Level 2.

For the three months ended March 31, 2025, \$9 million of securities were transferred into Level 2 from Level 3. These transfers were related to changes in the observability of external information used in determining fair value, such as external ratings or credit spreads.

Total realized and unrealized gains (losses) on Level 3 assets and liabilities are primarily reported in either *net realized gains (losses)* within the consolidated condensed statements of income or AOCI within shareowner’s equity in the consolidated condensed balance sheet based on the appropriate accounting treatment for the item.

As of March 31, 2026 and December 31, 2025, the Company held \$254 million and \$116 million, respectively, of investments in private funds for which fair value was measured using NAV as a practical expedient. These investments are excluded from the Level 1, Level 2, and Level 3 fair value measurements reported above.

Purchases, sales, issuances, and settlements, net, represent the activity that occurred during the period that results in a change of the asset or liability but does not represent changes in fair value for the instruments held at the beginning of the period. Such activity primarily relates to purchases and sales of fixed maturities and issuances and settlements of fixed indexed annuities.

The Company reviews the fair value hierarchy classifications each reporting period. Changes in the observability of the valuation attributes may result in a reclassification of certain financial assets or liabilities. Such reclassifications are reported as transfers in and out of Level 3 at the beginning fair value for the reporting period in which the changes occur. The asset transfers in the tables above primarily related to positions moved from Level 2 to Level 3 as the Company determined that certain inputs were unobservable.

The amount of total gains (losses) for assets and liabilities still held as of the reporting date primarily represents changes in fair value of trading securities and certain derivatives that exist as of the reporting date and the change in fair value of fixed indexed annuities.

**Estimated Fair Value of Financial Instruments**

The carrying amounts and estimated fair values of the Company’s financial instruments that are not reported at fair value as of the periods shown below are as follows:

	Fair Value Level	As of			
		March 31, 2026		December 31, 2025	
		Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
(Dollars In Millions)					
<b>Assets:</b>					
Commercial mortgage loans <sup>(1)</sup>	3	\$ 12,634	\$ 12,105	\$ 12,681	\$ 12,144
Policy loans	3	1,403	1,403	1,407	1,407
Other long-term investments <sup>(2)</sup>	2 & 3	1,837	1,753	1,834	1,765
<b>Liabilities:</b>					
Stable value product account balances	3	\$ 13,045	\$ 12,966	\$ 13,787	\$ 13,869
Policyholder account balances <sup>(3)</sup>	3	312	312	300	299
Other policyholders’ funds <sup>(4)</sup>	3	76	76	77	77
<b>Debt:<sup>(5)</sup></b>					
Bank borrowings <sup>(6)</sup>	3	\$ —	\$ —	\$ 400	\$ 400
Senior Notes	2	2,215	2,164	2,216	2,204
Subordinated debentures	2	496	449	496	472
Commercial paper	2	199	199	50	50
Subordinated funding obligations	3	110	87	110	90
Repurchase program borrowings	2	286	286	—	—
Securities lending	2	741	741	920	920

Except as noted below, fair values were estimated using quoted market prices.

- (1) The carrying amount is net of allowance for credit losses.
- (2) Other long-term investments is comprised of a Modco receivable and the cash surrender value of the Company’s COLI policy. The Modco receivable is related to invested assets such as fixed maturities and structured securities, which are legally owned by the ceding company, the fair value of which is predominately measured at Level 2. The fair value is determined in a manner consistent with other similar invested assets held by the Company. The fair value of the cash surrender value of the Company’s COLI policy is measured at Level 3. COLI investments had a carrying and fair value of \$833 million and \$839 million as of March 31, 2026 and December 31, 2025, respectively.
- (3) Single premium immediate annuity without life contingencies.
- (4) Supplementary contracts without life contingencies.
- (5) Excludes immaterial capital lease obligations.
- (6) Includes the Term Loan Credit Agreement.

**6. DERIVATIVE FINANCIAL INSTRUMENTS**

**Types of Derivative Instruments and Derivative Strategies**

The Company utilizes a risk management strategy that incorporates the use of derivative financial instruments to reduce exposure to certain risks, including but not limited to, interest rate risk, currency exchange risk, volatility risk, and equity market risk. These strategies are developed through the Company’s analysis of data from financial simulation models and other internal and industry sources, and are then incorporated into the Company’s risk management program.

Derivative instruments expose the Company to credit and market risk and could result in material changes from period to period. The Company attempts to minimize its credit risk in connection with its overall asset/liability management programs and risk management strategies. In addition, all derivative programs are monitored by our risk management department.

For a full description of the Company’s derivative accounting policies, refer to Note 6 in the Company’s consolidated financial statements for the year ended December 31, 2025.

## **Derivative Instruments Designated and Qualifying as Hedging Instruments**

### **Cash-Flow Hedges**

- To hedge fixed rate notes denominated in foreign currencies, the Company entered into fixed-to-fixed foreign currency swaps. These swaps hedge the foreign currency exchange risk associated with the notes. The cash flows received on the swaps are identical to the cash flows paid on the corresponding notes.
- To hedge floating rate funding agreements and a floating rate term loan, the Company entered into interest rate swaps to exchange the floating rates on the funding agreements and term loan for fixed rates. These swaps hedge the interest rate risk associated with the funding agreements and term loan. The cash flows received on the swaps are identical to the cash flow variability paid on the funding agreements and term loan.
- To hedge bond investments denominated in foreign currencies, the Company entered into fixed-to-fixed foreign currency swaps. These swaps hedge the foreign currency exchange risk associated with the bond income. For each hedging relationship, the swap and the bond investments have closely matching terms, and so are tested quantitatively for hedge effectiveness both prospectively and retrospectively no less frequently than quarterly. The Company has performed and documented the initial prospective effectiveness assessment for each hedging relationship and concluded that each relationship was highly effective at inception. Additionally, the Company performed and documented quantitative prospective and retrospective hedge effectiveness testing for the current year-end, and concluded that each hedging relationship is highly effective.

### **Derivative Instruments Not Designated and Not Qualifying as Hedging Instruments**

The Company uses various other derivative instruments for risk management purposes that do not qualify for hedge accounting treatment. Changes in the fair value of these derivatives are recognized in *net realized gains (losses)* during the period of change.

The following table sets forth realized gains and losses for the periods shown (recast for the adoption of LDIT):

**Net realized gains (losses)—derivative financial instruments**

	For The Three Months Ended March 31,	
	2026	2025
(Dollars In Millions)		
<b>Derivatives related to VA contracts:</b>		
Interest rate forwards	\$ (18)	\$ 43
Interest rate futures	—	(1)
Equity futures	1	(4)
Currency futures	4	(7)
Equity options	23	14
Interest rate swaptions	—	(1)
Interest rate swaps	1	(1)
Total return swaps	22	30
Total derivatives related to VA contracts	33	73
<b>Derivatives related to FIA contracts:</b>		
Embedded derivative	18	(1)
Equity futures	—	(1)
Equity options	(17)	(19)
Other derivatives	3	4
Total derivatives related to FIA contracts	4	(17)
<b>Derivatives related to IUL contracts:</b>		
Embedded derivative	8	12
Equity options	(8)	(12)
Total derivatives related to IUL contracts	—	—
Embedded derivative - FWH under reinsurance	175	(9)
Other derivatives	(17)	4
Total net realized gains	\$ 195	\$ 51

The following table presents the components of the gain or loss on derivatives that qualify as a cash flow hedging relationship.

**Gain (Loss) on Derivatives in Cash Flow Hedging Relationship**

	Amount of Gains (Losses) Deferred in AOCI on Derivatives <u>(Effective Portion)</u>	Amount and Location of Gains (Losses) Reclassified from AOCI into Income (Loss) <u>(Effective Portion)</u>	Amount and Location of Gains (Losses) Recognized in Income (Loss) on Derivatives <u>(Ineffective Portion)</u>
		Benefits and settlement expenses	Net realized losses
		(Dollars In Millions)	
<b>For The Three Months Ended March 31, 2026</b>			
Foreign currency swaps	\$ (12)	\$ 1	\$ —
Interest rate swaps	—	(1)	—
Total	<u>\$ (12)</u>	<u>\$ —</u>	<u>\$ —</u>
<b>For The Three Months Ended March 31, 2025</b>			
Foreign currency swaps	\$ (14)	\$ —	\$ —
Interest rate swaps	(3)	1	—
Total	<u>\$ (17)</u>	<u>\$ 1</u>	<u>\$ —</u>

Based on expected cash flows of the underlying hedged items, the Company expects to reclassify \$16 million out of AOCI into *net realized gains (losses)* during the next twelve months.

The table below presents information about the nature and accounting treatment of the Company's primary derivative financial instruments and the location in and effect on the consolidated condensed financial statements for the periods presented below:

	As of			
	March 31, 2026		December 31, 2025	
	Notional Amount	Fair Value	Notional Amount	Fair Value
(Dollars In Millions)				
<b>Other long-term investments</b>				
Cash flow hedges:				
Interest rate swaps	\$ —	\$ —	\$ 300	\$ —
Foreign currency swaps	456	33	1,286	59
Derivatives not designated as hedging instruments:				
Interest rate forwards	655	7	1,125	23
Interest rate swaps	1,125	—	1,000	—
Total return swaps	242	4	382	2
Embedded derivative - FWH under reinsurance	4,745	225	1,852	166
Embedded derivative - FIA	456	111	458	116
Interest rate futures	520	7	554	2
Equity futures	118	2	113	2
Currency futures	250	2	37	—
Interest rate floors	100	1	100	1
Equity options	9,217	669	9,154	1,041
Interest rate swaptions	2,400	2	2,400	2
	<u>\$ 20,284</u>	<u>\$ 1,063</u>	<u>\$ 18,761</u>	<u>\$ 1,414</u>
<b>Other liabilities</b>				
Cash flow hedges:				
Interest rate swaps	\$ 300	\$ —	\$ 300	\$ —
Foreign currency swaps	1,086	41	256	30
Derivatives not designated as hedging instruments:				
Interest rate forwards	1,157	24	512	9
Interest rate swaps	600	—	425	—
Total return swaps	575	7	440	—
Embedded derivative - FWH under reinsurance	6,111	97	8,984	166
Embedded derivative - FIA	3,786	647	3,881	689
Embedded derivative - IUL	910	43	877	57
Interest rate futures	528	8	684	3
Equity futures	215	4	193	1
Currency futures	—	—	181	1
Interest rate swaptions	3,800	9	3,800	2
Equity options	6,895	368	7,055	723
Other	808	129	815	144
	<u>\$ 26,771</u>	<u>\$ 1,377</u>	<u>\$ 28,403</u>	<u>\$ 1,825</u>

## 7. OFFSETTING OF ASSETS AND LIABILITIES

Certain of the Company's derivative instruments are subject to enforceable master netting arrangements that provide for the net settlement of all derivative contracts between the Company and a counterparty in the event of default or upon the

occurrence of certain termination events. Collateral support agreements associated with each master netting arrangement provide that the Company will receive or pledge financial collateral in the event either minimum thresholds, or in certain cases ratings levels, have been reached. Additionally, certain of the Company's repurchase agreements provide for net settlement on termination of the agreement. Refer to Note 15, *Debt and Other Obligations* for details of the Company's repurchase agreement programs.

Collateral received includes both cash and non-cash collateral. Cash collateral received by the Company is recorded on the consolidated condensed balance sheets as *cash*, with a corresponding amount recorded in *other liabilities* to represent the Company's obligation to return the collateral. Non-cash collateral received by the Company is not recognized on the consolidated condensed balance sheets unless the Company exercises its right to sell or re-pledge the underlying asset. As of March 31, 2026 and December 31, 2025, there was \$66 million and \$93 million, respectively, fair value of non-cash collateral received.

The tables below present the derivative instruments by assets and liabilities for the Company as of March 31, 2026:

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Balance Sheet	Net Amounts of Assets Presented in the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Collateral Posted	
(Dollars In Millions)						
<b>Offsetting of Derivative Assets</b>						
Derivatives:						
Free-Standing derivatives	\$ 727	\$ —	\$ 727	\$ 431	\$ 187	\$ 109
Total derivatives, subject to a master netting arrangement or similar arrangement	727	—	727	431	187	109
Derivatives not subject to a master netting arrangement or similar arrangement						
Embedded derivative - FWB under reinsurance	225	—	225	—	—	225
Embedded derivative - FIA	111	—	111	—	—	111
Total derivatives, not subject to a master netting arrangement or similar arrangement	336	—	336	—	—	336
Total derivatives	1,063	—	1,063	431	187	445
<b>Total Assets</b>	<b>\$ 1,063</b>	<b>\$ —</b>	<b>\$ 1,063</b>	<b>\$ 431</b>	<b>\$ 187</b>	<b>\$ 445</b>

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Balance Sheet	Net Amounts of Liabilities Presented in the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Collateral Posted	
(Dollars In Millions)						
<b>Offsetting of Derivative Liabilities</b>						
Derivatives:						
Free-Standing derivatives	\$ 461	\$ —	\$ 461	\$ 431	\$ 27	\$ 3
Total derivatives, subject to a master netting arrangement or similar arrangement	461	—	461	431	27	3
Derivatives not subject to a master netting arrangement or similar arrangement						
Embedded derivative - FWB under reinsurance	97	—	97	—	—	97
Embedded derivative - FIA	647	—	647	—	—	647
Embedded derivative - IUL	43	—	43	—	—	43
Other	129	—	129	—	—	129
Total derivatives, not subject to a master netting arrangement or similar arrangement	916	—	916	—	—	916
Total derivatives	1,377	—	1,377	431	27	919
Repurchase program borrowings <sup>(1)</sup>	286	—	286	—	—	286
Securities lending	741	—	741	—	—	741
<b>Total Liabilities</b>	<b>\$ 2,404</b>	<b>\$ —</b>	<b>\$ 2,404</b>	<b>\$ 431</b>	<b>\$ 27</b>	<b>\$ 1,946</b>

(1) Borrowings under repurchase agreements are for a term less than 90 days.

The tables below present the derivative instruments by assets and liabilities for the Company as of December 31, 2025:

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Balance Sheet	Net Amounts of Assets Presented in the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Collateral Posted	
(Dollars In Millions)						
<b>Offsetting of Derivative Assets</b>						
Derivatives:						
Free-Standing derivatives	\$ 1,132	\$ —	\$ 1,132	\$ 741	\$ 271	\$ 120
Total derivatives, subject to a master netting arrangement or similar arrangement	1,132	—	1,132	741	271	120
Derivatives not subject to a master netting arrangement or similar arrangement						
Embedded derivative - FWH under reinsurance	166	—	166	—	—	166
Embedded derivative - FIA	116	—	116	—	—	116
Total derivatives, not subject to a master netting arrangement or similar arrangement	282	—	282	—	—	282
Total derivatives	1,414	—	1,414	741	271	402
<b>Total Assets</b>	<b>\$ 1,414</b>	<b>\$ —</b>	<b>\$ 1,414</b>	<b>\$ 741</b>	<b>\$ 271</b>	<b>\$ 402</b>

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Balance Sheet	Net Amounts of Liabilities Presented in the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Collateral Posted	
(Dollars In Millions)						
<b>Offsetting of Derivative Liabilities</b>						
Derivatives:						
Free-Standing derivatives	\$ 769	\$ —	\$ 769	\$ 741	\$ 28	\$ —
Total derivatives, subject to a master netting arrangement or similar arrangement	769	—	769	741	28	—
Derivatives not subject to a master netting arrangement or similar arrangement						
Embedded derivative - FWH under reinsurance	166	—	166	—	—	166
Embedded derivative - FIA	689	—	689	—	—	689
Embedded derivative - IUL	57	—	57	—	—	57
Other	144	—	144	—	—	144
Total derivatives, not subject to a master netting arrangement or similar arrangement	1,056	—	1,056	—	—	1,056
Total derivatives	1,825	—	1,825	741	28	1,056
Securities lending	920	—	920	—	—	920
<b>Total Liabilities</b>	<b>\$ 2,745</b>	<b>\$ —</b>	<b>\$ 2,745</b>	<b>\$ 741</b>	<b>\$ 28</b>	<b>\$ 1,976</b>

## 8. COMMERCIAL MORTGAGE LOANS

The Company invests a portion of its investment portfolio in commercial mortgage loans. As of March 31, 2026, the Company's commercial mortgage loan holdings were \$12.9 billion, or \$12.8 billion net of allowance for credit losses. As of December 31, 2025, the Company's commercial mortgage loan holdings were \$12.8 billion, or \$12.8 billion net of allowance for credit losses. The Company specializes in making commercial mortgage loans on credit-oriented commercial properties. The Company's underwriting procedures relative to its commercial mortgage loan portfolio are based, in the Company's view, on a conservative and disciplined approach. The Company concentrates on a small number of commercial real estate asset types associated with the necessities of life (grocery anchored and credit tenant retail, industrial, multi-family, senior living, and medical office). The Company believes that these asset types tend to weather economic downturns better than other commercial asset classes in which it has chosen not to participate. The Company believes this disciplined approach has helped to maintain a relatively low delinquency and foreclosure rate throughout its history. The majority of the Company's commercial mortgage

loan portfolio was underwritten by the Company. From time to time, the Company may acquire commercial mortgage loans in conjunction with an acquisition.

The Company's commercial mortgage loans are stated at unpaid principal balance, adjusted for any unamortized premium or discount, and net of the allowance for credit losses, except for certain commercial mortgage loans for which the Company has elected the fair value option ("FVO"). Interest income is accrued on the principal amount of the commercial mortgage loan based on the commercial mortgage loan's contractual interest rate. Amortization of premiums and discounts is recorded using the effective yield method. Interest income, amortization of premiums and discounts and prepayment fees are reported in *net investment income*.

Certain of the commercial mortgage loans have call options that occur within the next 6 years. However, if interest rates were to significantly increase, the Company may be unable to exercise the call options on its existing commercial mortgage loans commensurate with the significantly increased market rates. Assuming the commercial mortgage loans are called at their next call dates, \$287 million would become due for the remainder of 2026, and \$996 million in 2027 through 2031.

The Company offers a type of commercial mortgage loan under which the Company will permit a loan-to-value ratio of up to 85% in exchange for a participating interest in the cash flows from the underlying real estate. As of March 31, 2026 and December 31, 2025, \$1.5 billion and \$1.4 billion, respectively, of the Company's total commercial mortgage loans principal balance have this participation feature. Cash flows received as a result of this participation feature are recorded as interest income in *net investment income*. During the three months ended March 31, 2026 and 2025, the Company recognized \$7 million and \$5 million of participation commercial mortgage loan income, respectively.

As of March 31, 2026, the Company had \$60 million, or \$53 million net of allowance for credit losses, of commercial mortgage loans that were nonperforming, restructured, or foreclosed and converted to real estate properties. The Company does not expect these investments to adversely affect its liquidity or ability to maintain proper matching of assets and liabilities. As of March 31, 2026, the Company had eleven commercial mortgage loans that were nonperforming, restructured, or foreclosed and converted to real estate properties. The Company did not identify any commercial mortgage loans whose principal was permanently impaired during the three months ended March 31, 2026 and 2025.

The Company closely monitors the performance of the commercial mortgage loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The Company may grant loan modifications to borrowers experiencing financial difficulties. These loan modifications may be in the form of principal forgiveness, interest rate reduction, other-than-insignificant payment delay, term extension or some combination thereof. During the three months ended March 31, 2026, two commercial mortgage loans, with a combined principal value of \$30 million, were modified for borrowers experiencing financial difficulties.

The amortized cost basis of the Company’s commercial mortgage loan receivables by origination year, net of the allowance for credit losses is as follows:

Term Loans Amortized Cost Basis by Origination Year								
	2026	2025	2024	2023	2022	Prior	Total	
(Dollars In Millions)								
<b>As of March 31, 2026</b>								
Commercial mortgage loans:								
Performing	\$ 225	\$ 1,104	\$ 1,675	\$ 1,338	\$ 2,095	\$ 6,251	\$ 12,688	
Non-performing	—	—	28	—	—	2	30	
Amortized cost	225	1,104	1,703	1,338	2,095	6,253	12,718	
Allowance for credit losses	—	(7)	(17)	(12)	(13)	(35)	(84)	
Total commercial mortgage loans	\$ 225	\$ 1,097	\$ 1,686	\$ 1,326	\$ 2,082	\$ 6,218	\$ 12,634	
Write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	

Term Loans Amortized Cost Basis by Origination Year								
	2025	2024	2023	2022	2021	Prior	Total	
(Dollars In Millions)								
<b>As of December 31, 2025</b>								
Commercial mortgage loans:								
Performing	\$ 1,072	\$ 1,713	\$ 1,324	\$ 2,134	\$ 1,652	\$ 4,842	\$ 12,737	
Non-performing	—	28	—	—	—	—	28	
Amortized cost	1,072	1,741	1,324	2,134	1,652	4,842	12,765	
Allowance for credit losses	(6)	(16)	(11)	(13)	(9)	(29)	(84)	
Total commercial mortgage loans	\$ 1,066	\$ 1,725	\$ 1,313	\$ 2,121	\$ 1,643	\$ 4,813	\$ 12,681	
Write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 19	\$ 19	

The following tables provide a comparative view of the key credit quality indicators of the Loan-to-Value and DSCR:

	As of March 31, 2026			As of December 31, 2025		
	Amortized Cost	% of Total	DSCR <sup>(2)</sup>	Amortized Cost	% of total	DSCR <sup>(2)</sup>
(Dollars In Millions)						
<b>Loan-to-value:<sup>(1)</sup></b>						
Greater than 75%	\$ 92	1 %	1.30	\$ 92	1 %	1.30
50% - 75%	7,367	58 %	1.62	7,473	58 %	1.64
Less than 50%	5,259	41 %	1.93	5,200	41 %	2.04
Total commercial mortgage loans	\$ 12,718	100 %		\$ 12,765	100 %	

(1) The loan-to-value ratio compares the current unpaid principal of the loan to the estimated fair value of the underlying property collateralizing the loan. Our weighted average loan-to-value ratio for March 31, 2026 and December 31, 2025 was 51% and 51%, respectively.

(2) The debt service coverage ratio compares a property’s net operating income to its debt service payments, including principal and interest. Our weighted average debt service coverage ratio for March 31, 2026 and December 31, 2025 was 1.75x and 1.79x, respectively.

The following provides a summary of the rollforward of the allowance for credit losses for funded commercial mortgage loans and unfunded commercial mortgage loan commitments for the periods included.

	For The Three Months Ended March 31,	
	2026	2025
(Dollars In Millions)		
<b>Allowance for Funded Commercial Mortgage Loan Credit Losses</b>		
Beginning balance	\$ 84	\$ 101
Write-offs	—	(3)
Recoveries	—	—
Provision	—	2
Ending balance	<u>\$ 84</u>	<u>\$ 100</u>
<b>Allowance for Unfunded Commercial Mortgage Loan Commitments Credit Losses</b>		
Beginning balance	\$ 4	\$ 4
Write-offs	—	—
Recoveries	—	—
Provision	1	1
Ending balance	<u>\$ 5</u>	<u>\$ 5</u>

The Company's commercial mortgage loan portfolio consists of commercial mortgage loans that are collateralized by real estate. Due to the collateralized nature of the commercial mortgage loans, any assessment of impairment and ultimate loss given a default on the commercial mortgage loans is based upon a consideration of the estimated fair value of the real estate.

As of March 31, 2026, the Company had nine commercial mortgage loans of \$30 million that were over 90 days delinquent. As of December 31, 2025, the Company had eight commercial mortgage loans of \$28 million that were over 90 days delinquent.

The Company limits accrued interest income on commercial mortgage loans to ninety days of interest. For loans in nonaccrual status, interest income is recognized on a cash basis. For the three months ended March 31, 2026, the Company had nine commercial mortgage loans in nonaccrual status, and \$2 million of accrued interest was excluded from the amortized cost basis pursuant to the Company's nonaccrual policy. As of December 31, 2025, the Company had eight commercial mortgage loans in nonaccrual status, and \$2 million of accrued interest was excluded from the amortized cost basis pursuant to the Company's nonaccrual policy.

The Company holds certain commercial mortgage loans pursuant to FWH arrangements under coinsurance or modified coinsurance reinsurance agreements. The Company has elected to measure these assets under the FVO pursuant to ASC 825. Commercial loans allocable to these arrangements that are held under the FVO had a fair value of \$202 million as of March 31, 2026 and \$75 million as of December 31, 2025.

**9. DEFERRED POLICY ACQUISITION COSTS AND VALUE OF BUSINESS ACQUIRED**

For a full description of the Company’s DAC and VOBA accounting policies, refer to Note 9 in the Company’s consolidated financial statements for the year ended December 31, 2025.

**Deferred Policy Acquisition Costs**

The following tables show a rollforward for the lines of business that contain material DAC balances, along with a reconciliation to the Company’s total DAC balance:

For The Three Months Ended March 31, 2026	Traditional Life	Universal Life	Fixed Annuity	Variable Annuity	Total
(Dollars In Millions)					
Balance, beginning of period	\$ 916	\$ 1,789	\$ 396	\$ 209	\$ 3,310
Capitalizations	42	38	21	11	112
Amortization	(16)	(24)	(12)	(5)	(57)
Balance, end of period	\$ 942	\$ 1,803	\$ 405	\$ 215	\$ 3,365
Investment contracts					23
Other <sup>(1)</sup>					392
Total DAC balance					\$ 3,780

For The Year Ended December 31, 2025	Traditional Life	Universal Life	Fixed Annuity	Variable Annuity	Total
(Dollars In Millions)					
Balance, beginning of period	\$ 809	\$ 1,695	\$ 364	\$ 186	\$ 3,054
Capitalizations	165	188	81	42	476
Amortization	(58)	(94)	(49)	(19)	(220)
Balance, end of period	\$ 916	\$ 1,789	\$ 396	\$ 209	\$ 3,310
Investment contracts					25
Other <sup>(1)</sup>					358
Total DAC balance					\$ 3,693

(1) Includes DAC balances primarily related to accident & health (“A&H”), employee benefits, asset protection, and other insignificant short-duration contracts.

**Value of Business Acquired**

The following tables show a rollforward for the lines of business that contain material VOBA balances, along with a reconciliation to the Company’s total VOBA balance:

<b>For The Three Months Ended March 31, 2026</b>	<b>Traditional Life</b>	<b>Universal Life</b>	<b>Fixed Annuity</b>	<b>Variable Annuity</b>	<b>Total</b>
(Dollars In Millions)					
Balance, beginning of period	\$ 332	\$ 514	\$ 13	\$ 517	\$ 1,376
Amortization	(14)	(2)	3	(15)	(28)
Balance, end of period	\$ 318	\$ 512	\$ 16	\$ 502	\$ 1,348
Investment contracts					14
Other <sup>(1)</sup>					133
Total VOBA balance					<u>\$ 1,495</u>

<b>For The Year Ended December 31, 2025</b>	<b>Traditional Life</b>	<b>Universal Life</b>	<b>Fixed Annuity</b>	<b>Variable Annuity</b>	<b>Total</b>
(Dollars In Millions)					
Balance, beginning of period	\$ 397	\$ 520	\$ 1	\$ 578	\$ 1,496
Amortization	(65)	(6)	12	(61)	(120)
Balance, end of period	\$ 332	\$ 514	\$ 13	\$ 517	\$ 1,376
Investment contracts					15
Other <sup>(1)</sup>					50
Total VOBA balance					<u>\$ 1,441</u>

(1) Includes VOBA balances primarily related to accident & health, employee benefits, asset protection, and other insignificant short-duration contracts.

Based on the balance recorded as of March 31, 2026, the expected amortization of VOBA for the next five years is as follows:

<b>Years</b>	<b>Expected Amortization</b>
(Dollars In Millions)	
Remainder of 2026	\$ 96
2027	122
2028	108
2029	97
2030	86

The following table shows the reconciliation of DAC and VOBA balances to the DAC and VOBA asset in the consolidated condensed balance sheets:

	<b>As of</b>	
	<b>March 31, 2026</b>	<b>December 31, 2025</b>
(Dollars In Millions)		
DAC	\$ 3,780	\$ 3,693
VOBA	1,495	1,441
Total DAC and VOBA balance	<u>\$ 5,275</u>	<u>\$ 5,134</u>

**Internal Replacement Transactions**

Contract modifications or replacements are reviewed to determine if these internal replacement transactions result in a substantially changed contract. If so, existing DAC, VOBA, and other similar balances are written off through income and any new costs associated with the modified or replacement contract are deferred. If a contract is determined to be substantially unchanged as a result of an internal replacement transaction, existing DAC, VOBA, and other similar balances are carried over to the new contract and acquisition costs associated with the modified contract are expensed as incurred.

**10. FUTURE POLICY BENEFITS AND CLAIMS**

For a full description of the Company’s future policy benefits and claims accounting policies, refer to Note 11 in the Company’s consolidated financial statements for the year ended December 31, 2025.

*Future policy benefits and claims* includes liabilities for future benefits under traditional life, limited-payment, health, and property and casualty products, the additional insurance liability for universal life-type contracts, unearned revenue liabilities ("URL"), deferred profit liabilities, and liabilities for reported and unreported claims.

The following table summarizes the components of *future policy benefits and claims* for the period indicated and reconciles the totals to the amounts reported on the consolidated condensed balance sheets.

	As of	
	March 31, 2026	December 31, 2025
	(Dollars In Millions)	
Liability for future policy benefits	\$ 10,242	\$ 10,516
Additional insurance liability	6,737	6,829
Unearned revenue liability	1,043	1,017
Deferred profit liability	355	350
Participating contracts <sup>(1)</sup>	4,654	4,706
Other <sup>(2)</sup>	1,683	1,619
<b>Future policy benefits and claims</b>	<b>\$ 24,714</b>	<b>\$ 25,037</b>

(1) Includes certain whole life contracts which include policyholder dividends and other participating features.

(2) Includes reported and unreported claims as well as liabilities associated with Universal Life Riders along with A&H, employee benefits, asset protection, and other insignificant short-duration contracts.

### Rollforward of the Liability for Future Policy Benefits

The balance of and changes in the liability for future policy benefits (“LFPB”) as of and for the periods indicated consist of the two tables presented below: “Present Value of Expected Net Premiums” rollforward and “Present Value of Expected Liability for Future Policy Benefits” rollforward.

	Present Value of Expected Net Premiums			
	For The Three Months Ended March 31, 2026		For The Year Ended December 31, 2025	
	Traditional Life	Fixed Annuity	Traditional Life	Fixed Annuity
	(Dollars in Millions)			
Balance, Beginning of Period	\$ 7,571	\$ —	\$ 7,458	\$ —
Effect of cumulative changes in discount rate assumptions, BOP	827	—	1,079	—
Balance at original discount rate, BOP	8,398	—	8,537	—
Effect of changes in cash flow assumptions	3	—	(15)	—
Effect of actual variances from expected experience and other activity	(68)	—	(80)	(1)
Adjusted balance, BOP	8,333	—	8,442	(1)
Issuances	137	8	588	32
Net premiums/considerations collected	(243)	(9)	(963)	(31)
Interest accrual	83	—	331	—
Balance at original discount rate, EOP	8,310	(1)	8,398	—
Effect of cumulative changes in discount rate assumptions, EOP	(923)	—	(827)	—
Balance, End of Period	\$ 7,387	\$ (1)	\$ 7,571	\$ —

**Present Value of Expected Liability for Future Policy Benefits**

	<b>Present Value of Expected Liability for Future Policy Benefits</b>			
	<b>For The Three Months Ended March 31, 2026</b>		<b>For The Year Ended December 31, 2025</b>	
	<b>Traditional Life</b>	<b>Fixed Annuity</b>	<b>Traditional Life</b>	<b>Fixed Annuity</b>
	(Dollars in Millions)			
Balance, Beginning of Period	\$ 13,886	\$ 4,191	\$ 13,799	\$ 4,225
Effect of cumulative changes in discount rate assumptions, BOP	1,882	669	2,304	753
Balance at original discount rate, BOP	15,768	4,860	16,103	4,978
Effect of changes in cash flow assumptions	6	—	(11)	132
Effect of actual variances from expected experience and other activity	(64)	(5)	(96)	(6)
Adjusted balance for variances from expectation, BOP	15,710	4,855	15,996	5,104
Issuances	136	10	586	37
Benefit payments <sup>(1)</sup>	(366)	(113)	(1,425)	(461)
Interest accrual	153	44	611	180
Balance at original discount rate, EOP	15,633	4,796	15,768	4,860
Effect of changes in discount rate assumptions	(2,078)	(731)	(1,882)	(669)
Balance, End of Period	\$ 13,555	\$ 4,065	\$ 13,886	\$ 4,191
Liability for future policy benefits, before flooring adjustments	\$ 6,166	\$ 4,065	\$ 6,315	\$ 4,191
Flooring adjustments	11	—	10	—
Adjusted liability for future policy benefits	\$ 6,177	\$ 4,065	\$ 6,325	\$ 4,191
Less: Reinsurance receivables	(1,012)	(1,338)	(1,022)	(1,376)
Liability for future policy benefits, net of reinsurance	\$ 5,165	\$ 2,727	\$ 5,303	\$ 2,815

(1) This line item was renamed to more clearly reflect the nature of the rollforward component. The change did not affect the amounts included.

The following table provides supplemental information related to the balances of and changes in the LFPB included in the disaggregated tables above, on a gross (direct and assumed) basis, as of and for the period indicated:

	<b>As of</b>			
	<b>March 31, 2026</b>		<b>December 31, 2025</b>	
	<b>Traditional Life</b>	<b>Fixed Annuity</b>	<b>Traditional Life</b>	<b>Fixed Annuity</b>
	(Dollars In Millions)			
Expected undiscounted future benefit payments	\$ 25,753	\$ 7,710	\$ 25,855	\$ 7,816
Expected discounted future gross premiums (at current discount rate)	\$ 12,646	\$ —	\$ 12,930	\$ —
Expected undiscounted future gross premiums	\$ 21,881	\$ —	\$ 21,978	\$ —

## Revenue and Interest Expense

The following tables present gross premiums and interest expense related to the LFPB as well as related revenue and interest expense not presented in the above supplemental tables.

	For The Three Months Ended March 31, 2026			For The Year Ended December 31, 2025		
	Traditional Life	Fixed Annuity	Total	Traditional Life	Fixed Annuity	Total
	(Dollars In Millions)			(Dollars In Millions)		
Gross Premiums	\$ 404	\$ 2	\$ 406	\$ 1,623	\$ 35	\$ 1,658
Interest Expense	70	44	114	280	180	460

The following table presents the weighted-average interest rates and weighted-average duration of the liability.

	For The Three Months Ended March 31, 2026		For The Year Ended December 31, 2025	
	Traditional Life	Fixed Annuity	Traditional Life	Fixed Annuity
Interest accretion rate	3.81 %	3.74 %	3.78 %	3.74 %
Current discount rate	5.24 %	5.54 %	4.88 %	5.32 %
Weighted-average duration of the LFPB (years)	9.19	8.15	9.11	8.24

## Rollforward of Additional Insurance Liability

The following table shows a rollforward of the Additional Insurance Liability balances for universal life products for the period indicated, along with the weighted average duration of the liabilities.

	For The Three Months Ended March 31, 2026	For The Year Ended December 31, 2025
	(Dollars In Millions)	
Balance, Beginning of Period	\$ 6,829	\$ 6,252
Effect of cumulative changes in shadow adjustments, BOP	922	1,289
Beginning balance excluding shadow	7,751	7,541
Effect of changes in cash flow assumptions	—	(5)
Effect of actual variances from expected experience and other activity <sup>(1)</sup>	23	43
Adjusted balance, BOP	7,774	7,579
Interest accrual	76	299
Net assessments collected	221	972
Benefits paid	(310)	(1,113)
Other adjustments	1	14
Ending balance excluding shadow	7,762	7,751
Effect of cumulative changes in shadow adjustments, EOP	(1,025)	(922)
Balance, End of Period	\$ 6,737	\$ 6,829
Less: Reinsurance receivables	(4,016)	(4,068)
Balance, end of period, net of reinsurance	\$ 2,721	\$ 2,761

(1) Actual experience differed from expected due primarily to realized losses on the portfolios associated with reinsured products, with mortality experience a smaller contributor.

The following tables present gross assessments and interest expense for the Additional Insurance Liability as well as the weighted-average interest rates and weighted-average duration of the liability.

	For The Three Months Ended March 31, 2026	For The Year Ended December 31, 2025
(Dollars In Millions)		
<b>Universal Life</b>		
Gross Assessments	\$ 273	\$ 1,148
Interest Expense	\$ 76	\$ 299
<b>Universal Life</b>		
Weighted Average Interest Accretion Rate	4.1 %	4.1 %
Weighted-average duration of additional insurance liability (years)	16.88	17.03

**Rollforward of URL**

	For The Three Months Ended March 31, 2026			For The Year Ended December 31, 2025		
	Universal Life	Variable Annuity	Total	Universal Life	Variable Annuity	Total
Balance, beginning of period	\$ 914	\$ 103	\$ 1,017	\$ 801	\$ 101	\$ 902
Deferrals	42	3	45	172	12	184
Revenue recognized	(16)	(3)	(19)	(59)	(10)	(69)
Balance, end of period	<u>\$ 940</u>	<u>\$ 103</u>	<u>\$ 1,043</u>	<u>\$ 914</u>	<u>\$ 103</u>	<u>\$ 1,017</u>

**11. POLICYHOLDER ACCOUNT BALANCES AND OTHER POLICYHOLDERS' FUNDS**

*Policyholder account balances* consists of the fixed account value of universal life insurance, the fixed account value of deferred annuities, the host contract value of indexed annuities, and reserves associated with other annuities without life contingencies. *Other policyholders' funds* consists of immediate benefit accounts and supplementary contracts without life contingencies.

The balances of and changes in *policyholder account balances* as of and for the periods ended are as follows:

	For The Three Months Ended March 31, 2026			
	Universal Life	Fixed Annuity	Variable Annuity	Total
(Dollars in Millions)				
Balance, beginning of period	\$ 23,798	\$ 18,887	\$ 1,427	\$ 44,112
Premiums and deposits	690	1,306	382	2,378
Policy charges	(483)	(16)	—	(499)
Surrenders and withdrawals	(272)	(368)	(523)	(1,163)
Benefit payments	(149)	(81)	(105)	(335)
Net transfers from (to) separate account	(140)	—	202	62
Interest credited	229	181	13	423
Other	—	(4)	(1)	(5)
Total policyholder account balance	<u>\$ 23,673</u>	<u>\$ 19,905</u>	<u>\$ 1,395</u>	<u>\$ 44,973</u>
Net amount at risk <sup>(1)</sup>	\$ 296,319			
Cash surrender value	\$ 24,355	\$ 18,807	\$ 1,392	
Weighted-average crediting rate	3.97 %	4.38 %	3.91 %	

(1) Net amount at risk is defined as the current guaranteed benefit amount in excess of current account balance. For contracts with multiple benefit features, the highest net amount at risk for each contract is included. See Note 12, *Market Risk Benefits*, for Net Amount at Risk for Fixed and Variable Annuity contracts.

**For The Year Ended December 31, 2025**

	Universal Life	Fixed Annuity	Variable Annuity	Total
(Dollars In Millions)				
Balance, beginning of period	\$ 23,715	\$ 15,370	\$ 1,549	\$ 40,634
Premiums and deposits	2,815	4,845	1,439	9,099
Policy charges	(1,924)	(64)	(1)	(1,989)
Surrenders and withdrawals	(874)	(1,580)	(1,991)	(4,445)
Benefit payments	(543)	(259)	(375)	(1,177)
Net transfers from (to) separate account	(328)	—	752	424
Interest credited	928	591	54	1,573
Other	9	(16)	—	(7)
<b>Total policyholder account balance</b>	<b>\$ 23,798</b>	<b>\$ 18,887</b>	<b>\$ 1,427</b>	<b>\$ 44,112</b>
Net amount at risk <sup>(1)</sup>	\$ 298,663			
Cash surrender value	\$ 24,459	\$ 17,991	\$ 1,423	
Weighted-average crediting rate	3.94 %	4.32 %	3.93 %	

(1) Net amount at risk is defined as the current guaranteed benefit amount in excess of current account balance. For contracts with multiple benefit features, the highest net amount at risk for each contract is included. See Note 12, *Market Risk Benefits*, for Net Amount at Risk for Fixed and Variable Annuity contracts.

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The balances of fixed account values by range of guaranteed minimum crediting rates and the related range of difference, in basis points (“bps”), between rates being credited to policyholders and the respective guaranteed minimums are as follows:

**As of March 31, 2026**

<b>Range of Guaranteed Minimum Crediting Rate</b>	<b>At Guaranteed Minimum</b>	<b>1 Basis Point-50 Basis Points Above</b>	<b>51 Basis Points-150 Basis Points Above</b>	<b>Greater Than 150 Basis Points Above</b>	<b>Total</b>
(Dollars in Millions)					
<b>Universal Life</b>					
0.00%-0.99%	\$ —	\$ —	\$ —	\$ 33	\$ 33
1.00%-1.99%	8	1	1	770	780
2.00%-2.99%	2	41	4,057	3,708	7,808
3.00%-3.99%	1,476	1,939	709	—	4,124
Greater than 3.99%	8,343	967	630	82	10,022
<b>Total</b>	<b>\$ 9,829</b>	<b>\$ 2,948</b>	<b>\$ 5,397</b>	<b>\$ 4,593</b>	<b>\$ 22,767</b>
<b>Fixed Annuity</b>					
0.00%-0.99%	\$ 12	\$ —	\$ 22	\$ 96	\$ 130
1.00%-1.99%	411	1,294	679	263	2,647
2.00%-2.99%	760	938	79	6,911	8,688
3.00%-3.99%	852	35	136	2,599	3,622
Greater than 3.99%	279	—	—	—	279
<b>Total</b>	<b>\$ 2,314</b>	<b>\$ 2,267</b>	<b>\$ 916</b>	<b>\$ 9,869</b>	<b>\$ 15,366</b>
<b>Variable Annuity</b>					
0.00%-0.99%	\$ —	\$ —	\$ —	\$ —	\$ —
1.00%-1.99%	6	3	—	2	11
2.00%-2.99%	4	10	—	—	14
3.00%-3.99%	404	125	331	58	918
Greater than 3.99%	367	85	—	—	452
<b>Total</b>	<b>\$ 781</b>	<b>\$ 223</b>	<b>\$ 331</b>	<b>\$ 60</b>	<b>\$ 1,395</b>

**As of December 31, 2025**

<b>Range of Guaranteed Minimum Crediting Rate</b>	<b>At Guaranteed Minimum</b>	<b>1 Basis Point-50 Basis Points Above</b>	<b>51 Basis Points-150 Basis Points Above</b>	<b>Greater Than 150 Basis Points Above</b>	<b>Total</b>
(Dollars in Millions)					
<b>Universal Life</b>					
0.00%-0.99%	\$ —	\$ —	\$ —	\$ 32	\$ 32
1.00%-1.99%	4	—	3	795	802
2.00%-2.99%	2	41	4,242	3,500	7,785
3.00%-3.99%	1,513	2,077	604	1	4,195
Greater than 3.99%	8,741	1,082	209	97	10,129
<b>Total</b>	<b>\$ 10,260</b>	<b>\$ 3,200</b>	<b>\$ 5,058</b>	<b>\$ 4,425</b>	<b>\$ 22,943</b>
<b>Fixed Annuity</b>					
0.00%-0.99%	\$ 11	\$ —	\$ 27	\$ 105	\$ 143
1.00%-1.99%	407	1,337	732	290	2,766
2.00%-2.99%	774	790	79	5,998	7,641
3.00%-3.99%	873	36	85	2,398	3,392
Greater than 3.99%	284	—	—	—	284
<b>Total</b>	<b>\$ 2,349</b>	<b>\$ 2,163</b>	<b>\$ 923</b>	<b>\$ 8,791</b>	<b>\$ 14,226</b>
<b>Variable Annuity</b>					
0.00%-0.99%	\$ —	\$ —	\$ —	\$ —	\$ —
1.00%-1.99%	5	3	—	2	10
2.00%-2.99%	4	10	2	—	16
3.00%-3.99%	413	128	332	66	939
Greater than 3.99%	378	84	—	—	462
<b>Total</b>	<b>\$ 800</b>	<b>\$ 225</b>	<b>\$ 334</b>	<b>\$ 68</b>	<b>\$ 1,427</b>

**12. MARKET RISK BENEFITS**

For a full description of the Company's market risk benefits accounting policies, refer to Note 13 in the Company's consolidated financial statements for the year ended December 31, 2025.

See Note 5, *Fair Value of Financial Instruments* for key inputs and assumptions used in the measurement of the fair value of MRBs.

The following table shows a rollforward of net MRB balances for fixed and variable annuity products.

	<b>For The Three Months Ended March 31, 2026</b>		
	<b>Fixed Annuity</b>	<b>Variable Annuity</b>	<b>Total</b>
	<b>(Dollars In Millions)</b>		
Balance, Beginning of Period	\$ 376	\$ (210)	\$ 166
Effect of cumulative changes in the instrument-specific credit risk, BOP	(15)	(11)	(26)
Balance before effect of changes in the instrument-specific credit risk, BOP	361	(221)	140
Issuances	9	1	10
Interest accrual and time decay	4	5	9
Attributed fees collected	13	43	56
Benefit payments	—	(2)	(2)
Effect of changes in interest rates	9	(25)	(16)
Effect of changes in equity markets and capital markets cross effects	3	45	48
Effect of changes in equity index volatility	2	21	23
Actual policyholder behavior different from expected behavior	(1)	2	1
Effect of change in future expected assumptions	—	(1)	(1)
Other	—	(17)	(17)
Balance before effect of changes in instrument-specific credit risk, EOP	400	(149)	251
Effect of cumulative changes in the instrument-specific credit risk, EOP	(13)	(6)	(19)
Balance, End of Period	\$ 387	\$ (155)	\$ 232
Reinsured market risk benefit, end of period	—	—	—
Balance net of reinsurance, end of period	\$ 387	\$ (155)	\$ 232
	<b>For The Year Ended December 31, 2025</b>		
	<b>Fixed Annuity</b>	<b>Variable Annuity</b>	<b>Total</b>
	<b>(Dollars In Millions)</b>		
Balance, Beginning of Period	\$ 274	\$ (247)	\$ 27
Effect of cumulative changes in the instrument-specific credit risk, BOP	(12)	(8)	(20)
Balance before effect of changes in the instrument-specific credit risk, BOP	262	(255)	7
Issuances	20	2	22
Interest accrual and time decay	13	20	33
Attributed fees collected	52	171	223
Benefit payments	—	(7)	(7)
Effect of changes in interest rates	(57)	12	(45)
Effect of changes in equity markets and capital markets cross effects	(13)	(164)	(177)
Effect of changes in equity index volatility	(6)	2	(4)
Actual policyholder behavior different from expected behavior	45	8	53
Effect of change in future expected assumptions	45	(8)	37
Other	—	(2)	(2)
Balance before effect of changes in instrument-specific credit risk, EOP	361	(221)	140
Effect of cumulative changes in the instrument-specific credit risk, EOP	15	11	26
Balance, End of Period	\$ 376	\$ (210)	\$ 166
Reinsured market risk benefit, end of period	—	1	1
Balance net of reinsurance, end of period	\$ 376	\$ (209)	\$ 167

The following table presents accompanying information to the rollforward table above.

	As of			
	March 31, 2026		December 31, 2025	
	Fixed Annuity	Variable Annuity	Fixed Annuity	Variable Annuity
	(Dollars In Millions)		(Dollars In Millions)	
Net amount at risk <sup>(1)</sup>	\$ 989	\$ 2,935	\$ 940	\$ 2,565
Weighted-average attained age of contractholders (years)	70	74	70	73

(1) Net amount at risk is defined as the current guaranteed benefit amount in excess of current account balance. For contracts with multiple benefit features, the highest net amount at risk for each contract is included.

In 2026, no change was made to the explicit margin. In 2025, the explicit margin was increased which led to an increased MRB liability for fixed annuities.

The tables below reconcile the MRB by amounts in an asset position and liability position to the MRB amounts on the balance sheets:

	As of March 31, 2026		
	Asset	Liability	Net (Asset)/ Liability
	(Dollars in Millions)		
Fixed Annuity	\$ 8	\$ 395	\$ 387
Variable Annuity	494	339	(155)
Total	\$ 502	\$ 734	\$ 232

	As of December 31, 2025		
	Asset	Liability	Net (Asset)/ Liability
	(Dollars in Millions)		
Fixed Annuity	\$ 9	\$ 385	\$ 376
Variable Annuity	537	327	(210)
Total	\$ 546	\$ 712	\$ 166

### 13. SEPARATE ACCOUNTS

For a full description of the Company's separate accounts accounting policies, refer to Note 14 in the Company's consolidated financial statements for the year ended December 31, 2025.

#### Separate Accounts Assets

The aggregate fair value of assets, by major investment asset category, supporting separate accounts is as follows:

	As of					
	March 31, 2026			December 31, 2025		
	Universal Life	Variable Annuity	Total	Universal Life	Variable Annuity	Total
(Dollars in Millions)						
Equity Funds	8,300	\$ 11,835	\$ 20,135	\$ 8,343	\$ 12,641	\$ 20,984
Bond Funds	5,782	3,728	9,510	5,783	3,760	9,543
Money Market Funds	1,460	1,069	2,529	1,402	838	2,240
Other	131	175	306	63	187	250
Total	\$ 15,673	\$ 16,807	\$ 32,480	\$ 15,591	\$ 17,426	\$ 33,017

For the three months ended March 31, 2026 and for the year ended December 31, 2025, there were no transfers of assets, other than cash, from the general account to a separate account; therefore, no gains or losses were recorded.

### Separate Account Liabilities

The balances of and changes in separate account liabilities as of and for the periods ended are as follows:

	<b>For The Three Months Ended March 31, 2026</b>		
	<b>Universal Life</b>	<b>Variable Annuity</b>	<b>Total</b>
	<b>(Dollars in Millions)</b>		
Balance, Beginning of Period	\$ 15,591	\$ 17,426	\$ 33,017
Premiums and deposits	244	316	560
Policy charges	(69)	(79)	(148)
Surrenders and withdrawals	(61)	(438)	(499)
Benefit payments	(29)	(108)	(137)
Investment performance	(102)	(361)	(463)
Net transfers from (to) general account	100	51	151
Other	(1)	—	(1)
Balance, End of Period	<u>\$ 15,673</u>	<u>\$ 16,807</u>	<u>\$ 32,480</u>
Other	—	—	—
Total separate account liabilities	<u>\$ 15,673</u>	<u>\$ 16,807</u>	<u>\$ 32,480</u>
Cash surrender value	\$ 15,328	\$ 16,661	

	<b>For The Year Ended December 31, 2025</b>		
	<b>Universal Life</b>	<b>Variable Annuity</b>	<b>Total</b>
	<b>(Dollars in Millions)</b>		
Balance, Beginning of Period	\$ 13,869	\$ 16,354	\$ 30,223
Premiums and deposits	758	1,153	1,911
Policy charges	(271)	(304)	(575)
Surrenders and withdrawals	(315)	(1,661)	(1,976)
Benefit payments	(96)	(365)	(461)
Investment performance	1,511	2,024	3,535
Net transfers from (to) general account	134	225	359
Other	1	—	1
Balance, End of Period	<u>\$ 15,591</u>	<u>\$ 17,426</u>	<u>\$ 33,017</u>
Other	—	—	—
Total separate account liabilities	<u>\$ 15,591</u>	<u>\$ 17,426</u>	<u>\$ 33,017</u>
Cash surrender value	\$ 15,319	\$ 17,278	

### 14. REINSURANCE

Reinsurance assets and liabilities related to agreements with funds withheld at interest where no net risk is retained by the Company are presented on a net basis. Reinsurance receivables were presented net of approximately \$1.7 billion in reinsurance liabilities as of March 31, 2026 and December 31, 2025.

## **Allowance for Credit Losses – Reinsurance Receivables**

The Company establishes an allowance for current expected credit losses related to amounts receivable from reinsurers (the “Reinsurance ACL”). Changes in the Reinsurance ACL are recognized as a component of *benefits and settlement expenses*. The Reinsurance ACL is remeasured on a quarterly basis using an internally developed probability of default (“PD”) and loss given default (“LGD”) model. Key inputs to the calculation are a conditional probability of insurer liquidation by issuer credit rating and exposure at default derived from a runoff projection of ceded reserves by reinsurer to forecast future loss amounts. Management’s position is that the rate of return implicit in the financial asset (i.e. the ceded reserves) is associated with the discount rate used to value the underlying insurance reserves; that is, the rate of return on the asset portfolio(s) supporting the reserves. For reinsurance receivable exposures that do not share similar risk characteristics with other receivables, including those associated with counterparties that have experienced significant credit deterioration, the Company measures the allowance for credit losses individually, based on facts and circumstances associated with the specific reinsurer or transaction.

As of March 31, 2026 and December 31, 2025, the Reinsurance ACL was \$119 million and \$112 million, respectively. There were no write-offs or recoveries during the three months ended March 31, 2026 and 2025.

The Company had total reinsurance receivables of \$16.5 billion as of March 31, 2026, which includes both ceded reserve liabilities and receivables for claims. Receivables for claims represented 2% of total reinsurance receivables as of March 31, 2026. The Company monitors the concentration of credit risk the Company has with any reinsurer, as well as the financial condition of its reinsurers, on an ongoing basis. Certain of the Company’s reinsurance receivables are supported by letters of credit, funds held or trust agreements.

## **Scottish Re Liquidation**

Certain of the Company’s subsidiaries have ceded business to Scottish Re (U.S.), Inc. (“SRUS”), which was placed in rehabilitation on March 6, 2019 by the State of Delaware. Under the rehabilitation order, the Insurance Commissioner of the State of Delaware was appointed the receiver of SRUS (the “Receiver”) and provided with authority to conduct and continue the business of SRUS in the interest of its cedents, creditors, and stockholder.

On July 13, 2023, the Receiver filed a motion to convert the rehabilitation of SRUS into a liquidation, which was granted by the Delaware Court of Chancery (“Court”) on July 18, 2023. Under the order entered by the court (“Liquidation Order”), all active ceding company agreements were terminated at 11:59 p.m. Eastern Time on September 30, 2023.

The proof of claim procedures were approved on December 22, 2025. The bar date for cedent reinsurance claims (claims for amounts owed based on circumstances occurring on or before September 30, 2023) is June 23, 2026, and the bar date for all other claims is June 23, 2027.

The Company continues to monitor SRUS and the actions of the Receiver through discussions with legal counsel and review of publicly available information. An allowance for credit losses related to SRUS is included in the overall reinsurance allowance for credit losses. As of the date of these financial statements, management does not believe that the ultimate outcome of the liquidation process will have a material impact on the Company’s financial position or results of operations. The Company will reassess this opinion as it learns more about the liquidation process the Receiver intends to pursue and its financial impact on the Company’s position.

## **Funds Withheld Portfolios**

The Company holds certain assets pursuant to funds withheld arrangements in connection with reinsurance agreements with various reinsurers. The reinsurance transactions may take the form of modified coinsurance (“modco”) or coinsurance with funds withheld (“funds withheld”). In modco and funds withheld arrangements, the investments supporting the reinsurance agreements, and which reflect the majority of the consideration that would be paid to the reinsurer for entering into the transaction, are withheld by, and therefore continue to reside on the balance sheet of, the ceding company thereby creating an obligation for the ceding company to pay the reinsurer at a later date. Additionally, as the Company maintains ownership of these investments, the Company maintains its existing accounting for these assets (e.g., the changes in fair value of available-for-sale securities are recognized within AOCI). The Company has established funds withheld payables to the reinsurers while simultaneously establishing reinsurance assets representing reserves for the insurance coverage that the reinsurers have assumed. Ceded investment income on funds withheld under reinsurance, as well as other ceded operating expenses, are reported in *other operating expenses* in the Company’s consolidated condensed statements of income.

Certain funds withheld arrangements give rise to an embedded derivative under ASC 815, which was valued at zero at treaty inception. If the fair value of assets withheld under the reinsurance agreements differs from their book value at treaty inception, this difference is amortized in a manner consistent with the amortization of the *cost of reinsurance* in the Company’s

consolidated condensed statements of income. The fair value of the embedded derivative related to the funds withheld payable was a net asset of \$207 million and \$64 million as of March 31, 2026 and December 31, 2025, respectively.

There is a diverse pool of assets supporting the funds withheld arrangements with various reinsurers. The following summarizes the composition of the pool of assets:

	As of			
	March 31, 2026		December 31, 2025	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(Dollars In Millions)			
Fixed maturities - AFS <sup>(a)</sup>	\$ 4,032	\$ 4,032	\$ 4,406	\$ 4,406
Fixed maturities - trading	4,394	4,394	4,256	4,256
Equity securities	261	261	289	289
Commercial mortgage loans	768	732	649	613
Short-term investments	294	294	303	303
Funds withheld investment assets	\$ 9,749	\$ 9,713	\$ 9,903	\$ 9,867
Other <sup>(b)</sup>	105	105	105	105
<b>Total</b>	<u>\$ 9,854</u>	<u>\$ 9,818</u>	<u>\$ 10,008</u>	<u>\$ 9,972</u>

(a) The change in the net unrealized gains (losses) on AFS securities related to the funds withheld portfolios was \$(85) million for the three months ended March 31, 2026.

(b) Primarily comprised of accrued investment income

Investment income recognized on assets held under the funds withheld arrangements is ceded to reinsurers through increased operating expenses in the Company's consolidated condensed statements of income as follows:

	March 31,	
	2026	2025
	(Dollars In Millions)	
For the three months ended	\$ 129	\$ 21

## 15. DEBT AND OTHER OBLIGATIONS

### Debt and Subordinated Debt Securities

Debt and subordinated debt securities are summarized as follows:

	As of			
	March 31, 2026		December 31, 2025	
	Outstanding Principal	Carrying Amounts	Outstanding Principal	Carrying Amounts
	(Dollars In Millions)			
<b>Debt (year of issue):</b>				
Credit Facility	\$ —	\$ —	\$ —	\$ —
Commercial Paper	199	199	50	50
Term Loan Credit Agreement (2021), due 2026 <sup>(1)</sup>	—	—	400	400
8.45% Senior Notes (2009), due 2039	165	229	165	230
4.30% Senior Notes (2018), due 2028	400	399	400	399
3.40% Senior Notes (2019), due 2030	400	399	400	399
4.70% Senior Notes (2025), due 2031	600	594	600	594
5.35% Senior Notes (2025), due 2035	600	594	600	594
	<u>\$ 2,364</u>	<u>\$ 2,414</u>	<u>\$ 2,615</u>	<u>\$ 2,666</u>
<b>Subordinated debt (year of issue):</b>				
5.35% Subordinated Debentures (2017), due 2052	\$ 500	\$ 496	\$ 500	\$ 496
3.55% Subordinated Funding Obligations (2018), due 2038	55	55	55	55
3.55% Subordinated Funding Obligations (2018), due 2038	55	55	55	55
	<u>\$ 610</u>	<u>\$ 606</u>	<u>\$ 610</u>	<u>\$ 606</u>

(1) The Term Loan Credit Agreement pays interest at the Adjusted Term SOFR Rate plus 85 bps. The rate as of December 31, 2025 was 4.92%.

In November 2025, the Company made a repayment of \$200 million of its Term Loan Credit Agreement issued in 2021. In January 2026, the Company paid the remaining \$400 million of its Term Loan Credit Agreement.

Under a revolving line of credit arrangement (the “Credit Facility”), the Company has the ability to borrow on an unsecured basis up to an aggregated principal amount of \$1.5 billion. The Company also has the right in certain circumstances to request that the commitment under the Credit Facility be increased up to a maximum principal amount of \$2.0 billion. Balances outstanding under the Credit Facility accrue interest at a rate equal to, at the option of the Company, (i) Adjusted Term SOFR Rate plus a spread based on the ratings of the Company’s Senior Debt, or (ii) the sum of (A) a rate equal to the highest of (x) the Administrative Agent’s Prime Rate, (y) 0.50% above the Federal Funds Rate, or (z) the one-month Adjusted Term SOFR Rate plus 1.00% and (B) a spread based on the ratings of the Company’s Senior Debt subject to adjustments based upon the achievement of certain environmental, social and governance metrics (“ESG Metrics”) by the Company. The Credit Facility also provides for a facility fee at a rate that varies with the ratings of the Company’s Senior Debt, subject to adjustments based upon the achievement of certain ESG Metrics by the Company. The facility fee is calculated based on the aggregate amount of commitments under the Credit Facility, whether used or unused. The maturity date of current borrowings under the Credit Facility is April 5, 2027, subject to certain extension options available to the Company. The Company is not aware of any non-compliance with the financial debt covenants of the Credit Facility as of March 31, 2026.

The Company maintains a commercial paper program under which the Company may issue unsecured commercial paper notes (“CP Notes”) from time to time in an aggregate amount not to exceed \$750 million outstanding at any time. The maturities of CP Notes can vary, but may not exceed 397 days from the date of issuance. CP Notes rank equal in right of payment with all of the Company’s other unsecured and unsubordinated indebtedness. The Company intends to maintain available commitments under the Credit Facility in an amount at least equal to the amount of CP Notes outstanding at any time. The CP Notes are sold under customary terms in the commercial paper market and may be issued at a discount from par or, alternatively, may be sold at par and bear interest at rates dictated by market conditions at the time of issuance. Commercial paper is used by the Company as a continuing source of short-term financing for general corporate purposes. As of March 31, 2026, the weighted-average interest rate was 4.00% on the \$199 million of outstanding CP Notes.

## Secured Financing Transactions

### *Repurchase Program Borrowings*

While the Company anticipates that the cash flows of its operating subsidiaries will be sufficient to meet its investment commitments and operating cash needs in a normal credit market environment, the Company recognizes that investment commitments scheduled to be funded may, from time to time, exceed the funds then available. Therefore, the Company has established repurchase agreement programs for certain of its insurance subsidiaries to provide liquidity when needed. The Company expects that the rate received on its investments will equal or exceed its borrowing rate. Under this program, the Company may, from time to time, sell an investment security at a specific price and agree to repurchase that security at another specified price at a later date. These borrowings are typically for a term less than 90 days. The market value of securities to be repurchased is monitored and collateral levels are adjusted where appropriate to protect the counterparty against credit exposure. Cash received is invested in fixed maturity securities, and the agreements provide for net settlement in the event of default or on termination of the agreements. Securities sold under such transactions may be sold or re-pledged by the transferee, with the exception of FHLB securities. As of March 31, 2026, the fair value of securities pledged under the repurchase program was \$305 million and the repurchase obligation of \$285 million was included in the Company's consolidated condensed balance sheets (at an average borrowing rate of 381 basis points). During the three months ended March 31, 2026, the maximum balance outstanding at any one point in time related to these programs was \$395 million. The average daily balance was \$38 million (at an average borrowing rate of 375 basis points) during the three months ended March 31, 2026. As of December 31, 2025, the Company did not have a repurchase obligation and there were no securities pledged under the repurchase program. During the year ended December 31, 2025, the maximum balance outstanding at any one point in time related to these programs was \$722 million. The average daily balance was \$118 million (at an average borrowing rate of 448 basis points) during the year ended December 31, 2025.

### *Securities Lending*

The Company participates in securities lending, primarily as an investment yield enhancement, whereby securities that are held as investments are loaned out to third parties for short periods of time. The Company requires collateral at least equal to 102% of the fair value of the loaned securities to be separately maintained. The loaned securities' fair value is monitored on a daily basis and collateral is adjusted accordingly. The Company maintains ownership of the securities at all times and is entitled to receive from the borrower any payments for interest received on such securities during the loan term. Securities lending transactions are accounted for as secured borrowings. Securities loaned under such transactions may be sold or re-pledged by the transferee. As of March 31, 2026 and December 31, 2025, securities with a fair value of \$715 million and \$885 million, respectively, were loaned under this program. As collateral for the loaned securities, the Company receives cash, which is primarily reinvested in short-term repurchase agreements, which are also collateralized by U.S. Government or U.S. Government Agency securities, and government money market funds. These investments are recorded in *short-term investments* with a corresponding liability recorded in *secured financing liabilities* to account for its obligation to return the collateral. As of March 31, 2026 and December 31, 2025, the fair value of the collateral related to this program was \$741 million and \$920 million, respectively, and the Company has an obligation to return \$741 million and \$920 million, respectively, of collateral to the securities borrowers.

The following table provides the fair value of collateral pledged for repurchase agreements, grouped by asset class, as of March 31, 2026 and December 31, 2025:

**Repurchase Agreements, Securities Lending Transactions, and Repurchase-to-Maturity Transactions Accounted for as Secured Borrowings**

	Remaining Contractual Maturity of the Agreements				
	As of March 31, 2026				
	(Dollars In Millions)				
	Overnight and Continuous	Up to 30 days	30 - 90 days	Greater Than 90 days	Total
<b>Securities lending transactions</b>					
Corporate securities	\$ 701	\$ —	\$ —	\$ —	\$ 701
Other government-related securities	14	—	—	—	14
Total securities lending transactions	715	—	—	—	715
<b>Total securities</b>	<b>\$ 715</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 715</b>

	Remaining Contractual Maturity of the Agreements				
	As of December 31, 2025				
	(Dollars In Millions)				
	Overnight and Continuous	Up to 30 days	30 - 90 days	Greater Than 90 days	Total
<b>Securities lending transactions</b>					
Corporate securities	843	—	—	—	843
Other government-related securities	40	—	—	—	40
Equity securities	2	—	—	—	2
Total securities lending transactions	885	—	—	—	885
<b>Total securities</b>	<b>\$ 885</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 885</b>

**Golden Gate Captive Insurance Company**

Golden Gate Captive Insurance Company (“Golden Gate”) is a Vermont special purpose financial insurance company and wholly owned subsidiary of the Company. On October 1, 2020, Golden Gate entered into a transaction with a term of 20 years, that may be extended to a maximum of 25 years, that finances up to \$5 billion of “XXX” and “AXXX” reserves related to the term life insurance business and universal life insurance with secondary guarantee business that is reinsured to Golden Gate by PLICO and West Coast Life Insurance Company (“WCL”), an indirect wholly owned subsidiary of the Company and a direct wholly owned subsidiary of PLICO, pursuant to an Excess of Loss Reinsurance Agreement (the “XOL Agreement”) with Hannover Life Reassurance Company of America (Bermuda) Ltd., The Canada Life Assurance Company (Barbados Branch) and RGA Reinsurance Company (Barbados) Ltd. (collectively, the “Retrocessionaires”). On July 1, 2025, the SGUL Business reinsured to Golden Gate (the “Financed SGUL Business”, which is a subset of the SGUL Business in scope of the reinsurance transaction with Resolution, as discussed in Note 3 in the Company’s consolidated financial statements for the year ended December 31, 2025) was recaptured by PLICO (on its own account and as successor in interest to WCL, which merged with and into PLICO as of July 1, 2025), and the XOL Agreement was terminated pursuant to its terms. Concurrently, on July 1, 2025, Golden Gate entered into a new Excess of Loss Reinsurance Agreement with Hannover Life Reassurance Company of America (Bermuda) Ltd., (“Hannover”) with a term of nine years, that may be extended under defined circumstances up to a maximum of 15 years, to finance up to \$2.2 billion of “XXX” reserves related to the term life insurance business that is reinsured to Golden Gate under the 2020 PLICO-Golden Gate and 2020 WCL-Golden Gate Agreements (the “2025 XOL Agreement”).

The transaction is “non-recourse” to the Company and PLICO, meaning that neither of these companies is liable for any XOL payments required to be made. As of March 31, 2026, the XOL Asset backing the difference in statutory and economic reserve liabilities was \$1.8 billion.

**Magnolia Re**

Magnolia Re is a Vermont special purpose financial insurer that commenced business during 2025 and is a wholly owned subsidiary of PLICO. On July 1, 2025, and in connection with the reinsurance transaction with Resolution, Magnolia Re entered into an Excess of Loss Reinsurance Agreement with New Re Ltd., which is a wholly owned subsidiary of the Munich

Re Group, with a term of 20 years to finance up to \$1.55 billion of “AXXX” reserves related to the Financed SGUL Business (the “2025 Magnolia Re XOL Agreement”). The 2025 Magnolia Re XOL Agreement is “non-recourse” to the Company and PLICO. As of March 31, 2026, the Magnolia Re XOL Asset backing the difference in statutory and economic reserve liabilities was \$1.2 billion.

## **16. COMMITMENTS AND CONTINGENCIES**

### **Guarantees**

The Company has entered into indemnity agreements with each of its current directors other than those that are employees of Daiichi Life that provide, among other things and subject to certain limitations, a contractual right to indemnification to the fullest extent permissible under the law. The Company has agreements with certain of its officers providing up to \$10 million in indemnification. These obligations are in addition to the customary obligation to indemnify officers and directors contained in the Company’s governance documents.

Under the insurance guaranty fund laws in most states, insurance companies doing business therein can be assessed up to prescribed limits for policyholder losses incurred by insolvent companies. From time to time, companies may be asked to contribute amounts beyond prescribed limits. It is possible that the Company could be assessed with respect to product lines not offered by the Company. In addition, legislation may be introduced in various states with respect to guaranty fund assessment laws related to insurance products, including long term care insurance and other specialty products, that increases the cost of future assessments or alters future premium tax offsets received in connection with guaranty fund assessments. The Company cannot predict the amount, nature or timing of any future assessments or legislation, any of which could have a material and adverse impact on the Company’s financial condition or results of operations.

### **Litigation and Regulatory Matters**

A number of judgments have been returned against insurers, broker-dealers, and other providers of financial services involving, among other things, sales, underwriting practices, product design, product disclosure, administration, denial or delay of benefits, benefit payment methods, charging excessive or impermissible fees, recommending unsuitable products to customers, breaching fiduciary or other duties to customers, refund or claims practices, alleged agent misconduct, failure to properly supervise representatives, relationships with agents or persons with whom the insurer does business, payment of sales and other contingent commissions, and other matters. Often these lawsuits have resulted in the award of substantial judgments that are disproportionate to the actual damages, including material amounts of punitive and non-economic compensatory damages. In some states, juries, judges, and arbitrators have substantial discretion in awarding punitive and non-economic compensatory damages which creates the potential for unpredictable material adverse judgments or awards in any given legal proceeding. Arbitration awards are subject to very limited appellate review. In addition, in some legal proceedings, companies have made material settlement payments. In some instances, substantial judgments may be the result of a party’s perceived ability to satisfy such judgments as opposed to the facts and circumstances regarding the claims made.

At any given time, a number of financial, market conduct, or other examinations or audits of the Company’s subsidiaries, as well as other insurance companies from whom the Company’s subsidiaries have coinsured blocks of life insurance and annuity policies, may be ongoing. It is possible that any examination or audit may result in payments of fines and penalties, payments to customers, or both, as well as changes in systems or procedures, or restrictions on business activities, any of which could have a material adverse effect on the Company’s business, financial condition and results of operations. The Company monitors these matters for any developments that may make a loss contingency associated with any such audit or exam reasonably estimable.

The Company and its subsidiaries, like other insurance companies, in the ordinary course of business, is involved in legal proceedings. The Company cannot predict the outcome of any legal proceeding, nor can it provide an estimate of the possible loss, or range of loss, that may result from such legal proceeding. Unless otherwise specifically disclosed herein, the Company does not expect the ultimate liability from any such legal proceeding, if any, will be material to its financial condition.

The Company establishes liabilities for litigation and regulatory actions when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. For matters where a loss is believed to be reasonably possible, but not probable, no liability is established. For such matters, the Company may provide an estimate of the possible loss or range of loss or a statement that such an estimate cannot be made. The Company reviews relevant information with respect to litigation and regulatory matters on a quarterly and annual basis and updates its established liabilities, disclosures and estimates of reasonably possible losses or range of loss based on such reviews.

## Leases and Commercial Mortgage Loan Commitments

The Company leases administrative and marketing office space as well as various office equipment. Most leases have terms ranging from two to twenty-five years. Leases with an initial term of 12 months or less are not recorded on the consolidated condensed balance sheets. The Company accounts for lease components separately from non-lease components (e.g., common area maintenance). Certain of the Company's lease agreements include options to renew at the Company's discretion. Management has concluded that the Company is not reasonably certain to elect any of these renewal options. The Company uses the interest rates received on its funding agreement backed notes as the collateralized discount rate when calculating the present value of remaining lease payments when the rate implicit in the lease is unavailable.

## Commitments to Purchase Investments

The Company periodically enters into commitments to purchase investments in fixed income securities and other investments. The amounts of such commitments, excluding outstanding commercial mortgage loan commitments, were \$2.8 billion and \$2.9 billion as of March 31, 2026 and December 31, 2025, respectively.

## 17. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following tables summarize the changes in the accumulated balances for each component of AOCI as of March 31, 2026 and 2025 (recast for the adoption of LDTI).

	For The Three Months Ended March 31,	
	2026	2025
(Dollars In Millions, Net of Tax)		
Balance, beginning of period	\$ (3,223)	\$ (3,873)
Other comprehensive income (loss):		
Changes in OCI before reclassifications <sup>(2)</sup>	(640)	455
Changes in net unrealized losses on fixed maturities with an allowance for credit losses	(33)	(6)
Change in current discount rate - liability for future policy benefits	102	(85)
Change in instrument-specific credit risk - market risk benefits	36	5
Other comprehensive income (loss) before reclassifications	(535)	369
Reclassifications from AOCI <sup>(1)</sup>	47	5
Other comprehensive income (loss)	(488)	374
Balance, end of period	<u>\$ (3,711)</u>	<u>\$ (3,499)</u>

(1) See Reclassification table below for details.

(2) As of March 31, 2026 and December 31, 2025, net unrealized losses reported in AOCI were offset by \$365 million and \$307 million, respectively, due to the impact those net unrealized losses would have had on certain of the Company's insurance assets and liabilities if the net unrealized losses had been recognized in net income.

The following tables summarize the reclassification amounts out of AOCI.

AOCI components	For The Three Months Ended March 31,		Affected Line Item in the Consolidated Statements of Income
	2026	2025	
(Dollars In Millions)			
Derivative instruments	\$ —	\$ 1	Benefits and settlement expenses, net of reinsurance ceded <sup>(1)</sup>
Unrealized gains and losses on AFS securities	(49)	1	Net realized gains (losses)
Other impaired securities	(11)	(9)	Net realized gains (losses)
Pension benefits liability adjustment	—	—	Other operating expenses
	(60)	(7)	
Income tax benefit	13	2	
Reclassifications, net of income tax	\$ (47)	\$ (5)	

(1) See Note 6, *Derivative Financial Instruments* for additional information

## 18. SUBSEQUENT EVENTS

The Company has evaluated the effects of events subsequent to March 31, 2026, and through May 14, 2026, the date at which our consolidated condensed financial statements were available to be issued. All accounting and disclosure requirements related to subsequent events are included in our consolidated condensed financial statements.



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## Independent Auditors' Review Report

The Board of Directors  
Protective Life Corporation:

### *Results of Review of Consolidated Condensed Interim Financial Information*

We have reviewed the accompanying consolidated condensed balance sheet of Protective Life Corporation (the Company) as of March 31, 2026, and the related consolidated condensed statements of income, comprehensive income (loss), shareowner's equity, and cash flows for the three-month periods ended March 31, 2026 and 2025, and the related notes (collectively referred to as the consolidated condensed interim financial information).

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated condensed interim financial information for it to be in accordance with U.S. generally accepted accounting principles.

### *Basis for Review Results*

We conducted our reviews in accordance with auditing standards generally accepted in the United States of America (GAAS) applicable to reviews of interim financial information. A review of consolidated condensed interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of consolidated condensed interim financial information is substantially less in scope than an audit conducted in accordance with GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. 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 reviews. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

### *Responsibilities of Management for the Consolidated Condensed Interim Financial Information*

Management is responsible for the preparation and fair presentation of the consolidated condensed interim financial information in accordance with U.S. generally accepted accounting principles and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated condensed interim financial information that is free from material misstatement, whether due to fraud or error.

**KPMG LLP**

Birmingham, Alabama  
May 14, 2026