

TruStage Financial Group, Inc. and Subsidiaries

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

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholder of
TruStage Financial Group, Inc.
Madison, Wisconsin

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the

Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the disclosures about short-duration contracts in Notes 8 and 12 to the financial statements be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in

accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Deloitte & Touche LLP

March 13, 2026

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Consolidated Balance Sheets
December 31, 2025 and 2024
(\$ in 000s)

Assets	2025	2024*
Cash and investments		
Debt securities, available for sale, at fair value (amortized cost 2025 - \$26,397,901; 2024 - \$26,034,234) (credit loss allowance 2025 - \$2,758; 2024 - \$2,658)	\$ 24,487,612	\$ 23,396,397
Debt securities, trading, at fair value (amortized cost 2025 - \$47,241; 2024 - \$51,788)	46,946	50,136
Equity securities (cost 2025 - \$213,836; 2024 - \$307,229)	299,566	392,636
Mortgage loans (credit loss allowance 2025 - \$20,868; 2024 - \$16,885)	5,037,025	4,530,714
Policy loans	160,276	145,316
Equity in unconsolidated affiliates	43,213	51,843
Limited partnerships (includes 2025 - \$3,031,145; 2024 - \$2,866,026 relating to variable interest entities)	3,129,344	2,945,901
Securities lending assets	465,943	575,075
Derivative assets, at fair value	1,518,360	1,218,639
Other invested assets	353,819	374,599
Total investments	35,542,104	33,681,256
Cash and cash equivalents (includes 2025 - \$4,132; 2024 - \$21,071 relating to variable interest entities)	542,991	385,251
Total cash and investments	36,085,095	34,066,507
Accrued investment income	276,667	266,861
Premiums receivable, net (credit loss allowance 2025 - \$2,841; 2024 - \$2,649)	371,608	349,846
Reinsurance recoverables, net (credit loss allowance 2025 - \$2,103; 2024 - \$2,103)	3,204,398	3,144,483
Net federal income taxes recoverable	134,023	34,049
Deferred policy acquisition costs	2,016,733	1,802,672
Value of business acquired	117,307	123,323
Office properties, equipment and computer software at cost, net	250,183	273,380
Net deferred tax asset	624,821	701,201
Goodwill, net	590,163	589,262
Intangible assets, net	45,241	56,113
Assets on deposit	1,691,831	1,673,968
Other assets and receivables	440,754	451,814
Market risk benefits, asset	70,615	57,676
Separate account assets	3,788,541	3,873,941
Total assets	\$ 49,707,980	\$ 47,465,096

* As of January 1, 2025, the Company adopted ASU 2018-12 Targeted Improvements to the Accounting for Long-Duration Contracts. Prior period amounts in the financial statements have been recast to reflect application of the new guidance. See Note 2 for additional information.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Consolidated Balance Sheets, continued

December 31, 2025 and 2024

(\$ in 000s)

Liabilities and Stockholder's Equity	2025	2024*
Liabilities		
Policyholder account balances	\$ 22,548,040	\$ 22,169,500
Claim and policy benefit reserves - life and health	12,027,361	11,202,439
Market risk benefits, liability	51,371	53,560
Loss and loss adjustment expense reserves - property and casualty	974,338	802,551
Unearned premiums	1,695,983	1,472,603
Notes and interest payable (includes 2024 - \$65,251 relating to variable interest entities)	1,239,045	1,461,243
Dividends payable to policyholders	14,331	14,379
Reinsurance payable	96,033	98,638
Net federal income taxes payable	-	5,695
Accrued pension and postretirement benefit liability	132,521	136,453
Payable for securities lending	465,943	575,075
Derivative liabilities, at fair value	614,826	535,009
Accounts payable and other liabilities (includes 2025 - (\$2,135); 2024 - (\$56) relating to variable interest entities)	1,744,033	1,493,251
Separate account liabilities	3,788,541	3,873,941
Total liabilities	45,392,366	43,894,337
Stockholder's equity		
Additional paid in capital	22,500	22,500
Retained earnings	5,568,019	5,256,609
Accumulated other comprehensive loss, net of tax benefit (2025 - \$340,929; 2024 - \$456,554)	(1,274,905)	(1,708,350)
Total stockholder's equity	4,315,614	3,570,759
Total liabilities and stockholder's equity	\$ 49,707,980	\$ 47,465,096

* As of January 1, 2025, the Company adopted ASU 2018-12 Targeted Improvements to the Accounting for Long-Duration Contracts. Prior period amounts in the financial statements have been recast to reflect application of the new guidance. See Note 2 for additional information.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Consolidated Statements of Operations and Comprehensive Income

Years Ended December 31, 2025, 2024, and 2023

(\$ in 000s)

	2025	2024*	2023*
Revenues			
Life and health premiums, net	\$ 2,400,691	\$ 2,331,264	\$ 2,395,489
Contract charges	386,979	367,248	411,174
Property and casualty premiums, net	1,509,173	1,328,409	1,229,628
Net investment income	1,454,700	1,352,777	1,193,082
Net realized investment gains (losses)			
Total other-than-temporary impairments	(32,497)	(98,972)	(96,497)
Sales and other realized investment gains (losses)	(213,131)	(157,263)	(102,255)
Total net realized investment gains (losses)	(245,628)	(256,235)	(198,752)
Commission and fee income	465,805	444,589	414,195
Other income	92,911	92,316	82,746
Total revenues	6,064,631	5,660,368	5,527,562
Benefits and expenses			
Life and health insurance claims and benefits, net	2,025,817	1,987,462	1,943,778
Policyholder liability remeasurement gains	(46,655)	(90,117)	(16,528)
Market risk benefits gains	(11,464)	(46,625)	(32,471)
Property and casualty insurance loss and loss adjustment expenses, net	915,315	870,522	820,552
Interest credited to policyholder account balances	510,591	432,150	454,133
Policyholder dividends	28,666	30,886	27,178
Operating and other expenses	2,273,855	2,159,017	2,073,730
Total benefits and expenses	5,696,125	5,343,295	5,270,372
Income from continuing operations before income taxes	368,506	317,073	257,190
Income tax expense	44,816	44,155	32,908
Income from continuing operations before equity of unconsolidated affiliates	323,690	272,918	224,282
Equity in loss of unconsolidated affiliates, net of tax benefit (2025 - \$3,177; 2024 - \$4,023)	(11,953)	(14,929)	-
Net income	311,737	257,989	224,282

* As of January 1, 2025, the Company adopted ASU 2018-12 Targeted Improvements to the Accounting for Long-Duration Contracts. Prior period amounts in the financial statements have been recast to reflect application of the new guidance. See Note 2 for additional information.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Consolidated Statements of Operations and Comprehensive Income, continued
Years Ended December 31, 2025, 2024, and 2023
(\$ in 000s)

	2025	2024*	2023*
Net income	\$ 311,737	\$ 257,989	\$ 224,282
Foreign currency translation adjustment, net of tax expense (benefit) - (2025 - (\$761); 2024 - \$3,484; 2023 - (\$841))	(2,122)	3,622	(626)
Change in unrealized gains (losses), net of tax expense (benefit) - (2025 - \$142,353; 2024 - (\$24,261); 2023 - \$189,510)	533,270	(96,478)	688,791
Reclassification adjustment for losses included in net income, net of tax benefit - (2025 - \$5,985; 2024 - \$4,355, 2023 - \$3,436)	22,514	16,381	12,925
Change in current discount rate - liability for future policy benefits, net of tax expense (benefit) (2025 - (\$36,902); 2024 - \$80,657; 2023 - (\$56,718))	(138,847)	303,433	(213,364)
Change in instrument-specific credit risk - market risk benefits, net of tax benefit (2025 - (\$433); 2024 - (\$3,187); 2023 - (\$861))	(1,629)	(11,991)	(3,240)
Change in pension liability, net of tax expense - (2025 - \$5,385; 2024 - \$5,239; 2023 - \$3,780)	20,259	19,707	14,219
Other comprehensive income	433,445	234,674	498,705
Total comprehensive income	\$ 745,182	\$ 492,663	\$ 722,987

* As of January 1, 2025, the Company adopted ASU 2018-12 Targeted Improvements to the Accounting for Long-Duration Contracts. Prior period amounts in the financial statements have been recast to reflect application of the new guidance. See Note 2 for additional information.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Consolidated Statements of Stockholder's Equity
Years Ended December 31, 2025, 2024, and 2023
(\$ in 000s)

	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholder's Equity
Balance, January 1, 2023*	\$ 22,500	\$ 4,810,879	\$ (2,789,581)	\$ 2,043,798
Cumulative effect of change in accounting principle, net of income tax	-	(36,868)	347,852	310,984
Net income	-	224,282	-	224,282
Other comprehensive income	-	-	498,705	498,705
Balance, December 31, 2023*	22,500	4,998,293	(1,943,024)	3,077,769
Net income	-	257,989	-	257,989
Other comprehensive income	-	-	234,674	234,674
Balance, December 31, 2024*	22,500	5,256,282	(1,708,350)	3,570,432
Net income	-	311,737	-	311,737
Other comprehensive income	-	-	433,445	433,445
Balance, December 31, 2025	\$ 22,500	\$ 5,568,019	\$ (1,274,905)	\$ 4,315,614

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TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years Ended December 31, 2025, 2024, and 2023

(\$ in 000s)

	2025	2024*	2023*
Cash flows from operating activities			
Net income	\$ 311,737	\$ 257,989	\$ 224,282
Adjustments to reconcile net income from operations to net cash provided by operating activities:			
Undistributed income of limited partnerships	(8,143)	(62,444)	(91,644)
Net realized investment losses	245,628	256,235	198,752
Undistributed losses of unconsolidated subsidiaries	11,953	14,929	-
Amortization of value of business acquired	11,021	11,260	12,267
Policy acquisition costs deferred	(734,103)	(696,053)	(718,384)
Amortization of deferred policy acquisition costs	525,637	466,511	403,232
Depreciation of office properties, equipment, computer software and real estate	38,454	41,631	48,678
Amortization of intangible assets	6,990	24,330	8,178
Amortization of premium and discount on investments and low-income housing tax credits	79,869	86,641	97,992
Deferred income tax expense	89,425	43,955	14,373
Policyholder charges on investment-type contracts	(555,311)	(633,334)	(710,574)
Interest credited to policyholder account balances	510,591	432,150	454,133
Gain on divestiture	(10,276)	(10,525)	-
Changes in assets and liabilities:			
Purchases of debt securities, trading	-	-	(26,516)
Sales of debt securities, trading	5,000	13,000	5,000
Accrued investment income	(9,806)	(19,887)	(23,254)
Premiums receivable	(21,762)	18,567	(12,565)
Reinsurance recoverables	(44,530)	185,704	(54,516)
Net federal income taxes	(226,116)	(122,229)	(9,418)
Other assets and receivables	7,363	3,527	1,383
Change in market risk benefits, net	(11,464)	(46,625)	(32,471)
Insurance reserves	820,960	630,663	919,794
Unearned premiums	215,269	290,045	331,061
Reinsurance payable	(2,605)	(24,428)	7,889
Accounts payable and other liabilities	104,394	(46,697)	22,463
Net cash provided by operating activities	1,360,175	1,114,915	1,070,135

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TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows, continued
 Years Ended December 31, 2025, 2024, and 2023
 (\$ in 000s)

	2025	2024*	2023*
Cash flows from investing activities			
Purchases of investments			
Debt securities, available for sale	\$ (4,858,220)	\$ (4,187,034)	\$ (1,893,802)
Equity securities	(135,924)	(99,513)	(47,434)
Mortgage loans	(857,280)	(532,929)	(557,692)
Limited partnerships	(426,546)	(487,717)	(446,284)
Derivative financial instruments	(1,797,995)	(1,918,592)	(1,152,864)
Other invested assets	(2,576,882)	(2,031,142)	(1,861,103)
Proceeds on sale or maturity of investments			
Debt securities, available for sale	4,341,696	2,732,219	990,940
Equity securities	220,077	12,004	145,218
Mortgage loans	347,703	250,424	228,005
Limited partnerships	241,550	211,728	191,522
Derivative financial instruments	1,915,939	2,124,259	1,059,715
Other invested assets	2,847,922	2,221,577	2,165,527
Purchases of office properties, equipment, and computer software	(24,523)	(51,728)	(47,187)
Proceeds on sale of office properties, equipment, and computer software	-	23,277	17,570
Proceeds from divestiture	32,242	20,038	-
Investment in unconsolidated affiliates	(6,500)	-	-
Net change in collateral under securities lending	89,615	(6,480)	(13,709)
Net change in payable for collateral under securities lending	(89,615)	6,480	13,709
Change in policy loans	(14,977)	(12,654)	(7,476)
Net cash used in investing activities	(751,718)	(1,725,783)	(1,215,345)

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TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows, continued
 Years Ended December 31, 2025, 2024, and 2023
 (\$ in 000s)

	2025	2024*	2023*
Cash flows from financing activities			
Policyholder account deposits	\$ 2,966,160	\$ 3,723,893	\$ 3,518,546
Policyholder account withdrawals	(3,366,735)	(2,891,236)	(2,596,235)
Assets on deposit - deposits	(13,538)	(705,525)	(391,751)
Assets on deposit - withdrawals	225,391	129,467	38,886
Notes payable - borrowings	2,375,000	2,765,000	2,060,000
Notes payable - repayments	(2,599,280)	(2,466,857)	(2,405,334)
Change in bank overdrafts	(40,632)	677	(1,917)
Payment of debt financing costs	-	(1,129)	-
Net cash provided by financing activities	(453,634)	554,290	222,195
Change in cash and cash equivalents	154,823	(56,578)	76,985
Effect of foreign exchange rate on cash	2,917	(11,488)	4,805
Cash and cash equivalents at beginning of year	385,251	453,317	371,527
Cash and cash equivalents at end of year	\$ 542,991	\$ 385,251	\$ 453,317
Supplemental disclosure of cash and non-cash information			
Cash paid for interest	65,747	\$ 67,773	\$ 73,608
Cash paid for income taxes, net of refunds	46,720	5,839	9,978
Cash paid for purchase of transferable tax credits	136,061	92,218	-
Non-cash exchanges of debt securities	198,370	45,451	76,406
Non-cash exchanges of debt securities from securities lending, net	109,132	(3,345)	13,818
Non-cash exchanges of equity securities	650	1,719	11,044
Non-cash purchase of limited partnerships	29,037	10,038	40,930
Non-cash distribution from limited partnerships	29,037	10,038	40,930
Non-cash decrease in reinsurance recoverable	4,398	4,361	2,962
Non-cash decrease in assets on deposit	14,363	20,420	21,908
Non-cash decrease in policyholder account balances	18,761	24,781	24,871
Non-cash exchanges of debt securities for equity securities	3,325	1,000	9,000
Non-cash exchange of debt securities and accrued interest for equity in unconsolidated affiliates	-	-	26,256
Non-cash exchange of notes receivable for equity in unconsolidated affiliates	-	-	15,228
Non-cash acquisition of real estate through a deed in lieu of disclosure	-	12,762	-

* As of January 1, 2025, the Company adopted ASU 2018-12 Targeted Improvements to the Accounting for Long-Duration Contracts. Prior period amounts in the financial statements have been recast to reflect application of the new guidance. See Note 2 for additional information.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

Note 1: Nature of Business

TruStage Financial Group, Inc. (“TruStage” or, with its subsidiaries, the “Company”) is an intermediate holding company organized under the laws of Iowa for the principal purpose of serving the insurance and financial services needs of credit unions and consumers. TruStage is a direct, wholly-owned subsidiary of CUNA Mutual Holding Company (“CMHC”), a mutual holding company. Its primary products include group credit life and disability sold through credit unions; retirement plans for credit union employees and other employers; and life, health and annuity policies. The Company is also engaged in the business of property and casualty insurance, and other businesses useful to businesses including credit unions and consumers. The Company markets its products through face-to-face and direct response distribution systems, while group products are sold primarily by salaried representatives.

The Company is licensed to sell insurance in all 50 states, the District of Columbia and Canada and the majority of its revenue and the revenues of its affiliated companies are generated in the United States and Canada. It also conducts business in other foreign countries through branch offices or subsidiaries. None of these foreign operations and no individual state in the United States represent more than 10% of the Company’s premiums for the years ended December 31, 2025, 2024, and 2023.

Note 2: Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). All intercompany accounts and transactions have been eliminated.

The Company consolidates a variable interest entity (“VIE”) when it is the primary beneficiary. A primary beneficiary is the entity with both the power to direct the activities of the VIE that most significantly impact the economic performance of the VIE and the obligation to absorb losses, or the right to receive benefits, that could potentially be significant to the VIE.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and, in some cases, the difference could be material. Investment valuations, determinations of allowances for credit losses, deferral of policy acquisition costs and the related amortization and recoverability, valuation of embedded derivatives, valuation of market risk benefits (“MRB”), valuation of goodwill and intangible assets, value of business acquired (“VOBA”) and the related amortization, deferred tax asset valuation reserves, insurance liabilities, reinsurance balances, receivables related to contracts with customers and pension and postretirement obligations are most affected by the use of estimates and assumptions.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)**Adoption of Long-Duration Targeted Improvements**

The Company adopted Accounting Standards Update ("ASU") No. 2018-12, *Targeted Improvements to the Accounting for Long-Duration Contracts* ("ASU 2018-12"), on January 1, 2025, with a transition date of January 1, 2023, using the modified retrospective transition method for related balances on all long-duration contracts, including the liability for future policy benefits ("LFPB"), and deferred policy acquisition costs ("DAC") and balances amortized on a basis consistent with DAC, including VOBA and unearned revenue reserves. ASU 2018-12 introduced the term MRBs, which are defined as contracts or contract features that provide protection to the contract holder from capital market risk and expose the Company to other-than-nominal capital market risk. The full retrospective transition method was used for MRBs.

ASU 2018-12 requires disclosure of disaggregated rollforwards of long-duration liabilities for future policy benefits, policyholder account balances, MRBs, separate account liabilities, DAC, VOBA and unearned revenue reserves, as well as information about inputs, judgments, assumptions, and methods, including the effect of changes in these items on the measurement of applicable balances. Entities are required to disclose information in a manner that allows financial statement users to understand the amount, timing, and uncertainty of future cash flows arising from the liabilities. The Company considered major product lines, geography, risk exposure, customer, and distribution channel in determining the levels of aggregation at which the required disaggregated rollforwards are presented. Further disclosures and details (at the disaggregated level) are included within Note 7 – Deferred Policy Acquisition Costs, Value of Business Acquired, and Unearned Revenue Reserves, Note 8 – Claim and Policy Benefit Reserves – Life and Health, Note 9 – Market Risk Benefits, Note 10 – Policyholder Account Balances, and Note 11 – Separate Accounts.

The Company presents its disaggregated disclosure in the Notes for long-duration insurance contracts in the following levels of aggregation:

Levels of Aggregation	Overview of Product(s)
Traditional Life	Traditional Life includes whole, term and non-participating legacy term life insurance.
Accidental Death and Dismemberment	Accidental Death and Dismemberment insurance.
Long-Term Care	Long-Term Care insurance that is no longer actively marketed.
Fixed Annuities and Deposit Administration	Fixed Annuities and Deposit Administration plans, not included in Other.
Payout Annuities and Pension Risk Transfer	Payout Annuities and Pension Risk Transfer (Group Annuities), not included in Exited Business.
Indexed Annuities and Variable Annuities	Indexed Annuities and Variable Annuities.
Universal Life	Universal Life insurance (final expense insurance with discretionary growth).
Exited Business	Exited Business includes certain products acquired, such as Long-Term Care insurance (that was previously sold by a certain subsidiary of the Company) and other insignificant insurance products that the Company no longer sells and are 100% ceded.
Other	Variable Universal Life insurance that is no longer actively marketed and other individually insignificant products.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

Prior to the adoption of ASU 2018-12, the LFPB for long-duration products was generally established based on assumptions set at issue. ASU 2018-12 requires these assumptions, which include mortality, morbidity, persistency, expenses, and the discount rate, to be reviewed for changes, and if applicable updated annually, at the same time every year, or more frequently if suggested by experience. When assumptions other than the discount rate are changed, the liability is recomputed, and a cumulative catch-up adjustment is recorded in the current year income statement. For measurement of the LFPB, contracts are grouped into cohorts based primarily on issue year and product type. The discount rate, which is based on the yield of an upper-medium grade fixed income instrument, must be updated each reporting period, with resulting changes in the liability recorded in other comprehensive income. The LFPB can no longer include a provision for adverse deviation, except for participating policies. Loss recognition and premium deficiency testing for traditional and limited-payment liabilities for future policy benefits have also been eliminated by ASU 2018-12.

Under the modified retrospective transition method, the LFPB was remeasured using the current upper-medium grade fixed income instrument yields at the transition date. The difference in the liability measurement was reflected as an adjustment to the January 1, 2023 Accumulated Other Comprehensive Income (Loss) ("AOCI"). The discount rate used to measure the liability at transition was generally higher than the rates used to measure the liability prior to the adoption of ASU 2018-12. Additionally, at transition, where net premiums exceeded gross premiums at the cohort level, the Company set net premiums equal to gross premiums and recognized the resulting increase in the LFPB as an adjustment to January 1, 2023 retained earnings. The adjustment for loss contracts at transition was \$36,868, and the impact was recorded through retained earnings.

The same transition method utilized for the LFPB was required to be applied to DAC, VOBA, and unearned revenue reserves. Under the modified retrospective transition method, the existing unamortized DAC amount at the transition date was carried over and adjusted to remove any amounts in AOCI related to shadow adjustments (which was an additional adjustment to DAC that represented the effect on DAC that would occur if the unrealized gains and losses on investments related to the underlying contracts were realized with the offset recorded to AOCI). ASU 2018-12 simplified the amortization method for DAC and other balances amortized on a basis consistent with DAC, including VOBA and unearned revenue reserves. Historically, these balances were generally amortized in proportion to premium revenue or estimated gross profits. These balances are now amortized on a constant level basis over the expected term of the contract to approximate straight-line amortization, and the adjusted carrying amounts at transition no longer accrete interest. The DAC asset is not required to be tested for impairment and shadow adjustments are no longer required.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

Upon adoption of ASU 2018-12, MRBs were recorded at fair value using the full retrospective transition method. Contracts or contract features that provide protection to the contract holder from capital market risk and expose the Company to other-than-nominal capital market risk are classified as MRBs. Protection does not include the death benefit component of a life insurance contract. The transition adjustment representing the difference between the pre-adoption carrying amounts of contract features that meet the definition of an MRB and the fair value of the MRB at the transition date, excluding the effect of changes in the instrument-specific credit risk relating to the MRB valuation, was recognized as an adjustment to the January 1, 2023 retained earnings. The cumulative effect of changes in the instrument-specific credit risk of the MRBs between the contract issuance date and the transition date was recognized in the January 1, 2023 balance of AOCI. As described, the transition adjustments have impacted the Company's assets and liabilities, which are used in the measurement of deferred taxes. Accordingly, deferred taxes have been adjusted to reflect the restated assets and liabilities.

The following table presents the effect of transition adjustments, both pre-tax and net of tax, on stockholder's equity as of January 1, 2023, due to the adoption of ASU 2018-12:

	Retained Earnings			Accumulated Other Comprehensive Income		
	Pre-Tax	Tax	Net of Tax	Pre-Tax	Tax	Net of Tax
Reinsurance recoverables, net	\$ 2,783	\$ (584)	\$ 2,199	\$ 50,600	\$ (10,626)	\$ 39,974
Deferred policy acquisition costs	913	(192)	721	(153,519)	32,239	(121,280)
Value of business acquired	7,568	(1,589)	5,979	(35,406)	7,435	(27,971)
Policyholder account balances	58,405	(12,265)	46,140	-	-	-
Claim and policy benefit reserves - life and health	(36,655)	7,614	(29,041)	555,996	(116,759)	439,237
Market risk benefits	(77,998)	16,380	(61,618)	10,548	(2,215)	8,333
Unearned revenue reserves	(1,580)	332	(1,248)	12,100	(2,541)	9,559
Total	\$ (46,564)	\$ 9,696	\$ (36,868)	\$ 440,319	\$ (92,467)	\$ 347,852

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

The following table presents amounts previously reported in the Consolidated Balance Sheet as December 31, 2024, the effect of the change due to the adoption of ASU 2018-12, and the adjusted amounts as of January 1, 2025:

	As Previously Reported	Effect of Changes	As Currently Reported
Assets			
Reinsurance recoverables, net	\$ 3,127,800	\$ 16,683	\$ 3,144,483
Deferred policy acquisition costs	\$ 1,883,001	\$ (80,329)	\$ 1,802,672
Value of business acquired	\$ 196,885	\$ (73,562)	\$ 123,323
Net deferred tax asset	\$ 838,341	\$ (137,140)	\$ 701,201
Market risk benefits, asset	\$ -	\$ 57,676	\$ 57,676
Total assets	\$ 47,681,768	\$ (216,672)	\$ 47,465,096
Liabilities and stockholder's equity			
Liabilities			
Policyholder account balances	\$ 22,581,599	\$ (412,099)	\$ 22,169,500
Claim and policy benefit reserves - life and health	\$ 11,873,550	\$ (671,111)	\$ 11,202,439
Market risk benefits, liability	\$ -	\$ 53,560	\$ 53,560
Unearned premiums	\$ 1,175,869	\$ 296,734	\$ 1,472,603
Total liabilities	\$ 44,627,253	\$ (732,916)	\$ 43,894,337
Stockholder's equity			
Retained earnings	\$ 5,163,878	\$ 92,731	\$ 5,256,609
Accumulated other comprehensive loss, net of tax benefit	\$ (2,131,863)	\$ 423,513	\$ (1,708,350)
Total stockholder's equity	\$ 3,054,515	\$ 516,244	\$ 3,570,759
Total liabilities and stockholder's equity	\$ 47,681,768	\$ (216,672)	\$ 47,465,096

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

The following table presents amounts previously reported in the Consolidated Statements of Operations and Comprehensive Income for the year ended December 31, 2024, the effect of the change due to the adoption of ASU 2018-12, and the adjusted amounts:

	As Previously Reported	Effect of Changes	As Currently Reported
Revenues			
Life and health premiums, net	\$ 2,334,588	\$ (3,324)	\$ 2,331,264
Contract charges	\$ 274,354	\$ 92,894	\$ 367,248
Total net realized investment (losses)	\$ (224,517)	\$ (31,718)	\$ (256,235)
Total revenues	\$ 5,602,516	\$ 57,852	\$ 5,660,368
Benefits and expenses			
Life and health insurance claims and benefits, net	\$ 1,781,478	\$ 205,984	\$ 1,987,462
Policyholder liability remeasurement (gains)	\$ -	\$ (90,117)	\$ (90,117)
Market risk benefits (gains)	\$ -	\$ (46,625)	\$ (46,625)
Interest credited to policyholder account balances	\$ 505,621	\$ (73,471)	\$ 432,150
Operating and other expenses	\$ 2,154,388	\$ 4,629	\$ 2,159,017
Total benefits and expenses	\$ 5,342,895	\$ 400	\$ 5,343,295
Income from continuing operations before			
income taxes	\$ 259,621	\$ 57,452	\$ 317,073
Income tax expense	\$ 31,408	\$ 12,747	\$ 44,155
Net income	\$ 213,284	\$ 44,705	\$ 257,989
Foreign currency translation adjustment, net of tax expense (benefit)	\$ 3,580	\$ 42	\$ 3,622
Change in current discount rate - liability for future policy benefits, net of tax expense	\$ -	\$ 303,433	\$ 303,433
Change in instrument-specific credit risk - market risk benefits, net of tax expense (benefit)	\$ -	\$ (11,991)	\$ (11,991)
Change in shadow adjustments, net of tax expense (benefit)	\$ 29,638	\$ (29,638)	\$ -
Other comprehensive income (loss)	\$ (27,172)	\$ 261,846	\$ 234,674
Total comprehensive income	\$ 186,112	\$ 306,551	\$ 492,663

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

The following table presents amounts previously reported in the Consolidated Statements of Operations and Comprehensive Income for the year ended December 31, 2023, the effect of the change due to the adoption of ASU 2018-12, and the adjusted amounts:

	As Previously Reported	Effect of Changes	As Currently Reported
Revenues			
Life and health premiums, net	\$2,396,276	\$ (787)	\$2,395,489
Contract charges	\$ 280,683	\$ 130,491	\$ 411,174
Total net realized investment (losses)	\$ (170,992)	\$ (27,760)	\$ (198,752)
Total revenues	\$5,425,618	\$ 101,944	\$5,527,562
Benefits and expenses			
Life and health insurance claims and benefits, net	\$1,854,987	\$ 88,791	\$1,943,778
Policyholder liability remeasurement (gains)	\$ -	\$ (16,528)	\$ (16,528)
Market risk benefits (gains)	\$ -	\$ (32,471)	\$ (32,471)
Interest credited to policyholder account balances	\$ 456,624	\$ (2,491)	\$ 454,133
Operating and other expenses	\$2,116,344	\$ (42,614)	\$2,073,730
Total benefits and expenses	\$5,275,685	\$ (5,313)	\$5,270,372
Income from continuing operations before			
income taxes	\$ 149,933	\$ 107,257	\$ 257,190
Income tax expense	\$ 10,218	\$ 22,690	\$ 32,908
Net income	\$ 139,715	\$ 84,567	\$ 224,282
Foreign currency translation adjustment, net of tax expense (benefit)	\$ (626)	\$ -	\$ (626)
Change in current discount rate - liability for future policy benefits, net of tax expense (benefit)	\$ -	\$ (213,364)	\$ (213,364)
Change in instrument-specific credit risk - market risk benefits, net of tax expense (benefit)	\$ -	\$ (3,240)	\$ (3,240)
Change in shadow adjustments, net of tax expense (benefit)	\$ (30,419)	\$ 30,419	\$ -
Other comprehensive income (loss)	\$ 684,890	\$ (186,185)	\$ 498,705
Total comprehensive income (loss)	\$ 824,605	\$ (101,618)	\$ 722,987

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

The following table presents amounts previously reported in the Consolidated Statements of Cash Flows for the year ended December 31, 2024, the effect of the change due to the adoption of ASU 2018-12, and the adjusted amounts:

	As Previously Reported	Effect of Changes	As Currently Reported
Cash flows from operating activities			
Net income	\$ 213,284	\$ 44,705	\$ 257,989
Adjustments to reconcile net income from operations to net cash provided by operating activities:			
Net realized investment losses	\$ 224,517	\$ 31,718	\$ 256,235
Amortization of value of business acquired	\$ 10,984	\$ 276	\$ 11,260
Policy acquisition costs deferred	\$ (692,913)	\$ (3,140)	\$ (696,053)
Amortization of deferred policy acquisition costs	\$ 459,005	\$ 7,506	\$ 466,511
Deferred income tax expense	\$ 31,208	\$ 12,747	\$ 43,955
Policyholder charges on investment-type contracts	\$ (415,377)	\$ (217,957)	\$ (633,334)
Interest credited to policyholder account balances	\$ 505,621	\$ (73,471)	\$ 432,150
Changes in other assets and liabilities:			
Change in market risk benefits, net	\$ -	\$ (46,625)	\$ (46,625)
Reinsurance recoverables	\$ 35,673	\$ 150,031	\$ 185,704
Insurance reserves	\$ 672,762	\$ (42,099)	\$ 630,663
Unearned premiums	\$ 159,121	\$ 130,924	\$ 290,045
Net cash provided by operating activities	\$ 1,120,300	\$ (5,385)	\$ 1,114,915
Cash flows from financing activities			
Policyholder account deposits	\$ 3,723,893	\$ -	\$ 3,723,893
Policyholder account withdrawals	\$ (2,900,363)	\$ 9,127	\$ (2,891,236)
Assets on deposit - deposits	\$ (705,570)	\$ 45	\$ (705,525)
Assets on deposit - withdrawals	\$ 129,435	\$ 32	\$ 129,467
Net cash provided by financing activities	\$ 545,086	\$ 9,204	\$ 554,290

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

The following table presents amounts previously reported in the Consolidated Statements of Cash Flows for the year ended December 31, 2023, the effect of the change due to the adoption of ASU 2018-12, and the adjusted amounts:

	As Previously Reported	Effect of Changes	As Currently Reported
Cash flows from operating activities			
Net income	\$ 139,715	\$ 84,567	\$ 224,282
Adjustments to reconcile net income from operations to net cash provided by operating activities:			
Net realized investment losses	\$ 170,992	\$ 27,760	\$ 198,752
Amortization of value of business acquired	\$ 13,697	\$ (1,430)	\$ 12,267
Policy acquisition costs deferred	\$ (718,315)	\$ (69)	\$ (718,384)
Amortization of deferred policy acquisition costs	\$ 443,146	\$ (39,914)	\$ 403,232
Deferred income tax (benefit)	\$ (8,317)	\$ 22,690	\$ 14,373
Policyholder charges on investment-type contracts	\$ (376,611)	\$ (333,963)	\$ (710,574)
Interest credited to policyholder account balances	\$ 456,624	\$ (2,491)	\$ 454,133
Changes in other assets and liabilities:			
Change in market risk benefits, net	\$ -	\$ (32,471)	\$ (32,471)
Reinsurance recoverables	\$ 61,699	\$ (116,215)	\$ (54,516)
Insurance reserves	\$ 739,650	\$ 180,144	\$ 919,794
Unearned premiums	\$ 126,894	\$ 204,167	\$ 331,061
Net cash provided by operating activities	\$ 1,077,360	\$ (7,225)	\$ 1,070,135
Cash flows from financing activities			
Policyholder account deposits	\$ 3,518,283	\$ 263	\$ 3,518,546
Policyholder account withdrawals	\$ (2,602,287)	\$ 6,052	\$ (2,596,235)
Assets on deposit - deposits	\$ (391,798)	\$ 47	\$ (391,751)
Assets on deposit - withdrawals	\$ 38,861	\$ 25	\$ 38,886
Net cash provided by financing activities	\$ 215,808	\$ 6,387	\$ 222,195

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

The following table presents the disaggregated effect of transition adjustments on DAC as of January 1, 2023, due to the adoption of ASU 2018-12:

	Traditional Life	Accidental Death and Dismemberment	Fixed Annuities and Deposit Administration	Indexed Annuities and Variable Annuities	Universal Life	Other	Total
Balance, December 31, 2022	\$ 538,648	\$ 125,174	\$ 45,818	\$ 315,293	\$ 267,928	\$ 19,442	\$ 1,312,303
Reversal of prior period							
AOCI adjustments upon adoption of ASU 2018-12	-	-	(24,968)	(118,654)	(9,897)	-	(153,519)
Other	-	-	-	-	913	-	913
Balance, January 1, 2023	\$ 538,648	\$ 125,174	\$ 20,850	\$ 196,639	\$ 258,944	\$ 19,442	\$ 1,159,697

The following table presents the disaggregated effect of transition adjustments on VOBA as of January 1, 2023, due to the adoption of ASU 2018-12:

	Universal Life	Other	Total
Balance, December 31, 2022	\$ 256,555	\$ (75,783)	\$ 180,772
Reversal of prior period AOCI adjustments upon adoption of ASU 2018-12	(35,406)	-	(35,406)
Other	7,568	-	7,568
Balance, January 1, 2023	\$ 228,717	\$ (75,783)	\$ 152,934

The following table presents the disaggregated effect of transition adjustments on unearned revenue reserves as of January 1, 2023, due to the adoption of ASU 2018-12:

	Universal Life	Other	Total
Balance, December 31, 2022	\$ 93,326	\$ 93	\$ 93,419
Reversal of prior period AOCI adjustments upon adoption of ASU 2018-12	(12,100)	-	(12,100)
Other	1,580	-	1,580
Balance, January 1, 2023	\$ 82,806	\$ 93	\$ 82,899

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

The disaggregated effect of transition adjustments on LFPB as of January 1, 2023, due to the adoption of ASU 2018-12:

	Traditional Life	Accidental Death and Dismemberment	Long Term Care	Payout Annuities and Pension Risk	Exited Business	Other	Total
Balance, December 31, 2022	\$ 1,825,924	\$ 106,180	\$ 1,033,377	\$ 2,877,644	\$ 2,235,763	\$ 662,623	\$ 8,741,511
Adjustment for loss contracts or negative reserves under modified retrospective approach	328	-	64	1,154	-	35,109	36,655
Effect of remeasurement of liability at current discount rate	(118,491)	(21,808)	(41,115)	(262,011)	71,077	(183,648)	(555,996)
Balance, January 1, 2023, at current discount rate	1,707,761	84,372	992,326	2,616,787	2,306,840	514,084	8,222,170
Reinsurance recoverable	9,515	-	220,167	-	2,306,840	37,571	2,574,093
Balance, January 1, 2023, net of reinsurance recoverable	\$ 1,698,246	\$ 84,372	\$ 772,159	\$ 2,616,787	\$ -	\$ 476,513	\$ 5,648,077

The following table presents the disaggregated effect of transition adjustments on reinsurance recoverables as of January 1, 2023, due to the adoption of ASU 2018-12:

	Traditional Life	Long Term Care	Exited Business	Other	Total
Balance, December 31, 2022	\$ 9,601	\$226,514	\$ 2,235,763	\$ 48,832	\$2,520,710
Adjustment for loss contracts or negative reserves under modified retrospective approach	248	1,674	-	861	2,783
Effect of remeasurement of reinsurance recoverable at current discount rate	(334)	(8,021)	71,077	(12,122)	50,600
Balance, January 1, 2023	\$ 9,515	\$220,167	\$ 2,306,840	\$ 37,571	\$2,574,093

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

The following table presents the effect of transition adjustments on MRBs as of January 1, 2023, due to the adoption of ASU 2018-12:

	Indexed Annuities and Variable Annuities	Total
Balance, December 31, 2022 - Carrying amount of MRBs under prior guidance ¹	\$ (10,889)	\$ (10,889)
Cumulative effect of the changes in the instrument-specific credit risk between the original contract issuance date and the transition date	(10,548)	(10,548)
Remaining cumulative difference (exclusive of the instrument specific credit risk change and base contract offset adjustment) between December 31, 2022 carrying amount and fair value measurement for the MRBs	78,397	78,397
Balance, January 1, 2023	\$ 56,960	\$ 56,960

¹Included in MRBs are certain immaterial products that are fully ceded, and no disclosure by level of aggregation is provided for these products. The contract features that are now presented as MRB were previously accounted for at fair value as a derivative, embedded derivative, an additional liability for annuitization or death, or other insurance benefits.

The following table presents the effect of transition adjustments on policyholder account balances as of January 1, 2023, due to the adoption of ASU 2018-12:

	Fixed Annuities and Deposit Administration	Indexed Annuities and Variable Annuities	Universal Life	Other	Total
Balance, December 31, 2022 ¹	\$ 4,020,163	\$ 7,326,659	\$ 6,512,012	\$ 486,784	\$ 18,345,618
Policyholder account balances adjustment for base contract offset	-	(58,405)	-	-	(58,405)
Balance, January 1, 2023	\$ 4,020,163	\$ 7,268,254	\$ 6,512,012	\$ 486,784	\$ 18,287,213

¹ Certain contract features that were previously accounted for at fair value and were included with policyholder account balances are now presented as MRB. The reclass to MRB has been included with the December 31, 2022 balance of the policyholder account balances.

Investments

Debt securities: Investments in debt securities, including bonds and redeemable preferred stocks, are classified as available for sale securities and are carried at fair value, except the debt securities owned by the Company's broker-dealer subsidiary, which are classified as trading securities.

Unrealized gains and losses on available for sale debt securities, net of any deferred federal income taxes, are included in AOCI as a separate component of stockholder's equity unless designated as a hedged item in a fair value hedge. Unrealized gains and losses on trading securities are reflected in the Consolidated Statements of Operations and Comprehensive Income, within net realized investment gains (losses).

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

The Company periodically evaluates its available for sale securities for impairment. The assessment of whether impairments have occurred is based on management's case-by-case evaluation of the underlying reasons for the decline in estimated fair value. In determining whether an impairment exists, the Company considers, among other factors, financial position of the issuer, recent events affecting the issuer's business and industry sector, credit ratings and the intent and ability of the Company to hold the investment until the fair value has recovered to at least its cost basis. See further discussion in Note 3, Impairments of Available for Sale Debt Securities.

If a credit loss exists, but the Company does not have the intent to sell the security and is not more likely than not to be required to sell before recovery, an allowance for credit loss is established and the portion of loss that relates to credit loss is recorded through income as net realized investment gains (losses) and the portion of loss that relates to non-credit loss is recorded in other comprehensive income.

If the Company has the intent to sell the security or it is more likely than not that the Company will be required to sell before anticipated recovery in value, the entire impairment loss is recorded through income to net realized investment gains (losses).

Equity securities: Investments in equity securities include common stocks, non-redeemable preferred stocks with readily determinable fair values and non-redeemable preferred stocks without readily determinable fair values. Common stocks and non-redeemable preferred stocks with readily determinable fair values are carried at fair value. The Company holds non-redeemable preferred stocks without readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

Unrealized gains and losses on common stocks, non-redeemable preferred stocks with readily determinable fair values and non-redeemable preferred stocks without readily determinable fair values are included in net realized investment gains (losses).

Mortgage loans: The mortgage loan investment portfolio consists of commercial and residential mortgage loans made to borrowers throughout the United States and Canada collateralized by completed properties. The Company believes all of the loans in the portfolio could be exposed to three primary credit related risks: borrower credit worthiness; sustainability of the cash flow of the property; and property valuation; therefore, the method for monitoring and assessing credit risk is similar across the entire portfolio. Each of the Company's commercial and residential mortgage loan portfolios are evaluated separately.

Commercial mortgage loans are generally carried at their aggregate unpaid principal balance, adjusted for amortization of premiums and accretion of discounts and are net of an allowance for credit losses. The Company records an allowance for credit losses that represents the portion of the amortized cost basis that the Company does not expect to collect. To determine the allowance for credit losses, the Company pools commercial mortgage loans that share similar risk characteristics, considers the lifetime credit loss expected over the contractual term of the mortgage loans, adjusted for expected prepayments and any extensions, and takes into account past events, current economic conditions and forecasts of future economic conditions.

Commercial loans are pooled primarily on their internal risk ratings, key factors for which are loan-to-value ratios and debt-service coverage ratios.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

Residential mortgage loans are comprised primarily of purchased closed end, amortizing residential mortgage loans, including both performing loans purchased within 12 months of origination and reperforming loans purchased after they have been performing for at least 12 months post-modification and are generally carried at their unpaid principal balance, adjusted for amortization of premiums or accretion of discounts and are net of allowance for credit losses. The Company records an allowance for credit losses that represents the portion of the residential mortgage loans that may be foreclosed. To determine a credit loss allowance, the Company pools its residential mortgage loans and bases the estimate on individual loan terms and characteristics, risk, national and regional economic forecasts, estimated default, severity, and prepayment speeds. The resulting loss amount is adjusted for the loan's amortized cost to determine the estimated valuation allowance. Annual expected loss rates are based on historical default and loss experience factors. Using average lives, the annual expected loss rates are converted into life-of-loan loss expectations.

Commercial and residential mortgage loans with dissimilar risk characteristics are removed from the pool and are evaluated individually for credit loss. Loans with dissimilar risk characteristics include those with significant declines in credit quality, collateral dependent loans (i.e., when the borrower is experiencing financial difficulty and foreclosure is reasonably probable), and reasonably expected troubled debt restructurings resulting from the Company making concessions to the borrower.

For those individual commercial and residential mortgage loans not evaluated as part of the pool, the allowance for credit losses is established as follows: (a) for loans where the probable outcome is foreclosure or in-substance foreclosure, the credit loss is calculated as the difference between the carrying amount and the fair value of the collateral less costs to sell; and (b) for other impaired loans, the credit loss is calculated as the difference between the carrying amount and the present value of the expected future cash flows discounted at the lowest original effective interest rate. The original valuation allowance and subsequent changes in the valuation allowance are recorded in net realized investment gains (losses).

Commercial and residential mortgage loans are placed on nonaccrual status if the financial condition of the borrower causes the asset to be maintained on a cash basis, if full payment of principal or interest is not expected, or if the principal or interest has been in default for more than 90 days unless the asset is both well secured and in process of collection. A loan is returned to accrual status if it meets the following criteria:

- None of the principal or accrued interest is past due and repayment of the remaining contractual obligation is expected;
- The loan becomes well secured and in the process of collection.

The exceptions to meeting the first criterion are as follows:

- The loan has been formally restructured and repayment is assured under the modified terms;
- The loan is a purchased impaired loan; or
- The borrower is making the contractual principal and interest payments and, while the loan may not be fully current, it is reasonably assured that the loan will be able to become current within a reasonable period and the borrower has shown a sustained period of being able to make the contractual payments.

When a loan is on nonaccrual status, any payments received are applied toward the principal balance. Generally, there is no immediate income recognition when removing a loan from nonaccrual status.

Policy loans: Policy loans are reported at their unpaid principal balance. A valuation allowance is not established for policy loans, as they are fully collateralized by the cash surrender value of the underlying insurance policies. Any unpaid principal or interest on the loan is deducted from the cash surrender value or the death benefit prior to settlement of the insurance policy.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

Equity in unconsolidated affiliates: Equity in unconsolidated affiliates includes investments in companies that the Company has the ability to exercise significant influence over the operating and financial policies of the investee. Generally, this occurs when the Company's ownership ranges from 20% to 50%. The Company accounts for these investments using the equity method whereby the Company's proportionate share of the net income (loss) of these unconsolidated affiliates is reported in the Consolidated Statements of Operations and Comprehensive Income, net of related income taxes.

Equity in unconsolidated affiliate investments is assessed for impairment at least annually and whenever events or circumstances indicate that the carrying amount of such assets may not be fully recoverable. An impairment loss may need to be recognized as an equity loss of unconsolidated affiliates to the extent the carrying value of the assets exceeded the fair value of such assets. The estimation of fair values requires assumptions by management about factors that are uncertain including future cash flows, the appropriate discount rate and other factors. There were no impairments in 2025 and 2024.

Limited partnerships: Limited partnerships primarily represent interests in energy, mezzanine, private equity, real estate partnerships, and socially responsible investments and are accounted for using the equity method. Accordingly, the Company's investments in these limited partnerships are carried at the value of outstanding equity as reported by the general partner. As a result of delays in the reporting of results by the partnerships, the Company generally records its equity interests on a three-month lag, as adjusted for contributions and distributions through the reporting date.

Determinations of the fair value of certain investments held by the limited partnerships are dependent upon unobservable inputs given the nature of the investments, and the fact that observable market data is frequently not available. Accordingly, the values assigned are subject to risks of variability.

Securities lending assets and payable for securities lending: The Company participates in a securities lending program, whereby certain securities are loaned for a short period of time from the Company's portfolio to qualifying third parties. Terms of the agreement are for borrowers of these securities to provide collateral of at least 102% of the fair value of the loaned securities; the Company is permitted by contract to sell or repledge this collateral. Acceptable collateral may be in the form of cash or U.S. government securities as outlined in the securities lending agreement. The fair value of the loaned securities is monitored daily and additional collateral is obtained if the fair value of the collateral falls below 102% of the fair value of the loaned securities. The loaned securities remain an asset of the Company. A liability is also recorded for the same amount as the collateral received to reflect the obligation to return the collateral to the payer.

The Company typically invests cash collateral in short-term securities through the use of reverse repurchase agreements, which are recorded at amortized cost and included in securities lending assets. Under reverse repurchase agreements, the Company transfers cash or short-term securities to approved counterparties and receives U.S. Treasury or investment grade securities.

Income associated with securities lending transactions is reported as a component of net investment income on the Company's Consolidated Statements of Operations and Comprehensive Income.

The Company's exposure to credit risk related to the securities lending program and reverse repurchase agreements is limited, due to the nature of the collateral received. The Company has counterparty exposure on these transactions in the event of a counterparty default to the extent the collateral security's value declines below the amount of cash or securities the Company delivered to acquire the collateral. The short-term nature of the transactions reduces that exposure.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

Other invested assets: Other invested assets primarily consist of low-income housing tax credit investments (“LIHTC”), investments in restricted common stock of the Federal Home Loan Bank of Des Moines (“FHLB”), short-term investments, margin deposits, investments receivable and real estate.

- LIHTC are investments in partnerships and limited liability entities that generate and realize low-income housing tax credits. These investments are carried at amortized cost, unless considered impaired, and are accounted for using the proportional amortization method. Under the proportional amortization method, the excess of the carrying value of the investment over its estimated residual value is amortized into income tax expense during the period in which tax benefits are recognized. As further described in the Variable Interest Entities section of this note, the passive interests the Company holds in these LIHTC are considered to be variable interests.
- The FHLB restricted stock is purchased to facilitate borrowing from the FHLB and is carried at cost.
- Short-term investments include certificates of deposit that are reported at amortized cost, which approximates fair value, and government securities that are carried at fair value. Short-term investments are evaluated for impairment using the same methods described above for available for sale debt securities.
- For certain derivatives, the counterparty requires margin deposits as well as daily cash settlements of margin accounts, and such amounts on deposit are included in other invested assets.
- Investment receivables are carried at cost and represent receivables for investments that have been sold. The Company has concluded that there is no possibility of nonpayment on receivables for investments that have been sold because the custodial bank delivers sold securities simultaneously when the proceeds are received. Accordingly, no allowance for credit losses is required.
- Investments in real estate are carried at cost, net of accumulated depreciation. When events or circumstances indicate the carrying value of investments in real estate may not be recoverable, it is tested for impairment. Investments in real estate are deemed to be impaired when the carrying value exceeds the sum of the undiscounted cash flows expected to result from the investment. Impaired investments in real estate are written down to estimated fair value with the impairment loss being included in net realized investment gains (losses).

Net investment income: Dividends are recorded at the ex-dividend date. Interest income related to mortgage-backed and other structured securities is recognized when earned using a constant effective yield method, based on anticipated prepayments and the estimated economic life of the securities. When estimates of prepayments change, the effective yield is recalculated to reflect actual payments to date and anticipated future payments, and such adjustments are reflected in net investment income. Prepayment assumptions for mortgage-backed bonds and other structured securities are based on industry averages or internal estimates. Interest income related to non-structured securities is recognized when earned. Discounts and premiums on debt securities are amortized over the estimated lives of the respective securities on an effective yield basis. Investment income is also derived from investments in real estate, limited partnerships, and derivative activity. Income from investments in real estate is recognized when earned. Income from investments in limited partnership interests is accounted for using the equity method generally on a three-month lag, as adjusted for contributions and distributions, and recognized in net investment income.

Net realized investment gains (losses): Net realized investment gains and losses on the sale of investments are determined on a specific identification basis and are recorded on the trade date. Unrealized holding gains and losses on trading debt securities, common stocks, non-redeemable preferred stocks with readily determinable fair values and non-redeemable preferred stocks without readily determinable fair values are also included in net realized investment gains (losses) and are recorded on the valuation date. Impairment losses on debt securities that the Company has the intent to sell or it is more likely than not that the Company will be required to sell before the anticipated recovery value are recorded in net realized investment gains (losses).

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

Derivative Financial Instruments

The Company uses derivative instruments, such as swaps, options, and futures, to manage exposure to various currency and market risks. All such derivatives are recorded in the Consolidated Balance Sheets at fair value. See Note 3, Investments-Derivative Financial Instruments, and Note 5, Fair Value, for additional information on the Company's derivative financial instruments.

The Company issues products that contain embedded derivatives including equity-indexed annuities and single premium deferred index annuity, single premium deferred index-linked interest options annuity, single premium deferred modified guaranteed index annuity, single purchase payment deferred index-linked variable annuity, flexible premium variable and index-linked deferred annuity contracts. Derivatives embedded within non-derivative host contracts are separated from the host instrument when the embedded derivative is not clearly and closely related to the host instrument. Such embedded derivatives are recorded at fair value, and they are reported as part of policyholder account balances in the Consolidated Balance Sheets, with the change in the value being recorded in net realized investment gains (losses).

The Company may designate certain derivatives as fair value hedges or cash flow hedges. At inception of the hedge, the Company formally documents the hedging relationship, risk management objective and strategy. In addition, the documentation includes a description of the hedging instrument, hedged transaction, nature of the risk being hedged and methodologies for assessing effectiveness and measuring ineffectiveness. The Company performs procedures to assess the effectiveness of the hedging relationship and the change in fair value associated with any ineffectiveness is recorded in net realized investment gains (losses).

Fair value hedges: For instruments that qualify as fair value hedges, the changes in fair value of the hedging instruments are recorded in net realized investment gains (losses). The changes in fair value of the hedged item, attributable to the risk being hedged, are also recorded in net realized investment gains (losses). The difference between the changes in fair value of the hedging instrument and the changes in fair value of the hedged item represents the ineffectiveness in an otherwise effective hedging relationship.

Cash flow hedges: The Company designates certain derivative instruments as cash flow hedges when the hedging instrument is highly effective in offsetting the hedged risk of variability in cash flows that could affect net income. The changes in fair value of the swaps attributable to hedged risk are recorded in AOCI to the extent the hedge is effective, with any ineffectiveness recorded in net realized investment gains (losses). Amounts are reclassified from AOCI to net investment income when cash flows associated with the hedged item are included in net income.

Hedges of net investments: The Company uses certain derivative instruments to hedge a portion of the equity in its consolidated foreign subsidiary from the effects of fluctuations in currency exchange rates. When deemed effective, changes in fair value of the instruments are recorded in AOCI. Any ineffectiveness, in an otherwise effective hedging relationship, is recorded in net realized investment gains (losses).

Non-hedge derivatives: The Company is party to certain interest rate swaps, equity futures and options that are not designated as qualified hedging instruments. Changes in fair value and the income and expenses associated with derivatives not classified as qualified hedges are recorded in net realized investment gains (losses).

Cash and Cash Equivalents

Cash and cash equivalents include unrestricted deposits in financial institutions, money market mutual funds, and investments with maturities at the date of purchase of 90 days or less. Money market mutual funds are stated at their net asset value. Other cash equivalents are stated at amortized cost, which approximates fair value, and are evaluated for impairment using the same methods described above for available for sale debt securities.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

Insurance Products – Life and Health

Traditional life insurance products consist principally of products with fixed and guaranteed premiums and benefits, primarily term and whole life insurance products. Health insurance products primarily consist of voluntary accident and health insurance products and are expected to remain in force for an extended period and therefore are primarily classified as long-duration contracts. Life and health products follow the accounting policies outlined below.

Claim and Policy Benefit Reserves – Life and Health

Claim and policy benefit reserves - life and health includes the LFPB, incurred but not reported (“IBNR”) reserves and additional liabilities for other insurance benefits that the Company has established, which are based on estimates of how much the Company will need to pay for future benefits and claims.

For long-duration contracts where a LFPB is accrued, it is accrued over the life of the contract in proportion to premium revenue recognized, which is referred to as the net premium ratio (“NPR”). The LFPB represents the present value of estimated future policy benefits to be paid to or on behalf of policyholders and certain related expenses, less the present value of estimated future net premiums to be collected from policyholders. The LFPB is measured based on cohorts, which are contracts with similar characteristics, grouped primarily by issue year and product type. Certain contracts from different subsidiaries are grouped in separate cohorts; contracts are also separated into cohorts for different benefit currencies. For contracts acquired in a business combination, the issue year is the year they were acquired.

The NPR used to accrue the liability in each period is determined by using the historical and present value of expected future benefits and claim settlement expenses for the cohort, relative to the historical and present value of expected future gross premiums for the cohort. The NPR reflects estimated actual cash flows from contract inception to contract termination, including the claim paying period. If the NPR exceeds 100%, any expected benefits and certain related expenses in excess of gross premiums are recognized as expenses immediately through the Consolidated Statements of Operations and Comprehensive Income. The LFPB is included in the claims and policy benefit reserve – life and health within the Consolidated Balance Sheets.

Significant inputs and assumptions: Assumptions utilized in the net premium approach primarily include mortality, morbidity, persistency, expenses, and interest rates based on Company experience, industry data, and other factors. The Company conducts a review of cash flow assumptions and models used in the LFPB calculation on at least an annual basis during the third quarter each year and updates the assumptions, as necessary. Expense assumptions are locked-in and actual expenses are not updated within the net premium calculation. The Company retrospectively updates the NPR for actual cash flows each period. The remeasurement of the LFPB for cash flow assumption updates and actual cash flows are reported within policyholder liability remeasurement (gains) losses on the Consolidated Statement of Operations and Comprehensive Income.

The interest accretion rate on the LFPB is locked-in at the initial measurement of the cohort and remains unchanged after the issue year. For policies issued on or prior to December 31, 2022, the interest accretion rate is based on the assumed investment yield when the business was issued. For policies issued after December 31, 2022, the interest accretion rate is based on the upper-medium grade fixed income instrument curve, which is generally equivalent to a single-A rated corporate bond yield, when the business was issued. The Company uses a single-A interest rate curve to discount cash flows used to calculate the LFPB. The discount rate curve reflects observable market inputs from upper-medium grade fixed income instrument yields. For discount rate tenors, or points on the curves, where the upper-medium grade fixed income instrument yields are not liquid or limited observable market data is available, the Company uses various estimation techniques consistent with fair value measurement guidance. The difference between the liability calculated using the current discount rate curve and the liability calculated using the locked-in discount rates is recorded in other comprehensive income.

For non-U.S. business, the Company uses the equivalent of a single-A rate issued in the same currency and country in which the contracts are written to discount cash flows used to calculate the LFPB.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

IBNR reserves are recorded as the difference between paid losses to-date and the ultimate loss selections for each accident year.

For limited-payment contracts, gross premiums received in excess of net premiums are deferred at initial recognition as a deferred profit liability ("DPL"). The DPL is subject to a remeasurement adjustment consistent with the liability for future policy benefits based on cash flow assumption updates and actual cash flows. The DPL cannot be less than zero at the cohort level and is amortized in relation to expected future benefit payments or discounted amount of insurance in force, which is reported in Policyholder liability remeasurement gains within the Consolidated Statements of Operations and Comprehensive Income. The DPL is reported in claim and policy benefit reserves - life and health in the Consolidated Balance Sheets.

Market Risk Benefits

An MRB is an amount that a policyholder would receive in addition to the account balance upon the occurrence of a specific event or circumstance, such as death, annuitization, or periodic withdrawal. Market risk benefit assets and liabilities represent contracts or contract features that provide protection to the contract holder and expose the Company to other than nominal capital market risk. Protection does not include the death benefit component of a life insurance contract. The Company formerly offered certain variable annuity products with guaranteed minimum benefit riders and currently offers certain registered index annuity products with guaranteed minimum benefit riders. The riders include guaranteed minimum withdrawal benefit ("GMWB") riders, guaranteed minimum accumulation benefit ("GMAB") riders and guaranteed minimum death benefit ("GMDB") riders. GMWB, GMAB and GMDB riders are MRBs, which are measured at fair value separately from the host contract.

MRBs are valued at fair value by the Company and can be in either an asset or a liability position. MRB assets and liabilities are presented separately on the Consolidated Balance Sheets. The Company reports a base contract offset adjustment equal to the MRB value when the MRB is in a liability position at inception. The base contract offset adjustment is reported within policyholder account balances (whereby it is not reported as an MRB balance) on the Consolidated Balance Sheets and is amortized on a constant level basis with changes reported through market risk benefit (gains) losses within the Consolidated Statement of Operations and Comprehensive Income. The Company has also entered into reinsurance agreements containing MRBs. Reinsured MRBs are presented in MRBs on the Consolidated Balance Sheets. The fair value of MRBs is estimated using the present value of future benefits minus the present value of future fees using actuarial and capital market assumptions related to the projected cash flows over the expected lives of the contracts. For contracts that contain multiple MRB features, the MRBs are valued on a combined basis as a single compound MRB. The Company projects cash flows for the MRBs under multiple capital market scenarios using observable risk-free rates, risk margins for non-capital market inputs, and adjustments for the Company's own credit. The Company's own credit adjustment is determined taking into consideration publicly available information relating to the Company's debt as well as its claims paying ability.

These MRBs may have additional exposure to benefit payments than expected in volatile or declining equity markets. Changes in market conditions include, but are not limited to, changes in interest rates, equity indices, and market volatility. Changes in fair value may be impacted by changes in the Company's own credit standing. Lastly, changes in actuarial assumptions regarding policyholder behavior and risk margins related to non-capital market inputs may result in significant fluctuations in the fair value of the MRBs.

The Company periodically evaluates the inputs and assumptions to be used to measure the fair value of the MRBs. Changes in the fair value of MRBs, excluding the portion of the change attributable to changes in the Company's own credit risk, are reported in market risk benefit (gains) losses within the Consolidated Statement of Operations and Comprehensive Income. The changes in the fair value of MRBs due to changes in the Company's own credit risk are reported within changes in instrument-specific credit risk - market risk benefits within the Consolidated Statements of Income and Comprehensive Income.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

Recognition of Life and Health Insurance Revenue and Related Benefits

Credit life and disability insurance coverages are issued on either a single or monthly premium basis and revenue is recognized in relation to anticipated benefits to policyholders.

The Company has entered into retrospective rating agreements for certain credit life and credit disability contracts. Retrospective premiums are accrued as an increase or decrease to premium based on premium and claim experience for each qualifying policy and are included as part of the liability for claim and policy benefit reserves or as premium receivables.

Term-life, whole-life, accidental death and dismemberment and long-term care insurance premiums are recognized as premium income when due. Policy benefits for these products are recognized in relation to the premiums so as to result in the recognition of profits over the expected lives of the policies and contracts.

Revenue is recognized at the time of issue on immediate annuity and supplemental contracts that subject the Company to mortality or longevity risk (risk that the Company will have to make payments contingent upon the continued survival of an insured or insureds). A DPL is established for the excess of the gross premium collected over the initial benefit reserve. Deferred profits are included within claim and policy benefit reserves - life and health and are recognized over the expected benefit payment period.

Pension risk transfer premiums are recognized as revenue for the amount of the deposit less the deferred profit liability. A DPL is established for the excess of the gross premium collected over the initial benefit reserve.

Amounts collected on policies not subject to significant mortality or longevity risk, principally group annuity and deferred annuity contracts (investment contracts), are recorded as increases in policyholder account balances. Revenues for investment contracts principally consist of net investment income and contract charges such as expense and surrender charges. Expenses for investment contracts consist of interest credited to contracts, benefits incurred in excess of related policyholder account balances and policy maintenance costs.

Universal life-type policies are insurance contracts with terms that are not fixed or guaranteed. Amounts received as payments for such contracts are credited to policyholder account balances. Revenues from universal life-type policies, which are recorded as contract charges in the accompanying Consolidated Statements of Operations and Comprehensive Income, consist of fees assessed against policyholder account balances for surrender charges, cost of insurance and policy administration. Policy benefits and claims that are charged to expense include interest credited to contracts and benefits incurred in excess of related policyholder account balances.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

Policyholder Account Balances

The Company recognizes a liability at the stated account value for policyholder deposits that are not subject to significant policyholder mortality or longevity risk, for universal life-type policies and for funding agreements with the FHLB. The account value equals the sum of deposits and accumulated interest, less any withdrawals and expense charges.

The funding agreements with the FHLB have fixed interest rates that range from 1.0% to 5.0% in 2025, 1.0% to 5.0% in 2024 and 0.6% to 5.0% in 2023 and floating interest rates that range from 4.2% to 5.6% in 2025, 4.6% to 6.4% in 2024 and 4.1% to 6.3% in 2023.

Dividends Payable to Policyholders

Policyholder dividends are paid on certain policies, primarily individual life insurance. Dividends are approved by the Board of Directors, based on experience of the participating policies, and recorded on an accrual basis. Dividends are paid on policies representing 8.0% of the life and health policy benefit reserves as of December 31, 2025 and 2024, respectively.

The Company pays most of its dividends pursuant to a dividend protection mechanism (“DPM”) agreement with the states of New York and Iowa. If the contribution to surplus of the participating policies subject to the DPM exceeds a threshold, the Company is required to pay dividends in excess of the amounts paid using current dividend scales.

Separate Accounts

Separate accounts represent customer accounts related to certain contracts issued by the Company, such as variable annuities, variable life insurance policies, and flexible premium variable and index-linked deferred annuities, where investment income and investment gains and losses accrue directly to the contract holders who bear the investment risk. In some contracts, the Company provides certain guarantees, and such guarantees may include a minimum account value upon death or minimum withdrawal or accumulation benefits. The liabilities for these guarantees are not included in the separate accounts as they are obligations of the Company. See Market Risk Benefits within this note for further discussion of the guarantees for death benefits, minimum withdrawal or accumulation benefits.

Contract holders are able to invest in investment funds managed for their benefit. Approximately 75% and 54% of the separate account assets are invested in unit investment trusts and mutual funds that are registered with the Securities and Exchange Commission (“SEC”) as of December 31, 2025 and 2024, respectively.

Separate account assets are legally segregated and may only be used to settle separate account liabilities. Separate account assets are carried at fair value, which is based on daily quoted net asset values (“NAVs”) at which the Company could transact on behalf of the contract holder. Separate account liabilities are equal to the separate account assets and represent contract holders’ claims to the related assets. Contract holder deposits to and withdrawals from the separate accounts are recorded directly to the separate account assets and liabilities and are not included in the Company’s Consolidated Statements of Operations and Comprehensive Income.

Charges made by the Company to the contract holders’ balances include fees for maintenance, administration, cost of insurance, and surrenders of contracts prior to the contractually specified dates. Such fees are reflected as revenues (contract charges) in the accompanying Consolidated Statements of Operations and Comprehensive Income when they are assessed to the contract holder by the Company.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

Insurance Products – Property and Casualty

The Company's primary property and casualty insurance products include auto, homeowners, business protection, debt protection, and guaranteed asset protection ("GAP"). Property and casualty products follow the accounting policies outlined below.

Loss and Loss Adjustment Expense Reserves – Property and Casualty

Loss and loss adjustment expense reserves for property and casualty products represent the estimated claim cost and loss adjustment expense necessary to cover the ultimate cost of investigating and settling all losses incurred and unpaid as of the balance sheet date. Such reserve estimates are based on individual case estimates for reported losses, estimates for IBNR losses based on past experience and estimated adjustments for ultimate loss expectations based on historical experience patterns and current economic trends. The reserves are stated net of estimated salvage and subrogation recoverables of \$19,799 and \$20,799 at December 31, 2025 and 2024, respectively. Any change in the probable ultimate liabilities is reflected in net income in the period the change is determined to be necessary; such adjustments generally arise from new information emerging and could be material.

Except as specifically discussed by business line below, actuarial techniques for unpaid loss and loss adjustment expenses primarily include paid and reported development techniques, their corresponding Bornhuetter-Ferguson methods (a combination of the expected loss ratio and paid development or reported development method), and prior ultimate loss selections. Expected loss ratio inputs for an accident year are generally based on the most recent internal forecast, which considers historic loss experience and current trends.

IBNR reserves are based on the ultimate loss for each accident year. The Company reviews the ultimate losses and adjusts for the sum of paid losses to date and the case reserves on open claims. The Company records the net value as the IBNR reserves. Case reserves are established, based on available information, or are provided by the primary insurer for assumed reinsurance.

An exception to the general approach described above for determining unpaid loss and loss adjustment expense is in the calculation of reserves for catastrophe losses on assumed personal lines auto and homeowners policies. Such reserves are estimated by the primary insurer and the Company's default approach is to use these reserves directly without additional analysis. The Company assesses the reasonableness of these loss reserves by periodic discussions with the primary insurer and other techniques. In certain circumstances, the Company may rely on internal projections for personal lines catastrophe reserves. Circumstances that may result in reliance on the Company's own projections are large industry catastrophic events or late in the year catastrophes for which the primary insurer has not yet provided projections.

For the debt protection product, expected development on reported claims are calculated using continuance tables, which provide the probability that a claim, at a given age, will have additional payments. These tables are calculated using actual historic company experience for disability and worst case for unemployment coverage. Expected development on case reserves is combined with paid losses for use in actuarial techniques using reported losses.

For both the debt protection and GAP products, reserves for adjusting and other expenses ("AOE") are set as a percentage of the unpaid loss estimate, based on internal studies. Business protection AOE reserves are estimated annually using the Wendy Johnson method, a count-based technique.

Within any one line of business, the methods that are given more influence vary, based primarily on the maturity of the accident year, the mix of business and the particular internal and external influences impacting the claims experience or the methods.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

Recognition of Property and Casualty Insurance Revenue

Property and casualty insurance premiums are generally recognized ratably over the periods to which the premiums relate. Certain property and casualty contracts insure lenders against losses related to loan collateral, and the premium for these policies is recognized over the expected period of exposure. Such premium is recognized on an accelerated basis versus on a pro rata method to reflect the higher exposure to loss in the early period of the loan term. An unearned premium reserve is established for the unexpired portion of insurance premiums.

The premium on certain insurance contracts is subject to retrospective rating adjustments. Retrospective premiums are accrued in earned premium individually for each qualifying policy based on premium and claim experience.

Other Accounting Policies

Variable Interest Entities

A VIE is a legal entity that does not have sufficient equity at risk to finance its activities without additional subordinated financial support or is structured such that equity investors lack the ability to make significant decisions relating to the entity's operations through voting rights or do not substantively participate in the gains and losses of the entity. Consolidation of a VIE by its primary beneficiary is not based on majority voting interest but is based on a review of the VIE's capital structure, contractual relationships and terms, nature of the VIE's operations and purpose, nature of the VIE's interests issued and the Company's involvement with the entity. When assessing the need to consolidate a VIE, the Company evaluates the design of the VIE as well as the related exposure to the variable interest holders.

The primary beneficiary is the entity that has both the power to direct the activities of the VIE that most significantly affect the entity's economic performance and the obligation to absorb losses or the right to receive benefits that could be potentially significant to the VIE. While also considering these factors, the consolidation conclusion depends on the breadth of the Company's decision-making ability and the Company's ability to influence activities that significantly affect the economic performance of the VIE.

Consolidated VIEs: The Company owns certain limited partnerships that hold the Company's investments in unaffiliated limited partnerships ("MCA Funds"); the MCA Funds were organized with the principal purpose of investing in limited partnerships to provide returns from distributions and capital appreciation, which is management's primary purpose for investing in all limited partnerships, including those that the Company's subsidiaries are directly invested in. The MCA Funds meet the definition of a VIE for which the Company has concluded that it is the primary beneficiary and which are consolidated at December 31, 2025 and 2024. The underlying limited partnership investments held by the MCA Funds are classified as VIEs but have not been directly consolidated in the Company's consolidated financial statements as the Company has determined it is not the primary beneficiary.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

The following table presents the total assets and total liabilities associated with the VIEs which the Company has consolidated:

	Collateralized Fund Obligations	Limited Partnership Investment Vehicles	Elimination of Affiliated Notes and Interest Payable	Total
December 31, 2025				
Assets:				
Limited partnerships	\$ -	\$ 3,031,145	\$ -	\$ 3,031,145
Cash and cash equivalents	-	4,132	-	4,132
Total assets	\$ -	\$ 3,035,277	\$ -	\$ 3,035,277
Liabilities:				
Accounts payable and other liabilities	\$ -	\$ (2,135)	\$ -	\$ (2,135)
Total liabilities	\$ -	\$ (2,135)	\$ -	\$ (2,135)
December 31, 2024				
Assets:				
Limited partnerships	\$ 521,336	\$ 2,344,690	\$ -	\$ 2,866,026
Cash and cash equivalents	11,502	9,569	-	21,071
Total assets	\$ 532,838	\$ 2,354,259	\$ -	\$ 2,887,097
Liabilities:				
Notes and interest payable	\$ 186,359	\$ -	\$ (121,108)	\$ 65,251
Accounts payable and other liabilities	312	(368)	-	(56)
Total liabilities	\$ 186,671	\$ (368)	\$ (121,108)	\$ 65,195

The assets of the Company's consolidated VIEs which are collateralized fund obligations can be used only to settle obligations of that VIE and are not available to pay or otherwise satisfy any obligations of the Company's subsidiaries.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

The Company calculates the maximum exposure to loss to be the amount invested in the debt or equity of the consolidated VIE plus other commitments and guarantees to the VIE. Off-balance sheet exposure consists of commitments to purchase underlying limited partnership investments, which were \$1,507,679 and \$1,763,581 as of December 31, 2025 and 2024, respectively. The off-balance sheet exposure is included within total commitments disclosed in Note 18, Commitments and Contingencies.

Unconsolidated VIEs: The Company holds a variable interest in certain VIEs for which the Company is not the primary beneficiary, and, therefore, these VIEs were not consolidated on the Company's Consolidated Balance Sheets. The Company invests in unconsolidated VIEs with the primary purpose of earning capital appreciation.

The following table presents the carrying amount and maximum exposure to loss associated with VIEs which the Company has not consolidated:

	2025		2024	
	Carrying Amount	Maximum Exposure to Loss	Carrying Amount	Maximum Exposure to Loss
Equity securities	\$ -	\$ -	\$ 1,500	\$ 1,500
Equity in unconsolidated affiliates	43,213	43,213	51,843	51,843
Limited partnerships	98,199	205,433	79,875	173,257
LIHTC	145,669	192,690	141,544	218,396
Total assets	\$ 287,081	\$ 441,336	\$ 274,762	\$ 444,996

The maximum exposure to loss relating to equity securities is equal to the carrying amount of the security. The maximum exposure to loss relating to equity in unconsolidated affiliates is equal to the carrying amount of the investment. The maximum exposure to loss relating to limited partnerships and LIHTC is calculated to be the amount invested in the debt or equity of the VIE plus other commitments and guarantees to the VIE. As described in Note 18, Commitments and Contingencies, the Company makes commitments to fund limited partnerships and LIHTC in the normal course of business. Excluding these commitments, the Company did not provide financial or other support to investees designated as VIEs during the years ended December 31, 2025, 2024 and 2023.

All of the Company's investments in residential mortgage-backed, commercial mortgage-backed, and other structured securities are also classified as unconsolidated VIEs. The maximum exposure to loss relating to these securities is equal to the carrying amount of the security. The values of these investments are disclosed in the Debt Securities section of Note 3, Investments.

Reinsurance

Reinsurance premiums, claims and benefits, commission expense reimbursements, and reserves (including MRBs) related to reinsured business ceded are accounted for on a basis consistent with the accounting for the underlying direct policies that have been ceded and the terms of the reinsurance contracts. Premiums and insurance claims and benefits in the Consolidated Statements of Operations and Comprehensive Income are reported net of the amounts ceded to other companies under such reinsurance contracts. Ceded insurance reserves and ceded benefits paid are included in reinsurance recoverables in the Consolidated Balance Sheets. Ceded MRBs are included with the MRB asset or liability and presented net in the Consolidated Balance Sheets. A prepaid reinsurance asset is also recorded for the portion of unearned premiums related to ceded policies.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)***Premiums Receivable and Reinsurance Recoverables***

Premiums receivable and reinsurance recoverables are generally non-interest-bearing and have a 30-to-90-day term. The allowance for credit losses on premiums receivable is estimated based on a combination of estimated loss rates, write-off history and aging analysis. The allowance is calculated on a pooled basis for major product groups, the policyholders of which are considered to have similar risk characteristics; primarily for life insurance and personal lines auto and homeowner's insurance.

For reinsurance recoverables, an allowance for expected lifetime credit losses is established based on assumptions for the probability of default and loss given default, giving effect to any applicable collateral arrangements. The reinsurance recoverables are assessed for the credit loss allowance in pools, segmented by the reinsurers' publicly available credit ratings.

Changes in the allowance for credit losses on premiums receivable are as follows:

	Life and Health Insurance	Auto and Home	Other	Total
Balance as of January 1, 2024	\$ 513	\$ 1,730	\$ 560	\$ 2,803
Net increase (decrease) related to credit losses	(10)	(220)	76	(154)
Balance as of December 31, 2024	503	1,510	636	2,649
Net increase (decrease) related to credit losses	(132)	(291)	615	192
Balance as of December 31, 2025	\$ 371	\$ 1,219	\$ 1,251	\$ 2,841

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

Deferred Policy Acquisition Costs, Value of Business Acquired, and Unearned Revenue Reserves

Deferred costs: The costs of acquiring insurance business that are directly related to the successful acquisition of new and renewal business are deferred to the extent that such costs are expected to be recoverable from future profits. Such costs include:

- Incremental direct costs of contract acquisition, including commissions and costs incurred via various distribution channels, such as credit unions and other partners,
- The portion of total compensation and benefits related to the time employees spent selling and processing new and renewal insurance business, with respect to actual policies acquired or renewed,
- Premium taxes paid on property and casualty policies,
- Other essential direct costs that would not have been incurred had a policy not been acquired or renewed; and
- The costs of direct-response advertising, the primary purpose of which is to elicit sales to customers who could be shown to have responded specifically to the advertising and that results in probable future benefits.

Amortization of costs: Costs deferred on property and casualty insurance products as well as credit life and credit disability policies (which are short duration insurance products) are amortized over the term of the related policies in proportion to the premium recognized as earned. For long-duration contracts, products are grouped by issue year and type consistent with the groupings used to estimate LFPB. Costs deferred on long-duration contracts are amortized on a constant level basis over the expected contract term to approximate straight-line amortization. If actual contract terminations differ from expectations, the amortization pattern is adjusted on a prospective basis. The constant level basis used for amortization is projected using assumptions based on Company experience, industry data, and other factors that are consistent with those used for LFPB. The Company reviews assumptions on at least an annual basis during the third quarter each year and updates the assumptions, as necessary. Any changes resulting from these assumption updates are recognized prospectively over the remaining expected contract term. The Company records amortization of DAC in operating and other expenses on the Consolidated Statements of Operations and Comprehensive Income.

Recoverability and loss recognition: For short-duration contracts, deferred policy acquisition costs are subject to recoverability testing at the time of policy issuance and loss recognition testing on an annual basis or when an event occurs that may indicate an inability to recover the deferred costs. To the extent that future policy premiums and investment income or gross profits are not adequate to cover the estimated anticipated losses and maintenance expenses at the time of policy issue, costs that would otherwise qualify for capitalization are not recoverable and are therefore expensed. Deferred policy acquisition costs are written down to the extent that future policy premiums and investment income or gross profits on in force policies are not adequate to cover the related estimated losses and expenses. For property and casualty products, loss recognition in excess of the deferred policy acquisition costs balance is recognized by an increase in premium deficiency reserves, which are recorded in loss and loss adjustment expense reserves – property and casualty, as applicable, in the Consolidated Balance Sheets.

For long-duration contracts, loss recognition is applicable only to universal life and participating contracts (and is not applicable to traditional and limited-pay contracts). To the extent that the present value of future fees and/or premiums (excluding investment income) are not sufficient to cover the present value of future benefits and settlement costs, a premium deficiency reserve is recorded. Unamortized acquisition costs are not considered in the premium deficiency calculation. The increase in premium deficiency reserves are recorded in claim and policy benefit reserves – life and health in the Consolidated Balance Sheets. See further discussion in Note 2, Summary of Significant Accounting Policies – Claim and Policy Benefit Reserves – Life and Health.

Anticipated investment income is considered in premium deficiency and loss recognition testing for short-duration contracts but is not for universal life type and certain participating contracts.

There were no premium deficiency reserves or loss recognition recorded in 2025, 2024 or 2023.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

Internal replacements: An internal replacement is defined as the modification of product benefits, features, rights or coverage that occurs by the exchange of an existing contract for a new contract, or by amendment, endorsement or rider, or by election of a feature or coverage within a contract. When an internal replacement occurs, which results in a substantial change to a policy, unamortized deferred policy acquisition costs and unearned revenues are expensed on the basis that the change constitutes the issuance of a new policy. Acquisition costs and unearned revenue associated with the new replacement contract are deferred and amortized over the lifetime of the new contract. An internal replacement that is not a substantial change to the initial policy is accounted for as a continuation of the existing contract and the existing deferred policy acquisition costs and unearned revenue are carried over to the replacement contract.

VOBA represents identifiable intangible assets to which a portion of the purchase price in a business acquisition is attributed under the application of purchase accounting. VOBA represents an adjustment to the stated value of in-force insurance contract liabilities to present them at fair value, determined as of the acquisition date. For certain blocks of business, the estimated fair value of the in-force contract obligations exceeded the book value of the acquired in-force insurance policy liabilities, resulting in negative VOBA, which is presented together with VOBA. VOBA balances are subject to recoverability testing on an annual basis or when an event occurs that may indicate an inability to recover the balance. The Company has established a VOBA asset for its life products from an acquisition in 2021. The Company amortizes VOBA and negative VOBA over the anticipated life of the acquired contracts using similar methodologies and assumptions that are used to amortize DAC. The Company records amortization of VOBA and negative VOBA in operating and other expenses on the Consolidated Statements of Operations and Comprehensive Income.

The Company establishes unearned revenue reserves for fees or other policyholder assessments collected in advance for services to be performed in the future. The Company amortizes unearned revenue reserves over the anticipated life of the contracts, using similar methodologies and assumptions that were used to amortize DAC. This unearned revenue reserve is recorded in unearned premiums on the Consolidated Balance Sheets. The Company records amortization of unearned revenue reserves as a change in unearned revenue in contract charges on the Consolidated Statements of Operations and Comprehensive Income.

Office Properties, Equipment and Computer Software

Office properties, equipment and computer software are carried at cost net of accumulated depreciation. Depreciation is determined on a straight-line basis over the estimated useful lives of the assets. The useful life of office equipment and purchased software is generally three to seven years. The useful life of capitalized costs for internally developed software ranges from three to ten years, while the useful life for office properties is generally 20 years. The following table provides a summary of office properties, equipment and computer software as of December 31:

	2025	2024
Office properties	\$ 262,085	\$ 261,618
Office equipment	80,632	78,839
Computer software	381,342	374,577
Total cost of office properties, equipment and computer software	724,059	715,034
Accumulated depreciation	(473,876)	(441,654)
Office properties, equipment and computer software at cost, less accumulated depreciation	\$ 250,183	\$ 273,380

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

The Company sold equipment and recognized pre-tax gains included in other income in the Consolidated Statements of Operations and Comprehensive Income of \$3,347 and \$9,192 in 2024 and 2023, respectively. There were no sales in 2025.

Depreciation expense totaled \$38,454, \$41,631, and \$48,233 in 2025, 2024, and 2023, respectively.

The Company did not recognize impairment losses in 2025, 2024, or 2023 related to office properties, equipment and computer software.

Goodwill and Intangible Assets

Goodwill and indefinite-lived intangible assets are not amortized, but are subject to an impairment test annually, or whenever events or circumstances indicate the carrying amount may not be recoverable. Definite-lived intangible assets are amortized over their estimated useful lives, ranging from two years to 15 years. Amortization is based on the pattern in which the economic benefits are expected to be realized, when determinable; otherwise, straight-line amortization is used. Definite-lived intangible assets are subject to an impairment test whenever events or circumstances indicate the carrying amount may not be recoverable.

The following table provides a rollforward of goodwill and intangible assets.

	Goodwill	Intangible Assets
Gross balance at January 1, 2023	\$ 601,512	\$ 120,045
Accumulated amortization at January 1, 2023	-	(27,767)
Balance, net, at January 1, 2023	601,512	92,278
Change due to foreign currency translation adjustment	1,304	39
Amortization	-	(8,217)
Balance, net, at December 31, 2023	602,816	84,100
Change due to foreign currency translation adjustment	(4,579)	(137)
Disposal of subsidiary	(8,975)	(3,520)
Amortization	-	(24,330)
Balance, net, at December 31, 2024	589,262	56,113
Change due to foreign currency translation adjustment	2,710	81
Disposal of subsidiary	(1,809)	(3,963)
Amortization	-	(6,990)
Balance, net, at December 31, 2025	590,163	45,241
Add: Accumulated amortization at December 31, 2025	-	61,963
Gross balance at December 31, 2025	\$ 590,163	\$ 107,204

The indefinite-lived intangibles primarily represent the value of insurance licenses which permit the Company's subsidiaries to write new insurance business in their respective jurisdictions. Such licenses are generally annually renewable for a nominal cost and are expected to be renewed in all states and Canadian provinces.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(\$ in 000s)

Definite-lived intangible assets primarily consist of technology, customer lists, and distribution relationships and were valued at the time of acquisition. Developed technology represents internally-developed and highly customized systems that are necessary to run the business. The fair value of such technology was estimated using the replacement cost method, a form of the cost approach. The estimated fair value of customer lists and distribution agreements represents the present value of expected future profits associated with the expected future business derived from the agreements and relationships. The estimated fair value at the point of acquisition (net of amortization) of these relationships was calculated using the excess earnings method, a type of income approach. Definite-lived intangible assets totaled \$29,241 and \$40,113 at December 31, 2025 and 2024, respectively. The weighted average amortization period of definite-lived assets was 7 years in 2025, 8 years in 2024 and 12 years in 2023.

In 2025, the Company disposed of a subsidiary that provided data driven lending solutions that helped financial institutions optimize operational efficiency and customer experience, which resulted in a write off of \$3,963 of intangibles assets and \$1,809 of goodwill. The Company recorded a pre-tax gain of \$10,276 on the transaction, which is included in other income in the Consolidated Statements of Operations and Comprehensive Income.

In 2024, the Company recognized \$18,000 of accelerated amortization related to the termination of a distribution agreement, which was a definite-lived intangible asset. Additionally in 2024, the Company disposed of a subsidiary that provided a cloud-based lending solution for financial institutions, which resulted in a write off of \$3,520 of intangible assets and \$8,975 of goodwill.

The following table is a summary of the estimated future aggregate amortization expense for intangible assets.

	Estimated Future Aggregated Amortization Expense
2026	\$ 5,688
2027	5,688
2028	5,332
2029	2,083
2030	2,083
Thereafter	8,367
Total estimated future amortization expense	\$ 29,241

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)**Assets on Deposit**

Assets on deposit represent the amount of policyholder account balances related to reinsurance of annuities (classified as investment-type contracts) that are ceded to unaffiliated entities. Assets on deposit are accounted for on a basis consistent with accounting for the underlying investment-type contracts; therefore, the Company accounts for the reinsurance of these contracts using the deposit method of accounting consistent with the terms of the reinsurance agreements. The related contract charges and interest credited to policyholder account balances in the Consolidated Statements of Operations and Comprehensive Income are reported net of the amounts ceded under the agreements.

Other Assets and Receivables

Other assets and receivables primarily consist of company-owned life insurance ("COLI"), receivables from unaffiliated entities, prepaid assets and leases. COLI is carried at the cash surrender value on the Consolidated Balance Sheets. COLI premiums paid are the initial cash surrender value. Changes to the cash surrender value are recorded in other income in the Consolidated Statements of Operations and Comprehensive Income. Receivables from unaffiliated entities and prepaid assets occur from transactions with unaffiliated entities in the normal course of business.

The Company, as a lessee, has entered into various lease agreements for office space and equipment. At contract inception, the Company determines that an arrangement contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For contracts that contain a lease, the Company recognizes the right-of-use ("ROU") asset in other assets and receivables and the lease liability in accounts payable and other liabilities. Leases with an initial term of 12 months or less are not recorded on the Consolidated Balance Sheets. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are determined using the Company's incremental borrowing rate based upon information available at commencement date to recognize the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease and are included in the lease measurement when it is reasonably certain that the Company will exercise that option.

Commission and Fee Income

The following table identifies commission and fee income disaggregated by major sources for the years ended December 31:

	2025	2024	2023
Brokered automobile and homeowner insurance	\$ 69,176	\$ 82,324	\$ 107,756
Annuities and broker-dealer	241,799	205,027	155,926
Retirement solutions	69,140	69,009	59,435
Lending	72,046	69,943	79,471
Other commission and fee income	13,644	18,286	11,607
Total commission and fee income	\$ 465,805	\$ 444,589	\$ 414,195

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

Brokered automobile and homeowner insurance: The Company's brokered automobile and homeowner insurance commission and fee income revenue is derived primarily by marketing third-party automobile and homeowner insurance products to credit union members through one of the Company's agency subsidiaries. Revenue is generated by the Company initiating contact between potential customers and third-party automobile and homeowner insurance carriers (completed quote fees), new business commissions, and commissions on policy renewals for policies initiated by the marketing efforts (renewal commissions). The Company has a single performance obligation to arrange for the sale of insurance products between insurance carriers and credit union members. For new business commissions and renewal commissions, this single performance obligation is satisfied at the time when the customer's insurance policy becomes effective. For completed quote fees, the single performance obligation is satisfied when a completed quote occurs. Completed quote fees received are based on a fixed amount per completed quote generated and a percentage of the policy premium for new and existing policy renewals. The Company estimates future renewal commissions at the beginning of the contract period based on customer persistency and lapse rates. The estimate assumes future premium changes and policy cancellations and is discounted based upon interest rates from the appropriate cohort year. Completed quote fees and renewal commissions are typically collected monthly in arrears.

Contract assets from renewal commissions are estimated when policies are sold; they are subsequently adjusted when renewal commissions are paid, for the unwind of the discount, or as assumptions are updated based on experience. A corresponding contract liability is also established for the obligation to compensate credit unions whose members are solicited. The contract assets primarily relate to a receivable from a third-party insurance carrier, and the liabilities relate to amounts due to credit unions. These contract liabilities are settled quarterly. The contract asset does not meet the definition of a financing receivable because the Company cannot demand payment until the policies renew and payments are not due on fixed and determinable dates; therefore, an allowance for credit losses has not been established.

The following table shows the activity in the balance of brokered automobile and homeowner insurance contract assets and liabilities:

	Contract Assets		Contract Liabilities	
Balance as of January 1, 2024	\$	129,350	\$	59,441
Decrease		(2,722)		(907)
Balance as of December 31, 2024		126,628		58,534
Increase (decrease)		(32,137)		(15,774)
Balance as of December 31, 2025	\$	94,491	\$	42,760

Annuities and broker-dealer: The Company's annuities and broker-dealer commission revenue and fee income is derived from a portion of the revenue earned by LPL Financial LLC ("LPL"), which has an agreement with CBSI. LPL has the direct relationship with third-party mutual fund and insurance companies, which pay LPL up-front sales commissions and renewal and trailing commissions from the sale of mutual funds, annuities and other investments.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

The Company has a single performance obligation to provide marketing support and relationship management services to LPL. Commission revenue and fee income (including managed account fees) are collected bimonthly from LPL. Up-front commissions are based on a percentage of the amount purchased and are recognized as revenue on the trade date and collected by LPL when the trades are settled. When applicable, an estimate of chargebacks is accrued. Trailing commissions and fee income are generally earned based on a percentage of the customer's assets under management and paid over time. The Company has concluded that the estimate of these future commissions and fee income is constrained because the amount may vary widely based on customer behavior and the value of the underlying investments, among other factors. Therefore, trailing commission revenue and fee income is recorded when the account values become fixed and determinable (and the related service has been performed). Trailing commission revenue is generally collected on a monthly or quarterly basis in arrears (with some revenue collected in advance), and fee income is collected in arrears or in advance. Fees also include a rebate that is paid quarterly in arrears, based on assets under management on certain managed account platforms.

Retirement solutions: The Company's retirement solutions commission and fee income revenue is derived primarily from retirement plan administration and related investment advisory and processing services of 401(k) and pension plans for two primary groups of customers – credit unions and other employers obtained through the intermediary (non-credit union) market. The Company provides fund selection advice to institutional plans and receives fees for this service. The Company has a single bundled performance obligation of administering retirement plans which is provided over the entire annual contract period, with the exception that certain services may occur only at the customer's request and are therefore provided at a point in time. The primary source of retirement solutions revenue is wrap fees. Other types of retirement solutions revenue are per person transaction fees and flat rate plan fees.

Wrap fees are charged as a percent of plan assets. The corresponding revenue is collected and recognized when the asset values are fixed at the end of a monthly reporting period and the amount of revenue is known. Wrap fees are not charged on amounts held in fixed accounts.

Per person fees are charged per participant in a plan, and the corresponding revenue is collected at the beginning of the plan year and recognized on a pro-rata basis over the plan year, which is the service period. Transaction fees are charged for execution of a specific service or transaction, such as processing a loan or amending the plan document. The corresponding revenue is collected and recognized when the service is performed.

Flat rate plan fees are a fixed amount charged to a plan for services, and the corresponding revenue is collected at the beginning of the plan year and recognized on a pro-rata basis over the plan year, which is the service period.

Lending: Lending revenue from contracts with customers primarily consists of revenue generated from the efforts of a marketing program and the Company's lending documents services.

The Company markets an insurance carrier's warranty coverage to credit union members. The Company has a single performance obligation to arrange for the sale of insurance products between the third-party insurance carrier and the credit union members. The contract price is fixed, and collectability is reasonably assured. Revenue is recognized when the third-party insurance carrier binds a policy that was initiated by the marketing efforts of the Company; revenue is typically collected monthly in arrears.

The Company offers state and federally compliant loan and other documents used by credit unions and other financial institutions, along with related services. These documents are offered in two formats, paper documents and electronic documents. Paper documents have one bundled performance obligation to deliver paper documents to the customer and provide access to a team of compliance operation experts along with training and support services. The performance obligation related to paper documents is considered bundled because the Company does not sell compliance training and support services independently of the sale of paper documents. The contract price is fixed, and the revenue is recognized upon delivery of the documents and usually collected shortly thereafter. Electronic documents allow credit unions to access electronic documents that are continuously updated as compliance regulations change. The contract price is fixed and collected at the beginning of the service period, and revenue is recognized pro rata over the term of the contract.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

Benefit Plans

The Company recognizes costs for its defined benefit pension and postretirement benefit plans as employees perform services to earn the benefits. Net periodic benefit cost is determined using management estimates and actuarial assumptions to derive service cost, interest cost and expected return on plan assets. Net periodic benefit cost also includes the applicable amortization of any prior service cost (credit) arising from changes in prior years' benefit costs due to plan amendments, as well as the applicable amortization of actuarial gains or losses arising from experience different than assumed or changes in actuarial assumptions. In 2025, 2024, and 2023, the components of net periodic benefit costs (income) other than the service cost component were \$24,311, \$22,143, and \$29,621, respectively, and are reflected in operating and other expenses in the Company's Consolidated Statements of Operations and Comprehensive Income.

The Company recognizes the funded status of the benefit obligations for each of its plans on the Consolidated Balance Sheets. The actuarial gains or losses, prior service costs and credits that have not been included in net periodic benefit costs are charged, net of income tax, to AOCI. Each period, changes in funded status are charged or credited, net of income tax, to other comprehensive income.

Calculations of benefit obligations for postretirement medical benefits reflect a reduction for subsidies expected from the federal government pursuant to the Medicare Prescription Drug, Improvement and Modernization Act of 2003. The cost of benefits provided to former or inactive employees after employment, but before retirement, is recognized during an employee's service years if certain requirements are met. Postretirement medical benefits are generally funded on a pay as you go basis.

Income Taxes

The Company recognizes taxes payable or refundable and deferred taxes for the tax consequences of differences between the financial reporting and tax basis of assets and liabilities. Deferred tax assets and liabilities are measured by applying the enacted tax rates to the difference between the financial statement and tax basis of assets and liabilities. Deferred income tax assets can be realized through future earnings, including but not limited to the generation of future income, reversal of existing temporary differences and available tax planning strategies. The Company records a valuation allowance for deferred tax assets if it determines it is more likely than not that the asset will not be realized. The Company clears any disproportionate tax effects in AOCI related to unrealized gains and losses of available for sale securities using the aggregate portfolio approach. Under the aggregate portfolio approach, disproportionate tax effects are cleared out of AOCI through net income by the Company when the securities giving rise to the disproportionate tax effects have all been disposed. See Note 16 – Income Tax, for further discussion.

The Company is subject to tax-related audits. These audits may result in additional tax assets or liabilities. In establishing tax liabilities, the Company determines whether a tax position is more likely than not to be sustained under examination by the appropriate taxing authority. Tax positions that do not meet the more likely than not standard are not recognized. Tax positions that meet this standard are recognized in the consolidated financial statements within net deferred tax assets or liabilities or net federal income taxes recoverable or payable.

Foreign Exchange

The Company's consolidated financial statements are impacted by changes in foreign currency exchange rates related to foreign-based subsidiaries, branch operations and investment holdings denominated in foreign currencies.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

The accounts of foreign based subsidiaries and branch operations are measured using the local currency as the functional currency. Revenues and expenses of these operations are translated into U.S. dollars at the average exchange rate for the period. Assets and liabilities of these operations are translated at the exchange rate as of the end of the reporting period. The resulting gains or losses from translating foreign currency are included in AOCI as a separate component of stockholder's equity.

The foreign exchange impacts of investment holdings classified as available for sale are included in AOCI as a separate component of stockholder's equity. Foreign exchange transaction gains (losses) are reflected in operating and other expenses in the Company's Consolidated Statements of Operations and Comprehensive Income and were \$943, \$3, and (\$454) for the years ended December 31, 2025, 2024, and 2023, respectively.

Accounting Standards Adopted

ASU 2018-12, Targeted Improvements to the Accounting for Long-duration Contracts

Effective January 1, 2025, TruStage adopted new accounting guidance for insurance companies that issue long-duration contracts ("LDTI") with retrospective application to January 1, 2023. Accordingly, the financial statements for prior periods were restated to reflect the new accounting guidance. Detailed transition disclosures related to the adoption of this guidance including adjustments made to prior period balances can be found in the Long-duration Targeted Improvements section within this note.

Accounting Standards Updates Pending Adoption

ASU 2023-09, Improvements to Income Tax Disclosures

The new standard was issued on December 14, 2023 and requires disclosure of disaggregated information about the Company's effective tax rate reconciliation and income taxes paid. It applies to all entities subject to income taxes. As the Company is not a public business entity ("non-PBE"), the requirements will be effective for periods beginning after December 15, 2025. The Company is currently assessing the impact of the ASU on the Company's Consolidated Financial Statements and Notes to the Consolidated Financial Statements and expects no material impact as a result of implementation.

ASU 2025-06, Targeted Improvements to the Accounting for Internal-Use Software

The new standard was issued on September 18, 2025 and modernizes the accounting for internal-use software by eliminating the previous project-stage model (based on preliminary, development, and post-implementation stages) and instead requires cost capitalization to begin when management authorizes and commits to funding a project and it is probable the project will be completed and placed into use. The amendments also clarify that entities must apply the existing property, plant, and equipment guidance disclosure requirements to all capitalized internal-use software, which was not previously required. At this time, the Company is evaluating the potential impact of the new guidance, including any updates that may be needed to internal capitalization processes and related disclosures. The guidance is effective for fiscal years beginning after December 15, 2027, with early adoption permitted.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)**Note 3: Investments****Debt Securities**

The amortized cost, gross unrealized gains and losses, credit loss allowance, and estimated fair values of debt securities at December 31, 2025 are as follows:

	Amortized Cost	Gross Unrealized		Credit Loss Allowance	Estimated Fair Value
		Gains	Losses		
Available for sale securities					
U.S. government and agencies	\$ 421,370	\$ 568	\$ (50,204)	\$ -	\$ 371,734
States and political subdivisions	1,044,301	3,430	(148,594)	-	899,137
Foreign government securities	415,814	1,547	(76,702)	-	340,659
Domestic corporate securities	12,388,643	93,697	(1,353,474)	-	11,128,866
Residential mortgage-backed securities	1,184,931	11,462	(84,731)	(307)	1,111,355
Commercial mortgage-backed securities	1,688,774	11,947	(91,381)	(1,393)	1,607,947
Other structured securities	4,881,421	13,303	(44,946)	(176)	4,849,602
Foreign corporate securities	4,372,647	79,053	(272,506)	(882)	4,178,312
Total available for sale securities	26,397,901	215,007	(2,122,538)	(2,758)	24,487,612
Trading securities ¹					
U.S. government and agencies	9,983	228	-	-	10,211
Domestic corporate securities	30,680	466	(1,117)	-	30,029
Foreign corporate securities	6,578	157	(29)	-	6,706
Total trading securities	47,241	851	(1,146)	-	46,946
Total debt securities	\$ 26,445,142	\$ 215,858	\$ (2,123,684)	\$ (2,758)	\$ 24,534,558

¹Changes in unrealized gains and losses on trading securities are included in net realized investment gains (losses) on the Consolidated Statements of Operations and Comprehensive Income.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

The amortized cost, gross unrealized gains and losses, credit loss allowance, and estimated fair values of debt securities at December 31, 2024 are as follows:

	Amortized Cost	Gross Unrealized		Credit Loss Allowance	Estimated Fair Value
		Gains	Losses		
Available for sale securities					
U.S. government and agencies	406,390	5	(59,425)	-	346,970
States and political subdivisions	1,327,170	3,000	(163,829)	-	1,166,341
Foreign government securities	471,836	453	(74,570)	-	397,719
Domestic corporate securities	12,814,293	32,610	(1,724,282)	(2,185)	11,120,436
Residential mortgage-backed securities	1,214,837	6,337	(116,688)	(368)	1,104,118
Commercial mortgage-backed securities	1,466,714	1,518	(136,766)	(2)	1,331,464
Other structured securities	3,935,225	21,566	(61,226)	(84)	3,895,481
Foreign corporate securities	4,397,769	18,704	(382,586)	(19)	4,033,868
Total available for sale securities	26,034,234	84,193	(2,719,372)	(2,658)	23,396,397
Trading securities ¹					
U.S. government and agencies	9,976	31	-	-	10,007
Domestic corporate securities	34,343	182	(1,828)	-	32,697
Foreign corporate securities	7,469	49	(86)	-	7,432
Total trading securities	51,788	262	(1,914)	-	50,136
Total debt securities	\$26,086,022	\$ 84,455	\$(2,721,286)	\$ (2,658)	\$23,446,533

¹ Changes in unrealized gains and losses on trading securities are included in net realized investment gains (losses) on the Consolidated Statements of Operations and Comprehensive Income.

The amortized cost and estimated fair values of investments in debt securities at December 31, 2025, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Because of the potential for prepayment on mortgage-backed and other structured securities, such securities have not been classified by expected maturity in the table below by contractual maturity.

	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 1,019,838	\$ 1,011,752
Due after one year through five years	4,045,320	3,953,323
Due after five years through ten years	3,572,157	3,464,585
Due after ten years	10,052,701	8,535,994
Residential mortgage-backed securities	1,184,931	1,111,355
Commercial mortgage-backed securities	1,688,774	1,607,947
Other structured securities	4,881,421	4,849,602
Total debt securities	\$ 26,445,142	\$ 24,534,558

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

Equity Securities

The cost, gross unrealized gains and losses, and estimated fair values of equity securities which are carried at fair value at December 31 are as follows:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
2025	\$ 70,102	\$ 3,879	\$ (10,607)	\$ 63,374
2024	145,526	2,629	(10,582)	137,573

The Company owns certain equity securities without readily determinable values for which the Company made an election to hold such securities at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Observable price changes resulting in upward or downward adjustments, as applicable, are obtained from the prices of newly issued securities or sales of existing securities. Impairments are based on the Company's internally developed fair value compared to book value.

The following table shows the changes in carrying value of equity securities without readily determinable fair values:

	2025	2024
Carrying value at January 1	\$ 255,063	\$ 303,492
Additional investments	5,372	26,167
Upward adjustments	3,397	24,053
Downward adjustments/impairments	(17,243)	(94,203)
Sales and conversions	(10,397)	(4,446)
Carrying value at December 31	\$ 236,192	\$ 255,063

The cumulative upward adjustments for securities held as of December 31, 2025 and 2024 were \$176,133 and \$176,134, respectively. The cumulative downward adjustments/impairment for securities held as of December 31, 2025 and 2024 were \$105,572 and \$89,077, respectively.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)***Mortgage Loans***

At December 31, 2025, the commercial mortgage loan portfolio had an average remaining life of 5.1 years, with all principal due prior to 2054. At December 31, 2025, the residential mortgage loan portfolio had an average remaining life of 22.9 years, with all principal due prior to 2066. The Company limits its concentrations of credit risk by diversifying its mortgage loan portfolio so that loans made in any one major metropolitan area are not greater than 20% of the aggregate mortgage loan portfolio balance. No loan to a single borrower represented more than 1.1% of the aggregate mortgage loan portfolio balance. The Company's mortgage loans are located throughout the United States and Canada.

The following table identifies states or provinces with greater than 5% of the commercial and residential mortgage loan portfolio at December 31:

	2025	2024
California	23.4%	21.3%
Texas	8.3	8.5
New York	6.6	6.4
Illinois	5.0	5.5
Wisconsin	*	5.7
Florida	*	5.1
Ohio	*	5.2

The types of properties collateralizing the mortgage loans at December 31 are as follows:

	2025	2024
Commercial:		
Industrial	36.1%	34.4%
Multi-Family	29.1	31.5
Retail	21.1	21.4
Office	7.8	9.5
Other	3.5	3.2
Residential	2.4	-
Total	100.0%	100.0%

There were no loan restructurings in 2025 and 2024 that were considered troubled debt restructurings. At December 31, 2025 and 2024, the Company had no commitments to lend additional funds to mortgagors whose existing mortgage terms have been restructured in a troubled debt restructuring. As of December 31, 2025 and 2024, 99.9% and 100.0%, respectively, of the mortgage loan portfolio was current. At December 31, 2025, there was one loan in default status. At December 31, 2024, the Company had no loans in default status.

The Company's process for determining past due or delinquency status begins when a payment date is missed. The Company places loans on nonaccrual status when it is probable that income is uncollectible. There was one commercial mortgage loan in nonaccrual status with a carrying value of \$1,486 at December 31, 2025. There were no mortgage loans in nonaccrual status at December 31, 2024. Mortgage loans deemed uncollectible are written off against the allowance for credit losses. The allowance is also adjusted for any subsequent recoveries.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

The following table shows the changes in allowance for credit losses on mortgage loans for the years ended December 31:

	2025		2024	
	Commercial	Residential	Commercial	Residential
Balance as of January 1	\$ 16,885	\$ -	\$ 18,257	\$ -
Net increase (decrease) related to expected credit losses	2,678	1,305	(1,372)	-
Balance as of December 31	\$ 19,563	\$ 1,305	\$ 16,885	\$ -

The Company measures and assesses the credit quality of commercial mortgage loans by using loan to value and debt service coverage ratios. The loan to value ratio compares the principal amount of the loan to the fair value of the underlying property collateralizing the loan and is commonly expressed as a percentage. Loan to value ratios greater than 100% indicate that the principal amount is greater than the collateral value. Therefore, all else being equal, a lower loan to value ratio generally indicates a higher quality loan. The debt service coverage ratio compares a property's net operating income to its debt service payments. Debt service coverage ratios of less than 1.0 indicate that property operations do not generate enough income to cover its current debt payments. Therefore, a higher debt service coverage ratio generally indicates a higher quality loan. The loan to value and debt service coverage ratios were updated as of December 31, 2025 and 2024.

Loan to value and debt service coverage ratios for commercial mortgage loans were as follows at December 31:

Loan to Value	2025		2024	
	Principal Amount	Average Debt Service Coverage Ratio	Principal Amount	Average Debt Service Coverage Ratio
Less than 65%	\$ 4,238,288	2.75	\$ 3,663,952	2.80
65% to 74%	530,301	1.80	534,645	1.84
75% to 100%	138,534	1.58	321,859	1.74
Greater than 100%	9,399	1.12	3,929	0.76
Total commercial mortgage loans	\$ 4,916,522	2.66	\$ 4,524,385	2.68

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

Loan to value and debt service coverage ratios by vintage year for commercial mortgage loans, based on outstanding principal, at December 31, 2025 are as follows:

2025									
Origination Year	Loan to Value Less than 65%	Debt-Service Coverage Ratio	Loan to Value 65% to 74%	Debt-Service Coverage Ratio	Loan to Value 75% to 100%	Debt-Service Coverage Ratio	Loan to Value Greater than 100%	Debt-Service Coverage Ratio	Total
2025	\$ 694,504	1.91	\$ 10,944	1.25	\$ 9,547	2.05	\$ -	-	\$ 714,995
2024	358,941	1.99	161,322	1.54	25,483	1.43	-	-	545,746
2023	406,605	2.02	126,252	1.42	-	-	-	-	532,857
2022	502,649	2.65	61,325	1.70	42,966	1.66	-	-	606,940
2021	596,350	3.79	69,196	2.72	12,341	1.29	-	-	677,887
Prior	1,679,239	2.61	101,262	1.94	48,197	1.62	9,399	1.12	1,838,097
Total	\$4,238,288	2.75	\$ 530,301	1.80	\$ 138,534	1.58	\$ 9,399	1.12	\$ 4,916,522

Loan to value and debt service coverage ratios by vintage year for commercial mortgage loans, based on outstanding principal at December 31, 2024 are as follows:

2024									
Origination Year	Loan to Value Less than 65%	Debt-Service Coverage Ratio	Loan to Value 65% to 74%	Debt-Service Coverage Ratio	Loan to Value 75% to 100%	Debt-Service Coverage Ratio	Loan to Value Greater than 100%	Debt-Service Coverage Ratio	Total
2024	\$ 533,687	1.77	\$ 17,750	1.26	\$ -	-	\$ -	-	\$ 551,437
2023	333,938	2.28	127,389	1.44	76,801	1.44	-	-	538,128
2022	445,035	2.64	113,299	1.79	61,807	1.92	-	-	620,141
2021	491,358	4.06	154,086	2.31	71,777	2.04	-	-	717,221
2020	330,931	3.34	17,834	2.81	10,495	2.30	-	-	359,260
Prior	1,529,003	2.50	104,287	1.62	100,979	1.57	3,929	0.76	1,738,198
Total	\$3,663,952	2.80	\$534,645	1.84	\$321,859	1.74	\$ 3,929	0.76	\$ 4,524,385

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)**Limited Partnerships**

The carrying values of limited partnerships by type were as follows at December 31:

	2025	2024
Energy	\$ 76,805	\$ 112,710
Mezzanine	1,053,060	1,052,002
Private equity	1,880,105	1,669,646
Real estate	81,699	75,118
Socially responsible investments	37,675	36,425
Total limited partnerships	\$ 3,129,344	\$ 2,945,901

The Company made additional investments in limited partnerships of \$455,785, \$523,116, and \$487,214 in 2025, 2024, and 2023, respectively. See Note 18, Commitments and Contingencies, for additional information regarding the Company's funding commitments to limited partnerships.

The limited partnerships owned were designed to be liquidated after full funding, generally ten to twelve years from inception, at the discretion of the general partners, and investors do not have the option to redeem their interests. For the Company's investments in limited partnerships, the majority of liquidations are expected to occur between 2026 and 2038.

Other Invested Assets

Other invested assets are recorded at amortized cost, unless otherwise indicated in the table below. Other invested assets as of December 31 are as follows:

	2025	2024
LIHTC	\$ 145,669	\$ 141,544
FHLB restricted stock, at cost	87,309	71,241
Short-term investments (see Note 2)	36,258	102,524
Investments receivable, at cost	21,190	3,041
Margin deposits, at cost	55,177	44,784
Real estate less accumulated depreciation	8,216	11,465
Total other invested assets	\$ 353,819	\$ 374,599

The number of remaining years of unexpired tax credits related to LIHTC ranged from 3 to 13 years as of December 31, 2025. The Company expects to hold these investments until 2028 to 2037. The net amount of LIHTC, cost amortization and other tax benefits recognized was \$7,132, \$7,491, and \$7,492 during 2025, 2024, and 2023, respectively; the full amount was recognized as a component of income tax expense in the Consolidated Statements of Operations and Comprehensive Income for the years ended December 31, 2025, 2024, and 2023.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

In 2024, the Company acquired real estate owned property with a fair value of \$12,762 which had previously been collateral for a mortgage loan. This transaction was accomplished through a deed in lieu of foreclosure and accordingly involved no cash payments and is included in the supplemental cash and non-cash information section of the Consolidated Statements of Cash Flows. The Company has recorded impairments of \$3,118 and \$2,990 on this property in 2025 and 2024, respectively.

Net Investment Income

Sources of net investment income for the years ended December 31 are summarized as follows:

	2025	2024	2023
Debt securities, available for sale and trading	\$ 1,066,107	\$ 1,016,255	\$ 903,732
Equity securities	7,649	4,976	7,382
Mortgage loans	211,804	179,005	152,239
Policy loans	10,433	9,418	8,364
Limited partnerships	192,607	174,636	140,421
Derivative financial instruments	9,082	10,403	7,404
Cash and cash equivalents	18,971	18,955	17,745
Other invested assets	12,165	11,886	10,391
Total gross investment income	1,528,818	1,425,534	1,247,678
Less: Investment expenses	(74,118)	(72,757)	(54,596)
Net investment income	\$ 1,454,700	\$ 1,352,777	\$ 1,193,082

Limited partnerships generally carry their investments at fair value. Changes in fair value are a component of the results of operations reported by the partnerships and are therefore included in the Company's recorded share of income.

Accrued Investment Income

The Company excludes accrued interest receivable from the amortized cost basis of debt securities and mortgage loans. Accrued investment income is written off through impairment losses at the time the debtor defaults or is expected to default on interest payments. Accordingly, there is no allowance for credit losses on accrued interest income. Sources of accrued investment income as of December 31 are shown in the table below.

	2025	2024
Debt securities, available for sale and trading	\$ 243,993	\$ 238,764
Mortgage loans	19,633	15,299
Other invested assets	13,041	12,798
Total accrued investment income	\$ 276,667	\$ 266,861

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)**Net Realized Investment Gains (Losses)**

Net realized investment gains (losses) for the years ended December 31 are summarized as follows:

	2025	2024	2023
Debt securities, available for sale:			
Gross gains on sales and conversions	\$ 1,542	\$ 692	\$ 27,410
Gross losses on sales	(101,409)	(33,068)	(29,998)
Other	(12,315)	4,960	(744)
Other-than-temporary impairment losses	(100)	(558)	(15,466)
Debt securities, trading:			
Other	1,356	(424)	1,728
Equity securities:			
Gross gains on sales	3,856	3,589	14,871
Gross losses on sales	(569)	(30)	(16,204)
Other	(218)	147	504
Impairment losses	(15,600)	(94,203)	(80,196)
Change in unrealized gains (losses)	332	16,395	(4,748)
Mortgage loans:			
Gross gains (losses) on sales	91	-	(28)
Impairment gains (losses)	(3,983)	835	(835)
Limited partnerships:			
Impairment losses	(9,696)	(5,046)	-
Derivative financial instruments	373,271	348,854	382,155
Derivative financial instruments - embedded	(479,189)	(495,531)	(481,741)
Other			
Impairment losses	(3,118)	-	-
Other	121	(2,847)	4,540
Net realized investment gains (losses)	\$ (245,628)	\$ (256,235)	\$ (198,752)

Proceeds from the sale of debt securities were \$1,323,136, \$530,879, and \$242,086 in 2025, 2024, and 2023, respectively. Proceeds from the sale of equity securities were \$216,695, \$6,627, and \$142,262 in 2025, 2024, and 2023, respectively.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

Impairments of Available for Sale Debt Securities

Investment securities are reviewed for impairment on an ongoing basis. The Company creates a watchlist of securities based primarily on the fair value of an investment security relative to its amortized cost basis. When the fair value drops below the Company's amortized cost basis, the Company monitors the security for impairment. The determination of impairment requires significant judgment on the part of the Company and depends on several factors, including, but not limited to:

- The existence of any plans to sell the investment security.
- The underlying reason for the decline in fair value (credit concerns, interest rates, etc.).
- The financial condition and near-term prospects of the issuer/borrower, including the ability to meet contractual obligations, relevant industry trends and conditions and cash flow analysis.
- The Company's intent and ability to retain the investment for a period of time sufficient to allow for an anticipated recovery in fair value.
- The Company's ability to recover all amounts due according to the contractual terms of the agreements.
- The Company's collateral position, in the case of bankruptcy or restructuring.

For available for sale debt securities, a security is considered impaired when the fair value is less than the amortized cost basis and its value is not expected to recover through the Company's anticipated holding period of the security. If a credit loss exists, but the Company does not intend to sell the impaired debt security and is not more likely than not to be required to sell before recovery, it is required to bifurcate the impairment into the loss that is attributable to credit and non-credit related loss. The credit portion of the impairment is the difference between the present value of the expected future cash flows and amortized cost and is limited to the difference between the fair value and amortized cost. Only the estimated credit loss amount is recognized as an allowance in net realized investment gains (losses), with the remainder of the loss amount recognized in other comprehensive income. If the Company intends to sell the security or if it is more likely than not that the Company will be required to sell before anticipated recovery in value, the Company records a realized loss equal to the difference between the amortized cost and fair value. The fair value of the impaired security becomes its new cost basis.

For securitized debt securities, the Company considers factors including, but not limited to, commercial and residential property changes in value that vary by property type and location and average cumulative collateral loss rates that vary by vintage year. These assumptions require the use of significant management judgment and include the probability of issuer default and estimates regarding timing and amount of expected recoveries. In addition, projections of expected future debt security cash flows may change based upon new information regarding the performance of the issuer and/or underlying collateral.

For certain securitized financial assets with contractual cash flows, the Company is required to periodically update its best estimate of cash flows over the life of the security. If the fair value of a securitized financial asset is less than its cost or amortized cost and there has been a decrease in the present value of the estimated cash flows since the last revised estimate, considering both timing and amount, an impairment charge is recognized. The Company also considers its intent and ability to retain a temporarily impaired security until recovery. Estimating future cash flows involves judgment and includes both quantitative and qualitative factors. Such determinations incorporate various information and assessments regarding the future performance of the underlying collateral. In addition, projections of expected future cash flows may change based upon new information regarding the performance of the underlying collateral.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

A rollforward of the allowance for credit losses by available for sale debt security type is presented in the following table:

	Domestic Corporate Securities	Residential Mortgage- Backed Securities	Commercial Mortgage- Backed Securities	Other Structured Securities	Foreign Corporate Securities	Total
Balance at January 1, 2024	\$ 3,833	\$ 336	\$ -	\$ 80	\$ 657	\$ 4,906
Net increase (decrease) related to expected credit losses	(1,650)	32	-	4	(638)	(2,252)
Balance at December 31, 2024	2,183	368	-	84	19	2,654
Net increase (decrease) related to expected credit losses	(2,183)	(61)	1,393	92	863	104
Balance at December 31, 2025	\$ -	\$ 307	\$ 1,393	\$ 176	\$ 882	\$ 2,758

The Company wrote off \$524 and \$10,979 of securities in 2024, and 2023, respectively. The Company did not write off any securities in 2025.

Management believes it has made an appropriate provision for impaired securities owned at December 31, 2025. As a result of the subjective nature of these estimates, however, additional provisions may subsequently be determined to be necessary as new facts emerge and a greater understanding of economic trends develops. Consistent with the Company's past practices, additional impairment will be recorded as appropriate and as determined by the Company's regular monitoring procedures of additional facts. In light of the variables involved, such additional impairment charges could be significant.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

Securities with unrealized losses at December 31, 2025 are presented below, segregated between those that have been in a continuous unrealized loss position for less than twelve months and those that have been in a continuous unrealized loss position for twelve or more months.

	Months in Unrealized Loss Position				Total	
	Less Than Twelve Months		Twelve Months or Greater			
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Debt securities						
U.S. government and agencies	\$ 64,350	\$ (1,878)	\$ 270,745	\$ (48,326)	\$ 335,095	\$ (50,204)
States and political subdivisions	55,734	(4,127)	677,905	(144,467)	733,639	(148,594)
Foreign government securities	42,114	(2,567)	232,450	(74,135)	274,564	(76,702)
Domestic corporate securities	1,134,734	(70,945)	7,336,214	(1,282,529)	8,470,948	(1,353,474)
Residential mortgage-backed securities	87,797	(6,516)	560,125	(78,522)	647,922	(85,038)
Commercial mortgage-backed securities	188,571	(4,774)	839,999	(88,000)	1,028,570	(92,774)
Other structured securities	2,013,799	(7,507)	542,748	(37,615)	2,556,547	(45,122)
Foreign corporate securities	288,793	(9,845)	2,333,322	(263,551)	2,622,115	(273,396)
Total debt securities	\$ 3,875,892	\$ (108,159)	\$ 12,793,508	\$ (2,017,145)	\$ 16,669,400	\$ (2,125,304)

At December 31, 2025, the Company owned 7,102 debt securities with a fair value of \$16,669,400 in an unrealized investment loss position. Of these, 6,011 debt securities with a fair value of \$12,793,508 have been in an unrealized loss position for twelve or more months. The \$2,017,145 unrealized loss for debt securities with a loss period twelve months or greater represents a 13.6% price impairment of amortized cost. The price impairment on the remaining 1,091 debt securities is 2.8% of amortized cost. The total fair value of debt securities with unrealized losses at December 31, 2025 and which are rated investment grade, is \$16,391,703 or 98.3% of the total fair value of all debt securities in an unrealized loss position. The unrealized losses for the investment grade securities totaled \$2,100,319 as of December 31, 2025. For these purposes, investment grade is defined by the Company to be securities rated BBB- or greater.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

Securities with unrealized losses at December 31, 2024 are presented below, segregated between those that have been in a continuous unrealized loss position for less than twelve months and those that have been in a continuous unrealized loss position for twelve or more months.

	Months in Unrealized Loss Position				Total	
	Less Than Twelve Months		Twelve Months or Greater			
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Debt securities						
U.S. government and agencies	\$ 112,085	\$ (6,581)	\$ 223,876	\$ (52,844)	\$ 335,961	\$ (59,425)
States and political subdivisions	319,456	(22,655)	663,828	(141,174)	983,284	(163,829)
Foreign government securities	367,036	(73,662)	4,106	(908)	371,142	(74,570)
Domestic corporate securities	1,562,007	(75,591)	8,515,541	(1,650,876)	10,077,548	(1,726,467)
Residential mortgage-backed securities	262,494	(8,351)	584,979	(108,705)	847,473	(117,056)
Commercial mortgage-backed securities	242,069	(2,408)	934,637	(134,360)	1,176,706	(136,768)
Other structured securities	435,173	(2,797)	647,746	(58,513)	1,082,919	(61,310)
Foreign corporate securities	1,341,928	(84,940)	2,122,314	(297,665)	3,464,242	(382,605)
Total debt securities	\$ 4,642,248	\$ (276,985)	\$ 13,697,027	\$ (2,445,045)	\$ 18,339,275	\$ (2,722,030)

At December 31, 2024, the Company owned 8,558 debt securities with a fair value of \$18,339,275 in an unrealized investment loss position. Of these, 6,560 debt securities, with a fair value of \$13,697,027 have been in an unrealized loss position for twelve or more months. The \$2,445,045 unrealized loss for debt securities with a loss period twelve months or greater represents a 15.1% price impairment of amortized cost. The price impairment on the remaining 1,998 debt securities is 5.6% of amortized cost. The total fair value of debt securities with unrealized losses at December 31, 2024 and which are rated investment grade, is \$17,891,752 or 97.6% of the total fair value of all debt securities in an unrealized loss position. The unrealized losses for the investment grade securities totaled \$2,683,605 as of December 31, 2024. For these purposes, investment grade is defined by the Company to be securities rated BBB- or greater.

Investment Credit Risk

The Company maintains a diversified investment portfolio including issuer, sector and geographic stratification, where applicable, and has established exposure limits, diversification standards, and review procedures to mitigate credit risk.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)**Asset Restrictions**

At December 31, 2025 and 2024, \$5,984,998 and \$5,472,093, respectively, of debt securities were restricted from corporate use related to the registered index annuities. The Company had mortgage loans, equity securities, short-term investments, and cash and cash equivalents of \$1,706,572 and \$1,608,886 that were restricted as of December 31, 2025 and 2024, respectively, also related to registered index annuities. The Company also had limited partnerships of \$515,577 and \$419,871 that were restricted as of December 31, 2025 and 2024, respectively, related to registered index annuities.

Assets on Deposit, Designated, and Pledged as Collateral

Iowa law requires the Company to designate assets to the Iowa Insurance Department. The Company designates assets for the Iowa Insurance Department for the protection of all policyholders and for other regulatory jurisdictions who require cash and securities be deposited for the benefit of policyholders. In 2023 the Iowa Insurance Department changed the law requiring the Company to hold assets equal to its "legal reserves". In 2025, the Company established specific accounts to hold those assets required to be designated for the Iowa Insurance Department. The Company also has assets pledged to the FHLB and to the debtholders of the Company's collateralized fund obligations (see Note 13 – Notes and Interest Payable).

The carrying value of assets on deposit, designated or pledged by designee as of December 31 are as follows:

	2025	2024
Iowa Insurance Department	\$ 24,294	\$ 9,598,514
Federal Home Loan Bank	2,199,632	2,061,456
Debtholders of collateralized fund obligations	-	521,336
Other and regulatory jurisdictions	365,428	433,167
Total assets on deposit, designated and pledged as collateral	\$ 2,589,354	\$ 12,614,473

The carrying value of assets designated for Iowa as of December 31 are as follows:

	2025	2024
Debt securities and short-term investments	\$ 24,294	\$ 9,433,989
Other invested assets	-	74,342
Cash	-	10,790
Equity securities	-	79,393
Total assets designated	\$ 24,294	\$ 9,598,514

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)**Securities Lending**

Securities on loan from the Company are included within debt securities, available for sale on the Consolidated Balance Sheets. The following table identifies the types of securities on loan as of December 31, 2025 and 2024.

	2025		2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Debt securities:				
U.S. government and agencies	\$ -	\$ -	\$ 1,087	\$ 1,040
Domestic corporate securities	439,134	404,542	550,681	494,604
Foreign corporate securities	41,373	41,335	58,897	57,630
Total securities on loan	\$ 480,507	\$ 445,877	\$ 610,665	\$ 553,274

The collateral liability by security type and remaining length of the securities lending agreements were as follows for the year ended December 31, 2025.

	Remaining Length of Securities Lending Agreements	
	Open ¹	Total
Cash and cash equivalents	\$ 465,520	\$ 465,520
U.S. government and agencies	423	423
Total collateral liability	\$ 465,943	\$ 465,943

¹The related loaned security could be returned to the Company during the next business day, which would require the Company to immediately return the cash collateral.

The collateral liability by security type and remaining length of the securities lending agreements were as follows for the year ended December 31, 2024.

	Remaining Length of Securities Lending Agreements	
	Open ¹	Total
Cash and cash equivalents	\$ 555,135	\$ 555,135
U.S. government and agencies	19,940	19,940
Total collateral liability	\$ 575,075	\$ 575,075

¹The related loaned security could be returned to the Company during the next business day, which would require the Company to immediately return the cash collateral.

At December 31, 2025 and 2024, the total collateral on deposit from counterparties was equal to the Company's obligation to return collateral on deposit from counterparties. The collateral on deposit is unrestricted.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

The amortized cost of the reinvested cash collateral by security type and maturity date of the invested asset was as follows for the year ended December 31, 2025 .

	Remaining Time Until Maturity					Total
	30 Days or Less	31 to 60 Days	61 to 90 Days	Over 90 Days		
Reverse repurchase agreements	\$ 145,520	\$ 40,000	\$ 280,000	\$ -		\$ 465,520

The amortized cost of the reinvested cash collateral by security type and maturity date of the invested asset was as follows for the year ended December 31, 2024.

	Remaining Time Until Maturity					Total
	30 Days or Less	31 to 60 Days	61 to 90 Days	Over 90 Days		
Reverse repurchase agreements	\$ 158,135	\$ 152,500	\$ 244,500	\$ -		\$555,135

During 2025 and 2024, the Company had a maximum of \$600,603 and \$602,978, respectively, of securities on loan at fair value at any one time.

The Company earns income from the cash collateral or receives a fee from the borrower. Income related to the securities lending program was \$1,721, \$1,602 and \$1,672 for the years ended December 31, 2025, 2024, and 2023, respectively, and is included in net investment income within the Consolidated Statements of Operations and Comprehensive Income.

Note 4: Derivatives***Derivative Financial Instruments***

Consistent with its risk management strategy, the Company utilizes derivative financial instruments to help maximize risk-adjusted investment returns, reduce interest rate risks of long-term assets, manage exposure to various credit, currency and market risks, and manage exposure to various equity and fixed income market sectors. See related disclosures in Note 2, Summary of Significant Accounting Policies – Derivative Financial Instruments, and Note 5, Fair Value Measurement – Recurring Basis.

Futures contracts: Futures contracts are a commitment to purchase or deliver securities or currency in the future at a predetermined price or yield and are usually settled net in cash. At inception of a futures contract, a margin account is established with the broker based on the requirements of the futures exchange.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

The Company utilizes short positions in foreign currency futures to manage the foreign currency fair value risk exposure to investments denominated in foreign currencies. Foreign currency futures designated as hedging the foreign currency risk of foreign currency denominated long-term bonds are classified as foreign currency fair value hedges. The Company assesses the effectiveness of foreign currency fair value hedges based on the changes in fair value attributable to changes in spot prices. The change in the fair value of the foreign currency futures related to the changes in the difference between the spot price and the futures price is excluded from the assessment of hedge effectiveness and recognized in net income. Ineffectiveness could be present in a hedging relationship even if the assessment of effectiveness demonstrates an effective relationship. The ineffectiveness in a fair value hedge is calculated as the portion of the change in the fair value of hedging instrument that does not offset the change in the fair value of the hedged item.

The Company utilizes short positions in foreign currency futures to hedge a portion of its net assets in its consolidated foreign subsidiary from the effects of fluctuations in currency exchange rates and designates these futures as net investment hedges. The Company assesses the effectiveness of foreign net investment hedges based on the changes in forward exchange rates. When deemed effective, changes in fair value of the foreign currency futures are recorded in AOCI. The amounts in AOCI are reclassified into net income in the same periods during which the hedged forecasted transactions affect net income (except for net investment hedges).

Foreign currency futures that are not designated to specific foreign currency risk are not accounted for using hedge accounting. All changes in the fair value of undesignated foreign currency futures are recorded in net realized investment gains (losses).

Cross currency swaps: Cross currency swaps represent the Company's agreement with other parties to exchange, at specified intervals, the difference between functional currency (U.S. Dollar) fixed or floating rate interest amounts and foreign currency fixed or floating rate interest amounts calculated by reference to agreed-upon notional principal amounts. Generally, exchanges of functional currency (U.S. Dollar) and foreign currency notional amounts are made at the initiation and maturity of the contract. The Company uses cross currency swaps to eliminate the variability in functional currency equivalent cash flows of foreign currency denominated debt instruments. The Company designates cross currency swaps as foreign currency cash flow hedges when the swap offsets the hedged transaction and is deemed highly effective. The changes in fair value of the cross-currency swaps attributable to the hedged risk is recorded in AOCI to the extent it is effective. The amounts in AOCI will be reclassified into net income in the same periods during which the hedged forecasted transactions affect net income. If the cross-currency swaps were not deemed effective, the change in fair value of the cross-currency swaps would be recorded in net realized investment gains (losses).

Interest rate swaps: The Company uses interest rate swaps to reduce market risks from changes in interest rates and to properly align the risk characteristics of assets and liabilities. When using interest rate swaps, the Company agrees with other parties to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed notional principal amount. Generally, no cash is exchanged at the outset of the contract and no principal payments are made by either party. The individual interest rate swap contracts normally provide for a single net payment to be made by one counterparty at each due date.

Certain interest rate swaps are designated as cash flow hedges. The Company assesses the effectiveness of cash flow hedges based on a comparison of the change in fair value of the actual swap to the change in fair value of a "perfect" hypothetical swap which has terms that identically match the critical terms of the hedged items. Accordingly, the fair value of the actual swap is recorded at fair value on the Consolidated Balance Sheets which is adjusted to the lesser of the change in the actual swap's fair value or the hypothetical swap's fair value. If the amount in AOCI is limited to the hypothetical swap's fair value, the difference, representing ineffectiveness is recorded in net realized investment gains (losses). The amounts in AOCI will be reclassified into net income in the same periods during which the cash flows associated with the hedged forecasted transactions affect net income. If the hedges are not deemed highly effective, the change in fair value of the interest rate swaps is recorded in net realized investment gains (losses) with no offset from the hedged items. All changes in the fair value of undesignated interest rate swaps are recorded in net realized investment gains (losses).

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

Certain interest rate swaps are designated as fair value hedges. The Company assesses the effectiveness of fair value hedges based on the changes in fair value attributable to changes in the benchmark interest rate. If the hedges are not deemed highly effective, the change in fair value of the interest rate swaps are recorded in net realized investment gains (losses) with no offset from the hedged item.

Interest rate swaps that are not designated to specific interest rate risk are not accounted for using hedge accounting. All changes in the fair value of undesignated interest rate swaps are recorded in net realized investment gains (losses).

Options: Options are contracts that grant the buyer the right to buy or sell an underlying asset at a stated price within a specific period of time. As consideration, the option writer receives premiums at the time the option is written. The Company writes and sells covered calls against common stock that the Company already owns and receives premiums at the time of sale.

The Company purchases and writes over-the-counter call and put options to mitigate the risk related to equity-indexed annuities and the registered index annuities. These annuity contracts guarantee a return of principal to the customer and credit interest based on certain indices, primarily the S&P 500 Index. A portion of the deposit from each customer is invested primarily in fixed income securities. A portion of the deposit is used to purchase the call and put options to hedge the potential changes in interest credited to the customer as a direct result of the changes in the related indices.

The following table provides a summary of the fair value and notional amount of derivative financial instruments at December 31, 2025 and 2024.

	2025			2024		
	Notional Amount	Estimated Fair Value		Notional Amount	Estimated Fair Value	
		Assets	Liabilities		Assets	Liabilities
Derivatives designated as hedging instruments:						
Futures contracts	\$ 516,788	\$ 1,813	\$ (1,437)	\$ 375,031	\$ 3,036	\$ (2,931)
Cross currency swaps	1,064,583	40,828	(29,135)	844,686	49,571	(6,098)
Interest rate swaps	-	-	-	55,000	678	(121)
Total derivatives designated as hedging instruments	1,581,371	42,641	(30,572)	1,274,717	53,285	(9,150)
Derivatives not designated as hedging instruments:						
Future contracts	210,034	431	(988)	152,966	1,967	(694)
Interest rate swaps	400,000	1,499	(16,725)	400,000	-	(12,877)
Purchased option contracts	10,429,517	1,473,789	-	10,743,637	1,163,387	-
Written option contracts	10,960,906	-	(566,541)	11,425,800	-	(512,288)
Total derivatives not designated as hedging instruments	22,000,457	1,475,719	(584,254)	22,722,403	1,165,354	(525,859)
Total derivative financial instruments	\$ 23,581,828	\$ 1,518,360	\$ (614,826)	\$ 23,997,120	\$ 1,218,639	\$ (535,009)

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

The following table provides the Consolidated Statements of Operations and Comprehensive Income classification and impact of derivatives used in qualifying and non-qualifying hedge relationships, excluding embedded derivatives, and the offset of the hedged item in an effective hedge for the years ended December 31:

	2025	2024	2023
Net investment income, reclassified from accumulated other comprehensive income (loss):			
Interest rate swaps, cash flow hedge	\$ 292	\$ 216	\$ 404
Total reclassified to net investment income	292	216	404
Net realized investment gains (losses):			
Currency futures, fair value hedge	\$ 13,052	\$ (23,983)	\$ 5,198
Currency futures, ineffectiveness in hedge	663	98	(12)
Cross currency swaps, cash flow hedge	(451)	12	26
Currency futures, undesignated	(20,773)	15,271	(2,641)
Call options, undesignated	-	-	3,296
Interest rate swaps, fair value hedge	(557)	(1,025)	(861)
Interest rate swaps, undesignated	(2,404)	(12,877)	5
Equity futures, undesignated	1	(1,109)	26
Equity options, undesignated, single premium deferred modified guaranteed index annuity	81,888	74,636	100,256
Equity options, undesignated, single premium deferred index annuity	91,215	102,680	172,669
Equity options, undesignated, single premium deferred index-linked interest options annuity	163,682	153,104	37,294
Equity options, undesignated, flexible premium variable and index- linked deferred annuity	46,930	41,997	66,684
Equity options, undesignated	25	50	215
Total net realized investment gains (losses) on derivatives	373,271	348,854	382,155
Other comprehensive income (loss):			
Cross currency swaps, cash flow hedge	(31,781)	25,585	(25,540)
Interest rate swaps, cash flow hedge	-	(3,655)	(2,071)
Total other comprehensive income (loss) on derivatives	(31,781)	21,930	(27,611)
Total derivative impact	\$ 341,490	\$ 371,000	\$ 354,948

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

The following table presents the components of AOCI, before income tax, related to cash flow hedges:

	2025	2024	2023
Unrealized gains (losses) on derivatives included in accumulated other comprehensive income (loss) as of January 1	\$ 51,405	\$ 29,692	\$ 57,707
Gains (losses) deferred in accumulated other comprehensive loss on the effective portion of cash flow hedges	(31,781)	21,930	(27,611)
Amounts reclassified to net investment income and net realized investment gains (losses)	(292)	(216)	(404)
Unrealized gains (losses) on derivatives included in accumulated other comprehensive income (loss) as of December 31	\$ 19,332	\$ 51,406	\$ 29,692

The Company estimates that \$344 will be reclassified in 2026 from other comprehensive income to net investment income as contractual cash flows on cross currency swaps are settled and from cash flows on interest rate swaps designated as cash flow hedges that were terminated in 2025 and prior years.

In 2023, the Company was hedging its exposure to the variability in future cash flows for a maximum of 31 years on forecasted transactions excluding those transactions related to the payment of variable interest on existing instruments. None of these cash flow hedges were discontinued as a result of no longer being probable that the original forecasted transactions would occur by the end of the originally specified time period or within two months of that date. In 2024, the swap program (to which this hedging related to) was terminated.

There were cumulative basis adjustments of (\$557) to the corresponding hedged asset, which had an amortized cost of \$54,430, included in Debt securities available for sale, at fair value on the Consolidated Balance Sheets for 2024. There were no such adjustments for 2025 since the program was terminated in 2024.

The Company is exposed to credit losses in the event of nonperformance by the counterparties to its derivative instruments. The Company monitors the credit standing of the counterparties and has entered into cash collateral agreements based on the credit rating of the counterparty. The Company anticipates that the counterparties will be able to fully satisfy their obligations under the contracts given their high credit ratings and collateral requirements. The futures contracts are traded on a regulated exchange and, in the opinion of management, have low counterparty risk.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)***Embedded Derivatives***

The Company issues products that contain embedded derivatives. Such embedded derivatives are required to be separated from their host contracts and accounted for at fair value. The following table presents the fair value of embedded derivatives, which are reported as part of policyholder account balances in the Consolidated Balance Sheets, as of December 31:

	2025	2024
Single premium deferred index annuities	\$ 682,244	\$ 785,859
Flexible premium variable and index-linked deferred annuities	276,773	310,729
Single premium deferred modified guaranteed index annuities	635,046	465,506
Single premium deferred index-linked interest options annuities	1,117,457	678,424
Single purchase payment deferred index-linked variable annuities	3,940	-
Equity-indexed annuities	480	627
Total embedded derivatives	\$ 2,715,940	\$ 2,241,145

The increase in fair value related to embedded derivatives was \$479,189, \$495,531, and \$481,742 ended December 31, 2025, 2024, and 2023, respectively, and was recorded within net realized investment gains (losses).

Note 5: Fair Value

The Company uses fair value measurements to record fair value of certain assets and liabilities and to estimate fair value of financial instruments not recorded at fair value but required to be disclosed at fair value. Certain financial instruments, such as insurance policy liabilities other than investment-type contracts and investments accounted for using the equity method, are excluded from the fair value disclosure requirements.

Valuation Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value of assets and liabilities into three broad levels. The Company has categorized its financial instruments, based on the degree of subjectivity inherent in the valuation technique, as follows:

- Level 1: Inputs are directly observable and represent quoted prices for identical assets or liabilities in active markets the Company has the ability to access at the measurement date.
- Level 2: All significant inputs are observable, either directly or indirectly, other than quoted prices included in Level 1, for the asset or liability. This includes: (i) quoted prices for similar instruments in active markets, (ii) quoted prices for identical or similar instruments in markets that are not active, (iii) inputs other than quoted prices that are observable for the instruments and (iv) inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: One or more significant inputs are unobservable and reflect the Company's estimates of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

For purposes of determining the fair value of the Company's assets and liabilities, observable inputs are those inputs used by market participants in valuing financial instruments, which are developed based on market data obtained from independent sources. The Company uses prices and inputs that are current as of the measurement date. In some instances, valuation inputs used to measure fair value fall into different levels of the fair value hierarchy. The category level in the fair value hierarchy is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The hierarchy requires the use of market observable information when available for measuring fair value. The availability of observable inputs varies by investment.

Valuation Process

The Company is responsible for the determination of fair value and the supporting assumptions and methodologies. The Company gains assurance on the overall reasonableness and consistent application of valuation methodologies and inputs and compliance with accounting standards through the execution of various processes and controls designed to provide assurance that the Company's assets and liabilities are appropriately valued.

The Company has policies and guidelines that require the establishment of valuation methodologies and consistent application of such methodologies. These policies and guidelines govern the use of inputs and price source hierarchies and provide controls around the valuation processes. These controls include appropriate review and analysis of prices against market activity or indicators of reasonableness, approval of price source changes, price overrides, methodology changes and classification of fair value hierarchy levels. The valuation policies and guidelines are reviewed and updated as appropriate.

Transfers Between Levels

There were twenty-six transfers of debt securities totaling \$157,235 into Level 2 from Level 3 during the year ended December 31, 2025. The transfers into Level 2 occurred due to a change from a model using one or more significant inputs that were unobservable to a model using all significant inputs that were observable. There were three transfers of debt securities totaling \$18,062 into Level 3 from Level 2 during the year ended December 31, 2025. The transfers into Level 3 occurred due to a change from a model using all significant inputs that were observable to a model using one or more significant inputs that were unobservable. There were nineteen transfers of debt securities totaling \$90,413 into Level 2 from Level 3 during the year ended December 31, 2024. The transfers into Level 2 occurred due to a change from a model using one or more significant inputs that were unobservable to a model using all significant inputs that were observable. There were no transfers of debt securities into Level 3 from Level 2 during the year ended December 31, 2024.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)**Fair Value Measurement – Recurring Basis**

The following table summarizes the Company's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2025.

Assets, at fair value	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 201,386	\$ -	\$ -	\$ 201,386
Debt securities				
U.S. government and agencies	-	381,945	-	381,945
States and political subdivisions	-	899,137	-	899,137
Foreign government securities	-	340,659	-	340,659
Domestic corporate securities	-	11,105,332	53,563	11,158,895
Residential mortgage-backed securities	-	1,079,584	31,771	1,111,355
Commercial mortgage-backed securities	-	1,583,721	24,226	1,607,947
Other structured securities	-	4,592,486	257,116	4,849,602
Foreign corporate securities	-	4,156,516	28,502	4,185,018
Total debt securities	-	24,139,380	395,178	24,534,558
Equity securities	4,193	50,483	8,698	63,374
Short-term investments	-	4,021	-	4,021
Derivative assets	-	1,518,360	-	1,518,360
Market risk benefits, asset	-	-	70,615	70,615
Separate account assets	-	3,788,541	-	3,788,541
Total assets	\$ 205,579	\$ 29,500,785	\$ 474,491	\$ 30,180,855
Liabilities, at fair value	Level 1	Level 2	Level 3	Total
Derivative liabilities	\$ 2,425	\$ 612,401	\$ -	\$ 614,826
Derivatives embedded in annuity contracts	-	-	2,715,940	2,715,940
Market risk benefits, liability	-	-	51,371	51,371
Total liabilities	\$ 2,425	\$ 612,401	\$ 2,767,311	\$ 3,382,137

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

The following table summarizes the Company's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2024.

Assets, at fair value	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 238,702	\$ 24,938	\$ -	\$ 263,640
Debt securities				
U.S. government and agencies	-	356,977	-	356,977
States and political subdivisions	-	1,166,341	-	1,166,341
Foreign government securities	-	397,719	-	397,719
Domestic corporate securities	-	11,076,194	76,939	11,153,133
Residential mortgage-backed securities	-	1,078,254	25,864	1,104,118
Commercial mortgage-backed securities	-	1,307,820	23,644	1,331,464
Other structured securities	-	3,618,703	276,778	3,895,481
Foreign corporate securities	-	4,012,532	28,768	4,041,300
Total debt securities	-	23,014,540	431,993	23,446,533
Equity securities	79,393	49,518	8,662	137,573
Short-term investments	-	74,342	-	74,342
Derivative assets	-	1,218,639	-	1,218,639
Market risk benefits, asset	-	-	57,676	57,676
Separate account assets	-	3,873,941	-	3,873,941
Total assets	\$ 318,095	\$ 28,255,918	\$ 498,331	\$ 29,072,344

Liabilities, at fair value

Derivative liabilities	\$ 3,625	\$ 531,384	\$ -	\$ 535,009
Derivatives embedded in annuity contracts	-	-	2,241,145	2,241,145
Market risk benefits, liability	-	-	53,560	53,560
Total liabilities	\$ 3,625	\$ 531,384	\$ 2,294,705	\$ 2,829,714

Determination of Fair Values

The Company determines the estimated fair value of its investments using primarily the market approach and the income approach. The use of quoted prices and matrix pricing or similar techniques are examples of market approaches, while the use of discounted cash flow methodologies is an example of the income approach. A summary of valuation techniques for classes of financial assets and liabilities by fair value hierarchy level are as follows:

Level 1 Measurements

Cash equivalents: Consists of money market funds; valuation is based on the closing price as of the balance sheet date.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

Equity securities: Consists of U.S. and European exchange traded common stocks and bond exchange traded funds; valuation is based on unadjusted quoted prices for identical assets in active markets that the Company can access.

Derivative assets and liabilities: Consists of exchange traded derivatives (primarily futures) that are actively traded.

Level 2 Measurements

For the majority of assets classified as Level 2 investments, the Company values the assets using third-party pricing sources, which generally rely on quoted prices for similar assets in markets that are active and observable market data. A portion of the domestic and foreign corporate securities' fair value is determined using matrix pricing.

U.S. government and agencies: U.S. Treasury securities and debentures issued by agencies of the U.S. government are valued based on observable inputs such as the U.S. Treasury yield curve, market indicated spreads and quoted prices for identical assets in markets that are not active and/or similar assets in markets that are active.

States and political subdivisions: Consists of municipal general obligation and revenue bonds for which pricing is determined based on observable inputs such as the U.S. Treasury yield curve, market indicated spreads by security rating and comparable trades in the municipal bond markets.

Foreign government securities: Consists primarily of Canadian and Australian sovereign and provincial debentures. Valued based on observable inputs such as the applicable market yield curve, market indicated spreads by security rating, and quoted prices for identical assets in markets that are not active and/or similar assets in markets that are active.

Domestic corporate securities: Valued based on observable inputs such as the U.S. Treasury yield curve, market indicated spreads by security rating and quoted prices for identical assets in markets that are not active and/or similar assets in markets that are active.

Mortgage-backed securities (residential and commercial): Valuation is principally based on observable inputs including quoted prices for similar assets in markets that are active and observable market data such as trades, bid price or spread, two-sided markets, benchmark curves, discount rates, derivative indices and loan level information.

Other structured securities: Valued based on observable inputs including quoted prices for identical or similar assets in markets that are not active.

Foreign corporate securities: Valued based on observable inputs such as the applicable, country-specific market yield curve, market indicated spreads by security rating and quoted prices for identical assets in markets that are not active and/or similar assets in markets that are active.

Equity securities: Consists of U.S. and Bermuda preferred stocks; valuation is based on observable inputs such as quoted prices for identical assets in markets that are not active and/or similar assets in markets that are active.

Short-term investments: U.S. Treasury securities issued by agencies of the U.S. government are valued based on observable inputs such as the U.S. Treasury yield curve, market indicated spreads and quoted prices for identical assets in markets that are not active and/or similar assets in markets that are active.

Derivative assets and liabilities: Consists of derivatives such as interest-rate swaps, options, and other over-the-counter derivatives. Valuation inputs having a significant effect on fair value include market quoted interest rates, market-implied volatility and other observable inputs regularly used by industry participants in the over-the-counter derivatives markets.

Separate account assets: Consists of mutual funds and unit investment trusts in which the contract holder could redeem its investment at NAV per share at the measurement date with the investee.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

Level 3 Measurements

Most of the Company's financial instruments classified as Level 3 include less liquid securities such as mortgage-backed securities, other structured securities, certain domestic and foreign corporate securities, other equity securities, derivatives embedded in annuity contracts and MRBs.

Domestic corporate securities and foreign corporate securities: For the majority of domestic corporate and foreign corporate securities, valuations are obtained from an independent third-party broker without adjustment. The types of inputs third parties may use would likely be similar to those used to price securities for which inputs are available to the Company, and therefore may include, but not be limited to, loss severity rates, constant default rates and credit spreads. For certain domestic corporate and foreign securities, the Company used credit spreads of 2.65% to 2.80% for the year ended December 31, 2025. For one domestic corporate security, the Company used a credit spread of 2.15% as of December 31, 2024. The credit spreads were obtained from an independent third-party broker and used without adjustment to develop the fair value using an internal model.

Mortgage-backed securities (residential and commercial): Valuation is based on internal models, which include unobservable inputs such as market spreads and prepayment speeds.

Other structured securities: For other structured securities, valuations are based on internal models, which include unobservable inputs such as market spreads and prepayment speeds.

Also, other structured securities consist of valuations and/or spreads that are obtained from an independent, third-party broker without adjustment. The types of inputs third parties may use would likely be similar to those used to price securities for which inputs are available to the Company, and therefore may include, but not be limited to, loss severity rates, constant default rates and credit spreads.

The following table presents information about significant unobservable inputs used in Level 3 for mortgage-backed securities and other structured securities measured at fair value developed by internal models as of December 31, 2025 and 2024:

Predominant Valuation Method	Significant Unobservable Input	Range of Values - Unobservable Input	
		2025	2024
Mortgage-backed and other structured securities			
Discounted cash flow	Market spreads	1.2% to 4.5%	1.2% to 4.5%

Equity securities: Consists primarily of private equity investments that are valued using internal appraisals that rely on unadjusted information obtained from the investment's management.

Derivatives embedded in annuity contracts: Valuation is determined using internal models. Equity-indexed annuities and the registered index annuities contain embedded derivatives, which are measured at fair value separately from the host contract; the option is related to the performance of a stock index.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

In estimating the fair value of the embedded derivatives of the equity-indexed annuities and the registered index annuities, the Company attributes a present value to the embedded derivative equal to the discounted sum of the excess cash flows of the index related fund value over the minimum guaranteed fund value. The current year portion of the embedded derivative is adjusted for known market conditions. The discount factor at which the embedded derivative is valued contains an adjustment for the Company's own credit and risk margins for unobservable non-capital market inputs.

The Company's own credit adjustment is determined taking into consideration publicly available information relating to the Company's debt as well as its claims paying ability.

These derivatives may be more costly than expected in volatile or declining equity markets. Changes in market conditions include, but are not limited to, changes in interest rates, equity indices, market volatility and foreign currency exchange rates. Changes in fair value may be impacted by changes in the Company's own credit standing. Lastly, changes in actuarial assumptions regarding policyholder behavior and risk margins related to non-capital market inputs may result in significant fluctuations in the fair value of the derivatives that could materially affect net income.

Market risk benefits: Valuation is determined using internal models. The Company formerly offered certain variable annuity products with guaranteed minimum benefit riders. The riders included guaranteed minimum withdrawal benefit ("GMWB") riders and guaranteed minimum accumulation benefit ("GMAB") riders. GMWB and GMAB riders are MRB features, which are measured at fair value separately from the host variable annuity contract.

Additionally, the Company offers a single premium deferred modified guaranteed index annuity and a single premium deferred index-linked interest options both with certain guaranteed benefits, such as GMWB and guaranteed minimum death benefit ("GMDB") riders.

The fair value of GMWB, GMAB and GMDB riders are estimated using the present value of future benefits minus the present value of future fees using actuarial and capital market assumptions related to the projected cash flows over the expected lives of the contracts. The Company projects cash flows from the derivatives under multiple capital market scenarios using observable risk-free rates, then includes an adjustment for the Company's own credit and risk margins for non-capital market inputs.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

The following table presents information about significant unobservable inputs used in Level 3 embedded derivative liabilities measured at fair value developed by internal models as of December 31, 2025 and 2024:

Predominant Valuation Method	Significant Unobservable Input	Range of Values - Unobservable Input	
		2025	2024
Equity-indexed annuities			
Discounted cash flow	Lapse rates	1.0% to 4.5% with an excess lapse rate up to 100% at the end of the index period. Weighted average is 42.45%.	1.0% to 4.5% with an excess lapse rate up to 100% at the end of the index period. Weighted average is 32.89%.
	Company's own credit and risk margin	92-132 basis points add on to discount rate. Weighted average is 105 basis points.	103-127 basis points add on to discount rate. Weighted average is 115 basis points.
Single premium deferred annuities			
Discounted cash flow	Lapse rates	1.5% to 50.0% with an excess lapse rate at the end of the index period of 55% - 100%. Weighted average is 28.40%.	1.5% to 50.0% with an excess lapse rate at the end of the index period of 45% - 100%. Weighted average is 19.65%.
	Company's own credit and risk margin	102-142 basis points add on to discount rate. Weighted average is 115 basis points.	113-137 basis points add on to discount rate. Weighted average is 124 basis points.
Flexible premium deferred annuities			
Discounted cash flow	Lapse rates	1.0% to 35.0% with an excess lapse rate at the end of the index period of 10%-35%. Weighted average is 14.19%.	1.0% to 26.0% with an excess lapse rate at the end of the index period of 5%-27.5%. Weighted average is 11.94%.
	Company's own credit and risk margin	92-132 basis points add on to discount rate. Weighted average is 105 basis points.	103-127 basis points add on to discount rate. Weighted average is 114 basis points.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

The following table presents information about significant unobservable inputs used in Level 3 MRBs measured at fair value developed by internal models as of December 31, 2025 and 2024:

Predominant Valuation Method	Significant Unobservable Input	Range of Values - Unobservable Input	
		2025	2024
Guarantees on variable annuities			
Discounted cash flow	Lapse rates, including risk margin	1.8% to 18%. Weighted average is 10.99%.	1.8% to 18%. Weighted average is 10.48%.
	Company's own credit and risk margin	132-172 basis points add on to discount rate. Weighted average is 145 basis points.	138-162 basis points add on to discount rate. Weighted average is 147 basis points.
Single premium deferred modified guaranteed annuities			
Discounted cash flow	Lapse rates	0.3% to 13.0% with an excess lapse rate at the end of the surrender charge period of 9-16%. Weighted average is 2.46%.	0.5% to 13.0% with an excess lapse rate at the end of the surrender charge period of 9-16%. Weighted average is 1.43%.
	Company's own credit and risk margin	92-132 basis points add on to discount rate. Weighted average is 103 basis points.	78-102 basis points add on to discount rate. Weighted average is 87 basis points.
Single premium deferred index-linked interest options annuities			
Discounted cash flow	Lapse rates	0.5% to 35.0% with an excess lapse rate at the end of the surrender charge period of 35-40%. Weighted average is 0.89%.	0.5% to 15.0% with an excess lapse rate at the end of the surrender charge period of 37.5%. Weighted average is 0.67%.
	Company's own credit and risk margin	72-112 basis points add on to discount rate. Weighted average is 82 basis points.	78-102 basis points add on to discount rate. Weighted average is 87 basis points.
Single purchase payment deferred index-linked variable annuities			
Discounted cash flow	Lapse rates	0.3% to 13.0% with an excess lapse rate at the end of the surrender charge period of 9-16%. Weighted average is 0.50%.	N/A
	Company's own credit and risk margin	92-132 basis points add on to discount rate. Weighted average is 92 basis points.	N/A

A rollforward of the changes in level 3 MRBs is set forth in Note 9 – Market Risk Benefits.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)**Changes in Level 3 Fair Value Measurement**

The following table sets forth the fair values of assets and liabilities classified as Level 3 within the fair value hierarchy at December 31, 2025:

	<u>Total Realized/Unrealized Gain (Loss) Included in:</u>					Balance December 31, 2025 ²
	Balance January 1, 2025	Earnings ¹	Other Comprehensive Income (Loss)	Net Purchases, Sales and Maturities	Transfer into (out of) Level 3	
Debt securities						
Domestic corporate securities	\$ 76,939	\$ 6	\$ 1,008	\$ 22,626	\$ (47,016)	\$ 53,563
Residential mortgage-backed securities	25,864	(44)	1,357	4,594	-	31,771
Commercial mortgage-backed securities	23,644	(183)	1,057	(292)	-	24,226
Other structured securities	276,778	(494)	1,905	38,994	(60,067)	257,116
Foreign corporate securities	28,768	-	3,322	28,502	(32,090)	28,502
Total debt securities	431,993	(715)	8,649	94,424	(139,173)	395,178
Equity securities	8,662	36	-	-	-	8,698
Market risk benefits, asset	57,676	12,939	-	-	-	70,615
Total assets	\$ 498,331	\$ 12,260	\$ 8,649	\$ 94,424	\$ (139,173)	\$ 474,491
Derivatives embedded						
in annuity contracts	2,241,145	479,190	-	(4,395)	-	2,715,940
Market risk benefits, liability	53,560	(1,818)	-	(371)	-	51,371
Total liabilities	\$ 2,294,705	\$ 477,372	\$ -	\$ (4,766)	\$ -	\$ 2,767,311

¹ Included in earnings is amortization of premium/discount, impairments, net realized gains and losses and lapses associated with embedded derivatives.

² There were no significant unrealized gains (losses) for the period included in net income attributable to the fair value relating to assets and liabilities classified as Level 3 that are still held at December 31, 2025.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

The following table provides the components of the items included in Level 3 net purchases, sales and maturities for 2025:

	Purchases	Sales	Maturities	Net Purchases, Sales and Maturities
Debt securities				
Domestic corporate securities	\$ 25,323	\$ -	\$ (2,697)	\$ 22,626
Residential mortgage-backed securities	22,368	-	(17,774)	4,594
Commercial mortgage-backed securities	-	-	(292)	(292)
Other structured securities	214,620	(57,023)	(118,603)	38,994
Foreign corporate securities	28,502	-	-	28,502
Total debt securities	290,813	(57,023)	(139,366)	94,424
Total assets	\$ 290,813	\$ (57,023)	\$ (139,366)	\$ 94,424
Derivatives embedded in annuity contracts	\$ 302,270	\$ -	\$ (306,665)	\$ (4,395)
Market risk benefits, liability	41	-	(412)	(371)
Total liabilities	\$ 302,311	\$ -	\$ (307,077)	\$ (4,766)

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

The following table sets forth the fair values of assets and liabilities classified as Level 3 within the fair value hierarchy at December 31, 2024:

	Total Realized/Unrealized Gain (Loss) Included in:					
	Balance January 1, 2024	Earnings¹	Other Comprehensive Income (Loss)	Net Purchases, Sales and Maturities	Transfer into (out of) Level 3	Balance December 31, 2024²
Debt securities						
Domestic corporate securities	\$ 60,221	\$ (8)	\$ 4,272	\$ 43,851	\$ (31,397)	\$ 76,939
Residential mortgage-backed securities	40,163	168	405	(1,186)	(13,686)	25,864
Commercial mortgage-backed securities	23,931	(171)	145	(261)	-	23,644
Other structured securities	38,567	2	1,835	236,374	-	276,778
Foreign corporate securities	45,212	-	(1,352)	30,238	(45,330)	28,768
Total debt securities	208,094	(9)	5,305	309,016	(90,413)	431,993
Equity securities	11,737	(3,075)	-	-	-	8,662
Market risk benefits, asset	45,859	11,817	-	-	-	57,676
Total assets	\$ 219,831	\$ (3,084)	\$ 5,305	\$ 309,016	\$ (90,413)	\$ 440,655
Derivatives embedded						
in annuity contracts	\$ 1,756,665	\$ 495,531	\$ -	\$ (11,051)	\$ -	\$ 2,241,145
Market risk benefits, liability	76,701	(24,846)	-	1,705	-	53,560
Total liabilities	\$ 1,833,366	\$ 470,685	\$ -	\$ (9,346)	\$ -	\$ 2,294,705

¹ Included in earnings is amortization of premium/discount, impairments, net realized gains and losses and lapses associated with embedded derivatives.

² There were no significant unrealized gains (losses) for the period included in net income attributable to the fair value relating to assets and liabilities classified as Level 3 that are still held at December 31, 2024.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

The following table provides the components of the items included in Level 3 net purchases, sales and maturities for 2024:

	Purchases	Sales	Maturities	Net Purchases, Sales and Maturities
Debt securities				
Domestic corporate securities	\$ 45,500	\$ (39)	\$ (1,610)	\$ 43,851
Residential mortgage-backed securities	-	(1,186)	-	(1,186)
Commercial mortgage-backed securities	-	(261)	-	(261)
Other structured securities	238,654	(2,280)	-	236,374
Foreign corporate securities	30,238	-	-	30,238
Total debt securities	314,392	(3,766)	(1,610)	309,016
Total assets	\$ 314,392	\$ (3,766)	\$ (1,610)	\$ 309,016
Derivatives embedded in annuity contracts	\$ 255,026	\$ -	\$ (266,077)	\$ (11,051)
Market risk benefits, liability	1,934	-	(229)	1,705
Total liabilities	\$ 256,960	\$ -	\$ (266,306)	\$ (9,346)

Fair Value Measurement – Non-Recurring Basis

The Company's equity securities without a readily determinable fair value are remeasured when there is an observable price change or impairment. The Company holds these securities at cost minus cumulative impairments, if any, plus or minus changes resulting from observable price changes. Observable price changes that occurred during the reporting period are derived using Level 2 inputs, as they are based on prices of the same or similar securities through new issuances or sales. The carrying value of Level 2 securities after remeasurement to fair value (at various dates during the reporting periods) was \$27,926 and \$47,188 as of December 31, 2025 and 2024, respectively. Impairments are derived using Level 3 inputs, as they are based on internal valuation techniques, as well as assumptions on future operating results of the investee. The carrying value of Level 3 securities after remeasurement to fair value was \$9,735 and \$55,121, as of December 31, 2025 and 2024, respectively. The carrying value of the remaining equity securities without a readily determinable fair value that did not have observable price changes during the reporting period approximates fair value.

See Note 3, Investments - Equity Securities, for information about all equity securities without readily determinable fair values.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

Fair Value Measurements for Financial Instruments Not Reported at Fair Value

Accounting standards require disclosure of fair value information about certain on and off-balance sheet financial instruments which are not recorded at fair value on a recurring basis.

The carrying amounts and estimated fair values of the Company's financial instruments that are not measured at fair value on a recurring basis at December 31 are as follows:

	2025		2024	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial instruments recorded as assets:				
Mortgage loans	\$ 5,037,025	\$ 4,835,283	\$ 4,530,714	\$ 4,109,871
Policy loans	160,276	200,512	145,316	182,984
FHLB restricted stock	87,309	87,309	71,241	71,241
LIHTC	145,669	145,669	141,544	141,544
COLI	107,853	107,853	90,524	90,524
Cash	341,605	341,605	121,611	121,611
Short-term investments	32,237	32,237	28,182	28,182
Assets on deposit	1,691,831	1,691,831	1,673,968	1,673,968
Securities lending assets	465,943	465,943	575,075	575,075
Financial instruments recorded as liabilities:				
Investment-type contracts ¹	16,007,719	14,662,842	15,643,204	13,626,173
Notes and interest payable	1,243,172	1,208,476	1,468,091	1,528,484
Payables for securities lending	465,943	465,943	575,075	575,075
Separate account liabilities	3,788,541	3,788,541	3,873,941	3,873,941

¹ The carrying amount and estimated fair value excludes the related embedded derivative for certain products which is held at fair value.

The carrying amounts for accrued net investment income, certain receivables and payables approximate their fair values due to their short-term nature and have been excluded from the fair value tables above.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)**Note 6: Reinsurance**

The Company enters into reinsurance agreements to reduce overall risk, including exposure to large losses and catastrophic events. The Company retains the risk of loss in the event that a reinsurer is unable to meet the obligations assumed under the reinsurance agreements. The Company also assumes insurance risk that was directly written by other insurance entities. The effects of reinsurance on premiums and on claims, benefits, and losses incurred for the years ended December 31 are as follows:

	2025		2024		2023	
	Life & Health Insurance	Property & Casualty Insurance	Life & Health Insurance	Property & Casualty Insurance	Life & Health Insurance	Property & Casualty Insurance
Premiums						
Direct - written	\$ 2,515,038	\$ 1,227,143	\$ 2,450,813	\$ 1,001,402	\$ 2,519,136	\$ 834,262
Direct - change in unearned	1,272	(110,618)	2,663	(75,203)	3,962	(37,434)
Direct - earned	2,516,310	1,116,525	2,453,476	926,199	2,523,098	796,828
Assumed - written	1,839	414,641	1,593	425,438	3,205	477,983
Assumed - change in unearned	-	16,746	(3)	24,807	(3)	(3,748)
Assumed - earned	1,839	431,387	1,590	450,245	3,202	474,235
Ceded - written	(117,437)	(35,818)	(124,950)	(49,612)	(129,757)	(45,038)
Ceded - change in unearned	(21)	(2,921)	1,148	1,577	(1,054)	3,603
Ceded - earned	(117,458)	(38,739)	(123,802)	(48,035)	(130,811)	(41,435)
Premiums - written, net	2,399,440	1,605,966	2,327,456	1,377,228	2,392,584	1,267,207
Premiums - change in unearned, net	1,251	(96,793)	3,808	(48,819)	2,905	(37,579)
Premiums - earned, net	\$ 2,400,691	\$ 1,509,173	\$ 2,331,264	\$ 1,328,409	\$ 2,395,489	\$ 1,229,628
Claims, benefits, and losses and loss adjustment expenses incurred						
Direct	2,438,360	\$ 705,812	\$ 2,398,042	\$ 592,645	\$ 2,336,764	\$ 485,049
Assumed	24,663	220,160	58,403	287,347	10,831	349,529
Ceded	(437,206)	(10,657)	(468,983)	(9,470)	(403,817)	(14,026)
Claims, benefits, and losses and loss adjustment expenses, net	\$ 2,025,817	\$ 915,315	\$ 1,987,462	\$ 870,522	\$ 1,943,778	\$ 820,552

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

Reinsurance recoverables at December 31, 2025 and 2024 were \$3,204,398 and \$3,144,483, respectively. These balances are subject to uncertainties similar to the estimates of the gross reserves for claims and policy benefits and loss and loss adjustment expenses. The collection of the balances is also subject to risks. The Company evaluates the risks of collection in determining the need to establish an allowance for uncollectible reinsurance recoverable. In making this determination, the Company considers, among other factors, the credit rating of the reinsurers, collateral held, its past collection experience, the aging of balances, and any known credit concerns or disputes over contract interpretations. The aggregate recoverable balance of the largest reinsurer was \$2,335,096 or 73% and \$2,243,845 or 71% of the total reinsurance recoverable at December 31, 2025 and 2024, respectively. The aggregate recoverable balance of the second largest reinsurer was \$279,281 or 9% and \$285,558 or 9% of the total reinsurance recoverables at December 31, 2025 and 2024, respectively. No other reinsurer accounts for more than 10% of the balance at December 31, 2025 or 2024.

Note 7: Deferred Policy Acquisition Costs, Value of Business Acquired, and Unearned Revenue Reserves

A summary of the changes in DAC as of and for the year ended December 31, 2025 is shown in the following table:

	Long-Duration											
	Accidental		Fixed		Payout		Indexed		Property		Reconciling Items ¹	Total
	Death		Annuities		Annuities		Annuities		and			
	Traditional	and	and Deposit	Risk	and Pension	Variable	Universal	Other	Casualty	Insurance		
Life	Dismemberment	Administration	Transfer		Annuities	Life						
Balance, beginning of year	\$ 687,593	\$ 147,315	\$ 24,862	\$ 1,879	\$ 253,304	\$ 535,665	\$ 31,755	\$ 115,039	\$ 5,260	\$ 1,802,672		
Deferred	232,213	15,966	5,608	486	72,158	36,556	343	262,664	108,109	734,103		
Amortized	(78,242)	(13,536)	(4,742)	(228)	(38,686)	(38,937)	(3,623)	(238,874)	(108,769)	(525,637)		
Foreign exchange effect	-	-	-	-	-	5,501	94	-	-	5,595		
Balance, end of year	\$ 841,564	\$ 149,745	\$ 25,728	\$ 2,137	\$ 286,776	\$ 538,785	\$ 28,569	\$ 138,829	\$ 4,600	\$ 2,016,733		

¹ Consists of life and health short duration products, credit life and credit disability, which do not have significant insurance risk or significant fee revenue.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

A summary of the changes in DAC as of and for the year ended December 31, 2024 is shown in the following table:

	Long-Duration													
	Traditional Life	Accidental Death and Dismemberment		Fixed Annuities and Deposit Administration		Payout Annuities and Pension Risk Transfer		Indexed Annuities and Variable Annuities		Universal Life Other		Property and Casualty Insurance	Reconciling Items ¹	Total
Balance, beginning of year	\$ 595,521	\$ 139,243	\$ 22,083	\$ 1,259	\$ 228,443	\$ 446,902	\$ 39,397	\$ 98,428	\$ 9,230	\$ 1,580,506				
Deferred	152,788	21,407	7,642	769	61,225	132,290	3,343	201,586	115,003	696,053				
Amortized	(60,716)	(13,335)	(4,863)	(149)	(36,364)	(36,274)	(10,862)	(184,975)	(118,973)	(466,511)				
Foreign exchange effect	-	-	-	-	-	(7,253)	(123)	-	-	(7,376)				
Balance, end of year	\$ 687,593	\$ 147,315	\$ 24,862	\$ 1,879	\$ 253,304	\$ 535,665	\$ 31,755	\$ 115,039	\$ 5,260	\$ 1,802,672				

¹ Consists of life and health short duration products, credit life and credit disability, which do not have significant insurance risk or significant fee revenue.

The Company pays credit unions for production of new and renewal business sold for the Company. These costs primarily relate to credit life and credit disability policies (included within reconciling items in the tables above) as well as accidental death and dismemberment and certain term and whole life products (included within traditional life in the tables above) sold to credit union members, products of other insurers sold on a brokered basis and certain investment products (included within reconciling items in the tables above). Such costs totaled \$423,418, \$402,959, and \$399,598 for the years ended December 31, 2025, 2024, and 2023, respectively. These costs are deferred unless the expenses are associated with non-insurance products or brokered business.

The following table provides a summary of changes in VOBA for the year ended December 31, 2025:

	Universal Life	Other	Total
Balance, beginning of year	\$ 188,761	\$ (65,438)	\$ 123,323
Amortization expense	(15,287)	4,266	(11,021)
Foreign exchange effect	5,005	-	5,005
Balance, end of year	\$ 178,479	\$ (61,172)	\$ 117,307

The following table provides a summary of changes in VOBA for the year ended December 31, 2024:

	Universal Life	Other	Total
Balance, beginning of year	\$ 214,095	\$ (70,463)	\$ 143,632
Amortization expense	(16,282)	5,022	(11,260)
Foreign exchange effect	(9,049)	-	(9,049)
Balance, end of year	\$ 188,761	\$ (65,438)	\$ 123,323

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

The following table provides estimated future VOBA amortization, net of interest, for the years ended December 31:

	Estimated Future VOBA Amortization
2026	\$ 10,366
2027	9,513
2028	8,712
2029	7,959
2030	6,136

The balances and changes in the unearned revenue reserves are as follows at December 31, 2025:

	Universal Life	Other	Total
Balance, beginning of year	\$ 612,136	\$ 351	\$612,487
Deferred	164,765	111	164,876
Amortized	(47,744)	(19)	(47,763)
Foreign exchange effect	8,533	-	8,533
Balance, end of year	\$ 737,690	\$ 443	\$738,133

The balances and changes in the unearned revenue reserves are as follows at December 31, 2024:

	Universal Life	Other	Total
Balance, beginning of year	\$ 376,333	\$ 218	\$ 376,551
Deferred	271,436	149	271,585
Amortized	(24,185)	(16)	(24,201)
Foreign exchange effect	(11,448)	-	(11,448)
Balance, end of year	\$ 612,136	\$ 351	\$ 612,487

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

 Notes to Consolidated Financial Statements
 (\$ in 000s)

Note 8: Claim and Policy Benefit Reserves – Life and Health

The following table presents balances and changes in the LFPB for life, annuity and certain accident and health insurance policies, including DPL, as of and for the year ended December 31, 2025:

	Traditional Life	Accidental Death and Dismemberment	Long Term Care	Payout Annuities and Pension Risk Transfer	Exited Business	Other
Present value of expected net premiums:						
Balance, beginning of year	\$ 3,893,091	\$ 940,503	\$ 473,104	\$ -	\$ 277,646	\$ 147,553
Beginning balance at original discount rate	4,019,513	1,004,486	480,037	-	271,742	165,658
Effect of changes in cash flow assumptions	2,435	(4,275)	37,409	-	142,969	(18,712)
Effect of actual variances from expected experience	(105,641)	(13,543)	(14,389)	(4,825)	(8,362)	(9,640)
Balance adjusted for variances from expectation	3,916,307	986,668	503,057	(4,825)	406,349	137,306
Issuances	828,250	72,453	-	422,498	-	2,234
Interest accrual	205,022	43,119	24,622	1,892	16,580	4,438
Net premiums collected	(562,076)	(129,193)	(51,263)	(419,565)	(38,397)	(23,849)
Foreign currency adjustment	-	-	-	-	-	515
Ending balance at original discount rate	4,387,503	973,047	476,416	-	384,532	120,644
Effect of changes in discount rate assumptions	(18,621)	(35,940)	4,657	-	19,038	(7,228)
Balance, end of year	\$ 4,368,882	\$ 937,107	\$ 481,073	\$ -	\$ 403,570	\$ 113,416
Present value of expected future policy benefits:						
Balance, beginning of year	\$ 5,964,552	\$ 1,071,500	\$ 1,574,340	\$ 3,284,071	\$ 2,521,491	\$ 649,826
Beginning balance at original discount rate	6,293,632	1,165,003	1,671,581	3,550,859	2,474,931	828,160
Effect of changes in cash flow assumptions	2,968	(4,471)	89,076	(7,143)	186,147	(17,855)
Effect of actual variances from expected experience	(111,512)	(16,727)	5,456	(96,738)	(11,266)	(15,193)
Balance adjusted for variances from expectation	6,185,088	1,143,805	1,766,113	3,446,978	2,649,812	795,112
Issuances	829,282	72,422	-	532,046	-	3,211
Interest accrual	325,313	50,932	88,922	158,719	139,596	21,332
Benefits payments	(422,531)	(101,375)	(40,777)	(347,925)	(200,518)	(69,927)
Foreign currency adjustment	-	-	-	-	-	735
Ending balance at original discount rate	6,917,152	1,165,784	1,814,258	3,789,818	2,588,890	750,463
Effect of changes in discount rate assumptions	(172,411)	(64,231)	(74,461)	(167,223)	118,349	(148,076)
Balance, end of year	\$ 6,744,741	\$ 1,101,553	\$ 1,739,797	\$ 3,622,595	\$ 2,707,239	\$ 602,387
Net liability for future policy benefits	\$ 2,375,859	\$ 164,446	\$ 1,258,724	\$ 3,622,595	\$ 2,303,669	\$ 488,971
Less: Reinsurance recoverable	9,121	-	256,545	-	2,303,669	31,430
Net liability for future policy benefits, after reinsurance recoverable	\$ 2,366,738	\$ 164,446	\$ 1,002,179	\$ 3,622,595	\$ -	\$ 457,541
Weighted-average duration of liability for future policyholder benefits						
(years)	15.3	13.6	15.3	8.1	8.2	11.0

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

 Notes to Consolidated Financial Statements
 (\$ in 000s)

The following table presents balances and changes in the LFPB for life, annuity and certain accident and health insurance policies, including DPL, as of and for the year ended December 31, 2024:

	Traditional Life	Accidental Death and Dismemberment	Long Term Care	Payout Annuities and Pension Risk Transfer	Exited Business	Other
Present value of expected net premiums:						
Balance, beginning of year	\$ 3,721,399	\$ 995,709	\$ 512,972	\$ -	\$ 358,889	\$ 180,864
Beginning balance at original discount rate	3,750,040	1,040,814	506,248	-	343,853	199,939
Effect of changes in cash flow assumptions	(31,794)	(19,623)	(17,002)	-	-	(652)
Effect of actual variances from expected experience	(117,263)	(21,789)	16,969	(24,626)	(51,620)	(19,074)
Balance adjusted for variances from expectation	3,600,983	999,402	506,215	(24,626)	292,233	180,213
Issuances	724,252	93,386	-	432,213	-	13,562
Interest accrual	193,480	45,240	25,207	2,294	18,027	5,918
Net premiums collected	(499,204)	(133,542)	(51,384)	(409,881)	(38,518)	(33,266)
Foreign currency adjustment	-	-	-	-	-	(768)
Ending balance at original discount rate	4,019,511	1,004,486	480,038	-	271,742	165,659
Effect of changes in discount rate assumptions	(126,420)	(63,983)	(6,934)	-	5,904	(18,106)
Balance, end of year	\$ 3,893,091	\$ 940,503	\$ 473,104	\$ -	\$ 277,646	\$ 147,553
Present value of expected future policy benefits:						
Balance, beginning of year	\$ 5,747,041	\$ 1,111,789	\$ 1,646,214	\$ 3,110,646	\$ 2,726,116	\$ 714,368
Beginning balance at original discount rate	5,796,530	1,174,285	1,625,642	3,281,729	2,572,990	883,232
Effect of changes in cash flow assumptions	(34,063)	(19,837)	(26,871)	(3,048)	-	(7,187)
Effect of actual variances from expected experience	(120,010)	(22,453)	24,325	(99,302)	(56,289)	(19,367)
Balance adjusted for variances from expectation	5,642,457	1,131,995	1,623,096	3,179,379	2,516,701	856,678
Issuances	725,381	93,360	-	540,238	-	17,093
Interest accrual	302,487	51,822	84,176	151,897	142,427	23,298
Benefits payments	(376,695)	(112,175)	(35,690)	(320,655)	(184,197)	(67,783)
Foreign currency adjustment	-	-	-	-	-	(1,126)
Ending balance at original discount rate	6,293,630	1,165,002	1,671,582	3,550,859	2,474,931	828,160
Effect of changes in discount rate assumptions	(329,078)	(93,502)	(97,242)	(266,788)	46,560	(178,334)
Balance, end of year	\$ 5,964,552	\$ 1,071,500	\$ 1,574,340	\$ 3,284,071	\$ 2,521,491	\$ 649,826
Net liability for future policy benefits	\$ 2,071,461	\$ 130,997	\$ 1,101,236	\$ 3,284,071	\$ 2,243,845	\$ 502,273
Less: Reinsurance recoverable	8,527	-	235,654	-	2,243,845	33,525
Net liability for future policy benefits, after reinsurance recoverable	\$ 2,062,934	\$ 130,997	\$ 865,582	\$ 3,284,071	\$ -	\$ 468,748
Weighted-average duration of liability for future policyholder benefits						
(years)	16.1	15.4	16.4	8.3	8.7	11.4

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

Reserves for future policy benefits are determined using a combination of actual policyholder experience and updated best-estimate assumptions. Inputs include observable, upper-medium grade fixed-income discount rates, actual premium and benefit patterns, and periodically updated assumptions. Assumptions are reviewed at least annually, or more frequently when warranted. Key assumptions vary by product type and include mortality and lapse for Traditional Life, Accidental Death & Dismemberment, and Other products, mortality for Payout Annuities and Pension Risk Transfer, and morbidity and persistency for Long-Term Care and Exited Business.

For the year ended December 31, 2025, Long-Term Care reflects a \$51,667 increase in LFPB reserves due to updates to lapse assumptions and a \$19,845 increase in LFPB reserves due to current year actual variance to expected. Payout Annuities and Pension Risk Transfer reflect a \$17,283 reduction in LFPB reserves (partially offset by a \$10,921 increase in DPL reserves) due to mortality assumption updates to Payout Annuities. Other reflects a \$4,017 reduction in LFPB reserves due to assumption updates. Changes to LFPB reserves due to discount rate changes include increases to Traditional Life, Accidental Death and Dismemberment, Long-Term Care, Payout Annuities and Pension Risk Transfer and Other of \$48,868, \$1,228, \$11,190, \$99,555 and \$18,726, respectively.

For the year ended December 31, 2024, there were minimal impacts to reserves from actual to expected experience. Payout Annuities and Pension Risk Transfer reflect product growth somewhat greater than expectations. Additionally, all products were minimally impacted by changes in the discount rates, which experienced a modest overall increase during the year.

The reconciliation of net LFPB to claim and policy benefits reserves - life and health is as follows for the years ended December 31:

	2025	2024
Liability for future policy benefits ¹		
Traditional Life	\$ 2,375,859	\$ 2,071,461
Accidental Death and Dismemberment	164,446	130,997
Long-Term Care	1,258,724	1,101,236
Payout Annuities and Pension Risk Transfer	3,622,595	3,284,071
Exited Business	2,303,669	2,243,845
Other	488,971	502,273
Reconciling items ²		
Participating contracts	1,150,842	1,154,065
IBNR/ICOS	55,904	57,427
Short-duration contracts	439,718	499,379
Miscellaneous reserves	166,633	157,685
Total	\$ 12,027,361	\$ 11,202,439

¹ Amounts include the DPL.

² Reflects participating contracts, incurred but not reported (IBNR) reserves, in the course of settlement (ICOS) liability reserves, certain short-duration reserves (credit life and credit disability) and other miscellaneous reserves, which are not included in the disaggregated rollforwards above.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

The following presents information about incurred and paid loss and loss adjustment expense development as of December 31, 2025, net of reinsurance, as well as the cumulative number of reported claims and the total of IBNR reserves plus expected development on reported claims included in the net incurred claims amounts recorded for certain of the Company’s life and health short-duration contracts. The short-duration contracts primarily consists of lending insurance including the Company’s credit life and credit disability products. See Note 2, Summary of Significant Accounting Policies, for the accounting policy and methodology for determining reserves for loss and loss adjustment expense, including both reported and IBNR claims. The cumulative number of reported claims is identified by coverage and excludes reported claims for industry pools and facilities where information is not available. The information about incurred and paid loss and loss adjustment expense development for the years 2016 to 2025, and the average annual percentage payout of incurred claims by age as of December 31, 2025, is presented as required supplementary information.

Lending Insurance Credit Life and Credit Disability

The Company’s life and health short-duration lending products primarily protect credit unions and members from losses related to death and disability.

Cumulative net incurred loss and allocated loss adjustment expenses are shown in the following table:

Accident Year	For the year ended December 31,										Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Incurred Claim Counts	
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025			As of December 31, 2025
2016	\$ 255,940	\$ 241,113	\$ 235,258	\$ 232,938	\$ 232,824	\$ 231,996	\$ 231,583	\$ 230,884	\$ 230,157	\$ 229,778	\$	982	91,008
2017		249,327	240,851	238,491	236,672	234,658	233,962	233,149	232,448	231,926		1,391	89,389
2018			239,402	232,059	227,258	223,663	222,375	221,150	220,136	219,479		1,759	84,537
2019				228,114	220,850	214,394	211,806	209,388	207,278	206,372		2,434	79,364
2020					214,460	210,351	210,058	208,447	206,535	206,535		2,395	68,659
2021						208,083	209,053	206,033	204,674	203,994		5,214	64,580
2022							184,337	175,733	171,424	171,037		10,591	55,087
2023								159,796	154,434	156,345		20,090	49,250
2024									140,077	139,450		27,333	43,802
2025										123,227		51,590	31,395
										<u>\$1,888,143</u>		<u>\$ 123,779</u>	

Cumulative net paid loss and allocated loss adjustment expenses are shown in the following table:

Accident Year	For the year ended December 31,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2016	\$ 129,653	\$ 181,086	\$ 201,856	\$ 215,292	\$ 222,838	\$ 226,313	\$ 227,630	\$ 228,222	\$ 228,557	\$ 228,796
2017	-	130,165	183,098	204,097	217,246	224,672	228,082	229,563	230,250	230,536
2018	-	-	123,902	175,096	194,122	206,141	212,891	216,060	217,266	217,720
2019	-	-	-	118,806	165,551	183,196	194,132	200,318	202,936	203,937
2020	-	-	-	-	121,596	168,197	184,802	195,364	201,423	204,140
2021	-	-	-	-	-	126,193	169,989	184,349	193,560	198,779
2022	-	-	-	-	-	-	103,161	139,556	152,201	160,446
2023	-	-	-	-	-	-	-	87,659	123,390	136,256
2024	-	-	-	-	-	-	-	-	80,778	112,117
2025	-	-	-	-	-	-	-	-	-	71,636
Total	-	-	-	-	-	-	-	-	-	<u>1,764,363</u>
All outstanding liabilities before 2016, net of reinsurance										<u>2,478</u>
Liabilities for claim and policy benefit reserves - life and health, net of reinsurance										<u>\$ 126,258</u>

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

Claim frequency is measured per individual claimant. All reported claims are included in the claim frequency statistic, whether or not they resulted in a liability. The average percentage payout of net incurred claims by product line is shown in the following unaudited table:

(unaudited)	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years
Lending insurance credit										
life and credit disability	58.0%	22.4%	8.3%	5.2%	3.0%	1.4%	0.6%	0.3%	0.1%	0.1%

The amount of undiscounted expected gross premiums and expected future benefit payments are as follows for the years ended December 31:

	2025	2024
Traditional Life:		
Expected discounted future gross premiums	\$ 8,321,197	\$ 7,432,576
Expected future undiscounted benefit payments	12,647,789	11,465,089
Expected future undiscounted gross premiums	12,352,430	11,417,049
Accidental Death and Dismemberment:		
Expected discounted future gross premiums	2,283,549	2,274,259
Expected future undiscounted benefit payments	1,768,422	1,756,165
Expected future undiscounted gross premiums	3,422,880	3,499,538
Long-Term Care:		
Expected discounted future gross premiums	484,141	494,690
Expected future undiscounted benefit payments	4,010,861	3,779,420
Expected future undiscounted gross premiums	718,899	752,842
Payout Annuities and Pension Risk Transfer:		
Expected discounted future gross premiums	-	-
Expected future undiscounted benefit payments	5,719,715	5,301,613
Expected future undiscounted gross premiums	-	-
Exited Business:		
Expected discounted future gross premiums	415,143	390,791
Expected future undiscounted benefit payments	4,288,449	4,245,747
Expected future undiscounted gross premiums	560,022	529,191
Other:		
Expected discounted future gross premiums	233,916	288,277
Expected future undiscounted benefit payments	1,009,442	1,114,536
Expected future undiscounted gross premiums	311,991	400,358

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

The amount of revenue and interest recognized in the Consolidated Statements of Operation and Comprehensive Income are as follows for the years ended December 31:

	Gross Premiums ¹			Interest Accretion ²		
	2025	2024	2023	2025	2024	2023
Traditional Life	\$1,062,938	\$ 946,294	\$ 859,899	\$ 120,291	\$ 109,007	\$ 97,972
Accidental Death and Dismemberment	314,023	318,693	316,769	7,813	6,582	5,130
Long-Term Care	52,812	53,568	53,959	64,300	58,969	55,094
Payout Annuities and Pension Risk Transfer	439,405	440,048	551,797	156,827	149,603	145,101
Exited Business	49,587	51,530	53,209	123,016	124,400	125,325
Other	44,306	59,646	72,752	16,894	17,380	17,088
Total	\$1,963,071	\$1,869,779	\$1,908,385	\$ 489,141	\$ 465,941	\$ 445,710

¹ Gross premiums are included within Life and health premiums, net on the Consolidated Statements of Operations and Comprehensive Income.

² Interest accretion is included within Life and health insurance claims and benefits, net on the Consolidated Statements of Operations and Comprehensive Income.

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

	2025	2024
Traditional Life:		
Interest accretion rate	5.2%	5.1%
Current discount rate	5.5	5.6
Accidental Death and Dismemberment:		
Interest accretion rate	4.4	4.4
Current discount rate	5.6	5.8
Long-Term Care:		
Interest accretion rate	5.2	5.2
Current discount rate	5.6	5.7
Payout Annuities and Pension Risk Transfer:		
Interest accretion rate	4.6	4.5
Current discount rate	5.2	5.5
Exited Business:		
Interest accretion rate	5.8	5.8
Current discount rate	5.2	5.6
Other:		
Interest accretion rate	2.7	2.6
Current discount rate	5.4	5.5

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)**Note 9: Market Risk Benefits**

The following table presents the balances and changes in the MRBs for the year ended December 31:

	Indexed Annuities and Variable Annuities ¹	
	2025	2024
Net balance, beginning of year	\$ 4,116	\$ (30,841)
Effect of changes in the instrument-specific credit risk	8,731	(6,447)
Balance, beginning of year, before effect of changes in the instrument-specific credit risk	12,847	(37,288)
Issuances	(41)	(1,934)
Interest accrual	290	(714)
Attributed fees collected	(37,385)	(32,362)
Benefit payments	411	229
Actual policyholder behavior different from expected behavior	(5,891)	(5,465)
Effect of changes in interest rates	16,329	42,782
Effect of changes in equity markets	14,031	12,151
Effect of changes in equity index volatility	3,838	6,804
Effect of changes in future expected policyholder behavior	8,671	21,752
Effect of changes in future expected assumptions	1,249	(2,782)
Other	15,689	9,674
Balance, end of year, before effect of changes in the instrument-specific credit risk	30,038	12,847
Effect of changes in the instrument-specific credit risk	10,794	8,731
Net balance, end of year	\$ 19,244	\$ 4,116
Weighted-average age of policyholders (years)	68.1	69.3
Net amount at risk ²	41,674	27,506

¹Included in MRBs are certain immaterial products that are fully ceded, and no disclosure by level of aggregation is provided for these products.²Net amount at risk is calculated as the face amount less the related reserve.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

The following table presents reconciliation of MRBs by amounts in an asset position and in a liability position to the MRBs amount in the Consolidated Balance Sheets as of and for the years ended December 31:

	2025			2024		
	Asset	Liability	Net	Asset	Liability	Net
Indexed Annuities and Variable Annuities	\$ 70,615	\$ (51,371)	\$ 19,244	\$ 57,676	\$ (53,560)	\$ 4,116

During the year ended December 31, 2025, the long-term interest rate input overnight index swap increased and resulted in a \$16,329 favorable impact to the net MRB. The equity markets input increased and equity markets volatility movement resulted in a \$19,118 favorable impact to the net MRB. The Company's own performance risk decreased and resulted in a \$2,063 unfavorable impact to the net MRB.

During the year ended December 31, 2024, the long-term interest rate input overnight index swap increased and resulted in a \$42,782 favorable impact to the net MRB. The equity markets input increased and equity markets volatility movement resulted in a \$16,174 favorable impact to the net MRB. The Company's own performance risk decreased and resulted in a \$15,178 unfavorable impact to the net MRB.

See Note 5, Fair Value, Determination of Fair Values – Market risk benefits for a discussion of the significant inputs used in the measurement of MRBs.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)**Note 10: Policyholder Account Balances**

The following table presents balances and changes in policyholder account balances with significant insurance risk or investment contracts with significant fee revenue as of and for the year ended December 31, 2025:

	Fixed Annuities and Deposit Administration	Indexed Annuities and Variable Annuities ¹	Universal Life	Other
Balance, beginning of year	\$ 4,602,024	\$ 8,632,950	\$ 6,595,460	\$ 446,336
Deposits	924,020	1,251,658	520,578	25,714
Policy charges	(21,338)	(45,969)	(403,112)	(18,233)
Death, surrenders, and withdrawals	(1,269,285)	(1,488,288)	(374,686)	(43,726)
Net transfers from (to) separate account	-	118,355	-	2,382
Interest credited	153,856	181,573	161,228	13,895
Foreign currency adjustment	-	-	92,466	1,207
Other	-	484,800	-	-
Balance, end of year	\$ 4,389,277	\$ 9,135,079	\$ 6,591,934	\$ 427,575
Weighted-average crediting rate	3.55%	3.24%	2.66%	3.69%
Net amount at risk ²	\$ -	\$ -	\$ 2,825,655	\$ 1,651,945
Cash surrender value	4,252,304	8,792,384	5,779,596	427,144

¹Includes embedded derivatives.²The net amount at risk for policyholder account balances for Indexed Annuities and Variable Annuities is equal to the MRB net amount at risk, as reported in Note 9 - Market Risk Benefits. The net amount at risk for Universal Life is calculated as the face amount minus the related reserve.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

The following table presents balances and changes in policyholder account balances with significant insurance risk or investment contracts with significant fee revenue as of and for the year ended December 31, 2024:

	Fixed Annuities and Deposit Administration	Indexed Annuities and Variable Annuities ¹	Universal Life	Other
Balance, beginning of year	\$ 4,077,287	\$8,044,412	\$ 6,687,572	\$ 468,578
Deposits	1,437,578	1,082,558	811,819	15,618
Policy charges	-	(46,404)	(512,251)	(65,190)
Death, surrenders, and withdrawals	(1,052,900)	(1,180,185)	(345,249)	(43,038)
Net transfers from (to) separate account	-	75,429	-	(293)
Interest credited	140,059	158,038	107,600	72,980
Foreign currency adjustment	-	-	(154,031)	(2,319)
Other	-	499,102	-	-
Balance, end of year	\$ 4,602,024	\$8,632,950	\$ 6,595,460	\$ 446,336
Weighted-average crediting rate	3.39%	3.22%	2.60%	3.06%
Net amount at risk ²	\$ -	\$ -	\$ 3,133,387	\$1,765,345
Cash surrender value	4,412,634	8,265,015	6,372,530	445,839

¹ Includes embedded derivatives.² The net amount at risk for policyholder account balances for Indexed Annuities and Variable Annuities is equal to the MRB net amount at risk, as reported in Note 9 - Market Risk Benefits. The net amount at risk for Universal Life is calculated as the face amount minus the related reserve.

The following table presents the details of policyholder account balances as of December 31:

	2025	2024
Fixed annuities	\$ 4,389,277	\$ 4,602,024
Indexed annuities and variable annuities	9,135,079	8,632,950
Universal life	6,591,934	6,595,460
Other	427,575	446,336
Total policyholder account balances with significant insurance risk or investment contracts with significant fee revenue	20,543,865	20,276,770
Reconciling items ¹		
Funding agreements	1,414,841	1,265,355
Investment contracts	139,105	154,763
Other	450,229	472,612
Total policyholder account balances	\$ 22,548,040	\$ 22,169,500

¹ Included in policyholder account balances are products with no significant insurance risk or fee revenue which are not included in the disaggregated rollforwards above.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

The following table presents the balances of account values by range of guaranteed minimum crediting rates and the related range of difference, in basis points, between rates being credited to policyholders and the respective guaranteed minimum as of and for the year ended December 31, 2025:

	At Guaranteed Minimum	1 Basis Point- 50 Basis Points Above	51 Basis Points- 150 Basis Points Above	Greater Than 150 Basis Points Above	Total
Fixed Annuities and Deposit Administration:					
0.00%-1.50%	\$ 21,191	\$ 18,890	\$ 28,859	\$ 3,806,522	\$3,875,462
1.51%-2.50%	10,421	-	1,089	44,235	55,745
Greater than 2.50%	455,870	1,764	436	-	458,070
Total	\$ 487,482	\$ 20,654	\$ 30,384	\$ 3,850,757	\$4,389,277
Indexed Annuities and Variable					
Annuities:					
0.00%-1.50%	\$ 1,194	\$ 57	\$ 9,603	\$ 124,848	\$ 135,702
1.51%-2.50%	17	-	-	25,158	25,175
Greater than 2.50%	97,373	34,065	73,140	27,732	232,310
Total¹	\$ 98,584	\$ 34,122	\$ 82,743	\$ 177,738	\$ 393,187
Universal Life:					
0.00%-1.50%	\$ -	\$ -	\$ -	\$ 6,591,934	\$6,591,934
1.51%-2.50%	-	-	-	-	-
Greater than 2.50%	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ 6,591,934	\$6,591,934
Other:					
0.00%-1.50%	\$ -	\$ -	\$ 64,942	\$ -	\$ 64,942
1.51%-2.50%	304	-	-	-	304
Greater than 2.50%	362,329	-	-	-	362,329
Total	\$ 362,633	\$ -	\$ 64,942	\$ -	\$ 427,575

¹Includes the fixed account balance only for this LOA.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

The following table presents the fixed account balances of account values by range of guaranteed minimum crediting rates and the related range of difference, in basis points, between rates being credited to policyholders and the respective guaranteed minimum as of and for the year ended December 31, 2024:

	At Guaranteed Minimum	1 Basis Point- 50 Basis Points Above	51 Basis Points- 150 Basis Points Above	Greater Than 150 Basis Points Above	Total
Fixed Annuities and Deposit Administration:					
0.00%-1.50%	\$ 26,015	\$ 19,480	\$ 49,517	\$ 3,962,889	\$4,057,901
1.51%-2.50%	13,768	-	19,063	2,004	34,834
Greater than 2.50%	506,837	1,867	586	-	509,289
Total	\$ 546,620	\$ 21,347	\$ 69,166	\$ 3,964,893	\$4,602,024
Indexed Annuities and Variable Annuities:					
0.00%-1.50%	\$ 94	\$ 70	\$ 13,506	\$ 129,502	\$ 143,173
1.51%-2.50%	17	-	-	25,147	25,164
Greater than 2.50%	117,293	27,333	52,530	28,684	225,840
Total ¹	\$ 117,405	\$ 27,403	\$ 66,036	\$ 183,333	\$ 394,177
Universal Life:					
0.00%-1.50%	\$ -	\$ -	\$ -	\$ 6,595,460	\$6,595,460
1.51%-2.50%	-	-	-	-	-
Greater than 2.50%	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ 6,595,460	\$6,595,460
Other:					
0.00%-1.50%	\$ -	\$ -	\$ 25,604	\$ 201	\$ 25,806
1.51%-2.50%	165	-	-	-	165
Greater than 2.50%	420,332	33	-	-	420,365
Total	\$ 420,497	\$ 33	\$ 25,604	\$ 201	\$ 446,336

¹ Includes the fixed account balance only for this LOA.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)**Note 11: Separate Accounts**

The following table presents balances and changes in separate account liabilities as of and for the year ended December 31, 2025:

	Indexed Annuities and Variable Annuities	Exited Business	Other	Total
Balance, beginning of year	\$1,520,931	\$1,999,821	\$353,189	\$ 3,873,941
Premiums and deposits	57,372	28,236	5,269	90,877
Policy charges	(15,993)	(61,619)	(11,460)	(89,072)
Surrenders and withdrawals	(381,806)	(113,886)	(11,868)	(507,560)
Benefit payments	(63,406)	(31,334)	-	(94,740)
Investment performance	142,967	245,570	12,831	401,368
Net transfers from (to) general account	115,499	(5,249)	2,382	112,632
Other	(5,848)	4,350	2,593	1,095
Balance, end of year	\$1,369,716	\$2,065,889	\$352,936	\$ 3,788,541
Cash surrender value¹	\$1,359,124	\$2,065,409	\$352,935	\$ 3,777,468

¹ Cash surrender value represents the amount of the contract holders account balances distributable at the balance sheet date less certain surrender charges.

The following table presents balances and changes in separate account liabilities as of and for the year ended December 31, 2024:

	Indexed Annuities and Variable Annuities	Exited Business	Other	Total
Balance, beginning of year	\$ 1,646,945	\$ 1,821,542	\$ 349,620	\$ 3,818,107
Premiums and deposits	69,268	30,083	5,474	104,825
Policy charges	(17,441)	(61,944)	(11,666)	(91,051)
Surrenders and withdrawals	(340,915)	(116,628)	(12,912)	(470,455)
Benefit payments	(60,650)	(28,450)	-	(89,100)
Investment performance	158,983	349,764	19,872	528,619
Net transfers from (to) general account	70,994	641	2,089	73,724
Other	(6,253)	4,813	712	(728)
Balance, end of year	\$ 1,520,931	\$ 1,999,821	\$ 353,189	\$ 3,873,941
Cash surrender value¹	\$ 1,509,458	\$ 1,998,996	\$ 353,189	\$ 3,861,643

¹ Cash surrender value represents the amount of the contract holders account balances distributable at the balance sheet date less certain surrender charges.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

The following table presents aggregate fair value of assets, by major investment asset category, supporting separate accounts for the years ended December 31:

	2025	2024
Debt securities	\$ 25,231	\$ 40,515
Mutual funds	3,680,045	3,771,854
Cash and cash equivalents	83,265	61,572
Total	\$ 3,788,541	\$ 3,873,941

Note 12: Loss and Loss Adjustment Expense Reserves - Property and Casualty

The following tables present activity relating to unpaid loss and loss adjustment expense reserves for property and casualty insurance policies. The Company records the liability for unpaid claims for property and casualty policies in loss and loss adjustment expense reserves – property and casualty on the Consolidated Balance Sheets.

	2025	2024
Balance as of January 1	\$ 802,551	\$ 667,156
Less experience refunds liability	45,010	39,097
Less reinsurance recoverables	29,103	29,547
Net balance as of January 1	728,438	598,512
Incurred, net of reinsurance recoverables and experience refunds, related to		
Current year	933,979	897,622
Prior year	(18,664)	(27,100)
Total incurred	915,315	870,522
Paid, net of reinsurance recoverables and experience refunds, related to		
Current year	443,424	493,688
Prior year	293,567	246,908
Total paid	736,991	740,596
Net balance at December 31	906,762	728,438
Plus experience refunds liability	44,960	45,010
Plus reinsurance recoverables	22,616	29,103
Balance at December 31	\$ 974,338	\$ 802,551

For property and casualty products, the 2025 decrease in incurred losses for prior years primarily relates to personal auto liability, auto physical damage and homeowners lines of insurance as there were fewer reported losses than expected. For property and casualty products, the 2024 decrease in incurred losses for prior years primarily relates to personal auto liability and debt protection; as debt protection disability experienced fewer reported losses than expected and personal auto liability experienced lower than expected claim frequency and severity.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

The following presents information about incurred and paid loss and loss adjustment expense development as of December 31, 2025, net of reinsurance, as well as the cumulative number of reported claims and the total of IBNR reserves plus expected development on reported claims included in the net incurred claims amounts recorded for lending, consumer – auto, consumer – homeowners, business protection, workers’ compensation, and other short-duration lines of business. See Note 2, Summary of Significant Accounting Policies, for the accounting policy and methodology for determining reserves for loss and loss adjustment expense, including both reported and IBNR claims. The cumulative number of reported claims is identified by coverage and excludes reported claims for industry pools and facilities where information is not available. The information about incurred and paid loss and loss adjustment expense development for the years 2016 to 2025, and the average annual percentage payout of incurred claims by age as of December 31, 2025, is presented as required supplementary information.

Lending Insurance

The Company’s property and casualty short-duration lending products primarily protect credit unions and members from involuntary unemployment and insufficient loan collateral.

Cumulative net incurred loss and allocated loss adjustment expenses are shown in the following table:

Accident Year	For the year ended December 31,										Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Incurred Claim Counts	
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025			As of December 31, 2025
2016	\$ 168,314	\$ 163,704	\$ 163,688	\$ 163,614	\$ 163,527	\$ 163,524	\$ 163,512	\$ 163,500	\$ 163,513	\$ 163,499	\$	6	89,545
2017		200,877	188,610	187,764	187,354	187,281	187,119	187,171	187,164	187,169		11	101,370
2018			213,535	202,568	200,712	200,408	200,278	200,245	200,213	200,213		50	113,987
2019				224,602	223,850	219,723	219,359	219,347	219,329	219,336		48	128,738
2020					251,259	241,647	240,970	241,272	241,251	241,282		128	151,161
2021						219,161	214,896	215,598	215,552	215,531		333	121,745
2022							227,161	220,805	221,080	221,146		723	121,865
2023								290,021	284,422	285,209		2,124	144,006
2024									342,482	338,392		6,941	151,600
2025										340,301		69,611	128,098
										<u>\$2,412,078</u>		<u>\$ 79,975</u>	

Cumulative net paid loss and allocated loss adjustment expenses are shown in the following table:

Accident Year	For the year ended December 31,										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
2016	\$ 120,294	\$ 157,806	\$ 161,920	\$ 163,030	\$ 163,302	\$ 163,412	\$ 163,442	\$ 163,466	\$ 163,484	\$ 163,494	
2017	-	140,940	181,182	185,656	186,655	186,932	187,014	187,113	187,132	187,157	
2018	-	-	154,659	194,576	198,593	199,659	199,956	200,079	200,128	200,163	
2019	-	-	-	169,708	213,559	217,717	218,701	219,069	219,217	219,288	
2020	-	-	-	-	190,903	235,279	239,459	240,617	240,949	241,153	
2021	-	-	-	-	-	169,307	209,655	213,790	214,837	215,198	
2022	-	-	-	-	-	-	167,743	214,623	218,991	220,409	
2023	-	-	-	-	-	-	-	220,700	277,720	283,080	
2024	-	-	-	-	-	-	-	-	270,932	331,441	
2025	-	-	-	-	-	-	-	-	-	266,240	
Total	-	-	-	-	-	-	-	-	-	<u>2,327,623</u>	
All outstanding liabilities before 2016, net of reinsurance											-
Liabilities for loss and allocated loss adjustment expenses, net of reinsurance											<u>\$ 84,455</u>

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

Consumer – Auto Insurance

Cumulative net incurred loss and allocated loss adjustment expenses are shown in the following table:

Accident Year	For the years ended December 31,										Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Incurred Claim Counts	
	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021 (unaudited)	2022 (unaudited)	2023 (unaudited)	2024 (unaudited)	2025			As of December 31, 2025
2016	\$ 173,437	\$ 173,314	\$ 176,574	\$ 178,041	\$ 177,869	\$ 177,893	\$ 177,900	\$ 177,741	\$ 177,749	\$ 177,726	\$	81	349,237
2017	-	183,014	177,526	176,814	176,920	176,550	177,275	177,302	177,226	177,024		81	330,055
2018	-	-	179,836	175,292	171,593	170,215	173,311	173,852	173,843	171,531		199	306,230
2019	-	-	-	172,589	166,284	160,062	162,103	160,891	160,480	159,960		286	262,127
2020	-	-	-	-	149,502	128,334	125,048	125,144	123,483	121,927		332	188,042
2021	-	-	-	-	-	153,317	150,459	149,800	148,121	144,522		2,636	192,243
2022	-	-	-	-	-	-	182,634	181,899	180,097	173,445		5,086	196,702
2023	-	-	-	-	-	-	-	198,814	186,272	179,913		14,975	183,720
2024	-	-	-	-	-	-	-	-	155,207	143,395		20,151	126,651
2025	-	-	-	-	-	-	-	-	-	120,085		41,262	79,758
										\$ 1,569,528	\$	85,089	

Cumulative net paid loss and allocated loss adjustment expenses are shown in the following table:

Accident Year	For the years ended December 31,										2025
	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021 (unaudited)	2022 (unaudited)	2023 (unaudited)	2024 (unaudited)	2025	
2016	\$ 101,381	\$ 137,344	\$ 155,177	\$ 166,365	\$ 171,734	\$ 174,639	\$ 176,250	\$ 177,020	\$ 177,260	\$ 177,456	
2017	-	102,031	136,409	154,437	164,863	170,857	174,335	175,537	176,387	176,772	
2018	-	-	96,578	130,796	148,186	158,291	165,989	169,045	170,408	170,895	
2019	-	-	-	94,037	122,555	139,044	149,307	155,400	158,472	159,188	
2020	-	-	-	-	71,525	94,904	107,103	114,607	118,653	119,881	
2021	-	-	-	-	-	83,444	114,580	128,785	137,211	140,094	
2022	-	-	-	-	-	-	99,372	139,210	154,849	162,616	
2023	-	-	-	-	-	-	-	110,631	142,727	156,609	
2024	-	-	-	-	-	-	-	-	77,496	107,172	
2025	-	-	-	-	-	-	-	-	-	60,208	
Total	-	-	-	-	-	-	-	-	-	-	1,430,891
All outstanding liabilities before 2016, net of reinsurance											444
Liabilities for loss and allocated loss adjustment expenses, net of reinsurance											\$ 139,081

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

Consumer – Homeowners Insurance

Cumulative net incurred loss and allocated loss adjustment expenses are shown in the following table:

Accident Year	For the years ended December 31,										Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Incurred Claim Counts
	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021 (unaudited)	2022 (unaudited)	2023 (unaudited)	2024 (unaudited)	2025		
2016	\$ 62,932	\$ 58,940	\$ 57,817	\$ 58,068	\$ 58,011	\$ 57,960	\$ 57,919	\$ 57,945	\$ 58,008	\$ 58,001	\$ 8	33,773
2017	-	68,182	65,217	64,351	63,588	63,727	63,672	63,693	63,587	63,540	513	36,771
2018	-	-	61,433	63,189	62,500	63,170	62,333	61,744	61,708	61,588	46	33,770
2019	-	-	-	60,049	54,713	54,612	54,370	54,230	54,230	54,263	25	28,473
2020	-	-	-	-	72,816	69,416	70,418	69,404	69,294	69,044	69	27,540
2021	-	-	-	-	-	74,488	73,812	69,063	68,342	68,215	111	25,200
2022	-	-	-	-	-	-	57,860	55,555	55,343	54,707	772	18,699
2023	-	-	-	-	-	-	-	75,096	73,132	69,395	2,903	19,633
2024	-	-	-	-	-	-	-	-	59,197	56,198	9,102	13,927
2025	-	-	-	-	-	-	-	-	-	40,144	9,629	7,644
										<u>\$ 595,095</u>	<u>\$ 23,178</u>	

Cumulative net paid loss and allocated loss adjustment expenses are shown in the following table:

Accident Year	For the years ended December 31,									
	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021 (unaudited)	2022 (unaudited)	2023 (unaudited)	2024 (unaudited)	2025
2016	\$ 44,531	\$ 54,228	\$ 56,432	\$ 57,070	\$ 57,573	\$ 57,620	\$ 57,755	\$ 57,803	\$ 57,912	\$ 57,914
2017	-	46,643	60,108	61,306	62,181	62,435	62,737	62,771	62,891	62,974
2018	-	-	44,152	57,840	59,967	60,838	61,228	61,273	61,428	61,515
2019	-	-	-	39,350	49,728	51,347	52,560	53,583	53,938	54,043
2020	-	-	-	-	46,240	62,164	66,438	68,060	68,735	68,976
2021	-	-	-	-	-	49,481	65,234	67,612	67,892	68,202
2022	-	-	-	-	-	-	34,544	50,298	52,078	53,212
2023	-	-	-	-	-	-	-	46,309	61,148	63,929
2024	-	-	-	-	-	-	-	-	31,848	43,869
2025	-	-	-	-	-	-	-	-	-	23,344
Total	-	-	-	-	-	-	-	-	-	557,978
All outstanding liabilities before 2016, net of reinsurance										45
Liabilities for loss and allocated loss adjustment expenses, net of reinsurance										<u>\$ 37,162</u>

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

Business Protection

The Company's business protection products help to protect credit unions from a wide range of risks. Products offered include fidelity bond, business auto, cyber and security incident coverage, management and professional liability coverage, plastic card coverage, and property and business liability coverage. Through an arrangement with a third party, collateral protection is assumed. The Company's business protection product also includes non-credit union business which provides a variety of coverage offerings including (but not limited to) earthquake coverage, construction general liability coverage for residential and commercial construction firms and contractors, and lawyer's professional liability along with other commercial property and liability offerings.

Cumulative net incurred loss and allocated loss adjustment expenses are shown in the following table:

Accident Year	For the years ended December 31,										Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Incurred Claim Counts
	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021 (unaudited)	2022 (unaudited)	2023 (unaudited)	2024 (unaudited)	2025		
2016	\$ 104,464	\$ 91,041	\$ 77,392	\$ 74,448	\$ 74,619	\$ 77,154	\$ 75,039	\$ 74,976	\$ 74,730	\$ 74,820	\$ (843)	9,988
2017	-	112,626	96,858	90,498	92,853	93,620	91,546	91,270	90,843	91,026	(566)	10,822
2018	-	-	118,074	115,293	109,538	104,325	101,748	100,980	100,332	100,623	(793)	10,209
2019	-	-	-	90,919	87,771	79,879	79,185	79,546	79,280	79,276	(624)	9,819
2020	-	-	-	-	97,975	97,775	93,559	92,050	90,247	92,345	2,484	8,821
2021	-	-	-	-	-	129,539	128,134	125,817	125,421	122,901	11,859	9,415
2022	-	-	-	-	-	-	166,671	164,350	171,885	173,392	25,333	11,315
2023	-	-	-	-	-	-	-	237,318	239,255	241,449	57,818	13,242
2024	-	-	-	-	-	-	-	-	290,497	301,768	114,850	14,960
2025	-	-	-	-	-	-	-	-	-	393,352	268,159	13,795
										<u>\$ 1,670,952</u>	<u>\$ 477,677</u>	

Cumulative net paid loss and allocated loss adjustment expenses are shown in the following table:

Accident Year	For the years ended December 31,										2025
	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021 (unaudited)	2022 (unaudited)	2023 (unaudited)	2024 (unaudited)	2025	
2016	\$ 38,543	\$ 56,616	\$ 66,603	\$ 69,627	\$ 71,576	\$ 71,978	\$ 75,823	\$ 75,697	\$ 75,655	\$ 75,605	\$ 75,605
2017	-	37,226	67,305	80,692	85,886	90,813	91,413	91,178	91,503	91,584	91,584
2018	-	-	35,203	73,148	84,506	95,852	97,298	98,948	99,359	99,993	99,993
2019	-	-	-	30,542	52,381	64,389	70,339	75,857	77,837	78,805	78,805
2020	-	-	-	-	37,643	60,843	73,678	82,103	84,922	86,583	86,583
2021	-	-	-	-	-	46,681	77,315	92,160	99,300	106,756	106,756
2022	-	-	-	-	-	-	49,484	92,901	120,311	138,923	138,923
2023	-	-	-	-	-	-	-	68,799	123,125	156,046	156,046
2024	-	-	-	-	-	-	-	-	72,764	143,175	143,175
2025	-	-	-	-	-	-	-	-	-	65,156	65,156
Total	-	-	-	-	-	-	-	-	-	-	1,042,626
All outstanding liabilities before 2016, net of reinsurance											(4,075)
Liabilities for loss and allocated loss adjustment expenses, net of reinsurance											<u>\$ 624,251</u>

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(\$ in 000s)

Claim frequency is measured per individual claimant. All reported claims are included in the claim frequency statistic, whether or not they resulted in a liability. The average percentage payout of net incurred claims by product line is shown in the following unaudited table:

(unaudited)	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years
Consumer - auto	56.9%	20.0%	9.7%	5.9%	3.3%	1.7%	0.7%	0.4%	0.2%	0.1%
Consumer - homeowners	67.9	21.9	3.6	1.6	0.9	0.3	0.2	0.1	0.2	0.0
Lending	77.3	20.1	2.0	0.5	0.2	0.1	0.0	0.0	0.0	0.0
Business protection	34.2	27.0	13.7	7.7	4.3	1.4	1.6	0.3	0.0	-0.1

The reconciliation of the net incurred and paid loss development tables (excluding Lending Insurance Credit Life and Credit Disability, which is included in Note 8, Claim and Policy Benefit Reserves – Life and Health) to loss adjustment expense reserves – property and casualty, net of reinsurance, is shown in the table below:

	December 31, 2025
Net outstanding liabilities	
Lending	\$ 86,632
Consumer - auto	139,081
Consumer - homeowners	37,162
Business protection	632,167
Other lines of business	11,720
Loss adjustment expense reserves – property and casualty, net of reinsurance	906,762
Reinsurance recoverable on unpaid claims	
Consumer - homeowners	262
Business protection	19,237
Other lines of business	3,117
Total reinsurance recoverable on unpaid losses	22,616
Experience refunds	44,960
Total gross loss adjustment expense reserves – property and casualty	\$ 974,338

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)**Note 13: Notes and Interest Payable**

The following table provides the details of notes and interest payable at December 31:

	2025	2024
CMFG Life Insurance Company		
Surplus notes (net of deferred debt acquisition costs 2025 - \$146; 2024 - \$204)	\$ 39,858	\$ 47,803
Federal Home Loan Bank borrowings	200,022	-
TruStage Financial Group, Inc.		
Term loan - PNC Bank (net of deferred debt acquisition costs 2025 - \$295; 2024 - \$741)	399,705	399,259
Senior notes (net of deferred debt acquisition costs 2025 - \$3,686; 2024 - \$4,312)	599,460	598,400
Credit agreement - Wells Fargo Bank	-	350,530
MCA Fund III Holding LLC		
Collateralized fund obligations - MCA Fund III LP (net of deferred debt acquisition costs 2025 - \$0; 2024 - \$1,591)	-	65,251
Total notes and interest payable, net of deferred debt acquisition costs	\$ 1,239,045	\$ 1,461,243

CMFG Life Insurance Company – Surplus Notes

The 8.5% surplus notes were issued in 2010 and the interest on the notes is payable semi-annually. The surplus notes are subordinated, unsecured obligations of CMFG Life, ranking subordinate to the claims of policyholders and all other creditors. CMFG Life may not pay any principal, interest or make whole amounts (fees paid on prepayment of principal) unless it has given notice to the applicable insurance regulatory authority and received approval to make any such payment. On July 31, 2025 and 2024, annually scheduled principal payments were paid after receiving the aforementioned regulatory approval. Annually scheduled principal payments of \$7,727 will be made until July 2030, subject to regulatory approval. CMFG Life is required to comply with certain financial covenants including maintenance of a minimum statutory RBC ratio and minimum total adjusted statutory capital level. At December 31, 2025, CMFG Life was in compliance with these covenants.

Borrowings – Federal Home Loan Bank

CMFG Life, CUMIS Insurance Society, Inc. (“CUMIS”), and AMLIC have borrowing capacity as a result of contractual arrangements with the FHLB as evidenced by Advances, Collateral Pledge, and Security Agreements. These agreements provide that CMFG Life, CUMIS, and AMLIC are entitled to borrow from the FHLB if they own FHLB restricted stock and provide securities as collateral for such borrowings. As of December 31, 2025 and 2024, CMFG Life, CUMIS, or AMLIC must hold FHLB membership stock equal to 0.06% of total assets, with an overall limitation of \$10,000 at each entity. As of December 31, 2025 and 2024, CMFG Life, CUMIS, and AMLIC must also hold activity stock of 4.5% of the amount of outstanding advances. Interest on borrowings were calculated daily at floating rates that ranged from 3.90% to 4.63% in 2025, 4.52% to 5.66% in 2024, and 4.53% to 5.60% in 2023. All borrowings were short-term in nature with maturity dates less than 90 days. Payments are due on the borrowings at various dates through 2026 with options of renewal available.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

TruStage Financial Group, Inc. – Term Loan

On May 20, 2021, TruStage, as borrower, PNC Bank, National Association as administrative agent, and other lenders entered into a delayed draw term loan agreement (“Term Agreement”). Per the terms of the Term Agreement, TruStage could draw on a \$400,000 three-year term loan. TruStage drew the maximum amount in July 2021. In February 2024, the Company refinanced the \$400,000 three-year term loan to a two-year term loan which will mature in July 2026. Interest amounts on the three-year term loan were calculated based on certain benchmark interest rates plus a spread that ranged from 0.00% to 1.375% based on the benchmark interest rate and TruStage’s debt rating. Interest amounts on the two-year term loan are calculated based on certain benchmark interest rates plus a spread that ranges from 0.125% to 1.750% based on the benchmark interest rate and TruStage’s debt rating. Interest payments are due on the last day of the applicable interest period. TruStage is required to comply with financial covenants including a maximum ratio of total debt to capital and a minimum consolidated net worth. TruStage was in compliance with these covenants at December 31, 2025.

TruStage Financial Group, Inc. – Senior Notes

In March 2022, TruStage Financial Group, Inc. (“TruStage”) issued \$600,000 of senior notes (the “Notes”). The Notes are senior unsecured obligations of TruStage, and mature April 15, 2032. The Notes may be redeemed (i) in whole or in part, at any time on or after January 15, 2032, at the principal amount plus accrued and unpaid interest to the date of redemption, and (ii) at any time prior to January 15, 2032, at the principal amount plus accrued and unpaid interest to the date of redemption or, if greater, a make-whole price. Interest on the Notes is payable semi-annually at the stated fixed annual rate of 4.625%.

TruStage Financial Group, Inc. – Credit Agreement – Wells Fargo Bank

In July 2022, TruStage, CMFG Life, CUMIS, AMLIC, and CUNA Mutual Investment Corporation entered into an \$800,000 five-year unsecured revolving credit agreement with Wells Fargo Bank, National Association and other lenders. The agreement matures in July 2027. The agreement has an unused fee assessed at 0.15% on the unused principal at December 31, 2025 and 2024. Under the agreement, interest amounts are calculated based on certain benchmark interest rates plus a spread that ranges from 0.00% to 1.625% based on TruStage, Inc.’s debt rating. TruStage is required to comply with financial covenants including a maximum ratio of total debt to capital and a minimum consolidated net worth. TruStage was in compliance with its covenants at December 31, 2025 and 2024. As of December 31, 2025, there were no outstanding borrowings under the facility and accordingly, the entire facility was available for general corporate purposes. As of December 31, 2024, the amount outstanding on the revolving credit agreement including accrued interest was \$350,530, borrowed by TruStage.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

MCA Fund III Holding LLC – Collateralized Fund Obligations – MCA Fund III LP

On October 28, 2020, MCA Fund III Holding LLC (“MCA III Holding”), a consolidated subsidiary of the Company, issued \$402,200 of notes (“MCA Fund III Notes”) due November 2035. In November 2025, MCA III Holding repaid the MCA Fund III Notes and had no obligations at December 31, 2025. At December 31, 2024, MCA III Holding had the following obligations outstanding:

Class	Principal and Interest Outstanding at December 31, 2024		Note Rate
	Affiliated	Unaffiliated	
Class A notes	\$ 21,260	\$ 50,796	3.25%
Class B notes	26,433	16,046	4.25
Class C deferrable notes	73,415	-	6.00
Total collateralized notes	\$ 121,108	\$ 66,842	

CMFG Life Insurance Company – Funding Agreements – Federal Home Loan Bank

As of December 31, 2025, \$455,000 in outstanding funding agreements used a fixed rate and \$954,000 used a variable rate. Fixed interest on agreements range from 1.0% to 5.0% with original maturities ranging from three to five years. As of December 31, 2024, \$380,000 in outstanding funding agreements used a fixed rate and \$879,000 used a variable rate. Fixed interest on agreements range from 1.0% to 5.0% with original maturities ranging from three to five years. Variable interest on agreements is calculated daily at floating rates that range from 4.2% to 5.6% in 2025, 4.6% to 6.4% in 2024 and 4.1% to 6.3% in 2023. The original maturities of the agreements range from four to seven years. Recognized liabilities, including accrued interest, of \$1,414,841 and \$1,265,355, as of December 31, 2025 and 2024, respectively, are included in policyholder account balances in the Consolidated Balance Sheets, and are matched to specific assets so that liabilities and assets are aligned. The funding agreements are subject to prepayment penalties equal to the net present value of future interest cash flows lost due to the prepayment, if any, plus any cost of terminating or offsetting any related hedging transactions.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)**Federal Home Loan Bank Information**

The FHLB restricted stock owned, borrowing capacity, collateral pledged, aggregate borrowing and policyholder account balances for the line of credit and funding agreements are shown in the following table. The table also discloses the line item where certain balances are included on the Consolidated Balance Sheets:

	2025	2024
Membership stock	\$ 14,904	\$ 14,587
Activity stock	72,405	56,654
Total FHLB restricted stock	\$ 87,309	\$ 71,241
Estimated borrowing capacity	\$ 1,609,000	\$ 1,259,000
Collateral pledged as of reporting date:		
Carrying value (included in debt securities, available for sale, and mortgage loans)	\$ 2,199,632	\$ 2,061,456
FHLB discounted value	1,609,000	1,259,000
Borrowing as of reporting date (included in notes and interest payable)	\$ 200,022	\$ -
Borrowing at time of maximum collateral	1,539,000	1,259,000
Maximum borrowing during reporting period	1,714,000	1,539,000
Funding agreements (included in policyholder account balances)	1,414,841	1,265,355

Note 14: Benefit Plans

The Company has noncontributory defined benefit pension plans that cover most full-time employees. Certain employees and directors are also eligible for non-qualified defined benefit plans. Retirement benefits for the qualified plans are provided using a cash balance formula for all employees; employees who were hired prior to certain dates, depending on the plan, have frozen grandfathered benefits determined using a traditional formula. Benefits vest according to plan schedules. The Company's policy is to fund pension costs as required to meet the minimum funding requirements under the Employee Retirement Income Security Act of 1974.

The Company has postretirement benefit plans that provide certain medical and life insurance benefits to eligible participants and dependents. The cost of postretirement benefits is recognized over the period the employees perform services to earn the benefits.

The measurement date for all benefit plans is December 31.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

The following table provides aggregated information for amounts recognized in AOCI related to pension and other postretirement benefit plans as of December 31:

	Pension Benefits		Other Postretirement Benefits	
	2025	2024	2025	2024
Net prior service costs	\$ -	\$ -	\$ 513	\$ 679
Net actuarial (gain) loss	247,436	276,378	(22,924)	(26,388)
Total recognized in AOCI, before tax	247,436	276,378	(22,411)	(25,709)
Tax expense (benefit)	(51,962)	(58,040)	4,706	5,399
Total recognized in AOCI, net of tax	\$ 195,474	\$ 218,338	\$ (17,705)	\$ (20,310)

The following table provides aggregated information for plans with plan assets exceeding benefit obligations as of December 31:

	Pension Benefits		Other Postretirement Benefits	
	2025	2024	2025	2024
Projected benefit obligation	\$ (178,521)	\$ (177,945)	\$ -	\$ -
Accumulated benefit obligation	(176,454)	(175,315)	-	-
Fair value of plan assets	188,366	186,433	-	-

The following table provides aggregated information for plans not included in the previous table as of December 31:

	Pension Benefits		Other Postretirement Benefits	
	2025	2024	2025	2024
Projected benefit obligation	\$ (640,834)	\$ (646,313)	\$ -	\$ -
Accumulated benefit obligation	(624,284)	(628,789)	(68,724)	(65,146)
Fair value of plan assets	577,037	575,006	-	-

The following table provides information for the plans for the years ended December 31:

	Pension Benefits			Other Postretirement Benefits		
	2025	2024	2023	2025	2024	2023
Employer contributions	\$ 15,702	\$ 2,491	\$ 31,216	\$ 3,105	\$ 2,561	\$ 1,897
Benefit payments	64,906	52,244	47,648	3,105	2,561	1,897
Net periodic benefit cost	35,638	33,416	41,719	3,857	4,112	3,142

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)**Actuarial Assumptions**

The Company's actuarial assumptions used to develop pension and other postretirement benefit obligations for the years ended December 31 were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2025	2024	2025	2024
Discount rate	5.7%	5.8%	5.8%	5.8%
Assumed rate of annual compensation increase	5.1	5.1	5.3	5.3

The assumed health care cost trend rates for pre-Medicare and Medicare expected medical costs used in measuring the accumulated postretirement benefit obligation are 6.0% through 6.2%, respectively, for 2025, both reducing to 3.7% by 2073.

The Company's actuarial assumptions used to develop pension and other postretirement benefit expenses for the years ended December 31 were as follows:

	Pension Benefits			Other Postretirement Benefits		
	2025	2024	2023	2025	2024	2023
Discount rate	5.8%	5.3%	5.6%	5.8%	5.3%	5.5%
Assumed rate of annual compensation increase	5.1	5.1	5.1	5.3	5.3	5.3
Expected long-term rate of return on plan assets	6.9	6.7	6.6	N/A	N/A	N/A
Interest credited rate for cash balance plan	4.6	3.9	4.1	N/A	N/A	N/A

In determining the discount rate for the years ended December 31, 2025, 2024, and 2023, the Company used a hypothetical bond portfolio of actual AA-rated securities matching the expected monthly benefits in the plans. In determining the expected long-term rate of return on plan assets, the Company used the current investment allocation applied to a long-term historical indexed rate of return for the appropriate asset classes.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)**Estimated Future Benefit Payments**

Estimated future benefit payments for the years ended December 31 are as follows:

	Pension Benefits	Other Postretirement Benefits Including Medicare Subsidy
Estimated future benefit payments		
2026	\$ 58,813	\$ 3,553
2027	60,102	4,094
2028	61,128	4,406
2029	62,718	4,577
2030	63,764	4,488
2031-2035	324,108	24,816

The Company anticipates making a minimum contribution to the pension plans of approximately \$10,000 in 2026 with future amounts to be determined based on asset performance and liabilities. For other postretirement benefits, the employer contribution will be equivalent to the estimated 2026 benefit payments.

Pension Plan Assets

The Company's current investment targets are 75 percent debt, 15 percent equity, 8 percent limited partnerships and 2 percent cash, achieved primarily by investments in domestic large-cap and mid-cap equity mutual funds and investment grade corporate bond mutual funds. The Company limits its concentrations of risk by diversifying its plan assets through investment in funds rather than individual holdings. The Company has established certain exposure limits, diversification standards, and review procedures to mitigate risk.

The Company's pension plan asset allocation at December 31, by asset category, as a percentage of plan assets, and the target allocation, is shown below:

	2025	2024	2026 Target Allocation
Mutual funds with debt securities	70.7%	67.9%	75.0%
Mutual funds with equity securities and equity securities	17.3	19.2	15.0
Limited partnerships	10.2	11.0	8.0
Cash equivalents	1.8	1.9	2.0
Total	100.0%	100.0	100.0%

The investment strategy is intended to match market asset movements with discount rate related liability changes as closely as possible. This strategy is intended to limit the range of contributions needed by the Company to maintain the plan at minimum funding levels.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

The Company invests the pension plans' assets with the goal of meeting short- and long-term obligations, employing optimization techniques to achieve the highest expected return under a target level of portfolio risk. The portfolio risk target is based on the pension plans' funded status, payout features, and participants' characteristics. This methodology considers asset class correlations to assure appropriate portfolio diversification. Asset class allocations are allowed to approximate target with a small tolerance to changes in overall portfolio risk.

The expected rates of return and variance for each asset class are derived using statistical techniques based on long-term historical data. Returns and correlations are adjusted slightly to reflect trends and portfolio manager expectations.

The value of the Company's pension plan assets by asset category at December 31, 2025 is presented in the following table.

Plan Assets	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 14,008	\$ -	\$ -	\$ 14,008
Mutual funds with debt securities	540,830	-	-	540,830
Mutual funds with equity securities	107,306	-	-	107,306
Equity securities	-	25,201	-	25,201
Total plan assets, at fair value	\$ 662,144	\$ 25,201	\$ -	\$ 687,345
Limited partnerships measured, at net asset value ¹				78,058
Total plan assets				\$ 765,403

¹ Certain investments are measured using the net asset value ("NAV") practical expedient and have not been classified in the fair value hierarchy. The fair value amounts presented for these assets are presented to permit reconciliation of the fair value hierarchy to the amounts presented in the financial statements of the benefit plans.

The fair value of the Company's pension plan assets by asset category at December 31, 2024 is presented in the following table.

Plan Assets, at Fair Value	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 14,616	\$ -	\$ -	\$ 14,616
Mutual funds with debt securities	517,045	-	-	517,045
Mutual funds with equity securities	120,822	-	-	120,822
Equity securities	-	25,266	-	25,266
Limited partnerships	-	-	83,690	83,690
Total plan assets	\$652,483	\$25,266	\$83,690	\$ 761,439

There were no transfers between levels during the years ended December 31, 2025 or 2024.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

A summary of valuation techniques for classes of pension plan assets by fair value hierarchy level are as follows:

Level 1 Measurements

Cash equivalents: Consists of money market mutual funds that have daily quoted NAVs at which the Company could transact.

Mutual funds with debt securities and mutual funds with equity securities: Consists of actively traded mutual funds that have daily quoted NAVs at which the Company could transact.

Level 2 Measurements

Equity securities: Consists of bond exchange traded funds; valuation is based on observable inputs such as quoted prices for identical assets in markets that are not active and/or similar assets in markets that are active.

Level 3 Measurements/Assets Measured at NAV

Limited partnerships: Valuation of limited partnerships is based on the fair value of the partnership as determined by the general partner based on the underlying holdings.

Assets measured at NAV and Level 3 purchases totaled \$7,560 and \$8,173 for the years ended December 31, 2025 or 2024, respectively.

Other Post-Employment Benefits

The Company has a plan to provide severance pay and continuation of certain life and health benefits during the severance period to qualifying inactive or former employees. The Company also provides certain life and health benefits to employees in disability status. The liability for these other post-employment benefits was \$34,177 and \$19,305 at December 31, 2025 and 2024, respectively, and is included in accounts payable and other liabilities in the Consolidated Balance Sheets.

Defined Contribution Plans

The Company sponsors thrift and savings plans, which cover substantially all regular full-time employees and agents who meet certain eligibility requirements. Under the plans, the Company may make contributions based on certain criteria. The Company's contributions for the years ended December 31, 2025, 2024, and 2023 were \$23,875, \$23,905, and \$23,978, respectively.

Other Deferred Compensation Plans

The Company also has a variety of deferred compensation plans for key executives and directors. The accrued liability for these plans was \$160,508 and \$145,208 as of December 31, 2025 and 2024, respectively, and is included in accounts payable and other liabilities in the Consolidated Balance Sheets.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)**Note 15: Accumulated Other Comprehensive Income (Loss)**

The components of AOCI are as follows:

	Foreign Currency Translation Gains (Losses)	Unrealized Investment Gains (Losses)	Pension and Other Postretirement Benefits	Long- Duration Contract Adjustments	Accumulated Other Comprehensive Income (Loss)
Balance, January 1, 2024	\$ (20,410)	\$ (1,976,331)	\$ (217,735)	\$ 271,452	\$ (1,943,024)
Change in foreign currency translation, net of tax - \$3,484	3,622	-	-	-	3,622
Change in unrealized holding gains (losses), net of tax - (\$24,261)	-	(80,097)	-	-	(80,097)
Change in pension and other postretirement benefits, net of tax - \$5,239	-	-	19,707	-	19,707
Long-duration contract adjustments, net of tax - \$77,470	-	-	-	291,442	291,442
Balance, December 31, 2024	(16,788)	(2,056,428)	(198,028)	562,894	(1,708,350)
Change in foreign currency translation, net of tax - (\$761)	(2,122)	-	-	-	(2,122)
Change in unrealized holding gains (losses), net of tax - \$148,338	-	555,784	-	-	555,784
Change in pension and other postretirement benefits, net of tax - \$5,385	-	-	20,259	-	20,259
Long-duration contract adjustments, net of tax - (\$37,335)	-	-	-	(140,476)	(140,476)
Balance, December 31, 2025	\$ (18,910)	\$ (1,500,644)	\$ (177,769)	\$ 422,418	\$ (1,274,905)

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)**Reclassification Adjustments**

AOCI includes amounts related to net unrealized investment gains (losses), which were reclassified to net income. Reclassifications from AOCI for the years ended December 31, 2025, 2024, and 2023 are included in the following table:

	2025	2024	2023
Net unrealized gains on available-for-sale securities included in net realized investment gains	\$ 28,499	\$ 20,736	\$ 16,361
Tax expense	5,985	4,355	3,436
Net reclassifications of gains from accumulated other comprehensive income (loss)	<u>\$ 22,514</u>	<u>\$ 16,381</u>	<u>\$ 12,925</u>

Note 16: Income Tax

The Company and certain of its domestic subsidiaries are included in the consolidated federal income tax return filed by CMHC, the Company's parent. The Company has entered into a tax sharing agreement with certain of its subsidiaries. The agreement provides for the allocation of tax expense based on each subsidiary's contribution to the consolidated federal income tax liability. Pursuant to the agreement, subsidiaries that have incurred losses are reimbursed regardless of the utilization of the loss in the current year.

Prior to their acquisition by the Company in 2021, AMLIC and Union Security Insurance Company ("USIC") were included in the consolidated federal income tax return of Assurant. After their acquisition, AMLIC and USIC file stand-alone federal income tax returns since they are subject to a five-year waiting period and are not eligible to be included in CMHC's consolidated federal income tax return until January 1, 2027.

Income Tax Expense

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

	2025	2024	2023
Current tax expense (benefit)	\$ (60,780)	\$ (12,674)	\$ 360
Deferred tax expense (benefit)	89,425	43,954	14,373
LIHTC amortization	25,864	22,260	18,175
Energy tax credit benefit	(9,693)	(9,386)	-
Total income tax expense	<u>\$ 44,816</u>	<u>\$ 44,154</u>	<u>\$ 32,908</u>

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)**Reconciliation to U.S. Tax Rate**

Income tax expense differs from the amount computed by applying the U.S. federal corporate income tax rate to income before income taxes and equity of unconsolidated affiliates due to the items listed in the following reconciliation for the years ended December 31:

	2025	2024	2023
Tax expense computed at federal corporate tax rate	\$ 77,386	\$ 66,585	\$ 54,010
Tax-exempt investment income	(3,141)	(4,353)	(4,643)
Income tax benefit related to prior years	376	1,257	(5,176)
Dividends-received deduction	(2,686)	(3,478)	(2,984)
Meals and entertainment	555	879	432
Foreign operations	(671)	526	(862)
COLI	(1,069)	(882)	(1,107)
LIHTC credits and benefits (net of amortization of cost)	(7,132)	(7,491)	(7,492)
Energy tax credit	(9,693)	(9,386)	-
Divestiture	(9,692)	-	-
Other, net	583	498	730
Total income tax expense (benefit)	\$ 44,816	\$ 44,155	\$ 32,908

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)**Deferred Income Taxes**

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial statement purposes and the amounts for income tax purposes. Significant components of the Company's deferred tax assets and liabilities at December 31, 2025 and 2024 are as follows:

	2025	2024
Deferred tax assets		
Policy liabilities and reserves	\$ 704,655	\$ 636,680
Pension and other employee benefits	59,608	57,489
Deferred policy acquisition costs	16,286	8,257
Unearned revenue	59,640	40,188
Loss reserve discounting	35,734	26,849
Fixed assets and real estate	1	1,280
Accrued expenses	46,819	44,543
Dividends payable to policyholders	10,182	11,775
Loss carryforwards	22,782	21,836
Undistributed net income of unconsolidated affiliates	17,806	14,672
Intangible assets	14,072	15,314
Investments	981	735
Unrealized investment losses	383,613	507,692
Foreign tax credit carryforwards	41,264	26,883
Foreign currency translation	-	60
Other	11,806	3,274
Gross deferred tax assets	1,425,249	1,417,527
Less valuation allowance	(21,122)	(20,029)
Gross deferred tax assets less valuation allowance	1,404,127	1,397,498
Deferred tax liabilities		
Policy liabilities and reserves	3,565	2,126
Market risk benefits	4,067	864
Investments	242,789	213,022
Deferred policy acquisition costs	286,418	251,570
Unearned revenue	138,478	127,838
Deferred and uncollected premium	9,678	9,607
Fixed assets and real estate	6,698	-
Intangible assets	47,713	50,946
Prepaid expenses	8,735	5,912
Accrued income	27,753	27,958
Foreign currency translation	2,792	3,635
Other	620	2,819
Gross deferred tax liabilities	779,306	696,297
Net deferred tax asset (liability)	\$ 624,821	\$ 701,201

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)**Valuation Allowance**

The Company records a valuation allowance for deferred tax assets if it determines it is more likely than not the assets will not be realized. In evaluating the need for a valuation allowance, the Company considered the fact that certain of its subsidiaries have incurred cumulative tax losses in various state jurisdictions. Based on its evaluation, the Company determined the state deferred tax assets are not more likely than not to be realized. As a result, the Company recorded a valuation allowance of \$21,122 and \$20,029 as of December 31, 2025 and 2024, respectively, against the state deferred tax assets including deferred tax assets related to state net operating loss carryforwards. The valuation allowance increased \$1,093 and \$1,802 in 2025 and 2024, respectively, primarily due to additional state operating losses incurred in 2025 and 2024.

Other Tax Items

As of December 31, 2025 and 2024, the Company had federal operating loss carryforwards of \$9,328 and \$10,912, respectively; the related tax benefits are \$1,959 and \$2,292, respectively. Federal operating loss carryforwards of \$5,025 expire in years 2037 through 2038, with the remaining \$4,303 carrying forward indefinitely. The Company has federal foreign tax credit carryforwards of \$1,973 and \$1,637 as of December 31, 2025 and 2024, respectively. These credit carryforwards expire in years 2028 through 2034. The Company had federal general business credit carryforwards of \$39,291 and \$25,246 as of December 31, 2025 and 2024, respectively. These credit carryforwards expire in year 2044 and 2045, respectively. The Company had no federal capital loss carryforwards and no state tax credit carryforwards as of December 31, 2025 and 2024. As of December 31, 2025 and 2024, the Company had state operating loss carryforwards of \$399,334 and \$339,776, respectively; the related tax benefits are \$20,823 and \$19,544, respectively. These carryforwards expire in various years through 2045.

The Company generally does not provide for U.S. deferred taxes or foreign withholding taxes on the undistributed earnings of its non-U.S. affiliates and associated companies. This is because the undistributed foreign earnings have previously been subject to U.S. income tax and generally will not be subject to additional U.S. income tax upon repatriation. Therefore, no deferred tax has been recorded on the Company's undistributed foreign earnings as of December 31, 2025 and 2024.

Unrecognized Tax Benefits

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2025	2024
Balance at January 1	\$ 22,788	\$ 22,157
Additions based on tax positions related to the current year	2,004	3,012
Additions for prior year's tax positions	1,118	7
Reduction for prior year's tax positions	(638)	(2,169)
Reductions for settlements	-	(219)
Balance at December 31	\$ 25,272	\$ 22,788

Included in the balance of unrecognized tax benefits at December 31, 2025 and 2024 are \$2,139 and \$1,914, respectively, of unrecognized tax benefits that, if recognized would affect the effective income tax rate in future periods. Management does not anticipate a material change to the Company's uncertain tax positions during 2026.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(\$ in 000s)

The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense in the Consolidated Statements of Operations and Comprehensive Income. During the years ended December 31, 2025, 2024, and 2023, the Company recognized increases of \$2,340, \$1,889, and \$906 in interest and penalties, respectively. The Company had accrued \$7,742 and \$5,402 for the payment of interest and penalties at December 31, 2025 and 2024, respectively.

The Company is included in a consolidated U.S. federal income tax return filed by CMHC. The Company also files income tax returns in various states and foreign jurisdictions. For the major jurisdictions where it operates, the Company is generally no longer subject to income tax examination by tax authorities for the years ended before 2022. A carryback refund claim filed for tax year 2020 is currently under review.

Note 17: Statutory Financial Data and Dividend Restrictions

TruStage's wholly-owned direct subsidiary, CMFG Life Insurance Company ("CMFG Life"), files statutory basis financial statements with the Iowa Insurance Department; Iowa is the subsidiary's state of domicile. Statutory capital and surplus as of December 31, 2025 and 2024 and statutory basis net income for the years ended 2025, 2024, and 2023 for CMFG Life is presented in the table below.

	Statutory Capital and Surplus		Statutory Basis Net Income		
	2025	2024	2025	2024	2023
CMFG Life	\$ 3,405,435	\$ 3,596,539	\$ 328,999	\$ 378,494	\$ 117,364

CMFG Life follows a statutory accounting practice as prescribed by the Iowa Insurance Department. For statutory purposes, CMFG Life holds debt securities in its separate account for its registered indexed annuities. Insurance entities are required to report assets allocated to the separate account at fair value. As a result of the prescribed practice, the Company reports debt securities allocated to this separate account for its registered index annuities at amortized cost, or for those investments with a National Association of Insurance Commissioners ("NAIC") designation of 6, the lower of amortized cost or fair value. Statutory basis net income is not affected by this prescribed practice.

CMFG Life is subject to statutory regulations as to the payment of dividends. Based on statutory regulations, CMFG Life could pay dividends to its parent company of up to \$377,702 during 2026, without prior approval of the Insurance Department. Dividends in excess of this amount are classified as extraordinary dividends under Iowa law and require approval by the Insurance Department prior to payment.

Risk-based capital ("RBC") requirements promulgated by the NAIC require U.S. insurers to maintain minimum capitalization levels that are determined based on formulas incorporating credit risk, insurance risk, interest rate risk, and general business risk. At December 31, 2025, CMFG Life and its insurance subsidiaries' adjusted surplus exceeded the RBC minimum requirements, as required by the NAIC.

Life Insurance Capital Adequacy Testing requirements determined by the Office of the Superintendent of Financial Institutions ("OSFI") require Canadian life insurers to maintain minimum solvency ratios that are calculated based on risks to which the insurer is subject both in its products and investments. At December 31, 2025, TLOC was in compliance with minimum solvency requirements, as required by the OSFI.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)**Note 18: Commitments and Contingencies****Commitments**

The Company has the following commitments outstanding at December 31:

	2025	2024
Limited partnerships		
Energy	\$ 18,020	\$ 21,688
Mezzanine	640,788	746,267
Private equity	911,255	1,032,553
Real estate	20,655	29,486
Socially responsible investments	24,195	26,969
LIHTC	47,021	76,852
Mortgage loans	32,600	18,500
Private placement debt securities	74,003	94,618
Total commitments	\$ 1,768,537	\$ 2,046,933

Leases

The Company has entered into long-term operating leases for office space and equipment; the leases have remaining lease terms of up to seven years, some of which include options to extend the leases. An analysis of all economic and non-economic factors associated with leases containing certain options, including factors such as the existence of cancellation penalties, leasehold improvements made to the underlying assets and location of the underlying assets, is conducted to determine whether those leases are reasonably certain to renew, and hence, should be included in the lease term that is used to establish the ROU assets and lease liabilities for those arrangements.

The Company does not have residual guarantees associated with its lessee arrangements, nor are there any significant restrictions or covenants associated with its lease arrangements.

ROU assets and lease liabilities are included within other assets and receivables and accounts payable and other liabilities in the Consolidated Balance Sheets, respectively. ROU assets are \$3,492 and \$6,263 and lease liabilities are \$3,889 and \$6,730, respectively, as of December 31, 2025 and 2024. The weighted average remaining lease term is 4.1 years and 4.3 years as of December 31, 2025 and 2024, respectively, and the weighted average discount rate is 4.4% and 4.0% as of December 31, 2025 and 2024, respectively.

TRUSTAGE FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(\$ in 000s)

Lease payment obligations as of December 31 are as follows:

	2025
2026	\$ 1,760
2027	1,291
2028	735
2029	466
2030	310
Thereafter	271
Total future minimum lease payments	\$ 4,833

Rental expense included in the Consolidated Statements of Operations and Comprehensive Income amounted to \$2,348, \$3,945, and \$7,579 for the years ended 2025, 2024, and 2023, respectively.

Legal Matters

Various legal and regulatory actions, including state market conduct exams and federal tax audits, are currently pending that involve the Company and specific aspects of its conduct of business. The Company is routinely involved in a number of lawsuits and other types of proceedings, some of which may involve claims for substantial or indeterminate amounts. These actions are based on a variety of issues and involve a range of the Company's practices. The ultimate outcome of these disputes is unpredictable.

These matters in some cases raise difficult and complicated factual and legal issues and are subject to many uncertainties and complexities, including but not limited to, the underlying facts of each matter; novel legal issues; variations between jurisdictions in which matters are being litigated, heard or investigated; differences in applicable laws and judicial interpretations; the length of time before many of these matters might be resolved by settlement, through litigation or otherwise and, in some cases, the timing of their resolutions relative to other similar matters involving other companies. In connection with regulatory examinations and proceedings, government authorities may seek various forms of relief, including penalties, restitution and changes in business practices. The Company may not be advised of the nature and extent of relief sought until the final stages of the examination or proceeding. In the opinion of management, the ultimate liability, if any, resulting from all such pending actions will not materially affect the consolidated financial statements of the Company.

Note 19: Subsequent Events

The Company evaluated subsequent events through March 13, 2026, the date the financial statements were available for issuance.

In January 2026, the Company refinanced the \$400,000 two-year term loan to a three-year term loan which will mature in January 2029.