

The Variable Annuity Life Insurance Company

(An indirect wholly owned subsidiary of Corebridge Financial, Inc.)

Statutory Financial Statements and

Supplemental Information and

Report of Independent Auditors

At December 31, 2025 and 2024 and

for each of the three years ended December 31, 2025

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

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Report of Independent Auditors

To the Board of Directors and Shareholder of The Variable Annuity Life Insurance Company

Opinions

We have audited the accompanying statutory financial statements of The Variable Annuity Life Insurance Company (the "Company"), which comprise the statutory statements of admitted assets, liabilities and capital and surplus as of December 31, 2025 and 2024, and the related statutory statements of operations, of changes in capital and surplus, and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the "financial statements").

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the admitted assets, liabilities and capital and surplus 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 the accounting practices prescribed or permitted by the Texas Department of Insurance described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2025 and 2024, or the results of its operations or its cash flows for each of the three years in the period ended December 31, 2025.

Basis for Opinions

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 to the financial statements, the financial statements are prepared by the Company on the basis of the accounting practices prescribed or permitted by the Texas Department of Insurance, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the statutory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices prescribed or permitted by the Texas Department of Insurance. Management is also responsible 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 the financial statements are available to be issued.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedule of selected financial data, investment risks interrogatories, summary investment schedule, and schedule of reinsurance disclosures (collectively referred to as the "supplemental schedules") of the Company as of December 31, 2025 and for the year then ended are presented to comply with the National Association of Insurance Commissioners' Annual Statement Instructions and Accounting Practices and Procedures Manual and for purposes of additional analysis and are not a required part of the financial statements. The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP

New York, New York
April 17, 2026

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
STATUTORY STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND CAPITAL AND
SURPLUS

<i>(in millions)</i>	December 31,	
	2025	2024
Admitted assets		
Cash and investments		
Bonds	\$ 31,153	\$ 32,632
Preferred stock	34	9
Common stock	264	226
Cash, cash equivalents and short-term investments	408	864
Mortgage loans	6,775	6,962
Real estate	1	—
Contract loans	381	398
Derivatives	225	376
Derivative cash collateral and deferred asset for SSAP 108	3	5
Other invested assets	1,537	1,884
Total cash and investments	40,781	43,356
Amounts receivable under reinsurance contracts	83	1
Current federal income tax recoverable	110	—
Deferred tax asset	156	228
Due and accrued investment income	411	468
Receivables from affiliates	92	90
Other assets	184	111
Separate account assets	41,648	40,783
Total admitted assets	\$ 83,465	\$ 85,037

See accompanying Notes to Statutory Financial Statements.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
STATUTORY STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND CAPITAL AND
SURPLUS (CONTINUED)

<i>(in millions, except for share data)</i>	December 31,	
	2025	2024
Liabilities		
Policy reserves and contractual liabilities		
Life and annuity reserves	\$ 32,602	\$ 34,663
Liabilities for deposit-type contracts	5,470	5,716
Total policy reserves and contractual liabilities	38,072	40,379
Payable to affiliates	109	139
Amounts withheld or retained by Company as agent or trustee and held for agents' account	28	27
Current federal income taxes payable	—	48
Payable for securities lending	—	74
Repurchase agreements	5	443
Collateral for derivatives program	224	366
Accrued expenses and other liabilities	200	227
Net transfers to (from) separate accounts due or accrued	(37)	(54)
Asset valuation reserve	664	638
Separate account liabilities	41,648	40,783
Total liabilities	80,913	83,070
Commitments and contingencies (see Note 17)		
Capital and surplus		
Common stock, \$1 par value; 7,000,000 shares authorized, 3,575,000 issued and outstanding	4	4
Gross paid-in and contributed surplus	1,999	1,999
Unassigned surplus	549	(36)
Total capital and surplus	2,552	1,967
Total liabilities and capital and surplus	\$ 83,465	\$ 85,037

See accompanying Notes to Statutory Financial Statements.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
STATUTORY STATEMENTS OF OPERATIONS

<i>(in millions)</i>	December 31,		
	2025	2024	2023
Revenues			
Premiums and annuity considerations	\$ 1,019	\$ 3,349	\$ 3,580
Net investment income	1,837	1,972	2,022
Amortization of interest maintenance reserve	(12)	(21)	(1)
Reserve adjustments on reinsurance ceded	(1,385)	(2,957)	(3,424)
Commissions and expense allowances	497	513	549
Separate account fees	417	410	389
Other income	228	226	215
Total revenues	2,601	3,492	3,330
Benefits and expenses			
Annuity benefits	229	263	305
Surrender benefits	6,975	6,508	4,935
Other benefits	217	206	202
Change in reserves	(1,928)	(1,367)	(1,519)
Commissions	168	168	167
General insurance expenses	417	367	407
Net transfers to (from) separate accounts	(4,466)	(3,534)	(1,985)
Other expenses	567	569	494
Total benefits and expenses	2,179	3,180	3,006
Net gain from operations before dividends to policyholders and federal income taxes	422	312	324
Dividends to policyholders	—	—	—
Net gain from operations after dividends to policyholders and before federal income taxes	422	312	324
Federal income tax (benefit) expense	(51)	156	(73)
Net gain from operations	473	156	397
Net realized capital gains (losses), net of tax after transfers to interest maintenance reserves	(19)	(50)	(50)
Net income	\$ 454	\$ 106	\$ 347

See accompanying Notes to Statutory Financial Statements.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
STATUTORY STATEMENTS OF CHANGES IN CAPITAL AND SURPLUS

<i>(in millions)</i>	Common Stock	Other Than Special Surplus (Deficit) Funds	Gross Paid- In and Contributed Surplus	Unassigned Surplus	Total Capital and Surplus
Balance, January 1, 2023	\$ 4	\$ —	\$ 2,297	\$ 53	\$ 2,354
Net income	—	—	—	347	347
Change in net unrealized capital gains (losses)	—	—	—	10	10
Change in net unrealized foreign exchange capital gains (losses)	—	—	—	92	92
Change in deferred tax	—	—	—	(10)	(10)
Change in non-admitted assets	—	—	—	(41)	(41)
Change in asset valuation reserve	—	—	—	23	23
Change in surplus from separate accounts	—	—	—	15	15
Other changes in surplus in separate accounts	—	—	—	(15)	(15)
Additional paid-in surplus	—	—	—	—	—
Change in surplus as a result of reinsurance	—	—	—	(229)	(229)
Dividends	—	—	—	—	—
Prior period corrections	—	—	—	(10)	(10)
Balance, December 31, 2023	\$ 4	\$ —	\$ 2,297	\$ 235	\$ 2,536
Net income	—	—	—	106	106
Change in net unrealized capital gains (losses)	—	—	—	(31)	(31)
Change in net unrealized foreign exchange capital gains (losses)	—	—	—	(71)	(71)
Change in deferred tax	—	—	—	153	153
Change in non-admitted assets	—	—	—	(109)	(109)
Change in asset valuation reserve	—	—	—	141	141
Change in surplus from separate accounts	—	—	—	4	4
Other changes in surplus in separate accounts	—	—	—	(4)	(4)
Additional paid-in surplus	—	—	(298)	—	(298)
Change in surplus as a result of reinsurance	—	—	—	(207)	(207)
Dividends	—	—	—	(80)	(80)
Prior period corrections	—	—	—	(173)	(173)
Balance, December 31, 2024	\$ 4	\$ —	\$ 1,999	\$ (36)	\$ 1,967
Net income	—	—	—	454	454
Change in net unrealized capital gains (losses)	—	—	—	(15)	(15)
Change in net unrealized foreign exchange capital gains (losses)	—	—	—	200	200
Change in deferred tax	—	—	—	(86)	(86)
Change in non-admitted assets	—	—	—	123	123
Change in reserve on account of change in valuation basis	—	—	—	134	134
Change in asset valuation reserve	—	—	—	(26)	(26)
Change in surplus from separate accounts	—	—	—	19	19
Other changes in surplus in separate accounts	—	—	—	(19)	(19)
Change in surplus as a result of reinsurance	—	—	—	(199)	(199)
Balance, December 31, 2025	\$ 4	\$ —	\$ 1,999	\$ 549	\$ 2,552

See accompanying Notes to Statutory Financial Statements.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
STATUTORY STATEMENTS OF CASH FLOWS

<i>(in millions)</i>	December 31,		
	2025	2024	2023
Cash from operations			
Premium and annuity considerations, collected, net of reinsurance	\$ 2,578	\$ 3,348	\$ 3,580
Net investment income collected	1,812	2,053	1,778
Other income	(1,088)	(1,807)	(2,270)
Total revenue received	3,302	3,594	3,088
Benefits paid	8,263	7,036	5,506
Net transfers to (from) separate accounts	(4,483)	(3,396)	(2,379)
Commissions and expenses paid	1,148	1,108	1,066
Federal income taxes paid (received)	7	(53)	316
Total benefits and expenses paid	4,935	4,695	4,509
Net cash used in operations	(1,633)	(1,101)	(1,421)
Cash from investments			
Proceeds from investments sold, matured or repaid:			
Bonds	5,058	4,043	2,701
Stocks	6	19	14
Mortgage loans	959	658	691
Other invested assets	736	174	637
Other, net	—	1	2
Total proceeds from investments sold, matured or repaid	6,759	4,895	4,045
Cost of investments acquired:			
Bonds	3,665	1,193	339
Stocks	27	3	3
Mortgage loans	706	390	561
Real estate	—	(1)	—
Other invested assets	167	185	403
Derivatives	(57)	(122)	123
Other, net	74	(74)	—
Total cost of investments acquired	4,582	1,574	1,429
Net adjustment in contract loans	(17)	(11)	(13)
Net cash provided by investing activities	2,194	3,332	2,629
Cash from financing and miscellaneous sources			
Cash provided (applied):			
Capital and paid-in surplus	—	(298)	—
Net deposits on (withdrawals from) deposit-type contracts	(381)	(618)	(840)
Dividends to parent	—	(80)	—
Change in securities lending	74	(74)	—
Other, net	(710)	(336)	(514)
Net cash used in financing and miscellaneous activities	(1,017)	(1,406)	(1,354)
Net increase (decrease) in cash, cash equivalents and short-term investments	(456)	825	(146)
Cash, cash equivalents and short-term investments at beginning of year	864	39	185
Cash, cash equivalents and short-term investments at end of year	\$ 408	\$ 864	\$ 39

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
STATUTORY STATEMENTS OF CASH FLOWS

Non-cash activities, excluded from above:

Non-cash tax-free transfer of bonds	204	—	—
Non-cash transfer from bonds to other invested assets	111	—	—
Non-cash internal transfer Fortitude Reinsurance Company recapture	30	—	—
Non-cash transfer of tax free stock	25	—	—
Non-cash transfer of taxable bonds	18	—	—
Non-cash interest capitalization	15	—	—
Non-cash corporate actions-bonds	10	41	—
Non-cash transfer from other invested assets to stocks	1	1	1
Non-cash transfer from mortgage loans to real estate	1	—	—
Non-cash transfer from bonds to common stock	1	—	—
Non-cash internal transfers mortgage loans	—	158	—
Non-cash transfer from general to separate account	—	97	—
Non-cash corporate action reclass to bonds	—	11	—
Non-cash transfer from separate to general account	—	6	212
Non-cash transfer from other invested assets to bond	—	6	—
Non-cash internal transfers other invested assets	—	2	—
Non-cash transfer from short term to bonds	—	1	—
Non-cash transfer from collateral other invested assets to bonds	—	—	100
Non-cash transfer from other invested assets to mortgage loans	—	—	20

See accompanying Notes to Statutory Financial Statements.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

NOTES TO STATUTORY FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

The Variable Annuity Life Insurance Company (“VALIC” or the “Company”), including its wholly owned subsidiaries, is a wholly owned subsidiary of American General Life Insurance Company (“AGL” or the “Parent”), a Texas-domiciled life insurance company, which is wholly owned by AGC Life Insurance Company (“AGC Life”), a Missouri-domiciled life insurance company, which is wholly owned by Corebridge Life Holdings, Inc. (“Corebridge Life Holdings”). Corebridge Life Holdings is wholly owned by Corebridge Financial, Inc. (“Corebridge”). As of December 31, 2025, Corebridge’s three largest shareholders, Nippon Life Insurance Company, a mutual company organized under the laws of Japan (“Nippon”), American International Group, Inc. (“AIG”), and Argon Holdco LLC, a wholly-owned subsidiary of Blackstone, owned approximately 24.6%, 10.1% and 12.5% of the outstanding Corebridge common stock, respectively.

Effective June 30, 2025, AGC Life made a capital contribution of all of the issued and outstanding common stock of the Company to AGL. The Company remains a wholly owned, albeit indirect, subsidiary of AGC Life and is directly owned 100% by AGL.

The Company is a stock life insurance company domiciled and licensed under the laws of the State of Texas and is subject to regulation by the Texas Department of Insurance (“TDI”). The Company is also subject to regulation by the states in which it is authorized to transact business. The Company is licensed in 49 states and the District of Columbia. The Company was licensed in New York until December 31, 2025.

The Company provides retirement solutions in the United States to middle-income customers. The Company’s primary products include fixed and variable annuities, and mutual funds and plan administrative and compliance services. The Company utilizes career financial advisors and independent financial advisors to provide retirement plan participants with enrollment support and comprehensive financial planning services. No annual annuity deposits for any individual advisor in 2025 or 2024 represented more than 10 percent of total annuity deposits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the TDI. These accounting practices vary in certain respects from accounting principles generally accepted in the United States of America (“U.S. GAAP”), as described herein.

The TDI recognizes only statutory accounting practices (“SAP”) prescribed or permitted by the State of Texas for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the Texas Insurance Law. The National Association of Insurance Commissioners’ (“NAIC”) *Accounting Practices and Procedures Manual* (“NAIC SAP”) has been adopted as a component of prescribed or permitted practices by the State of Texas. The Insurance Commissioner of the State of Texas has the right to permit other specific practices that deviate from prescribed practices.

The Company does not employ any prescribed or permitted accounting practices that differ from the NAIC SAP.

The statement of cash flows in this report has balances that are different from those in the annual statement filed with the NAIC. The annual statement for 2023 had net cash provided by operations, investments and financing of \$(1.5) billion, \$2.8 billion and \$(1.4) billion, respectively, while this report has \$(1.4) billion, \$2.6 billion and \$(1.4) billion, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting practices prescribed or permitted by the TDI requires management to make estimates and assumptions that affect the reported amounts in the statutory financial statements and the accompanying notes. It also requires disclosure of contingent assets and liabilities at the date of the statutory financial statements and the reported amounts of revenue and expense during the period. The areas of significant judgments and estimates include the following:

- application of other-than-temporary impairments;
 - estimates with respect to income taxes, including recoverability of deferred tax assets;
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THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

- fair value measurements of certain financial assets; and
- policy reserves for life, annuity and accident and health insurance contracts, including guarantees.

These accounting estimates require the use of assumptions about matters, some of which are highly uncertain at the time of estimation. To the extent actual experience differs from the assumptions used, the Company's Statutory Statements of Admitted Assets, Liabilities and Capital and Surplus, Statutory Statements of Operations and Statutory Statements of Cash Flows could be materially affected.

Significant Accounting Policies

Bonds include debt instruments classified as either issuer credit obligations ("ICO") or asset-backed securities ("ABS"). Bonds, not backed by other loans, that qualify as issuer credit obligations under the principles-based bond definition are carried at amortized cost except for those with a NAIC designation of "6" or "6*". Bonds with a NAIC 6 designation are carried at the lower of amortized cost or fair value, with unrealized losses charged directly to unassigned surplus. Bonds that have not been filed and have not received a designation in over one year from the NAIC's Investment Analysis Office ("IAO") receive a "6*" designation and are carried at zero, with the unrealized loss charged directly to unassigned surplus. Bonds filed with the IAO which receive a "6*" designation may carry a value greater than zero. Securities are assigned a NAIC 5* designation if the Company certifies that (1) the documentation necessary to permit a full credit analysis does not exist, (2) the issuer or obligor is current on all contracted interest and principal payments and (3) the Company has an actual expectation of ultimate repayment of all contracted interest and principal. Securities with NAIC 5* designations are deemed to possess the credit characteristics of securities assigned a NAIC 5 designation. The discount or premium on bonds is amortized using the effective yield method.

ABS include residential mortgage-backed securities ("RMBS"), commercial mortgage-backed securities ("CMBS"), other asset-backed securities, pass-thru securities, lease-backed securities, equipment trust certificates, loan-backed securities issued by special purpose corporations or trusts, and securities where there is not direct recourse to the issuer. ABS are carried on a basis consistent with that of bonds not backed by loans. Income recognition for ABS is determined using the effective yield method and estimated cash flows. Prepayment assumptions for single-class and multi-class mortgage-backed securities ("MBS") and other ABS were obtained from an outside vendor or internal estimates. The Company uses independent pricing services and broker quotes in determining the fair value of its ABS. The Company uses the retrospective adjustment method to account for the effect of unscheduled payments affecting high credit quality securities, while securities with less than high credit quality and securities for which the collection of all contractual cash flows is not probable are both accounted for using the prospective adjustment method.

Reference to "non-rated residual tranches or interests" intends to capture securitization tranches, beneficial interests, interests of structured finance investments, as well as other structures, that reflect loss layers without contractual interest or principal payments. Payments to holders of these investments occur after contractual interest and principal payments have been made to other tranches or interests and are based on the remaining available funds. Although payments to holders can occur throughout an investment's duration (and not just at maturity), such instances still reflect the residual amount permitted to be distributed after other holders have received contractual interest and principal payments.

NAIC designations are determined with a multi-step approach. The initial designation is used to determine the carrying value of the security. The final NAIC designation is used for reporting and affects risk-based capital ("RBC"). The final NAIC designation is determined for most RMBS and CMBS by financial modeling conducted by BlackRock. For credit tenant loans, equipment trust certificates, any corporate-like securities rated by the IAO, interest-only securities, and those securities with an original NAIC designation of 5, 5*, 6, or 6*, the final NAIC designation is based on the IAO or Credit Rating Provider rating and is not subject to financial modeling.

Redeemable preferred stocks with NAIC designations of "1" through "3" are carried at amortized cost. All other redeemable preferred stocks are stated at the lower of cost, amortized cost or fair value, with unrealized capital losses charged directly to unassigned surplus. Perpetual preferred stocks are valued at fair value, not to exceed any currently effective call price. Provisions made for impairment are recorded as realized capital losses when declines in fair value are determined to be other than temporary.

Unaffiliated common stocks are carried at fair value, with unrealized capital gains and losses credited or charged directly to unassigned surplus. Provisions made for impairment are recorded as realized capital losses when declines in

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

fair value are determined to be other than temporary. For Federal Home Loan Bank (“FHLB”) capital stock, which is only redeemable at par, the fair value shall be presumed to be par, unless considered other-than-temporarily impaired.

Subsidiary, controlled, and affiliated (“SCA”) entities: The Company has no investments in insurance SCA entities. Investments in non-insurance SCA entities are recorded based on the equity of the investee per audited financial statements prepared pursuant to U.S. GAAP, which is adjusted to a statutory basis of accounting, if applicable. All investments in non-insurance SCA entities for which audited U.S. GAAP financial statements are not available are non-admitted as assets. Undistributed equity in earnings of affiliates is included in unassigned surplus as a component of unrealized capital gains or losses. Dividends received from such affiliates are recorded as investment income when declared.

Mortgage and mezzanine real estate loans are carried at unpaid principal balances less allowances for credit losses and plus or minus adjustments for the accretion or amortization of discount or premium. Interest income on performing loans is accrued as earned.

Mortgage and mezzanine real estate loans are considered impaired when collection of all amounts due under contractual terms is not probable. Impairment is measured using either i) the present value of expected future cash flows discounted at the loan’s effective interest rate, ii) the loan’s observable market price, if available, or iii) the fair value of the collateral if the loan is collateral dependent. An allowance is typically established for the difference between the impaired value of the loan and its current carrying amount. Additional allowance amounts are established for incurred but not specifically identified impairments, based on statistical models primarily driven by past due status, debt service coverage, loan-to-value ratio, property occupancy, profile of the borrower and of the major property tenants, and economic trends in the market where the property is located. When all or a portion of a loan is deemed uncollectible, the uncollectible portion of the carrying amount of the loan is charged off against the allowance.

Real estate consists of properties occupied by the Company, properties held for the production of income and properties held for sale. Properties occupied by the Company and held for the production of income are carried at depreciated cost, less encumbrances, unless events or circumstances indicate the carrying amount of the asset (amount prior to reduction for encumbrances) may not be recoverable. Properties held for sale are carried at the lower of its depreciated cost or fair value less estimated costs to sell the property and net of encumbrances. Real estate obtained through foreclosure, in satisfaction of a loan, is recorded at the time of foreclosure at the lower of fair value as determined by acceptable appraisal methodologies, or the carrying amount of the related loan. Land is reported at cost.

Cash, cash equivalents and short-term investments include cash on hand and amounts due from banks, highly liquid debt instruments that have original maturities within one year of date of purchase and are carried at amortized cost, interest-bearing money market funds, investment pools and other investments (excluding loan-backed and structured securities) with original maturities within one year from the date of purchase.

Contract loans are carried at unpaid balances, which include unpaid principal plus accrued interest, including 90 days or more past due. All loan amounts in excess of the contract cash surrender value are considered non-admitted assets.

Derivative instruments used in hedging transactions that meet the criteria of a highly effective hedge are reported in a manner consistent with the hedged asset or liability (“hedge accounting”). Changes in statement value or cash flow of derivatives that qualify for hedge accounting are recorded consistently with how the changes in the statement value or cash flow of the hedged asset or liability are recorded. Derivative instruments used in hedging transactions that do not meet or no longer meet the criteria of an effective hedge (“ineffective hedges”) are accounted for at fair value and the changes in fair value are recorded as unrealized gains or losses.

The Company designated, under Statement of Statutory Accounting Principles (“SSAP”) 86, *Derivatives*, certain foreign exchange derivatives as effective hedges of certain invested assets. The Company also designated certain interest rate swaps as effective hedges of certain fixed-rate liabilities.

Other invested assets principally consist of investments in limited partnerships and limited liability companies. Investments in these assets, except for limited partnerships and limited liability companies with a minor ownership interest, are reported using the equity method. Under SAP, such investments are generally reported based on audited U.S. GAAP equity of the investee, with subsequent adjustment to a statutory basis of accounting, if applicable.

Limited partnerships and limited liability companies in which the Company has a minor ownership interest (i.e., less than 10 percent) or lacks control, are generally recorded based on the underlying audited U.S. GAAP equity of the investee,

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

with some prescribed exceptions. SAP allows the use of the U.S. GAAP equity as set forth in the footnote reconciliation of foreign GAAP equity and income to U.S. GAAP within audited foreign GAAP financial statements. The audited U.S. tax basis equity may also be used in certain circumstances.

All other investments in entities for which audited U.S. GAAP financial statements, or another acceptable audited basis of accounting as described above were not available have been recorded as non-admitted assets. Undistributed accumulated earnings of such entities are included in unassigned surplus as a component of unrealized capital gains or losses. Distributions received that are not in excess of the undistributed accumulated earnings are recognized as investment income. Impairments that are determined to be other than temporary are recognized as realized capital losses.

Securities lending and repurchase agreements: The Company has a securities lending program, which was approved by its Board of Directors, that lends securities from its investment portfolio to supplement liquidity or for other uses as deemed appropriate by management. Under the program, securities are lent to financial institutions, and in return the Company receives cash as collateral equal to 102 percent of the fair value of the loaned securities. The cash collateral received is invested in cash and/or short-term investments that may be sold or repledged or partially used for short-term liquidity purposes based on conservative cash flow forecasts. Securities lent by the Company under these transactions may be sold or repledged by the counterparties. The liability for cash collateral received is reported in payable for securities lending in the Statutory Statements of Admitted Assets, Liabilities and Capital and Surplus. The Company monitors the fair value of securities loaned and obtains additional collateral as necessary. At the termination of the transactions, the Company and its counterparties are obligated to return the collateral provided and the securities lent, respectively. These transactions are treated as secured financing arrangements.

In addition, the Company is a party to secured financing transactions whereby certain securities are sold under agreements to repurchase (repurchase agreements), in which the Company transfers securities in exchange for cash, with an agreement by the Company to repurchase the same or substantially similar securities on agreed upon dates specified in the agreements. In all of these secured financing transactions, the securities transferred by the Company (pledged collateral) may be sold or repledged by the counterparties.

Investment income due and accrued is non-admitted from investment income for bonds and other invested assets when collection of interest is overdue by more than 90 days, or is uncertain, and for mortgage loans when loans are foreclosed, or delinquent in payment for greater than 180 days, or when collection of interest is uncertain.

Net realized capital gains and losses, which are determined by using the specific identification method, are reflected in income net of applicable federal income taxes and transfers to the interest maintenance reserve.

The Company regularly evaluates its investments for other-than-temporary impairment (“OTTI”) in value. The determination that a security has incurred an OTTI in value and the amount of any loss recognition requires the judgment of the Company’s management and a continual review of its investments. For bonds, other than ABS, an OTTI shall be considered to have occurred if it is probable that the Company will not be able to collect all amounts due under the contractual terms in effect at the acquisition date of the debt security. If it is determined an OTTI has occurred, the cost basis of bonds is written down to fair value and the amount of the write-down is recognized as a realized capital loss.

For ABS, a non-interest related OTTI resulting from a decline in value due to fundamental credit problems of the issuer is recognized when the projected discounted cash flows for a particular security are less than its amortized cost. When a non-interest related OTTI occurs, the ABS is written down to the present value of future cash flows expected to be collected. An OTTI is also deemed to have occurred if the Company intends to sell the ABS or does not have the intent and ability to retain the ABS until recovery. If the decline is interest-related, the ABS is written down to fair value.

In periods subsequent to the recognition of an OTTI loss, the Company generally accretes the difference between the new cost basis and the future cash flows expected to be collected, if applicable, as interest income over the remaining life of the security based on the amount and timing of estimated future cash flows.

Non-admitted assets are excluded from admitted assets and the change in the aggregate amount of such assets is reflected as a separate component of unassigned surplus. Non-admitted assets include all assets specifically designated as non-admitted and assets not designated as admitted, such as a certain portion of deferred tax assets, prepaid expenses, electronic data processing (“EDP”) equipment assets, agents’ balances or other receivables over 90 days. Non-admitted assets were \$687 million and \$810 million at December 31, 2025 and 2024, respectively.

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Interest maintenance reserve (“IMR”) is calculated based on methods prescribed by the NAIC and was established to prevent large fluctuations in interest-related investment gains and losses resulting from sales (net of taxes) and interest-related OTTI (net of taxes). IMR applies to all types of fixed maturity investments, including bonds, preferred stocks, ABS and mortgage loans. An OTTI occurs when the Company, at the reporting date, has the intent to sell an investment or does not have the intent and ability to hold the security before recovery of the cost of the investment. For ABS, if the Company recognizes an interest-related OTTI, the non-interest-related OTTI is recorded to the asset valuation reserve, and the interest-related portion to IMR. Such gains and losses are deferred into the IMR and amortized into income using the grouped method over the remaining contractual lives of the securities sold.

Asset valuation reserve (“AVR”) is used to stabilize surplus from fluctuations in the market value of bonds, stocks, mortgage loans, real estate, limited partnerships and other investments. Changes in the AVR are recorded as direct increases or decreases in surplus.

Separate account assets and liabilities generally represent funds for which the contract holder, rather than the Company, bears the investment risk. Separate account contract holders have no claim against the assets of the general account of the Company, except for certain guaranteed products. Separate account assets are generally reported at fair value. In addition, certain products with fixed guarantees, and market-value-adjusted (“MVA”) fixed annuity contracts, for which the assets are generally carried at amortized cost are required by certain states to be carried in a separate account. The operations of the separate accounts are excluded from the Statutory Statements of Operations and Statutory Statements of Cash Flows of the Company. The Company receives fees for assuming mortality and certain expense risks. Such fees are included in separate account fees in the Statutory Statements of Operations. Reserves for variable annuity contracts are provided in accordance with subsection 21 of the Valuation Manual (“VM-21”).

Policy reserves are established according to different methods.

Life, annuity, and health reserves are developed by actuarial methods and are generally determined based on published tables using specified interest rates, mortality or morbidity assumptions, and valuation methods prescribed or permitted by statutes that will provide, in the aggregate, reserves that are greater than or equal to the minimum or guaranteed policy cash values or the amounts required by the TDI.

Principle-based reserving (“PBR”) is designed to tailor the reserving process to more closely reflect the risks of specific products, rather than the previous prescribed approach. Reserve requirements for the Company’s life insurance policies issued after January 1, 2020 are contained in VM-20, *Requirements for Principle-Based Reserves for Life Products*. Life insurance policies issued prior to January 1, 2020 continue to be reserved for using legacy formula-based methods, including the CRVM. Under VM-20, these reserves are generally more sensitive to changes in actuarial assumptions than under legacy reserving methodologies. The Company calculates reserves for fixed index annuities, both with and without guaranteed minimum withdrawal benefits (“GMWB”), in accordance with the Commissioners’ Annuities Reserve Valuation Method (“CARVM”).

The Company waives the deduction of deferred fractional premiums on the death of the life and annuity policy insured and returns any premium beyond the date of death. The Company reported additional reserves for surrender values in excess of the corresponding policy reserves.

The Company performs annual cash flow testing in accordance with the Actuarial Opinion and Memorandum Regulation to ensure adequacy of the reserves. Additional reserves are established where the results of cash flow testing under various interest rate scenarios indicate the need for such reserves or where the net premiums exceed the gross premiums on any insurance in force. Total cash flow testing reserves were \$70 million and \$109 million at December 31, 2025 and 2024, respectively.

A majority of the Company’s variable annuity products include a guaranteed minimum death benefit (“GMDB”) and/or a GMWB. Reserves for GMDB and GMWB benefits are included in the VM-21 reserve. PBR is designed to tailor the reserving process to more closely reflect the risks of specific products, rather than the factor-based approach typically employed historically. Variable Annuity (“VA”) reserving requirements for applicable products are contained in VM-21, *Requirements for Principle-Based Reserves for Variable Annuities*, which incorporates a principle-based reserving framework.

Life policies underwritten as substandard are charged extra premiums. Reserves are computed for a substandard policy by adding the reserve for an otherwise identical non-substandard policy plus a factor times the extra premium charge for the year. The factor varies by duration, type of plan, and underwriting. In addition, an extra mortality reserve is reported

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for ordinary life insurance policies classified as group conversions. Substandard structured settlement annuity reserves are determined by making a constant addition to the mortality rate of the applicable valuation mortality table so that the life expectancy on the adjusted table is equal to the life expectancy determined by the Company's underwriters at issue.

Tabular interest, tabular less actual reserves released, and tabular cost have been determined by formula, except for universal life insurance and deferred annuity reserves, which include fund accumulations for which tabular interest has been determined from basic data. For the determination of tabular interest on funds not involving life contingencies, the actual credited interest is used.

Liabilities for deposit-type contracts, which include supplementary contracts without life contingencies and annuities certain, are based on the discounting of future payments at an annual statutory effective rate. Tabular interest on other funds not involving life contingencies is based on the interest rate at which the liability accrues.

Policy and contract claims represent the ultimate net cost of all reported and unreported claims incurred during the year. Reserves for unpaid claims are estimated using individual case-basis valuations and statistical analyses. Those estimates are subject to the effects of trends in claim severity and frequency. The estimates are continually reviewed and adjusted as necessary, as experience develops or new information becomes known; such adjustments are included in current operations.

Reserves for future policy benefits to be paid on life and accident and health policies, incurred in the statement period, but not yet reported, were established using historical data from claim lag experience. The data is aggregated from product specific studies performed on the Company's business.

Premiums and annuity considerations and related expenses are recognized over different periods. Life premiums are recognized as income over the premium paying periods of the related policies. Annuity considerations are recognized as revenue when received. Premiums for deposit-type products are recorded directly to the liability for deposit-type contracts and are not recorded in the Statutory Statement of Operations. Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts or policies. Acquisition costs such as commissions and other expenses related to the production of new business are charged to the Statutory Statements of Operations as incurred.

Reinsurance premiums and benefits paid or provided are accounted for on a basis consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts.

Annuity and deposit-type contract surrender benefits are reported on a cash basis, and include annuity benefits, payments under supplementary contracts with life contingencies, surrenders and withdrawals. Withdrawals from deposit-type contracts directly reduce the liability for deposit-type contracts and are not reported in the Statutory Statements of Operations.

General insurance expenses include allocated expenses pursuant to cost allocation agreements. The Company purchases administrative, accounting, marketing and data processing services from Corebridge and affiliates and is charged based on estimated levels of usage, transactions or time incurred in providing the respective services. The allocation of costs for investment management services purchased from affiliates is based on the level of assets under management.

Federal income tax expense (benefit) is recognized and computed on a separate company basis pursuant to tax sharing agreements, because the Company is included in the consolidated federal income tax returns of its parent company filing group. The Company joins with AGC Life, AGL, The United States Life Insurance Company in the City of New York ("USL"), and Corebridge Insurance Company of Bermuda, Ltd. ("Corebridge Bermuda"), in filing a consolidated life company federal income tax return. To the extent that benefits for net operating losses, foreign tax credits, corporate alternative minimum tax ("CAMT") credits or net capital losses are utilized on a consolidated basis, the Company would recognize tax benefits based upon the amount of those deductions and credits utilized in the consolidated federal income tax return. The federal income tax expense or benefit reflected in the Statutory Statements of Operations represents income taxes provided on income that is currently taxable, but excludes tax on the net realized capital gains or losses.

Income taxes on capital gains or losses reflect differences in the recognition of capital gains or losses on a statutory accounting basis versus a tax accounting basis. The most significant of such differences involve impairments of investments, which are recorded as realized losses in the Statutory Statements of Operations but are not recognized for

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tax purposes, and the deferral of net capital gains and losses into the IMR for statutory income but not for taxable income. Capital gains and losses on certain related-party transactions are recognized for statutory financial reporting purposes but are deferred for income tax reporting purposes until the security is sold to an outside party.

A deferred tax asset (“DTA”) or deferred tax liability (“DTL”) is included in the Statutory Statements of Admitted Assets, Liabilities and Capital and Surplus, which reflects the expected future tax consequences of temporary differences between the statement values of assets and liabilities for statutory financial reporting purposes and the amounts used for income tax reporting purposes. The change in the net DTA or DTL is reflected in a separate component of unassigned surplus. Net DTAs are limited in their admissibility.

The CAMT is disregarded when evaluating the need for a valuation allowance for the Company’s non-CAMT DTAs.

Accounting Changes

The Company adopted the substantive changes made to SSAP 26, *Bonds*, SSAP 21, *Other Admitted Assets*, and SSAP 43, *Asset-Backed Securities*, effective January 1, 2025. The changes provide a new principle-based bond definition to be used for determining which investments are eligible for reporting on Schedule D as a bond. The changes focus on ensuring appropriate consideration of whether an investment qualifies as an issuer credit obligation or asset-backed security prior to reporting as a bond. Pursuant to the transition guidance, the reclassification of investments that no longer qualify as bonds reduced unassigned surplus by \$(8) million.

SSAP No. 86, *Derivatives*, was revised to adopt with modification derivative guidance from ASU 2017-12, *Derivatives and Hedging* and ASU 2022-01, *Fair Value Hedging – Portfolio Layer Method*, to include guidance for the portfolio layer method and partial-term hedges. These revisions were effective January 1, 2023. A partial-term hedge is a hedge for a portion of the time to maturity of a fixed rate asset (liabilities are not included contrary to U.S. GAAP). The portfolio layer method permits reporting entities to designate the portion of a closed portfolio of financial assets, beneficial interests secured by financial assets, or a combination of the two, that is not expected to be prepaid during the hedge period as the hedged item in a fair value hedge.

Correction of Errors

SAP requires that corrections of errors related to prior periods be reported as adjustments to unassigned surplus to the extent that they are not material to prior periods.

In 2024, out-of-period errors were identified and corrected primarily related to net investment income and VM-21 reserves. These corrections decreased unassigned surplus by \$173 million. The net investment income errors resulted in overstatements of net investment income and pre-tax income of \$68 million in 2023 and \$23 million in 2022. The VM-21 reserve error resulted in an understatement of net transfers due to (from) separate accounts due or accrued and a corresponding overstatement of pre-tax income of \$12 million in 2023. This same error resulted in an overstatement of net transfers due to (from) separate accounts due or accrued and a corresponding understatement of pre-tax income of \$71 million in 2022, with the largest annual impact being in 2020 and prior. These errors resulted in an overstatement of unassigned surplus of \$156 million at December 31, 2023 and \$79 million at December 31, 2022. The Company believes that these errors are not material to the prior year financial statements taken as a whole. As such, the Company has reflected the adjustments necessary to correct these errors as direct charges to unassigned surplus in 2024 in accordance with SSAP 3.

In 2023, out-of-period errors were identified and corrected, the largest of which was related to an understatement of reserves for variable annuities due to model implementations in 2022. The total of these corrections decreased unassigned surplus by \$11 million.

The Company’s management does not believe these corrections to be material to the Company’s results of operations, financial position, or cash flow for the Company’s previously issued audited financial statements.

Differences in Statutory Accounting and U.S. GAAP Accounting

The accompanying statutory financial statements have been prepared in accordance with accounting practices prescribed or permitted by the TDI. These accounting practices vary in certain respects from U.S. GAAP. The primary differences between NAIC SAP and U.S. GAAP are as follows.

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The objectives of U.S. GAAP differ from the objectives of SAP. U.S. GAAP is designed to measure the entity as a going concern and to produce general purpose financial statements to meet the varying needs of the different users of financial statements. SAP is designed to address the accounting requirements of regulators, who are the primary users of statutory-basis financial statements and whose primary objective is to measure solvency. As a result, U.S. GAAP stresses measurement of earnings and financial condition of a business from period to period, while SAP stresses measurement of the ability of the insurer to pay claims in the future.

Investments. Under SAP, investments in bonds and redeemable preferred stocks are generally reported at amortized cost. However, if bonds are designated category "6" and redeemable preferred stocks are designated categories "4 – 6" by the NAIC, these investments are reported at the lesser of amortized cost or fair value with a credit or charge to unrealized investment gains or losses. For U.S. GAAP, such fixed-maturity investments are designated at purchase as held-to-maturity, trading, or available-for-sale. Held-to-maturity fixed-maturity investments are reported at amortized cost, and the remaining fixed-maturity investments are reported at fair value, with unrealized capital gains and losses reported in operations for those designated as trading and as a component of other comprehensive income for those designated as available-for-sale.

Under SAP, all single- and multi-class MBS or other ABS (e.g., Collateralized Mortgage Obligations ("CMO")) are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium with respect to such securities using either the retrospective or prospective method. For ABS, if it is determined that a decline in fair value is other than temporary, the cost basis of the security is written down to the discounted estimated future cash flows. Bonds, other than ABS, that are other-than-temporarily impaired are written down to fair value. For U.S. GAAP purposes, all securities, purchased or retained, that represent beneficial interests in securitized assets (e.g., CMO, MBS and other ABS securities), other than high credit quality securities, would be adjusted using the prospective method when there is a change in estimated future cash flows. If high-credit quality securities must be adjusted, the retrospective method would be used. For all bonds, if it is determined that a decline in fair value is other-than-temporary, the cost basis of the security would be written down to the discounted estimated future cash flows, while the non-credit portion of the impairment would be recorded as an unrealized loss in other comprehensive income.

Under SAP, when it is probable that the insurer will be unable to collect all amounts due according to the contractual terms of the mortgage agreement, allowances are established for temporarily-impaired mortgage loans based on the difference between the unpaid loan balance and the estimated fair value of the underlying real estate, less estimated costs to obtain and sell. The initial allowance and subsequent changes in the allowance for mortgage loans are charged or credited directly to unassigned surplus rather than as a component of earnings as would be required under U.S. GAAP. If the impairment is other-than-temporary, a direct write down is recognized as a realized loss, and a new cost basis is established. Under U.S. GAAP, an allowance for credit losses is based on the expectation of lifetime credit losses.

Under SAP, joint ventures, partnerships and limited liability companies in which the insurer has a minor ownership interest (i.e., less than 10 percent) or lacks control are generally recorded based on the underlying audited U.S. GAAP basis equity of the investee. Under U.S. GAAP, joint ventures, partnerships and limited liability companies in which the insurer has a significant ownership interest are accounted for under the equity method. Where that is not the case, such investments are carried at fair value with changes in fair value recognized in earnings.

Real Estate. Under SAP, investments in real estate are reported net of related obligations; under U.S. GAAP, investments in real estate are reported on a gross basis. Under SAP, real estate owned and occupied by the insurer is included in investments; under U.S. GAAP, real estate owned and occupied by the insurer is reported as an operating asset, and operating income and expenses include rent for the insurer's occupancy of those properties.

Derivatives. Under SAP, derivative instruments used in hedging transactions that do not meet or no longer meet the criteria of an effective hedge are accounted for at fair value with the changes in fair value recorded as unrealized capital gains or losses. Under U.S. GAAP, such derivative instruments are accounted for at fair value with the changes in fair value recorded as realized capital gains or losses. Under U.S. GAAP, fair value measurement for free standing derivatives incorporates either counterparty's credit risk for derivative assets or the insurer's credit risk for derivative liabilities by determining the explicit cost to protect against credit exposure. This credit exposure evaluation takes into consideration observable credit default swap rates. Under SAP, non-performance risk (own credit-risk) is not reflected in the fair value calculations for derivative liabilities. Under U.S. GAAP, index life insurance features in indexed universal life contracts and certain guaranteed features of variable annuities are bifurcated and accounted for separately as

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embedded policy derivatives and market risk benefits, respectively. Under SAP, embedded derivatives and market risk benefits are not bifurcated or accounted for separately from the host contract.

Interest Maintenance Reserve. Under SAP, the insurer is required to maintain an IMR. IMR is calculated based on methods prescribed by the NAIC and was established to prevent large fluctuations in interest-related capital gains and losses realized through sales or OTTI. IMR applies to all types of fixed maturity investments, including bonds, preferred stocks, ABS and mortgage loans. After-tax capital gains or losses realized upon the sale or impairment of such investments resulting from changes in the overall level of interest rates are excluded from current period net income and transferred to the IMR. The transferred after-tax net realized capital gains or losses are then amortized into income over the remaining period to maturity of the divested asset. Realized capital gains and losses are reported net of tax and transfers to the IMR, after net gain from operations. Any negative IMR balance is treated as a non-admitted asset, unless certain criteria are met. This reserve is not required under U.S. GAAP and pre-tax realized capital gains and losses are reported as a component of total revenues, with related taxes included in taxes from operations.

Asset Valuation Reserve. Under SAP, the insurer is required to maintain an AVR, which is computed in accordance with a prescribed formula and represents a provision for possible fluctuations in the value of bonds, equity securities, mortgage loans, real estate, and other invested assets. The level of AVR is based on both the type of investment and its credit rating. Under SAP, AVR is included in total adjusted capital for RBC analysis purposes. Changes to AVR are charged or credited directly to unassigned surplus. This reserve is not required under U.S. GAAP.

Subsidiaries. Under SAP, investments in insurance subsidiaries are recorded based upon the underlying audited statutory equity of a subsidiary with all undistributed earnings or losses shown as an unrealized capital gain or loss in unassigned surplus. Dividends received by the parent company from its subsidiaries are recorded through net investment income. Under U.S. GAAP, subsidiaries' financial statements are combined with the parent company's financial statements through consolidation. All intercompany balances and transactions are eliminated under U.S. GAAP. Dividends received by the parent company from its subsidiaries reduce the parent company's investment in the subsidiaries.

Policy Acquisition Costs and Sales Inducements. Under SAP, policy acquisition costs are expensed when incurred. Under U.S. GAAP, acquisition costs that are incremental and directly related to the successful acquisition of new and renewal of existing insurance contracts are deferred as deferred policy acquisition costs ("DAC"). DAC is amortized on a constant level basis (i.e., approximating straight line amortization with adjustments for expected terminations) over the expected term of the related contracts using assumptions consistent with those used in estimating the related liability for future policy benefits, or any other related balances. Under SAP, sales inducements are expensed when incurred. Under U.S. GAAP, certain sales inducements on interest-sensitive life insurance contracts and deferred annuities are deferred and amortized over the life of the contract using the same methodology and assumptions used to amortize DAC.

Deferred Premiums. Under SAP, when deferred premiums exist, statutory deferred premiums are held as a statutory asset, while under U.S. GAAP, deferred premiums are held as a contra-liability in the future policy benefits liability.

Non-admitted Assets. Certain assets designated as "non-admitted," principally any agents' balances or unsecured loans or advances to agents, certain DTAs, furniture, equipment and computer software, receivables over 90 days and prepaid expenses, as well as other assets not specifically identified as admitted assets within the NAIC SAP, are excluded from the Statutory Statements of Admitted Assets, Liabilities, Capital and Surplus and are charged directly to unassigned surplus. Under U.S. GAAP, such assets are included in the balance sheet.

Universal Life and Annuity Policies. Under SAP, revenues for universal life and annuity policies containing mortality or morbidity risk considerations consist of the entire premium received, and benefits incurred consist of the total of death benefits paid and the change in policy reserves. Payments received on contracts that do not incorporate any mortality or morbidity risk considerations (deposit-type contracts) are recorded directly to an appropriate liability for deposit-type contract account without recognizing premium income. Interest credited to deposit-type contracts is recorded as an expense in the Statutory Statements of Operations as incurred. Payments that represent a return of policyholder balances are recorded as a direct reduction of the liability for deposit-type contracts, rather than a benefit expense. Under U.S. GAAP, premiums received in excess of policy charges are not recognized as premium revenue, and benefits represent the excess of benefits paid over the policy account value and interest credited to the account values.

Benefit Reserves. Under SAP, loading is the difference between the gross and valuation net premium. Valuation net premium is calculated using valuation assumptions which are different for statutory and U.S. GAAP. Statutory valuation

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assumptions are set by the insurer within limits as defined by statutory law. U.S. GAAP valuation assumptions are set by the insurer based on management's estimates and judgment.

Policyholder funds not involving life contingencies use different valuation assumptions for SAP and U.S. GAAP. Under SAP, prescribed rates of interest related to payout annuities are used in the discounting of expected benefit payments, while under U.S. GAAP, the insurer's best estimates of interest rates are used.

Under SAP, individual insurance reserves are determined using a combination of principle-based reserving frameworks (including VM-20) and legacy formula-based methods, including CRVM. Under U.S. GAAP, individual insurance policyholder liabilities for traditional forms of insurance are generally established using the net premium ratio ("NPR") method. For interest-sensitive policies, a liability for policyholder account balances is established under U.S. GAAP based on the contract value that has accrued to the benefit of the policyholder. Policy assumptions used in the estimation of policyholder liabilities are generally prescribed under SAP. Under U.S. GAAP, policy assumptions are based upon best estimates.

Under SAP, individual deferred annuity reserves are determined using applicable principle-based reserving requirements and legacy reserving methods, including CARVM. Under U.S. GAAP, individual deferred annuity policyholder liabilities are generally equal to the contract value that has accrued to the benefit of the policyholder, together with liabilities for certain contractual guarantees, if applicable. Under SAP, reserves for fixed rate deposit-type contracts are based upon their accumulated values, discounted at an annual statutory effective rate, while under U.S. GAAP, reserves for deposit-type contracts are recorded at their accumulated values.

Under GAAP, indexed interest credits and guarantees in excess of contract account values are bifurcated from the host contract as embedded derivatives and market risk benefits, respectively, and reported at fair value. Under SAP, embedded derivatives and market risk benefits are not bifurcated and accounted for separately, but rather are included in the benefit reserve valuation for the host contract.

Reinsurance. Under SAP, policy and contract liabilities ceded to reinsurers are reported as reductions of the related reserves rather than as assets as required under U.S. GAAP. Under SAP, a liability for reinsurance balances has been provided for unsecured policy reserves, unearned premiums, and unpaid losses ceded to reinsurers not licensed to assume such business. Changes to these amounts are credited or charged directly to unassigned surplus. Under U.S. GAAP, an allowance for amounts deemed uncollectible would be established through a charge to earnings. Under SAP, the criteria used to demonstrate risk transfer varies from U.S. GAAP, which may result in transactions that are accounted for as reinsurance for SAP and deposit accounting for U.S. GAAP. Under SAP, the reserve credit permitted for unauthorized reinsurers is less than or equal to the amount of letter of credit or funds held in trust by the reinsurer. Under U.S. GAAP, assumed and ceded reinsurance is reflected on a gross basis in the balance sheet, and certain commissions allowed by reinsurers on ceded business are deferred and amortized generally on a basis consistent with DAC.

Policyholder Dividend Liabilities. Under SAP, policyholder dividends are recognized when declared. Under U.S. GAAP, policyholder dividends are recognized over the term of the related policies.

Separate Accounts. Under SAP, separate account surplus created through the use of the CRVM, VM-21 or other reserving methods is reported by the general account as an unsettled transfer from the separate account. The net change on such transfers is included as a part of the net gain from operations in the general account. This is not required under U.S. GAAP.

Separate accounts include certain non-unitized assets which primarily represent MVA fixed options of variable annuity contracts issued in various states. Under SAP, these contracts are accounted for in the separate account financial statements, while under U.S. GAAP, they are accounted for in the general account.

Deferred Income Taxes. Under SAP, statutory DTAs that are more likely than not to be realized are limited to: 1) the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse by the end of the subsequent calendar year, plus 2) the lesser of the remaining gross DTA expected to be realized within a maximum three years of the reporting date or a maximum 15 percent of the capital and surplus excluding any net DTA, EDP equipment and operating software and any net positive goodwill, plus 3) the amount of the remaining gross DTA that can be offset against existing gross DTLs. The remaining DTAs are non-admitted. Deferred taxes do not include amounts for state taxes. Under U.S. GAAP, state taxes are included in the computation of deferred taxes, all DTAs are recorded and a valuation allowance is established if it is more likely than not

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that some portion of the DTA will not be realized. Under SAP, income tax expense is based upon taxes currently payable. Changes in deferred taxes are reported in surplus and subject to admissibility limits. Under U.S. GAAP, changes in deferred taxes are recorded in income tax expense.

Offsetting of Assets and Liabilities. Under SAP, offsetting of assets and liabilities is not permitted when there are master netting agreements unless four requirements for valid right of offset are met. The requirements include 1) each of the two parties owes the other determinable amounts, 2) the reporting party has the right to set off the amount owed with the amount owed by the other party, 3) the reporting party intends to set off, and 4) the right of setoff is enforceable. The prohibition against offsetting extends to derivatives and collateral posted against derivative positions, repurchase and reverse repurchase agreements, and securities borrowing and lending transactions, when the reporting entity does not have the intent to set off. Under U.S. GAAP, these amounts under master netting arrangements may generally be offset and presented on a net basis pursuant to an accounting election, even when the reporting entity does not have the intent to set off.

3. INVESTMENTS

Bonds and Equity Securities

The following table presents the statement value, gross unrealized gain, gross unrealized loss and the estimated fair value of bonds and equity securities by major security type:

<i>(in millions)</i>	Statement Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2025				
Issuer credit obligations				
U.S. government obligations	\$ 226	\$ 5	\$ —	\$ 231
Other U.S. government obligations	5	—	—	5
Non-U.S. sovereign jurisdiction securities	755	9	(130)	634
Municipal bonds - general obligations (direct & guaranteed)	250	—	(21)	229
Municipal bonds - special revenue	826	1	(112)	715
Project finance bonds issued by operating entities	864	2	(94)	772
Corporate bonds	17,062	77	(2,896)	14,243
Single entity backed obligations	462	1	(39)	424
Bonds issued by funds representing operating entities	2,427	8	(163)	2,272
Bank loans - acquired	541	11	(14)	538
Total issuer credit obligations	23,418	114	(3,469)	20,063
Asset-backed securities				
Agency residential MBS (exempt)	160	—	(21)	139
Agency commercial MBS (exempt)	39	—	(11)	28
Agency residential MBS (non-exempt)	964	—	(100)	864
Agency commercial MBS (non-exempt)	255	—	(32)	223
Non-agency residential MBS	1,324	106	(59)	1,371
Non-agency commercial MBS	1,921	13	(129)	1,805
Non-agency - CLOs/CBOs/CDOs	391	14	(1)	404
Other financial ABS	647	26	(26)	647
Equity backed securities – not self-liquidating	345	1	(12)	334
Other non-financial ABS - practical expedient	38	—	(5)	33
Lease-backed - full analysis	555	3	(40)	518
Other non-financial ABS - full analysis	1,096	6	(65)	1,037
Total asset-backed securities	7,735	169	(501)	7,403
Preferred stock	34	—	—	34
Common stock*	264	—	—	264
Total equity securities	298	—	—	298
Total	\$ 31,451	\$ 283	\$ (3,970)	\$ 27,764

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

<i>(in millions)</i>	Statement Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2024				
Bonds:				
U.S. government obligations	\$ 567	\$ 5	\$ (43)	\$ 529
All other governments	912	6	(177)	741
States, territories and possessions	165	—	(19)	146
Political subdivisions of states, territories and possessions	98	—	(12)	86
Special revenue	2,193	—	(326)	1,867
Industrial and miscellaneous	27,918	200	(4,294)	23,824
Hybrid securities	105	1	(5)	101
Bank loans	674	6	(19)	661
Parent, subsidiaries and affiliates	—	—	—	—
Total bonds	32,632	218	(4,895)	27,955
Preferred stock	9	—	—	9
Common stock*	226	—	—	226
Total equity securities	235	—	—	235
Total	\$ 32,867	\$ 218	\$ (4,895)	\$ 28,190

* Common stock includes \$189 million and \$170 million of investments in affiliates at December 31, 2025 and 2024, respectively.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

Bonds and Equity Securities in Loss Positions

The following table summarizes the fair value and gross unrealized losses (where fair value is less than amortized cost) on bonds and equity securities, including amounts on NAIC 6 and 6* bonds, aggregated by major investment category and length of time that individual securities have been in a continuous unrealized loss position:

<i>(in millions)</i>	Less than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
December 31, 2025						
Issuer credit obligations						
U.S. government obligations	\$ —	\$ —	\$ 3	\$ —	\$ 3	\$ —
Other U.S. government obligations	2	—	—	—	2	—
Non-U.S. sovereign jurisdiction securities	23	(4)	494	(126)	517	(130)
Municipal bonds - general obligations (direct & guaranteed)	13	(1)	195	(20)	208	(21)
Municipal bonds - special revenue	40	(3)	610	(109)	650	(112)
Project finance bonds issued by operating entities	52	(1)	528	(93)	580	(94)
Corporate bonds	1,131	(130)	10,043	(2,766)	11,174	(2,896)
Single entity backed obligations	75	(8)	278	(31)	353	(39)
Bonds issued by funds representing operating entities	206	(6)	1,588	(157)	1,794	(163)
Bank loans - acquired	74	(3)	163	(11)	237	(14)
Total issuer credit obligations	1,616	(156)	13,902	(3,313)	15,518	(3,469)
Asset-backed securities						
Equity backed securities – not self-liquidating	10	—	233	(11)	243	(11)
Agency commercial MBS (exempt)	—	—	28	(11)	28	(11)
Agency commercial MBS (non-exempt)	4	(1)	220	(31)	224	(32)
Agency residential MBS (exempt)	4	—	135	(21)	139	(21)
Agency residential MBS (non-exempt)	206	(25)	634	(75)	840	(100)
Non-agency - CLOs/CBOs/CDOs	87	(1)	1	—	88	(1)
Non-agency commercial MBS	50	(3)	1,426	(127)	1,476	(130)
Non-agency residential MBS	135	(3)	515	(59)	650	(62)
Other financial ABS	38	(1)	301	(25)	339	(26)
Lease-backed - full analysis	42	—	395	(41)	437	(41)
Other non-financial ABS - full analysis	126	(1)	667	(64)	793	(65)
Other non-financial ABS - practical expedient	—	—	22	(4)	22	(4)
Total asset-backed securities	702	(35)	4,577	(469)	5,279	(504)
Preferred stock	1	—	—	—	1	—
Common stock	1	—	—	—	1	—
Total equity securities	2	—	—	—	2	—
Total	2,320	(191)	18,479	(3,782)	20,799	(3,973)

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

<i>(in millions)</i>	Less than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
December 31, 2024						
Bonds:						
U.S. government obligations	\$ 19	\$ (1)	\$ 169	\$ (42)	\$ 188	\$ (43)
All other governments	127	(3)	582	(174)	709	(177)
U.S. States, territories and possessions	6	—	140	(19)	146	(19)
Political subdivisions of states, territories and possessions	27	(2)	55	(9)	82	(11)
Special revenue	160	(8)	1,698	(318)	1,858	(326)
Industrial and miscellaneous	3,562	(352)	17,228	(3,946)	20,790	(4,298)
Hybrid securities	14	(1)	42	(4)	56	(5)
Bank loans	87	(4)	240	(23)	327	(27)
Total bonds	\$ 4,002	\$ (371)	\$ 20,154	\$ (4,535)	\$ 24,156	\$ (4,906)
Preferred stock	8	—	—	—	8	—
Common stock	—	—	—	—	—	—
Total equity securities	8	—	—	—	8	—
Total	\$ 4,010	\$ (371)	\$ 20,154	\$ (4,535)	\$ 24,164	\$ (4,906)

As of December 31, 2025 and 2024, the number of bonds and equity securities in an unrealized loss position was 2,860 and 3,470, respectively. Bonds comprised 2,858 of the total, of which 2,417 were in a continuous loss position greater than 12 months at December 31, 2025. Bonds comprised 3,469 of the total, of which 2,761 were in a continuous loss position greater than 12 months at December 31, 2024.

The Company did not recognize the unrealized losses in earnings on these fixed maturity securities at December 31, 2025 and 2024, respectively, because the Company neither intends to sell the securities nor does the Company believe that it is more likely than not that the Company will be required to sell these securities before recovery of their amortized cost basis. For fixed maturity securities with significant declines, the Company performed fundamental credit analyses on a security-by-security basis, which included consideration of credit enhancements, expected defaults on underlying collateral, review of relevant industry analyst reports and forecasts and other available market data.

Contractual Maturities of Bonds and Short-Term Investments

The following table presents the statement value and fair value of bonds and short-term investments by contractual maturity:

<i>(in millions)</i>	Statement Value	Fair Value
December 31, 2025		
Due in one year or less	\$ 869	\$ 865
Due after one year through five years	5,260	5,229
Due after five years through ten years	4,076	3,880
Due after ten years through twenty years	4,983	4,377
Due after twenty years	8,230	5,712
ABS	7,735	7,403
Total	\$ 31,153	\$ 27,466

Actual maturities may differ from contractual maturities because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

Bonds in or near default as to payment of principal or interest had a statement value of \$27 million and \$50 million at December 31, 2025 and 2024, respectively, which is the fair value. At December 31, 2025 and 2024, the Company had no income excluded from due and accrued for bonds.

At December 31, 2025, the Company's bond portfolio included bonds totaling \$1.4 billion not rated investment grade by the NAIC designations (categories 3-6). These bonds accounted for 2 percent of the Company's total assets and 4

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

percent of invested assets. These below investment grade securities, excluding structured securities, span across 17 industries. At December 31, 2024, the Company's bond portfolio included bonds totaling \$1.7 billion not rated investment grade by the NAIC designations (categories 3-6). These bonds accounted for 2 percent of the Company's total assets and 4 percent of invested assets. These below investment grade securities, excluding structured securities, span across 12 industries.

The following table presents the industries that constitute more than 10% of the below investment grade securities:

	December 31,	
	2025	2024
Consumer cyclical	20.0%	20.5%
Consumer noncyclical	15.7	16.2
Energy	—	7.9
Other	—	18.7

ABS

The Company determines fair value of ABS based on the amount at which a security could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The majority of the Company's RMBS, CMBS, collateralized debt obligations ("CDO") and other ABS are priced by approved independent third-party valuation service providers and broker dealer quotations. Small portions of the ABS that are not traded in active markets are priced by market standard internal valuation methodologies, which include discounted cash flow methodologies and matrix pricing. The estimated fair values are based on available market information and management's judgments.

The following table presents the statement value and fair value of ABS:

<i>(in millions)</i>	December 31, 2025		December 31, 2024	
	Statement Value	Fair Value	Statement Value	Fair Value
Asset-backed securities	\$ 7,735	\$ 7,403	\$ 8,950	\$ 8,418

Prepayment assumptions for single class, multi-class mortgage-backed and other ABS were obtained from independent third-party valuation service providers or internal estimates. These assumptions are consistent with the current interest rate and economic environment.

At December 31, 2025 and 2024, the Company had exposure to a variety of ABS. These securities could have significant concentrations of credit risk by country, geographical region, property type, servicer or other characteristics. As part of the quarterly surveillance process, the Company takes into account many of these characteristics in making the OTTI assessment.

At December 31, 2025 and 2024, the Company did not have any ABS with a recognized OTTI due to the intent to sell or an inability or lack of intent to retain the security for a period of time sufficient to recover the amortized cost basis.

During 2025, 2024 and 2023, the Company recognized total OTTI of \$1 million, \$13 million and \$2 million, respectively, on ABS that were still held by the Company. In addition, at December 31, 2025 and 2024, the Company held loan-backed impaired securities (fair value is less than cost or amortized cost) for which an OTTI had not been recognized in earnings as a realized loss. Such impairments include securities with a recognized OTTI for non-interest (credit) related declines that were recognized in earnings, but for which an associated interest-related decline has not been recognized in earnings as a realized capital loss.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

The following table summarizes the fair value and aggregate amount of unrealized losses on ABS and length of time that individual securities have been in a continuous unrealized loss position:

<i>(in millions)</i>	Less than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
December 31, 2025						
ABS	\$ 702	\$ (35)	\$ 4,577	\$ (469)	\$ 5,279	\$ (504)
December 31, 2024						
ABS	\$ 889	\$ (63)	\$ 5,318	\$ (648)	\$ 6,207	\$ (711)

In its OTTI assessment, the Company considers all information relevant to the collectability of the security, including past history, current conditions and reasonable forecasts when developing an estimate of future cash flows. Relevant analyst reports and forecasts for the asset class also receive appropriate consideration. The Company also considers how credit enhancements affect the expected performance of the security. In addition, the Company generally considers its cash and working capital requirements and expected cash flows in relation to its business plans and how such forecasts affect the intent and ability to hold such securities to recovery of their amortized cost.

The Company does not have any ABS for which it is not practicable to estimate fair values.

The following table presents the rollforward of non-interest related OTTI for ABS:

<i>(in millions)</i>	December 31,	
	2025	2024
Balance, beginning of year	\$ 350	\$ 362
Increases due to:		
Credit impairment on new securities subject to impairment losses	—	13
Additional credit impairment on previously impaired investments	1	—
Reduction due to:		
Credit impaired securities fully disposed for which there was no prior intent or requirement to sell	14	25
Balance, end of year	\$ 337	\$ 350

See Note 4 for a list with each ABS at a CUSIP level where the present value of cash flows expected to be collected is less than the amortized cost basis during the current year and a list of the Company's structured notes holding at December 31, 2025.

Mortgage Loans

Mortgage loans had outstanding principal balances of \$7.0 billion and \$7.1 billion at December 31, 2025 and 2024, respectively. Contractual interest rates range from 0.00 percent to 35.00 percent. The mortgage loans at December 31, 2025 had maturity dates ranging from 2024 to 2065.

The Company's mortgage loans are collateralized by a variety of commercial real estate property types located throughout the U.S. and Canada. The commercial mortgage loans are non-recourse to the borrower.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

The following tables present the geographic and property-type distribution of the Company's mortgage loan portfolio:

	December 31,	
	2025	2024
<i>Geographic distribution:</i>		
Mid-Atlantic	30.2%	31.0%
Foreign	13.1	14.0
Pacific	19.2	19.6
South Atlantic	14.4	13.0
West South Central	3.7	3.5
East North Central	5.9	5.6
New England	5.8	5.9
Mountain	4.7	4.9
East South Central	2.5	2.2
West North Central	0.5	0.3
Total	100.0%	100.0%
<i>Property type distribution:</i>		
Multi-family	34.3%	36.3%
Office	23.8	23.1
Retail	11.5	12.4
Industrial	13.8	12.4
Hotel/Motel	6.5	7.5
Other	10.1	8.3
Total	100.0%	100.0%

At December 31, 2025, there were 128 mortgage loans with outstanding balances of \$20 million or more, which loans collectively, aggregated approximately 73.7 percent of this portfolio.

The following table presents the minimum and maximum lending rates for new mortgage loans during 2025 and 2024:

<i>(in millions)</i>	Years Ended December 31,			
	2025		2024	
	Maximum	Minimum	Maximum	Minimum
Office	7.58 %	3.00 %	9.75 %	5.02 %
Multi-family	7.47	5.25	8.80	7.24
Retail	3.45	3.45	7.05	7.05
Industrial	6.29	4.08	7.48	4.52
Hotel/Motel	—	—	—	—
Other	8.99	5.72	9.45	7.02

The Company reduced interest rates on one loan during 2025. The Company reduced interest rates on one loan during 2024.

The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgage was 88 percent and 82 percent, in 2025 and 2024, respectively.

At December 31, 2025, and 2024, the Company held \$335 million and \$354 million, respectively, in impaired mortgages with \$132 million and \$123 million, respectively, of related allowances for credit losses. There were \$203 million impaired mortgage loans without a specific allowance at December 31, 2025. There were no impaired mortgage loans without a related allowance at December 31, 2024. The Company's average recorded investment in impaired loans was \$340 million and \$240 million, at December 31, 2025 and 2024, respectively. The Company recognized interest income on impaired loans of \$2 million, \$5 million and \$0 million, in 2025, 2024 and 2023, respectively.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

The following table presents a rollforward of the changes in the allowance for losses on mortgage loans receivable:

<i>(in millions)</i>	December 31,		
	2025	2024	2023
Balance, beginning of year	\$ 145	\$ 91	\$ 75
Additions (reductions) charged to unrealized capital loss	26	54	30
Direct write-downs charged against allowance	(7)	—	(14)
Balance, end of year	\$ 164	\$ 145	\$ 91

During 2025, the Company derecognized \$1 million of mortgage loans and recognized \$1 million of real estate collateral as a result of foreclosure.

The mortgage loan portfolio has been originated by the Company under strict underwriting standards. Commercial mortgage loans on properties such as offices, hotels and shopping centers generally represent a higher level of risk than do mortgage loans secured by multi-family residences. This greater risk is due to several factors, including the larger size of such loans and the more immediate effects of general economic conditions on these commercial property types. However, due to the Company's strict underwriting standards, the Company believes that it has prudently managed the risk attributable to its mortgage loan portfolio while maintaining attractive yields.

The following table presents the age analysis of mortgage loans:

<i>(in millions)</i>	December 31,	
	2025	2024
Current	\$ 6,671	\$ 6,854
30 - 59 days past due	12	53
60 - 89 days past due	4	16
90 - 179 days past due	85	39
Greater than 180 days past due	3	—
Total	\$ 6,775	\$ 6,962

At December 31, 2025 and 2024, the Company had mortgage loans outstanding under participant or co-lender agreements of \$5.9 billion and \$5.4 billion, respectively.

The Company had \$167 million and \$92 million in restructured loans at December 31, 2025 and 2024, respectively.

Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of December 31, 2025:

<i>(in millions)</i>	Residential		Commercial		Agricultural	
	Amount	Percentage of Total Admitted Assets	Amount	Percentage of Total Admitted Assets	Amount	Percentage of Total Admitted Assets
Loan-to-Value						
a. above 95%	\$ 8	— %	\$ 275	0.70	\$ —	— %
b. 91% to 95%	4	—	34	0.10	—	—
c. 81% to 90%	32	0.10	247	0.60	—	—
d. 71% to 80%	98	0.20	764	1.80	—	—
e. below 70%	511	1.20	4,965	11.90	—	—

Troubled Debt Restructuring

The Company held no restructured debt for which impairment was recognized for both December 31, 2025 and 2024. The Company had \$1 million of outstanding commitments to debtors that held loans with restructured terms at both December 31, 2025 and 2024.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

Real Estate

The following table presents the components of the Company's investment in real estate:

<i>(in millions)</i>	December 31,	
	2025	2024
Properties occupied by the Company	\$ —	\$ —
Properties held for production of income	—	—
Properties held for sale	1	—
Total	\$ 1	\$ —

The Company recognized gains of \$0 million in 2025. The Company recognized no gains or losses in 2024 or 2023. The Company did not recognize any impairment write-downs for its investments in real estate in 2025 or 2024. The Company recognized \$2 million in impairment write-downs for its investments in real estate in 2023.

Other Invested Assets

The following table presents the components of the Company's other invested assets:

<i>(in millions)</i>	December 31,	
	2025	2024
Investments in limited liability companies	\$ 352	\$ 694
Investments in limited partnerships	793	763
Other investments	353	413
Receivable for securities	41	21
Non-admitted assets	(2)	(7)
Total	\$ 1,537	\$ 1,884

The Company utilizes the look-through approach in valuing its investments in affiliated limited partnerships that have the characteristics of real estate investments. These affiliated real estate investments had an aggregate value of \$350 million and \$359 million at December 31, 2025 and 2024, respectively. All liabilities, commitments, contingencies, guarantees, or obligations of these holding company entities, which are required to be recorded as liabilities, commitments, contingencies, guarantees or obligations under applicable accounting guidance, are reflected in the Company's determination of the carrying value of the investment in each of the respective holding company entities, if applicable.

The Company recorded impairment write-downs in joint ventures was \$6 million, \$3 million and \$8 million during 2025, 2024 and 2023, respectively.

Net Investment Income

The following table presents the components of net investment income:

<i>(in millions)</i>	Years ended December 31,		
	2025	2024	2023
Bonds	\$ 1,376	\$ 1,463	\$ 1,692
Preferred stocks	1	1	—
Common stocks	3	1	3
Cash and short-term investments	23	15	8
Mortgage loans	314	330	334
Real estate*	—	1	2
Contract loans	20	20	21
Derivatives	6	74	(18)
Investment income from affiliates	131	149	75
Other invested assets	63	40	54
Gross investment income	1,937	2,094	2,171
Investment expenses	(100)	(122)	(149)
Net investment income	\$ 1,837	\$ 1,972	\$ 2,022

* Includes amounts for the occupancy of Company-owned property of \$0 million, \$2 million and \$2 million in 2025, 2024 and 2023, respectively.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

Net Realized and Unrealized Capital Gains (Losses)

The following table presents the components of Net realized capital gains (losses):

<i>(in millions)</i>	Years ended December 31,		
	2025	2024	2023
Bonds	\$ (206)	\$ (220)	\$ (83)
Preferred stocks	—	—	(4)
Common stocks	—	—	3
Cash and short-term investments	(3)	(8)	(4)
Mortgage loans	(12)	(34)	(13)
Real estate	—	(2)	(2)
Derivatives	21	70	(51)
Other invested assets	1	(23)	44
Realized capital gains (losses)	(199)	(217)	(110)
Federal income tax (expense) benefit	42	46	23
Net (gains) losses transferred to IMR	138	121	37
Net realized capital gains (losses)	\$ (19)	\$ (50)	\$ (50)

During 2025, 2024, and 2023, the Company recognized \$38 million, \$63 million, and \$14 million, respectively, of impairment write-downs in the fixed maturity portfolio in accordance with the impairment policy described in Note 2.

The following table presents the proceeds from sales of bonds and equities and the related gross realized capital gains and gross realized capital losses:

<i>(in millions)</i>	Years ended December 31,		
	2025	2024	2023
Proceeds	\$ 2,204	\$ 1,041	\$ 719
Gross realized capital gains	\$ 6	\$ 11	\$ 11
Gross realized capital losses	(179)	(161)	(52)
Net realized capital gains (losses)	\$ (173)	\$ (150)	\$ (41)

The following table presents the net change in unrealized capital gains (losses) of investments (including foreign exchange capital gains (losses)):

<i>(in millions)</i>	Years ended December 31,		
	2025	2024	2023
Bonds	\$ 143	\$ (74)	\$ 64
Preferred and common stocks	38	(2)	34
Mortgage loans	77	(63)	33
Derivatives	(116)	97	(36)
Other invested assets	87	(67)	4
Other	—	—	—
Federal income tax (expense) benefit	(44)	7	2
Net change in unrealized gains (losses) of investments	\$ 185	\$ (102)	\$ 101

Net Negative (Disallowed) Interest Maintenance Reserve (IMR)

(in millions)

(1) **Net negative (disallowed) IMR**

Total	General Account	Insulated Separate Account	Non-Insulated Separate Account
\$ (128)	\$ (127)	\$ —	\$ (1)

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

(2) **Negative (disallowed) IMR admitted**

Total	General Account	Insulated Separate Account	Non-Insulated Separate Account
\$ (128)	\$ (127)	\$ —	\$ (1)

(3) **Calculated adjusted capital and surplus - based on September 30, 2025**

General account capital and surplus	\$ 2,373
Less:	
Net positive goodwill (admitted)	—
EDP equipment and operating system software (admitted)	—
Net deferred tax assets (admitted)	228
Net negative (disallowed) IMR (admitted)	119
Adjusted capital and surplus	<u>\$ 2,026</u>

(4) The percentage of adjusted capital and surplus for which the admitted net negative (disallowed) IMR represents (including what is admitted in the general account and what is recognized as an asset in the separate account) is 6.3%.

The Company attests that:

- Fixed income investments generating IMR losses comply with the reporting entity's documented investment or liability management policies.
- IMR losses for fixed income related derivatives are not applicable.
- There was no deviation to item a. above.
- Asset sales that were generating admitted negative IMR were not compelled by liquidity pressures.

4. ASSET-BACKED SECURITY IMPAIRMENTS AND STRUCTURED NOTES HOLDINGS

ABS

The following table presents the ABS held by the Company at December 31, 2025 for which it had recognized non-interest related OTTI subsequent to the adoption of SSAP 43R:

(in thousands)

CUSIP	Amortized Cost Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized OTTI	Amortized Cost After OTTI	Fair Value at Time of OTTI	Date of Financial Statement Where Reported
617451CW7	\$ 8,887	\$ 8,160	\$ 727	\$ 8,160	\$ 8,160	3/31/2025
Year-end Total	8,887	8,160	727	8,160	8,160	

None of the structured notes held by the Company are defined as a Mortgage-Referenced Security by the IAO.

5. SECURITIES LENDING AND REPURCHASE AGREEMENTS

Securities Lending

As of December 31, 2025, the Company had no securities loaned under the securities lending program. At December 31, 2024, the Company had securities with a carrying value of \$84 million and a fair value of \$72 million loaned to unaffiliated third parties.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

The following table presents the aggregate fair value of cash collateral received related to the securities lending program and the terms of the contractually obligated collateral positions:

<i>(in millions)</i>	December 31,	
	2025	2024
Open positions	\$ —	\$ —
30 days or less	—	72
31 to 60 days	—	—
61 to 90 days	—	—
Greater than 90 days	—	—
Subtotal	—	72
Securities collateral received	—	—
Total collateral received	\$ —	\$ 72

There was no cash collateral reinvested related to the securities lending program as of December 31, 2025 and 2024.

Repurchase Agreements

At December 31, 2025 and 2024, bonds with a fair value of approximately \$6 million and \$452 million, respectively, were subject to repurchase agreements to secure amounts borrowed by the Company.

The following table presents the aggregate fair value of cash collateral received related to the repurchase agreement program and the terms of the contractually obligated collateral positions:

<i>(in millions)</i>	December 31,	
	2025	2024
Open positions	\$ —	\$ —
30 days or less	5	443
31 to 60 days	—	—
61 to 90 days	—	—
Greater than 90 days	—	—
Subtotal	5	443
Securities collateral received	—	—
Total collateral received	\$ 5	\$ 443

The following table presents the original (flow) and residual maturity for bi-lateral repurchase agreement transactions for the year ended December 31, 2025:

<i>(in millions)</i>	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
a. Maximum Amount				
1. Open - No Maturity	\$ 6	\$ 5	\$ 6	\$ 6
2. Overnight	6	—	—	—
3. 2 Days to 1 Week	—	—	—	—
4. > 1 Week to 1 Month	54	—	—	—
5. > 1 Month to 3 Months	—	—	—	—
6. > 3 Months to 1 Year	—	—	—	—
7. > 1 Year	—	—	—	—
b. Ending Balance				
1. Open - No Maturity	\$ —	\$ 5	\$ 6	\$ 6
2. Overnight	—	—	—	—
3. 2 Days to 1 Week	—	—	—	—
4. > 1 Week to 1 Month	54	—	—	—
5. > 1 Month to 3 Months	—	—	—	—
6. > 3 Months to 1 Year	—	—	—	—
7. > 1 Year	—	—	—	—

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

The following table presents the Company's liability to return collateral for the year ended December 31, 2025:

<i>(in millions)</i>	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
a. Maximum Amount				
1. Cash (Collateral - All)	\$ 65	\$ 5	\$ 6	\$ 6
2. Securities Collateral (FV)	—	—	—	—
b. Ending Balance				
1. Cash (Collateral - All)	\$ 54	\$ 5	\$ 6	\$ 6
2. Securities Collateral (FV)	—	—	—	—

The Company requires a minimum of 95 percent of the fair value of securities sold under the repurchase agreements to be maintained as collateral. Cash collateral received is invested in corporate bonds and the offsetting collateral liability for repurchase agreements is included in other liabilities.

The following table presents the aggregate amortized cost and fair value of cash collateral reinvested related to the repurchase agreement program by maturity date:

<i>(in millions)</i>	December 31, 2025		December 31, 2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Open positions	\$ —	\$ —	\$ 531	\$ 452
Greater than three years	6	6	—	—
Subtotal	6	6	531	452
Securities collateral received	—	—	—	—
Total collateral reinvested	\$ 6	\$ 6	\$ 531	\$ 452

The following table presents the fair value of securities under bi-lateral repurchase agreement transactions for the year ended December 31, 2025:

<i>(in millions)</i>	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
a. Maximum Amount				
1. BACV	\$ —	\$ —	\$ —	\$ —
2. Nonadmitted - Subset of BACV	—	—	—	—
3. Fair Value	—	—	—	—
b. Ending Balance				
1. BACV	\$ 61	\$ 6	\$ 6	\$ 6
2. Nonadmitted - Subset of BACV	—	—	—	—
3. Fair Value	54	6	6	6

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

The following table presents the fair value of securities under bi-lateral repurchase agreement transactions for the year ended December 31, 2025:

<i>(in millions)</i>	1 None	2 NAIC 1	3 NAIC 2	4 NAIC 3
Ending Balance				
a. ICO - BACV	\$ —	\$ —	\$ 6	\$ —
b. ICO - FV	—	—	6	—
c. ABS - BACV	—	—	—	—
d. ABS - FV	—	—	—	—
e. Preferred Stock - BACV	—	—	—	—
f. Preferred Stock - FV	—	—	—	—
g. Common Stock	—	—	—	—
h. Mortgage Loans - BACV	—	—	—	—
i. Mortgage Loans - FV	—	—	—	—
j. Real Estate - BACV	—	—	—	—
k. Real Estate - FV	—	—	—	—
l. Derivatives - BACV	—	—	—	—
m. Derivatives - FV	—	—	—	—
n. Other Invested Assets - BACV	—	—	—	—
o. Other Invested Assets - FV	—	—	—	—
p. Total Assets - BACV	—	—	6	—
q. Total Assets - FV	—	—	6	—

<i>(in millions)</i>	5 NAIC 4	6 NAIC 5	7 NAIC 6	8 Non-Admitted
Ending Balance				
a. ICO - BACV	\$ —	\$ —	\$ —	\$ —
b. ICO - FV	—	—	—	—
c. ABS - BACV	—	—	—	—
d. ABS - FV	—	—	—	—
e. Preferred Stock - BACV	—	—	—	—
f. Preferred Stock - FV	—	—	—	—
g. Common Stock	—	—	—	—
h. Mortgage Loans - BACV	—	—	—	—
i. Mortgage Loans - FV	—	—	—	—
j. Real Estate - BACV	—	—	—	—
k. Real Estate - FV	—	—	—	—
l. Derivatives - BACV	—	—	—	—
m. Derivatives - FV	—	—	—	—
n. Other Invested Assets - BACV	—	—	—	—
o. Other Invested Assets - FV	—	—	—	—
p. Total Assets - BACV	—	—	—	—
q. Total Assets - FV	—	—	—	—

Collateral Received – Secured Borrowing:

<i>(in millions)</i>	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
a. Maximum Amount				
1. Cash	\$ 54	\$ 5	\$ 6	\$ 6
2. Securities (FV)	—	—	—	—
b. Ending Balance				
1. Cash	\$ 54	\$ 5	\$ 6	\$ 6
2. Securities (FV)	—	—	—	—

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

Cash and Non-Cash Collateral Received – Secured Borrowing by NAIC Designation:

<i>(in millions)</i>	1 None	2 NAIC 1	3 NAIC 2	4 NAIC 3
Ending Balance				
a. Cash	\$ 6	\$ —	\$ —	\$ —
b. ICO - FV	—	—	—	—
c. ABS - FV	—	—	—	—
d. Preferred Stock - FV	—	—	—	—
e. Common Stock	—	—	—	—
f. Mortgage Loans - FV	—	—	—	—
g. Real Estate - FV	—	—	—	—
h. Derivatives - FV	—	—	—	—
i. Other Invested Assets - FV	—	—	—	—
j. Total Assets - FV	6	—	—	—

<i>(in millions)</i>	5 NAIC 4	6 NAIC 5	7 NAIC 6	8 Non-Admitted
Ending Balance				
a. Cash	\$ —	\$ —	\$ —	\$ —
b. ICO - FV	—	—	—	—
c. ABS - FV	—	—	—	—
d. Preferred Stock - FV	—	—	—	—
e. Common Stock	—	—	—	—
f. Mortgage Loans - FV	—	—	—	—
g. Real Estate - FV	—	—	—	—
h. Derivatives - FV	—	—	—	—
i. Other Invested Assets - FV	—	—	—	—
j. Total Assets - FV	—	—	—	—

6. RESTRICTED ASSETS

The Company has restricted assets as detailed below. Assets under restriction are general account assets and are not part of the Separate Accounts.

The following table presents the carrying value of the Company's restricted assets:

<i>(in millions)</i>	December 31,	
	2025	2024
On deposit with states	\$ 3	\$ 3
Collateral held on securities lending	—	72
FHLB stock and collateral pledged	1,380	1,445
NY Security Account	778	—
Subject to repurchase agreements	6	531
Collateral for derivatives	3	4
Other restricted assets	24	—
Total	\$ 2,194	\$ 2,055

7. DERIVATIVES

The Company has taken positions in certain derivative financial instruments to mitigate or hedge the impact of changes in interest rates, foreign currencies, equity markets, swap spreads, volatility, correlations and yield curve risk on cash flows from investment income, policyholder liabilities and equity. Financial instruments used by the Company for such purposes include interest rate swaps, interest rate swaptions, cross-currency swaps, futures and futures options on equity indices, and futures and futures options on government securities. The Company does not engage in the use of derivative instruments for speculative purposes and is neither a dealer nor trader in derivative instruments.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

All derivative instruments are recognized in the financial statements. Derivatives that do not qualify for hedge accounting are accounted for at fair value and the changes in the fair value recorded in surplus as unrealized gains and losses, net of deferred taxes. Derivatives which qualify for hedge accounting are accounted at carrying value. The change in the carrying value or cash flow of the derivative is recorded consistently with how the changes in the carrying value or cash flow of the hedged asset. The value of the Company's exchange traded futures contracts relates to the one day lag in the net cash settlement of these contracts.

The Company elected fair value hedge accounting for the hedge of a portfolio of similar assets using the "portfolio layer method." The portfolio layer method represents a method of achieving hedge accounting that is allowed pursuant to guidance in SSAP 86, *Derivatives*.

The Company is hedging the risk of changes in the fair value of a designated specified percentage of a closed portfolio of purchased fixed-rate investment assets that is attributable to changes in a benchmark interest rate. The Company is hedging the portfolio on a partial term basis. The hedged item, terminated in August 2024, was the last \$1.8 billion of financial assets in a closed portfolio for a 5-year period. A proportionate amount of interest rate swaps has been designated as the hedging instruments.

For the purposes of supporting the five-year hedge relationship, portfolio assets with a term greater than five years are assumed to be five-year assets using the partial-term hedging guidance. By electing to hedge the benchmark interest rate component of the contractual cash flows, the hedged assets will have an assumed coupon based on a five-year benchmark interest rate (i.e., SOFR). As a result, the hedged components of the different tenor assets are considered similar when performing the similar asset analysis.

Pursuant to fair value hedge accounting, the swaps hedging the portfolio of fixed-interest investments have been reported on the same basis (i.e., amortized cost) as the hedged target. The amortized cost basis of the interest rate swaps was zero at December 31, 2025.

In August 2024, the swaps and hedging relationship were terminated. Accrued interest of \$15 million was recognized in 2024 income, and a loss of \$62 million was applied as an adjustment to the book value of the hedged items and will be amortized into net investment income over the life of the bonds.

The Company recognized a net unrealized capital loss of \$115 million in 2025, unrealized capital loss of \$96 million in 2024 and unrealized capital loss of \$38 million in 2023, related to derivatives that did not qualify for hedge accounting.

Net cash collateral received for derivative transactions increased in the year 2025, as a result of increases in fair values of derivatives covered by an International Swaps and Derivative Association Master Agreement ("ISDA Master Agreement") and Credit Support Annex provisions. At December 31, 2025, the Company held \$224 million of collateral for derivatives, which is invested in cash, cash equivalents and/or short-term investments.

Refer to Note 3 for disclosures related to net realized capital gains (losses).

Swaps, Options and Futures

Interest rate or cross-currency swap agreements are agreements to exchange with a counterparty, at specified intervals, payments of differing character (for example, variable-rate payments exchanged for fixed-rate payments) or in different currencies, based on an underlying principal balance, notional amount. Generally no cash is exchanged at the outset of the contract and no principal payments are made by either party. A single net payment is usually made by one counterparty at each contractual payment due date, and this net payment is included in the Statutory Statement of Operations.

Options are contracts that grant the purchaser, for a premium payment, the right, but not the obligation, either to purchase or sell a financial instrument at a specified price within a specified period of time. The Company purchases call options on the S&P 500 Index to offset the risk of certain guarantees of specific equity-index annuity and universal life policy values. The Company also purchases put options on the S&P 500 Index to offset volatility risk arising from minimum guarantees embedded in variable annuities. The options are carried at fair value, with changes in fair value recognized in unrealized investment gains and losses.

Financial futures are contracts between two parties that commit one party to purchase and the other to sell a particular commodity or financial instrument at a price determined on the final settlement day of the contract. Futures contracts

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

detail the quality and quantity of the underlying asset; they are standardized to facilitate trading on a futures exchange. Some futures contracts may call for physical delivery of the asset, while others are settled in cash. The Company uses futures contracts on Euro dollar deposits, U.S. Treasury Notes, U.S. Treasury Bonds, the S&P 500 Index, MidCap 400, Russell 2000, MSCI EAFE, foreign government debt securities, and foreign denominated equity indices to offset the risk of certain guarantees on annuity policy values.

Interest Rate Risk

Interest rate derivatives are used to manage interest rate risk associated with certain guarantees of variable annuities and equity indexed annuities and certain bonds. The Company's interest rate hedging derivative instruments include (1) interest rate swaps and swaptions; (2) listed futures on government securities; (3) listed futures options on government securities; and (4) unlisted swaps and swaptions in U.S. Dollar Secured Overnight Financing Rate.

Currency Risk

Foreign exchange contracts used by the Company include cross-currency swaps, which are used to reduce risks from changes in currency exchange rates with respect to investments denominated in foreign currencies that the Company holds.

Equity Risk

Equity derivatives are used to mitigate financial risk embedded in certain insurance liabilities.

Credit Risk

The Company is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments, but it does not expect any counterparties to fail to meet their obligations given their high credit ratings. For over-the-counter ("OTC") derivatives, the Company's net credit exposure is determined based on master netting agreements, which take into consideration all derivative positions with the counterparty, as well as collateral posted by the counterparty at the balance sheet date. The Company is exposed to credit risk when the net position with a particular counterparty results in an asset that exceeds collateral pledged by that counterparty.

For OTC contracts, the Company generally uses an ISDA Master Agreement and Credit Support Annexes with bilateral collateral provisions to reduce counterparty credit exposures. An ISDA Master Agreement is an agreement between two counterparties, which may cover multiple derivative transactions, and such an ISDA Master Agreement generally provides for the net settlement of all or a specified group of these derivative transactions, as well as transferred collateral, through a single payment, in a single currency, in the event of a default affecting any one derivative transaction or a termination event affecting all or a specified group of the transactions. The Company minimizes the risk that counterparties might be unable to fulfill their contractual obligations by monitoring counterparty credit exposure and collateral value and may require additional collateral to be posted upon the occurrence of certain events or circumstances. In the unlikely event of a failure to perform by any of the counterparties to these derivative transactions, there would not be a material effect on the Company's admitted assets, liabilities or capital and surplus.

The Company has also entered into exchange-traded options and futures contracts. Under exchange-traded futures contracts, the Company agrees to purchase a specified number of contracts with other parties and to post or receive variation margin on a daily basis in an amount equal to the difference in the daily market values of those contracts. The parties with whom the Company enters into exchange-traded futures are regulated futures commission merchants who are members of a trading exchange. The credit risk of exchange-traded futures is partially mitigated because variation margin is settled daily in cash. Exchange-traded option contracts are not subject to daily margin settlements and amounts due to the Company based upon favorable movements in the underlying securities or indices are owed upon exercise.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

The following table presents the notional amounts, statement values and fair values of the Company's derivative instruments:

<i>(in millions)</i>	December 31, 2025			December 31, 2024		
	Contract or Notional Amount	Statement Value	Fair Value	Contract or Notional Amount	Statement Value	Fair Value
Assets:						
Interest rate contracts	\$ —	\$ —	\$ —	\$ 3	\$ —	\$ —
Foreign exchange contracts	1,194	103	103	2,689	242	240
Equity contracts	3,495	247	247	3,839	208	208
Other contracts	—	—	—	—	—	—
Derivative assets, gross	4,689	350	350	6,531	450	448
Counter party netting*	—	(125)	(125)	—	(74)	(74)
Derivative assets, net	\$ 4,689	\$ 225	\$ 225	\$ 6,531	\$ 376	\$ 374
Liabilities:						
Interest rate contracts	\$ 584	\$ —	\$ 3	\$ 515	\$ 2	\$ 14
Foreign exchange contracts	1,412	26	26	45	1	1
Equity contracts	1,232	99	99	985	71	71
Other contracts	—	—	—	—	—	—
Derivative liabilities, gross	3,228	125	128	1,545	74	86
Counter party netting*	—	(125)	(125)	—	(74)	(74)
Derivative liabilities, net	\$ 3,228	\$ —	\$ 3	\$ 1,545	\$ —	\$ 12

* Represents netting of derivative exposures covered by a qualifying master netting agreement.

The Company has a right of offset of its derivatives asset and liability positions with various counterparties. The following table presents the effect of the right of offsets:

<i>(in millions)</i>	December 31, 2025		December 31, 2024	
	Assets	Liabilities	Assets	Liabilities
Gross amount recognized	\$ 350	\$ 125	\$ 449	\$ 74
Amount offset	(125)	(125)	(73)	(74)
Net amount presented in the Statement of Admitted Assets, Liabilities, and Capital and Surplus				
	\$ 225	\$ —	\$ 376	\$ —

8. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

The following table presents the Company's derivative financial instruments with concentrations of credit risk:

<i>(in millions)</i>	December 31, 2025		December 31, 2024	
	Contract or Notional Amount	Final Maturity Date	Contract or Notional Amount	Final Maturity Date
Derivative assets:				
Interest rate contracts	\$ —	—	\$ 3	2025
Foreign exchange contracts	1,194	2051	2,689	2051
Equity contracts	3,495	2027	3,839	2026
Derivative liabilities:				
Interest rate contracts	584	2027	515	2027
Foreign exchange contracts	1,412	2051	45	2051
Equity contracts	1,232	2027	985	2025

The credit exposure to the Company's derivative contracts is limited to the fair value of such contracts that are favorable to the Company at the reporting date.

The credit exposure to the Company's derivative contracts aggregated \$160 million and \$40 million at December 31, 2025 and 2024, respectively.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

9. FAIR VALUE INSTRUMENTS

Fair Value Measurements

The Company carries certain financial instruments at fair value. The Company defines the fair value of a financial instrument as the amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company is responsible for the determination of the value of the investments carried at fair value and the supporting methodologies and assumptions.

The degree of judgment used in measuring the fair value of financial instruments generally inversely correlates with the level of observable valuation inputs. The Company maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Financial instruments with quoted prices in active markets generally have more pricing observability and less judgment is used in measuring fair value. Conversely, financial instruments for which no quoted prices are available have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgment. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction, liquidity and general market conditions.

Fair Value Hierarchy

Assets and liabilities recorded at fair value are measured and classified in accordance with a fair value hierarchy consisting of three "levels" based on the observability of valuation inputs:

- **Level 1:** Fair value measurements based on quoted prices (unadjusted) in active markets that the Company has the ability to access for identical assets or liabilities. Market price data generally is obtained from exchange or dealer markets. The Company does not adjust the quoted price for such instruments.
- **Level 2:** Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.
- **Level 3:** Fair value measurements based on valuation techniques that use significant inputs that are unobservable. Both observable and unobservable inputs may be used to determine the fair values of positions classified in Level 3. The circumstances for using these measurements include those in which there is little, if any, market activity for the asset or liability. Therefore, the Company must make certain assumptions as to the inputs a hypothetical market participant would use to value that asset or liability. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In those cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Bonds: Fair value is based principally on value from independent third-party valuation service providers, broker quotes and other independent information.

Preferred stocks: Fair value of unaffiliated preferred stocks is based principally on value from independent third-party service providers, broker quotes and other independent information.

Cash, cash equivalents and short term investments: Carrying amount approximate fair value because of the relatively short period of time between origination and expected realization and their limited exposure to credit risk.

Mortgage loans: Fair values are primarily determined by discounting future cash flows to the present at current market rates, using expected prepayment rates.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

Contract loans: Carrying amounts, which approximate fair value, are generally equal to unpaid principal amount as of each reporting date. No consideration is given to credit risk because contract loans are effectively collateralized by the cash surrender value of the policies.

Securities lending reinvested collateral assets: Securities lending assets are generally invested in short-term investments and thus carrying amounts approximate fair values because of the relatively short period of time between origination and expected realizations.

Separate account assets: Variable annuity and variable universal life assets are carried at the market value of the underlying securities. Certain separate account assets related to market value adjustment fixed annuity contracts are carried at book value. Fair value is based principally on the value from independent third-party valuation service providers, broker quotes and other independent information.

Policy reserves and contractual liabilities: Fair value for investment contracts (those without significant mortality risk) not accounted for at fair value were estimated for disclosure purposes using discounted cash flow calculations based upon interest rates currently being offered for similar contracts with maturities consistent with those remaining for the contracts being valued. When no similar contracts are being offered, the discount rate is the appropriate swap rates (if available) or current risk-free interest rates consistent with the currency in which cash flows are denominated.

Payable for securities lending: Cash collateral received from the securities lending program is invested in short-term investments and the offsetting liability is included in payable for securities lending. The carrying amount of this liability approximates fair value because of the relatively short period between origination of the liability and expected settlement.

Receivables/payables for securities: Such amounts represent transactions of a short-term nature for which the statement value is considered a reasonable estimate of fair value.

Valuation Methodologies of Financial Instruments Measured at Fair Value

Bonds

Bonds with NAIC 6 or 6* designations and redeemable preferred stocks with NAIC 4, 5 or 6 designations are carried at the lower of amortized cost or fair value. Perpetual preferred stocks are carried at fair value, not to exceed any currently effective call rate. The Company maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Whenever available, the Company obtains quoted prices in active markets for identical assets at the balance sheet date to measure bonds at fair value. Market price data generally is obtained from exchange or dealer markets.

The Company estimates the fair value of securities not traded in active markets, by referring to traded securities with similar attributes, using dealer quotations, a matrix pricing methodology, discounted cash flow analyses or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating and tenor, its coupon rate, its position in the capital structure of the issuer, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets or that are subject to transfer restrictions, valuations are adjusted to reflect illiquidity and/or non-transferability, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Fair values for bonds and preferred stocks based on observable market prices for identical or similar instruments implicitly include the incorporation of counterparty credit risk. Fair values for bonds and preferred stocks based on internal models incorporate counterparty credit risk by using discount rates that take into consideration cash issuance spreads for similar instruments or other observable information.

Common Stocks (Unaffiliated)

Whenever available, the Company obtains quoted prices in active markets for identical assets at the balance sheet date to measure equity securities at fair value. Market price data is generally obtained from exchanges or dealer markets.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

Freestanding Derivatives

Derivative assets and liabilities can be exchange-traded or traded OTC. The Company generally values exchange-traded derivatives, such as futures and options, using quoted prices in active markets for identical derivatives at the balance sheet date.

OTC derivatives are valued using market transactions and other observable market evidence whenever possible, including market-based inputs to models, model calibration to market clearing transactions, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. When models are used, the selection of a particular model to value an OTC derivative depends on the contractual terms of, and specific risks inherent in, the instrument as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models can require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures of volatility, prepayment rates and correlations of such inputs. For OTC derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs can generally be corroborated by observable market data by correlation or other means, and model selection does not involve significant management judgment.

Certain OTC derivatives trade in less liquid markets with limited pricing information, and the determination of fair value for these derivatives is inherently more difficult. When the Company does not have corroborating market evidence to support significant model inputs and cannot verify the model using market transactions, the transaction price is initially used as the best estimate of fair value. Accordingly, when a pricing model is used to value such an instrument, the model is adjusted so the model value at inception equals the transaction price. Subsequent to initial recognition, the Company updates valuation inputs when corroborated by evidence such as similar market transactions, independent third-party valuation services and/or broker or dealer quotations, or other empirical market data. When appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads and credit considerations. Such adjustments are generally based on available market evidence. In the absence of such evidence, management's best estimate is used.

Separate Account Assets

Separate account assets are comprised primarily of registered and open-ended variable funds that trade daily and are measured at fair value using quoted prices in active markets for identical assets. Certain separate account assets are carried at amortized cost.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

Assets and Liabilities Measured at Fair Value

The following table presents information about assets and liabilities measured at fair value:

<i>(in millions)</i>	Level 1	Level 2	Level 3	Counterparty Netting*	Total
December 31, 2025					
Assets at fair value:					
Bonds					
Issuer Credit Obligations	\$ —	\$ 15	\$ 8	\$ —	\$ 23
Asset Backed Securities	—	—	4	—	4
Industrial and miscellaneous	—	—	—	—	—
Total bonds	—	15	12	—	27
Preferred stock					
Industrial and miscellaneous	—	—	—	—	—
Total preferred stock	—	—	—	—	—
Common stock					
Industrial and miscellaneous	—	—	20	—	20
Total common stock	—	—	20	—	20
Derivative assets:					
Interest rate contracts	—	—	—	—	—
Foreign exchange contracts	—	103	—	—	103
Equity contracts	—	159	88	—	247
Counterparty netting	—	—	—	(125)	(125)
Total derivative assets	—	262	88	(125)	225
Separate account assets	40,360	95	—	—	40,455
Total assets at fair value	\$ 40,360	\$ 372	\$ 120	\$ (125)	\$ 40,727
Liabilities at fair value:					
Derivative liabilities:					
Interest rate contracts	\$ —	\$ —	\$ —	\$ —	\$ —
Foreign exchange contracts	—	26	—	—	26
Equity contracts	—	90	9	—	99
Counterparty netting	—	—	—	(125)	(125)
Total derivative liabilities	—	116	9	(125)	—
Total liabilities at fair value	\$ —	\$ 116	\$ 9	\$ (125)	\$ —
December 31, 2024					
Assets at fair value:					
Bonds					
U.S. special revenue	\$ —	\$ —	\$ —	\$ —	\$ —
Industrial and miscellaneous	—	35	8	—	43
Total bonds	—	35	8	—	43
Preferred stock					
Industrial and miscellaneous	—	—	—	—	—
Total preferred stock	—	—	—	—	—
Common stock					
Industrial and miscellaneous	—	—	—	—	—
Total common stock	—	—	—	—	—
Derivative assets:					
Interest rate contracts	—	—	—	—	—
Foreign exchange contracts	—	241	—	—	241
Equity contracts	—	127	81	—	208
Counterparty netting	—	—	—	(74)	(74)
Total derivative assets	—	368	81	(74)	375
Separate account assets	39,576	98	—	—	39,674
Total assets at fair value	\$ 39,576	\$ 501	\$ 89	\$ (74)	\$ 40,092
Liabilities at fair value:					
Derivative liabilities:					
Interest rate contracts	\$ —	\$ 1	\$ —	\$ —	\$ 1
Foreign exchange contracts	—	1	—	—	1
Equity contracts	—	71	—	—	71
Counterparty netting	—	—	—	(74)	(74)
Total derivative liabilities	—	73	—	(74)	(1)
Total liabilities at fair value	\$ —	\$ 73	\$ —	\$ (74)	\$ (1)

* Represents netting of derivative exposures covered by a qualifying master netting agreement.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

Changes in Level 3 Fair Value Measurements

The following tables present changes in Level 3 assets and liabilities measured at fair value and the gains (losses) related to the Level 3 assets and liabilities that remained on the Statutory Statements of Admitted Assets, Liabilities and Capital and Surplus:

<i>(in millions)</i>	Bonds	Preferred Stocks	Common Stocks	Derivative Assets	Total Assets	Derivative Liabilities
Balance, January 1, 2023	\$ 2	\$ 3	\$ —	\$ 43	\$ 48	\$ —
Total realized/unrealized capital gains or losses:						
Included in net (loss) income	(2)	(3)	—	(54)	(59)	—
Included in surplus	—	—	—	44	44	—
Purchases, issuances and settlements	—	—	—	85	85	—
Transfers into Level 3	—	—	—	—	—	—
Transfers out of Level 3	—	—	—	—	—	—
Balance, December 31, 2023	\$ —	\$ —	\$ —	\$ 118	\$ 118	\$ —
Total realized/unrealized capital gains or losses:						
Included in net (loss) income	(1)	—	—	67	66	—
Included in surplus	(2)	—	—	(32)	(34)	—
Purchases, issuances and settlements	(1)	—	—	(71)	(72)	—
Transfers into Level 3	15	—	—	—	15	—
Transfers out of Level 3	(2)	—	—	—	(2)	—
Balance, December 31, 2024	\$ 9	\$ —	\$ —	\$ 82	\$ 91	\$ —
Total realized/unrealized capital gains or losses:						
Included in net (loss) income	(3)	—	—	30	27	—
Included in surplus	2	—	19	42	63	—
Purchases, issuances and settlements	(7)	—	1	(66)	(72)	9
Transfers into Level 3	16	—	—	—	16	—
Transfers out of Level 3	(5)	—	—	—	(5)	—
Balance, December 31, 2025	\$ 12	\$ —	\$ 20	\$ 88	\$ 120	\$ 9

Assets are transferred out of Level 3 when circumstances change such that significant inputs can be corroborated with market observable data or when the asset is no longer carried at fair value. This may be due to a significant increase in market activity for the asset, a specific event, one or more significant inputs becoming observable or when a long-term interest rate significant to a valuation becomes short-term and thus observable. Transfers out of level 3 can also occur due to favorable credit migration resulting in a higher NAIC designation. Securities are generally transferred into Level 3 due to a decrease in market transparency, downward credit migration and an overall increase in price disparity for certain individual security types. The Company's policy is to recognize transfers in and out at the end of the reporting period, consistent with the date of the determination of fair value.

In both 2025 and 2024, there were no transfers between Level 1 and Level 2 securities.

Both observable and unobservable inputs may be used to determine the fair values of positions classified in Level 3 in the tables above. As a result, the unrealized capital gains (losses) on instruments held at December 31, 2025 and 2024 may include changes in fair value that were attributable to both observable and unobservable inputs.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

Quantitative Information About Level 3 Fair Value Measurements

The following table presents the Company's quantitative information about level 3 fair value measurements at December 31, 2025.

December 31, 2025	Fair Value at December 31, 2025	Valuation Technique	Unobservable Input	Unobservable Input Range (Weighted Average)
Assets:				
RMBS	4	Discounted Cash Flow	Prepayment Speed (VPR)	6.42% - 10.85% (8.64%)
			Loss severity	30.97% - 63.09% (47.03%)
			Constant default rate	0.06% - 9.76% (3.96%)
			Yield	5.98% - 6.50% (6.24%)

Gross Basis Fair Value Measurements

The following table presents the Company's derivative assets and liabilities measured at fair value, on a gross basis, before counterparty and cash collateral netting:

<i>(in millions)</i>	Level 1	Level 2	Level 3	Total
December 31, 2025				
Derivative assets at fair value	\$ —	\$ 262	\$ 88	\$ 350
Derivative liabilities at fair value	—	(116)	(9)	(125)
December 31, 2024				
Derivative assets at fair value	\$ —	\$ 368	\$ 81	\$ 449
Derivative liabilities at fair value	—	(73)	—	(73)

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

Fair Value Information about Financial Instruments Not Measured at Fair Value

The following table presents the aggregate fair values of the Company's financial instruments not measured at fair value compared to their statement values:

<i>(in millions)</i>	Aggregate Fair Value	Admitted Assets or Liabilities	Level 1	Level 2	Level 3
December 31, 2025					
Assets:					
Issuer Credit Obligations	\$ 20,039	\$ 23,395	\$ —	\$ 19,661	\$ 378
Asset Backed Securities	7,398	7,731	—	4,036	3,362
Preferred stocks	34	34	—	9	25
Common stocks	55	55	—	55	—
Cash, cash equivalents and short-term investments	408	408	408	—	—
Mortgage loans	6,518	6,775	—	—	6,518
Contract loans	381	381	—	—	381
Derivatives	(4)	—	—	(4)	—
Receivables for securities	41	41	—	41	—
Separate account assets	1,193	1,193	—	1,193	—
Liabilities:					
Policy reserves and contractual liabilities	42,387	38,698	—	—	42,387
Payable for securities	—	—	—	—	—
Payable for securities lending	—	—	—	—	—
December 31, 2024					
Assets:					
Bonds	\$ 27,909	\$ 32,589	\$ —	\$ 24,144	\$ 3,765
Preferred stocks	9	9	—	9	—
Common stocks	56	56	—	56	—
Cash, cash equivalents and short-term investments	864	864	863	1	—
Mortgage loans	6,351	6,962	—	—	6,351
Contract loans	398	398	—	—	398
Derivatives	(13)	—	—	(13)	—
Receivables for securities	21	21	—	21	—
Securities lending reinvested collateral assets	—	—	—	—	—
Separate account assets	1,109	1,109	—	1,109	—
Liabilities:					
Policy reserves and contractual liabilities	43,310	40,325	—	—	43,310
Payable for securities	—	—	—	—	—
Payable for securities lending	74	74	—	74	—

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

10. AGGREGATE POLICY RESERVES AND DEPOSIT FUND LIABILITIES

The following table presents the Company's reserves by major category:

<i>(in millions)</i>	Years ended December 31,	
	2025	2024
Life insurance	\$ —	\$ —
Annuities (excluding supplementary contracts with life contingencies)	32,811	34,220
Supplementary contracts with life contingencies	236	252
Accidental death benefits	—	—
Disability - active lives	—	—
Disability - disabled lives	—	—
Excess of VM-21 reserves over basic reserves	84	82
Deficiency reserves	—	—
Other miscellaneous reserve	70	109
Gross life and annuity reserves	33,201	34,663
Reinsurance ceded	(599)	—
Net life and annuity reserves	32,602	34,663
Accident and health reserves		
Unearned premium reserves	—	—
Present value of amounts not yet due on claims	—	—
Additional contract reserves	—	—
Gross accident and health reserves	—	—
Reinsurance ceded	—	—
Net accident and health reserves	—	—
Aggregate policy reserves	\$ 32,602	\$ 34,663

The following table presents the withdrawal characteristics of annuity actuarial reserves and deposit-type contract funds and other liabilities without life contingencies:

A. Individual Annuities:

<i>(in millions)</i>	December 31, 2025					% of Total
	General account	Separate account with guarantees	Separate account non-guaranteed	Total		
(1) Subject to discretionary withdrawal :						
a. With market value adjusted	\$ 8,949	\$ 1,225	\$ —	\$ 10,174	23.21%	
b. At book value less current surrender charge of 5% or more	892	—	—	892	2.03%	
c. At fair value	—	—	19,659	19,659	44.85%	
d. Total with market adjustment or at fair value	9,841	1,225	19,659	30,725	70.09%	
e. At book value without adjustment (minimal or no charge or adjustment)	12,554	—	—	12,554	28.64%	
(2) Not subject to discretionary withdrawal	530	—	28	558	1.27%	
(3) Total (gross: direct + assumed)	\$ 22,925	\$ 1,225	\$ 19,687	\$ 43,837	100.00%	
(4) Reinsurance ceded	—	—	—	—		
(5) Total (net)* (3) - (4)	\$ 22,925	\$ 1,225	\$ 19,687	\$ 43,837		
(6) Amount included in A(1)b above that will move to A(1)e in the year after statement date:	\$ 304	\$ 37	\$ —	\$ 341		

* Reconciliation of total annuity actuarial reserves and deposit fund liabilities.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

December 31, 2024

<i>(in millions)</i>	General account	Separate account with guarantees	Separate account non- guaranteed	Total	% of Total
(1) Subject to discretionary withdrawal :					
a. With market value adjusted	\$ 8,056	\$ 1,124	\$ —	\$ 9,180	20.64%
b. At book value less current surrender charge of 5% or more	1,335	—	—	1,335	3.00%
c. At fair value	—	—	19,557	19,557	43.98%
d. Total with market adjustment or at fair value	9,391	1,124	19,557	30,072	67.62%
e. At book value without adjustment (minimal or no charge or adjustment)	13,719	—	—	13,719	30.85%
(2) Not subject to discretionary withdrawal	652	—	26	678	1.53%
(3) Total (gross: direct + assumed)	\$ 23,762	\$ 1,124	\$ 19,583	\$ 44,469	100.00%
(4) Reinsurance ceded	—	—	—	—	
(5) Total (net)* (3) - (4)	\$ 23,762	\$ 1,124	\$ 19,583	\$ 44,469	
(6) Amount included in A(1)b above that will move to A(1)e in the year after statement date:	\$ 361	\$ 37	\$ —	\$ 398	

* Reconciliation of total annuity actuarial reserves and deposit fund liabilities.

B. Group Annuities:

December 31, 2025

<i>(in millions)</i>	General account	Separate account with guarantees	Separate account non- guaranteed	Total	% of Total
(1) Subject to discretionary withdrawal :					
a. With market value adjusted	\$ 935	\$ —	\$ 2,229	\$ 3,164	10.26%
b. At book value less current surrender charge of 5% or more	2,801	—	—	2,801	9.09%
c. At fair value	—	95	18,380	18,475	59.93%
d. Total with market adjustment or at fair value	3,736	95	20,609	24,440	79.28%
e. At book value without adjustment (minimal or no charge or adjustment)	6,301	—	—	6,301	20.44%
(2) Not subject to discretionary withdrawal	85	—	—	85	0.28%
(3) Total (gross: direct + assumed)	\$ 10,122	\$ 95	\$ 20,609	\$ 30,826	100.00%
(4) Reinsurance ceded	599	—	—	599	
(5) Total (net)* (3) - (4)	\$ 9,523	\$ 95	\$ 20,609	\$ 30,227	
(6) Amount included in B(1)b above that will move to B(1)e in the year after statement date:	\$ 426	\$ —	\$ —	\$ 426	

* Reconciliation of total annuity actuarial reserves and deposit fund liabilities.

December 31, 2024

<i>(in millions)</i>	General account	Separate account with guarantees	Separate account non- guaranteed	Total	% of Total
(1) Subject to discretionary withdrawal :					
a. With market value adjusted	\$ 883	\$ —	\$ 2,149	\$ 3,032	9.83%
b. At book value less current surrender charge of 5% or more	3,097	—	—	3,097	10.04%
c. At fair value	—	98	17,773	17,871	57.95%
d. Total with market adjustment or at fair value	3,980	98	19,922	24,000	77.82%
e. At book value without adjustment (minimal or no charge or adjustment)	6,735	—	—	6,735	21.84%
(2) Not subject to discretionary withdrawal	104	—	—	104	0.34%
(3) Total (gross: direct + assumed)	\$ 10,819	\$ 98	\$ 19,922	\$ 30,839	100.00%
(4) Reinsurance ceded	—	—	—	—	
(5) Total (net)* (3) - (4)	\$ 10,819	\$ 98	\$ 19,922	\$ 30,839	
(6) Amount included in B(1)b above that will move to B(1)e in the year after statement date:	\$ 471	\$ —	\$ —	\$ 471	

* Reconciliation of total annuity actuarial reserves and deposit fund liabilities.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

C. Deposit-Type Contracts (no life contingencies):

December 31, 2025					
<i>(in millions)</i>	General account	Separate account with guarantees	Separate account non- guaranteed	Total	% of Total
(1) Subject to discretionary withdrawal :					
a. With market value adjusted	\$ 3,479	\$ —	\$ —	\$ 3,479	63.60%
b. At book value less current surrender charge of 5% or more	—	—	—	—	—%
c. At fair value	—	—	—	—	—%
d. Total with market adjustment or at fair value	3,479	—	—	3,479	63.60%
e. At book value without adjustment (minimal or no charge or adjustment)	1,044	—	—	1,044	19.09%
(2) Not subject to discretionary withdrawal	947	—	—	947	17.31%
(3) Total (gross: direct + assumed)	\$ 5,470	\$ —	\$ —	\$ 5,470	100.00%
(4) Reinsurance ceded	—	—	—	—	
(5) Total (net)* (3) - (4)	\$ 5,470	\$ —	\$ —	\$ 5,470	
(6) Amount included in C(1)b above that will move to C(1)e in the year after statement date:	\$ —	\$ —	\$ —	\$ —	

* Represents annuity reserves reported in separate accounts liabilities.

December 31, 2024					
<i>(in millions)</i>	General account	Separate account with guarantees	Separate account non- guaranteed	Total	% of Total
(1) Subject to discretionary withdrawal :					
a. With market value adjusted	\$ 3,665	\$ —	\$ —	\$ 3,665	64.13%
b. At book value less current surrender charge of 5% or more	—	—	—	—	—%
c. At fair value	—	—	—	—	—%
d. Total with market adjustment or at fair value	3,665	—	—	3,665	64.13%
e. At book value without adjustment (minimal or no charge or adjustment)	1,100	—	—	1,100	19.25%
(2) Not subject to discretionary withdrawal	950	—	—	950	16.62%
(3) Total (gross: direct + assumed)	\$ 5,715	\$ —	\$ —	\$ 5,715	100.00%
(4) Reinsurance ceded	—	—	—	—	
(5) Total (net)* (3) - (4)	\$ 5,715	\$ —	\$ —	\$ 5,715	
(6) Amount included in C(1)b above that will move to C(1)e in the year after statement date:	\$ —	\$ —	\$ —	\$ —	

* Represents annuity reserves reported in separate accounts liabilities.

11. SEPARATE ACCOUNTS

Separate Accounts

The separate accounts held by the Company consist primarily of variable annuities. These contracts generally are non-guaranteed in nature such that the benefit is determined by the performance and/or market value of the investments held in the separate accounts. The net investment experience of the separate accounts is credited directly to the policyholder and can be positive or negative.

Certain separate accounts relate to MVA fixed annuity contracts in which the assets are carried at amortized cost. These policies are required to be held in the Company's separate account by certain states, including Texas.

The Company does not engage in securities lending transactions within the separate accounts.

In accordance with the products/transactions recorded within the separate accounts, some assets are considered legally insulated whereas others are not legally insulated from the general account. The legal insulation of the separate account assets prevents such assets from being generally available to satisfy claims resulting from the general account.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

The following table presents separate account assets by product or transaction:

<i>(in millions)</i>	December 31, 2025		December 31, 2024	
	Legally Insulated Assets	Separate Accounts Assets (Not Legally Insulated)	Legally Insulated Assets	Separate Accounts Assets (Not Legally Insulated)
Variable annuity products	\$ 40,573	\$ —	\$ 39,797	\$ —
Annuities with MVA features	—	980	—	888
DeKalb separate account	95	—	98	—
Total	\$ 40,668	\$ 980	\$ 39,895	\$ 888

Some separate account liabilities are guaranteed by the general account. To compensate the general account for the risks taken, the separate accounts pay risk charges to the general account.

If claims were filed on all contracts, the current total maximum guarantee the general account would provide to the separate account as of December 31, 2025 and 2024 is \$412 million and \$485 million, respectively.

The following table presents the risk charges paid by the separate accounts and the guarantees paid by the general account:

<i>(in millions)</i>	Risk Charges paid by the Separate Account	Guarantees Paid by the General Account
2025	\$ 10	\$ 1
2024	10	1
2023	14	2
2022	16	2
2021	16	2

Certain separate accounts relate to experience-rated group annuity contracts that fund defined contribution pension plans. These contracts provide guaranteed interest returns for one quarter only, where the guaranteed interest rate is re-established each quarter based on the investment experience of the separate account. In no event can the interest rate be less than 3 percent. There are guarantees of principal and interest for purposes of plan participant transactions (e.g., participant-directed withdrawals and fund transfers done at market value). The assets and liabilities of these separate accounts are carried at the quoted market value of the underlying assets. This business has been included in Column 1 of the table below.

There was no separate account business seed money at December 31, 2025 and 2024.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

The following table presents information regarding the separate accounts:

<i>(in millions)</i>	Indexed	Non-indexed guarantee less than or equal to 4%	Non-indexed guarantee more than 4%	Non- guaranteed separate accounts	Total
December 31, 2025					
Premiums, considerations or deposits	\$ 11	\$ 177	\$ —	\$ 1,368	\$ 1,556
Reserves for accounts with assets at:					
Market value	\$ —	\$ 95	\$ —	\$ 40,296	\$ 40,391
Amortized cost	228	997	—	—	1,225
Total reserves	\$ 228	\$ 1,092	\$ —	\$ 40,296	\$ 41,616
By withdrawal characteristics:					
Subject to discretionary withdrawal with MVA	\$ 228	\$ 1,092	\$ —	\$ 15,420	\$ 16,740
At market value	—	—	—	—	—
At book value	—	—	—	24,848	24,848
Subtotal	\$ 228	\$ 1,092	\$ —	\$ 40,268	\$ 41,588
Not subject to discretionary withdrawal	—	—	—	28	28
Total reserves	\$ 228	\$ 1,092	\$ —	\$ 40,296	\$ 41,616
December 31, 2024					
Premiums, considerations or deposits	\$ —	\$ 246	\$ —	\$ 1,440	\$ 1,686
Reserves for accounts with assets at:					
Market value	\$ —	\$ 311	\$ —	\$ 39,504	\$ 39,815
Amortized cost	—	661	—	—	661
Total reserves	\$ —	\$ 972	\$ —	\$ 39,504	\$ 40,476
By withdrawal characteristics:					
Subject to discretionary withdrawal with MVA	\$ —	\$ 662	\$ —	\$ 15,257	\$ 15,919
At market value	—	—	—	—	—
At book value	—	—	—	—	—
Subtotal	\$ —	\$ 662	\$ —	\$ 15,257	\$ 15,919
Not subject to discretionary withdrawal	—	—	—	26	26
Total reserves	\$ —	\$ 662	\$ —	\$ 15,283	\$ 15,945
December 31, 2023					
Premiums, considerations or deposits	\$ —	\$ 283	\$ —	\$ 1,373	\$ 1,656
Reserves for accounts with assets at:					
Market value	\$ —	\$ 102	\$ —	\$ 38,134	\$ 38,236
Amortized costs	—	462	—	—	462
Total reserves	\$ —	\$ 564	\$ —	\$ 38,134	\$ 38,698
By withdrawal characteristics:					
Subject to discretionary withdrawal with MVA	\$ —	\$ 462	\$ —	\$ 14,794	\$ 15,256
At market value	—	102	—	23,316	23,418
Subtotal	—	564	—	38,110	38,674
Not subject to discretionary withdrawal	—	—	—	25	25
Total reserves	\$ —	\$ 564	\$ —	\$ 38,135	\$ 38,699

Reconciliation of Net Transfers to or from Separate Accounts

The following table presents a reconciliation of the net transfers to (from) separate accounts:

<i>(in millions)</i>	Years Ended December 31,		
	2025	2024	2023
Transfers to separate accounts	\$ 1,575	\$ 1,713	\$ 1,899
Transfers from separate accounts	(6,038)	(5,247)	(3,884)
Net transfers to (from) separate accounts	(4,463)	(3,534)	(1,985)
Reconciling adjustments:			
Reinsurance agreement with USL	(3)	—	—
Total reconciling adjustments	(3)	—	—
Transfers as reported in the Statutory Statements of Operations	\$ (4,466)	\$ (3,534)	\$ (1,985)

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

12. REINSURANCE

Reinsurance premiums assumed in 2025, 2024 and 2023 were immaterial. Reinsurance premiums ceded in 2025, 2024 and 2023 were \$2,372 million, \$681 million and \$714 million, respectively. At December 31, 2025 and 2024, policy reserves on reinsurance assumed were \$71 million and \$79 million, respectively. Additionally, reserves on reinsurance ceded were \$599 million and \$0 million at December 31, 2025 and 2024, respectively.

As of December 31, 2024, \$388 million of the Company's reserves representing a mix of run-off annuity risks were ceded to Fortitude Reinsurance Company Ltd. ("Fortitude Re") under modified coinsurance agreements. Effective January 1, 2025, the Company recaptured these run-off annuity risks that were previously ceded to Fortitude Re. This resulted in zero impact on income.

Affiliate Reinsurance Treaties

The Company has a modified coinsurance reinsurance agreement with AGL, pursuant to which certain blocks of the Company's VA business are ceded to AGL. In 2025, 2024 and 2023, the agreement decreased the Company's pre-tax earnings by \$137 million, \$71 million and \$90 million, respectively.

Significant New or Amended Reinsurance Treaties

Effective March 31, 2025, the Company executed an indemnity combination coinsurance and modified coinsurance agreement with its affiliate, USL, covering certain of the Company's variable annuity products reinsured under the agreement. In 2025, this agreement increased the Company's pre-tax earnings by \$15 million.

The impact of the USL agreement at inception on March 31, 2025 is below:

(in millions)

Increase (Decrease)

Summary of Operations

Premiums and annuity considerations	\$	(1,558)
Reserve adjustments on reinsurance ceded		845
Total revenue		(713)
Increase in aggregate reserves for life contracts		(705)
Net gain from operations before federal income taxes	\$	(8)

13. FEDERAL INCOME TAXES

Recent U.S. Tax Law Changes

The Inflation Reduction Act of 2022 (H.R. 5376), (the "Inflation Reduction Act") includes a 15% CAMT on adjusted financial statement income for corporations with average profits over \$1 billion over a three-year period and a 1% stock buyback tax. In 2024, the U.S. Treasury and Internal Revenue Service ("IRS") published proposed regulations with respect to the CAMT. On September 30, 2025, the IRS issued Notice 2025-46 and Notice 2025-49 which provide favorable interim guidance on tax consolidations. These Notices provide an option to calculate the Company's CAMT liability based on the consolidated tax group while subject to the waiting period, as well as certain other matters that do not have a significant impact on the Company. The Company's estimated CAMT liability will continue to be refined based on future guidance.

The AGC Life consolidated federal income tax return group, of which the Company is a member, has determined that as of the reporting date it is an applicable reporting entity for the CAMT.

The One Big Beautiful Bill Act (H.R. 1) ("OBBB") was signed into law on July 4, 2025. The tax provisions of the OBBB are not expected to have a material impact on the Company's financial results.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

The following table presents the components of the net deferred tax assets and liabilities:

<i>(in millions)</i>	December 31, 2025			December 31, 2024			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross DTA	\$ 596	\$ 342	\$ 938	\$ 729	\$ 360	\$ 1,089	\$ (133)	\$ (18)	\$ (151)
Statutory valuation allowance adjustment	—	104	104	—	99	99	—	5	5
Adjusted gross DTA	596	238	834	729	261	990	(133)	(23)	(156)
DTA non-admitted	439	238	677	475	261	736	(36)	(23)	(59)
Net admitted DTA	157	—	157	254	—	254	(97)	—	(97)
DTL	1	—	1	26	—	26	(25)	—	(25)
Total	\$ 156	\$ —	\$ 156	\$ 228	\$ —	\$ 228	\$ (72)	\$ —	\$ (72)

The following table presents the ordinary and capital DTA admitted assets as the result of the application of SSAP 101:

<i>(in millions)</i>	December 31, 2025			December 31, 2024			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admission calculation components									
SSAP 101									
Federal income taxes paid in prior years recoverable through loss carry backs	\$ —	\$ —	\$ —	—	—	\$ —	—	—	—
Adjusted gross DTA expected to be realized (excluding amount of DTA from above) after application of the threshold limitation	156	—	156	228	—	228	(72)	—	(72)
1. Adjusted gross DTA expected to be realized following the reporting date	156	—	156	228	—	228	(72)	—	(72)
2. Adjusted gross DTA allowed per limitation threshold	XXX	XXX	459	XXX	xxx	357	XXX	XXX	102
Adjusted gross DTA (excluding the amount of DTA from above) offset by gross DTL	1	—	1	26	—	26	(25)	—	(25)
DTA admitted as the result of application of SSAP 101	\$ 157	\$ —	\$ 157	\$ 254	—	\$ 254	\$ (97)	\$ —	\$ (97)

The following table presents the ratio percentage and amount of adjusted capital to determine the recovery period and threshold limitation amount:

<i>(\$ in millions)</i>	Years Ended December 31,	
	2025	2024
Ratio percentage used to determine recovery period and threshold limitation amount	1,045 %	758 %
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation amount	\$ 3,060	\$ 2,377

The Company has no tax planning strategies used in the determination of adjusted gross DTA's or net admitted DTA's.

The Company's tax planning strategy does not include the use of reinsurance.

The Company is not aware of any significant DTLs that are not recognized in the statutory financial statements.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

The following tables present the major components of the current income tax expense and net deferred tax assets (liabilities):

<i>(in millions)</i>	Years Ended December 31,		
	2025	2024	2023
Current income tax expense			
Federal	\$ (51)	\$ 156	\$ (73)
Foreign	—	—	—
Subtotal	(51)	156	(73)
Federal income tax on net capital gains (losses)	(42)	\$ (46)	\$ (23)
Federal income tax incurred	(93)	110	(96)

<i>(in millions)</i>	Years Ended December 31,		
	2025	2024	Change
Deferred tax assets:			
Ordinary:			
Policyholder reserves	\$ 137	\$ 232	(95)
Investments	57	73	(16)
Deferred acquisition costs	211	301	(90)
Fixed assets	94	100	(6)
Compensation and benefits accrual	—	—	—
Net operating loss carryforward	24	—	24
Tax credit carry-forward	—	—	—
Other (including items less than 5% of total ordinary tax assets)	73	23	50
Subtotal	596	729	(133)
Non-admitted	439	475	(36)
Admitted ordinary deferred tax assets	157	254	(97)
Capital:			
Investments	240	310	(70)
Net capital loss carryforward	102	50	52
Subtotal	342	360	(18)
Statutory valuation allowance adjustment	104	99	5
Non-admitted	238	261	(23)
Admitted capital deferred tax assets	—	—	—
Admitted deferred tax assets	157	254	(97)
Deferred tax liabilities:			
Ordinary:			
Investments	—	—	—
Policyholder reserves	1	26	(25)
Other (including items less than 5% of total ordinary tax liabilities)	—	—	—
Subtotal	1	26	(25)
Capital:			
Other (including items less than 5% of total capital tax liabilities)	—	—	—
Subtotal	—	—	—
Deferred tax liabilities	1	26	(25)
Net deferred tax assets	\$ 156	\$ 228	(72)

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of non-admitted assets as the change in non-admitted assets and the change in net deferred income taxes are reported in separate components of capital and surplus):

<i>(in millions)</i>	Years Ended December 31,		
	2025	2024	Change
Total adjusted deferred tax assets	\$ 835	\$ 990	\$ (155)
Total deferred tax liabilities	1	26	(25)
Net adjusted deferred tax assets	\$ 834	\$ 964	\$ (130)
Tax effect of unrealized gains (losses)			44
Change in net deferred income tax			\$ (86)

The provision for incurred federal taxes is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The following table presents the significant items causing this difference:

<i>(in millions)</i>	December 31, 2025		December 31, 2024		December 31, 2023	
	Amount	Effective Tax Rate	Amount	Effective Tax Rate	Amount	Effective Tax Rate
Income tax expense at applicable rate	\$ 76	21.0 %	\$ 46	21.0 %	\$ 53	21.0 %
Change in valuation adjustment	5	1.4	41	18.9	(24)	(9.5)
Dividend received deduction	(38)	(10.7)	(42)	(19.2)	(44)	(17.3)
Prior year return true-ups and adjustments	(12)	(3.3)	(7)	(3.0)	(9)	(3.8)
Amortization of interest maintenance reserve	(27)	(7.4)	(21)	(9.8)	(7)	(2.9)
Surplus adjustments	(14)	(3.8)	(62)	(28.5)	(50)	(20.0)
Change in non-admitted assets	1	0.4	2	1.0	(4)	(1.5)
Other permanent adjustments	2	0.4	—	—	(1)	(0.2)
Statutory income tax expense (benefit)	\$ (7)	(2.0) %	\$ (43)	(19.6) %	\$ (86)	(34.2) %
Federal income taxes incurred	\$ (93)	(25.9) %	\$ 110	50.9 %	\$ (96)	(38.0) %
Change in net deferred income taxes	86	23.9	(153)	(70.5)	10	3.8
Total statutory income taxes	\$ (7)	(2.0) %	\$ (43)	(19.6) %	\$ (86)	(34.2) %

At December 31, 2025, the Company had no foreign tax credit carryforwards.

At December 31, 2025, the Company had U.S. federal operating loss carryforwards of \$24 million generated in 2025 with unlimited carryforward periods.

At December 31, 2025, the Company has the following capital loss carryforwards (in millions).

Year Expires	Amount
2029	\$50
2030	\$52
Total	\$102

At December 31, 2025, the Company had no general business credit carryforwards.

At December 31, 2025, the Company had no alternative minimum tax credits.

At December 31, 2025, the Company had no CAMT credits.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

The following table presents income tax incurred that is available for recoupment in the event of future net losses:

<i>(in millions)</i>		Capital
December 31,		
2023	\$	—
2024		—
2025		—
Total	\$	—

In general, realization of DTAs depends on a company's ability to generate sufficient taxable income of the appropriate character within the carryforward periods in the jurisdictions in which the net operating losses and deductible temporary differences were incurred. In accordance with the requirements established in SSAP 101, the Company assessed its ability to realize DTAs of \$938 million and concluded that a \$104 million valuation allowance was required at December 31, 2025. The Company concluded that a \$99 million valuation allowance was required on the DTAs of \$1,089 million at December 31, 2024.

The Company had no deposits admitted under Internal Revenue Code Section 6603.

The following table presents a reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits, excluding interest and penalties:

<i>(in millions)</i>	Years Ended December 31,	
	2025	2024
Gross unrecognized tax benefits at beginning of year	\$ —	\$ 11
Increases in tax position for prior years	—	—
Decreases in tax position for prior years	—	(11)
Gross unrecognized tax benefits at end of year	\$ —	\$ —

At both December 31, 2025 and 2024, the amounts of unrecognized tax benefits that, if recognized, would favorably affect the effective tax rate was \$0.2 million.

Interest and penalties related to unrecognized tax benefits are recognized in income tax expense. At December 31, 2025 and 2024, the Company had no accrued liabilities for the payment of interest (net of the federal benefit) and penalties. In 2025 and 2024, the Company did not recognize any expense of interest (net of the federal benefit) and penalties.

The Company regularly evaluates proposed adjustments by taxing authorities. At December 31, 2025, such proposed adjustments would not have resulted in a material change to the Company's financial condition, although it is possible that the effect could be material to the Company's results of operations for an individual reporting period. Although it is reasonably possible that a change in the balance of unrecognized tax benefits may occur within the next twelve months, based on the information currently available, the Company does not expect any change to be material to its financial condition.

The Company is currently under IRS examinations for the taxable years 2011-2019 and engaging in the IRS Appeals process in regard to years 2007-2010. Although the final outcome of possible issues raised in any future examination are uncertain, the Company believes that the ultimate liability, including interest, will not materially exceed amounts recorded in the financial statements. The Company's taxable years 2007-2024 remain subject to examination by major tax jurisdictions.

The Company is not subject to the repatriation transition tax for the year ended December 31, 2025.

The Company joined with AGC Life, AGL, USL and Corebridge Bermuda in filing a consolidated life company federal income tax return.

The Company has a written agreement with AGC Life, under which each subsidiary agrees to pay the parent company an amount equal to the consolidated federal income tax expense multiplied by the ratio that the subsidiary's separate return tax liability bears to the consolidated tax liability, plus one hundred percent of the excess of the subsidiary's separate return tax liability over the allocated consolidated tax liability. AGC Life agrees to pay each subsidiary for the

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

tax benefits, if any, of net operating losses, net capital losses and tax credits which are not usable by the subsidiary but which are used by other members of the consolidated group.

The Company may be charged with a portion of CAMT incurred by the AGC Life consolidated group (or credited with a portion of the consolidated group's CAMT credit utilization).

14. CAPITAL AND SURPLUS

RBC standards are designed to measure the adequacy of an insurer's statutory capital and surplus in relation to the risks inherent in its business. The RBC standards consist of formulas that establish capital requirements relating to asset, insurance, business and interest rate risks. The standards are intended to help identify companies that are under-capitalized, and require specific regulatory actions in the event an insurer's RBC is deficient. The RBC formula develops a risk-adjusted target level of adjusted statutory capital and surplus by applying certain factors to various asset, premium and reserve items. Higher factors are applied to more risky items and lower factors are applied to less risky items. Thus, the target level of statutory surplus varies not only because of the insurer's size, but also on the risk profile of the insurer's operations. At December 31, 2025, the Company exceeded RBC requirements that would require any regulatory action.

The Company is subject to the Texas Insurance Code ("TIC"), which imposes certain restrictions on shareholder dividends. Pursuant to TIC 823.107, the maximum amount of dividends in a 12-month period, measured retrospectively from the date of payment, which can be paid by the Company without prior approval of the Texas Insurance Commissioner (the "Commissioner"), is the greater of (i) 10% of its policyholder surplus as of the end of the immediately preceding calendar year; or (ii) its net gain from operations for the immediately preceding calendar year (excluding realized gains), not including pro rata distributions of such insurance company's own securities. The Company will be permitted to pay a dividend to its shareholder in excess of the greater of such two amounts (i.e., an extraordinary dividend) only if it files notice of the declaration of such an extraordinary dividend and the amount thereof with the Commissioner and the Commissioner either approves the distribution of the extraordinary dividend or does not disapprove the distribution within 30 days of its filing. In addition, any dividend that exceeds earned surplus ("unassigned funds (surplus)") calculated as of the most recent financial information available would require the filing of a notice of an extraordinary dividend with the Commissioner.

The maximum amount of dividends that the Company may pay to AGL (as immediate parent company) without prior approval of the Texas Insurance Commissioner in 2026 is \$472 million, subject to availability of earned surplus.

Dividends are paid as determined by the Board of Directors and are noncumulative. The following table presents the dividends paid by the Company during 2025, 2024 and 2023:

Date	Type	Cash or Non-cash	Amount (in millions)	
2025	—	—	\$	—
2024				
March 25, 2024	Ordinary	Cash	\$	80
June 26, 2024	Return of capital	Cash		300
2023	—	—	\$	—

15. RETIREMENT AND SHARE-BASED AND DEFERRED COMPENSATION

The Company does not directly sponsor any defined benefit or defined contribution plans and does not participate in any multi-employer plans.

Employee Retirement and Postretirement Benefit Plans

Corebridge provides post-employment medical and life benefits for certain retired employees. The Company receives an allocation of the Company's share of expenses based on estimated claims less contributions from participants.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

The following table presents information about employee-related costs (expense credits):

<i>(in millions)</i>	Years Ended December 31,		
	2025	2024	2023
Defined benefit plans	\$ —	\$ —	\$ 3

Defined Contribution Plan

The Company's employees participate in the Corebridge Financial Inc. Retirement Savings 401(k) Plan ("401(k) plan"), a qualified defined contribution plan that provides for pre-tax salary contributions by its US employees, as well as an employer contribution. The 401(k) plan provides pre-tax salary reduction contributions by its U.S. employees. Employer matching contributions of 100 percent are made on the first six percent of participant contributions, subject to IRS-imposed limitations, and an additional fully vested, non-elective, non-discretionary employer contribution equal to three percent of the participant's annual base compensation for the plan year, paid each pay period regardless of whether the participant currently contributes to the plan, and subject to the IRS-imposed limitations. The Company's pre-tax expense associated with this plan was \$24 million, \$23 million and \$23 million in 2025, 2024 and 2023, respectively.

Share-based and Deferred Compensation Plans

The Company's employees participate in several stock compensation programs under the Corebridge Financial, Inc. Long-term Incentive Plan (each as applicable, the "LTIP"), which are governed by the Corebridge Financial, Inc. 2022 Omnibus Incentive Plan, as amended and restated on February 16, 2023, (the "2022 Plan", together with the LTIP, the "Corebridge Plans"). Corebridge's LTIP provides for an annual award to certain employees, including senior executive officers and other highly compensated employees, that may comprise a combination of one or more of the following units: performance share units ("PSUs"), restricted stock units ("RSUs") or stock options. PSUs are earned based on Corebridge achieving specified performance goals at the end of a three-year performance period. RSUs and stock options are earned based solely on continued service by the participant and vesting occurs in three equal installments on the first, second and third anniversaries of the grant date.

The Company recognized compensation expenses of \$13 million, \$11 million and \$2 million for the years ending December 31, 2025, 2024 and 2023, respectively, on the grant date of the awards.

16. DEBT

The Company is a member of the Federal Home Loan Bank ("FHLB") of Dallas. Membership with the FHLB provides the Company with collateralized borrowing opportunities, primarily as an additional source of liquidity or for other uses deemed appropriate by management. The Company's ownership in the FHLB stock is reported as common stock. Pursuant to the membership terms, the Company elected to pledge such stock to the FHLB as collateral for the Company's obligations under agreements entered into with the FHLB.

Cash advances obtained from the FHLB are reported in and accounted for as borrowed money. The Company may periodically obtain cash advances on a same-day basis, up to a limit determined by management and applicable laws.

The Company is required to pledge certain mortgage-backed securities, government and agency securities and other qualifying assets to secure advances obtained from the FHLB. To provide adequate collateral for potential advances, the Company has pledged securities to the FHLB in excess of outstanding borrowings. Upon any event of default by the Company, the recovery by the FHLB would generally be limited to the amount of the Company's liability under advances borrowed.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

The following table presents the aggregate carrying value of stock held with the FHLB of Dallas and the classification of the stock:

<i>(in millions)</i>	December 31,	
	2025	2024
Membership stock - Class B	\$ 7	\$ 7
Activity stock	37	37
Excess stock	10	12
Total	\$ 54	\$ 56
Actual or estimated borrowing capacity as determined by the insurer	\$ 1,815	\$ 1,449

The Company did not hold any Class A at December 31, 2025 or 2024.

The following table presents the amount of collateral pledged, including FHLB common stock held, to secure advances from the FHLB:

<i>(in millions)</i>	December 31, 2025		December 31, 2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Amount pledged	\$ 1,380	\$ 1,259	\$ 1,445	\$ 1,290
Maximum amount pledged during reporting period	1,454	1,312	1,520	1,343

The Company's borrowing capacity determined quarterly based upon the borrowing limit imposed by statute in the state of domicile.

The following table presents the outstanding funding agreements and maximum borrowings from the FHLB:

<i>(in millions)</i>	December 31,	
	2025	2024
Maximum amount borrowed during reporting period	\$ 909	\$ 909

While the funding agreements are presented herein to show all amounts received from FHLB, the funding agreements are treated as deposit-type contracts, consistent with the other funding agreements for which the Company's intent is to earn a spread and not to fund operations. The Company had no debt outstanding with the FHLB at December 31, 2025 or 2024.

The following table reflects the principal amounts of the funding agreements issued to the FHLB:

<i>(in millions)</i>	Date Issued	Amounts
Funding Agreements		
10-year floating rate	February 15, 2018	\$ 209
5-year fixed rate	August 25, 2022	700

17. COMMITMENTS AND CONTINGENCIES

Commitments

The Company had commitments to provide funding to various limited partnerships totaling \$460 million and \$583 million at December 31, 2025 and 2024, respectively. The commitments to invest in limited partnerships and other funds may be called at the discretion of each fund, as needed and subject to the provisions of such fund's governing documents, for funding new investments, follow-on investments and/or fees and other expenses of the fund.

At December 31, 2025 and 2024, the Company had \$199 million and \$242 million, respectively, of outstanding commitments related to various funding obligations associated with its investments in commercial mortgage loans.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

The Company has various long-term, noncancelable operating leases, primarily for office space and equipment, which expire at various dates over the next several years. At December 31, 2025, the future minimum lease payments under the operating leases are as follows:

<i>(in millions)</i>	
2026	\$ 2
2027	2
2028	1
2029	1
2030	—
Thereafter	—
Total	\$ 6

Rent expense was \$2 million, \$3 million and \$3 million in 2025, 2024 and 2023, respectively.

Contingencies

Legal Matters

Various lawsuits against the Company have arisen in the ordinary course of business. The Company believes it is unlikely that contingent liabilities arising from such lawsuits will have a material adverse effect on the Company's financial position, results of operations or cash flows.

Regulatory Matters

Various federal, state or other regulatory agencies may from time to time review, examine or inquire into the operations, practices and procedures of the Company, such as through financial examinations, subpoenas, investigations, market conduct exams or other regulatory inquiries. Based on the current status of pending regulatory examinations, investigations and inquiries involving the Company, the Company believes it is not likely that these regulatory examinations, investigations or inquiries will have a material adverse effect on the financial position, results of operations or cash flows of the Company.

Other Contingencies

All fifty states and the District of Columbia have laws requiring solvent life insurance companies, through participation in guaranty associations, to pay assessments to protect the interests of policyholders of insolvent life insurance companies. These state insurance guaranty associations generally levy assessments, up to prescribed limits, on member insurers in a particular state based on the proportionate share of the premiums written by member insurers in the lines of business in which the impaired, insolvent or failed insurer is engaged. Such assessments are used to pay certain contractual insurance benefits owed pursuant to insurance policies issued by impaired, insolvent or failed insurers. Some states permit member insurers to recover assessments paid through full or partial premium tax offsets. The Company accrues liabilities for guaranty fund assessments ("GFA") when an assessment is probable and can be reasonably estimated. The Company estimates the liability using the latest information available from the National Organization of Life and Health Insurance Guaranty Associations. While the Company cannot predict the amount and timing of any future GFA, the Company has established reserves it believes are adequate for assessments relating to insurance companies that are currently subject to insolvency proceedings.

The Company accrued \$7 million and \$8 million for GFA at December 31, 2025 and 2024, respectively. The Company has recorded receivables of \$4 million and \$5 million at December 31, 2025 and 2024, respectively, for expected recoveries against the payment of future premium taxes.

The Company is not subject to the risk-sharing provisions of the Affordable Care Act.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

18. RELATED PARTY TRANSACTIONS

Affiliate Transactions

See Note 12 for details of affiliate reinsurance transactions.

During the year ended December 31, 2025, the Company purchased and sold securities, at fair market value, from or to one or more of its affiliates in the ordinary course of business.

At December 31, 2025, the Company's unfunded capital commitment to US Fund I, US Fund II, US Fund III, US Fund IV, US Fund V, Europe Fund I and Europe Fund II (which are managed by an affiliate) were approximately \$10.5 million, \$11.4 million, \$22.3 million, \$39.8 million, \$0 million, \$5.4 million and \$36.0 million, respectively.

At December 31, 2024, the Company's unfunded capital commitment to US Fund I, US Fund II, US Fund III, US Fund IV, Europe Fund I and Europe Fund II (which are managed by an affiliate) were approximately \$10.8 million, \$11.4 million, \$28.4 million, \$62 million, \$5.1 million and \$43.4 million, respectively.

Financing Agreements

The Company and certain of its affiliates have a revolving loan facility with Corebridge, pursuant to which the Company and each such affiliate can, on a several basis, borrow monies from Corebridge (as lender) subject to the terms and conditions stated therein. Principal amounts borrowed under this facility may be repaid and re-borrowed, in whole or in part, from time to time, without penalty. However, the total aggregate amount of loans borrowed by all borrowers under the facility cannot exceed \$500 million. The loan facility also sets forth individual borrowing limits for each borrower, with the Company's maximum borrowing limit being \$500 million.

At both December 31, 2025 and 2024, the Company did not have a balance outstanding under this facility.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

Investments in Subsidiary, Controlled and Affiliated Entities

The following table presents information regarding the Company's investments in non-insurance SCA entities as of December 31, 2025:

<i>(in millions)</i>	Gross Amount	Non- admitted Amount	Admitted Asset Amount	Date of NAIC Filing
AG Insurance Agency	\$ —	\$ —	\$ —	N/A
American Gen Asmnt Corp NY	—	—	—	N/A
HRA Administrator LLC	1	—	1	N/A
VALIC Alternative Holdings, LLC	238	—	238	N/A
CIBANCO SA IBM Fideicomiso CIB/2133 (Mexico Industrial Puebla)	2	2	—	N/A
Corebridge Europe Real Estate Fund II LR Feeder, LLC	97	—	97	N/A
Bayshore PII Company LLC	6	—	6	N/A
2 North 6th JV LLC	—	—	—	N/A
Corebridge U.S. Real Estate Fund IV Development Sidecar LP	39	—	39	N/A
GRE LB Industrial Joint Venture II, LP	11	—	11	N/A
Corebridge U.S. Real Estate Fund IV, LP	98	—	98	N/A
Bayshore Shopping Center JV LLC	8	—	8	N/A
Corebridge U.S. Real Estate Fund III, LP	36	—	36	N/A
Branch Retail Partners II, LP.	(1)	—	(1)	N/A
Corebridge Bartlett Investor I LLC.	1	—	1	N/A
Corebridge Papermill Investor I LLC.	1	—	1	N/A
Corebridge REI LB Southeast Industrial Joint Venture, LP.	22	—	22	N/A
Corebridge U.S. LT Apartments JV, LP.	19	—	19	N/A
Corebridge U.S. Real Estate Fund II, LP	12	—	12	N/A
Corebridge Europe Real Estate Fund I S.C.SP	1	—	1	N/A
Corebridge U.S. Real Estate Fund I, LP	(2)	—	(2)	N/A
VALIC Retirement Services Company	100	—	100	N/A
VALIC Finl Advisors Inc	89	—	89	N/A
Total	\$ 778	2	\$ 776	

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

The following table presents information regarding the Company's investments in non-insurance SCA entities as of December 31, 2024:

<i>(in millions)</i>	Gross Amount	Non- admitted Amount	Admitted Asset Amount	Date of NAIC Filing
AG Insurance Agency	\$ —	\$ —	\$ —	N/A
American Gen Asnmt Corp NY	—	—	—	N/A
VALIC Retirement Services Company	87	—	87	N/A
VALIC Finl Advisors Inc	83	—	83	N/A
HRA Administrator LLC	—	—	—	N/A
VALIC Alternative Holdings, LLC	590	—	590	N/A
CIBANCO SA IBM Fideicomiso CIB/2133 (Mexico Industrial Puebla)	7	7	—	N/A
Corebridge Europe Real Estate Fund II LR Feeder, LLC	77	—	77	N/A
Bayshore PII Company LLC	7	—	7	N/A
Corebridge U.S. Real Estate Fund IV Development Sidecar LP	36	—	36	N/A
GRE LB Industrial Joint Venture II, LP	12	—	12	N/A
Corebridge U.S. Real Estate Fund IV, LP	111	—	111	N/A
Bayshore Shopping Center JV LLC	14	—	14	N/A
Corebridge U.S. Real Estate Fund III, LP	48	—	48	N/A
Branch Retail Partners II, LP	(3)	—	(3)	N/A
Corebridge Bartlett Investor I LLC	1	—	1	N/A
Corebridge Papermill Investor I LLC	1	—	1	N/A
Corebridge REI LB Southeast Industrial Joint Venture, LP	22	—	22	N/A
Corebridge U.S. LT Apartments JV, LP	18	—	18	N/A
Corebridge U.S. Real Estate Fund II, LP	16	—	16	N/A
Corebridge Europe Real Estate Fund I S.C.SP	1	—	1	N/A
Corebridge U.S. Real Estate Fund I, LP	—	—	—	N/A
Corebridge Commercial Real Estate Lending Holdings, LLC	—	—	—	N/A
Total	\$ 1,128	\$ 7	\$ 1,121	

Operating Agreements

The Company had investments in a Liquidity Pool in which funds were managed by an affiliate, Corebridge Institutional Investments, LLC (formerly known as AIG Asset Management (U.S.), LLC), in the amount of \$220 million at December 31, 2023.

Pursuant to service and expense agreements, Corebridge and affiliates provide, or cause to be provided, administrative, marketing, investment management, accounting, occupancy, and data processing services to the Company. The allocation of costs for services is based generally on estimated levels of usage, transactions or time incurred in providing the respective services. Generally, these agreements provide for the allocation of costs upon either the specific identification basis or a proportional cost allocation basis which management believes to be reasonable. In all cases, billed amounts pursuant to these agreements do not exceed the cost to Corebridge or the affiliate providing the service. The Company was charged \$439 million, \$411 million and \$434 million under such agreements in 2025, 2024 and 2023, respectively.

Pursuant to an amended and restated investment advisory agreement, certain of the Company's invested assets are managed by an affiliate. The investment management fees incurred were \$27 million in 2025, \$28 million in 2024 and \$35 million in 2023.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

NOTES TO STATUTORY FINANCIAL STATEMENTS (Continued)

American Home Guarantee

The Company has a General Guarantee Agreement with American Home Assurance Company (“American Home”), an indirect wholly owned subsidiary of AIG. Pursuant to the terms of this agreement, American Home has unconditionally and irrevocably guaranteed insurance policies the Company issued between March 3, 2003 and December 29, 2006.

19. SUBSEQUENT EVENTS

Management considers events or transactions that occur after the reporting date, but before the financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosures. The Company has evaluated subsequent events through April 17, 2026, the date the financial statements were issued.

On March 26, 2026, Corebridge Financial, Inc. and Equitable Holdings, Inc. announced that they have entered into a definitive agreement to combine in an all-stock merger. The transaction is expected to close by year-end 2026, subject to customary closing conditions, including the receipt of required regulatory approvals and approval of shareholders of both Corebridge and Equitable.

The Company paid an ordinary cash dividend of \$275 million to AGL on March 26, 2026.

Supplemental Information

The accompanying supplemental schedules and interrogatories present selected statutory financial data as of December 31, 2025 and for the year then ended for purposes of complying with the National Association of Insurance Commissioners' Annual Statement Instructions and the National Association of Insurance Commissioners' Accounting Practices and Procedures Manual. They agree to or are included in the amounts reported in the Company's 2025 Statutory Annual Statement as filed with the Texas Department of Insurance. Captions not presented as not applicable to the Company.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL DATA
DECEMBER 31, 2025

(in millions)

Investment income earned:		
Government bonds	\$	—
Other bonds (unaffiliated)		1,376
Bonds of affiliates		—
Preferred stocks (unaffiliated)		1
Common stocks (unaffiliated)		3
Common stocks of affiliates		91
Cash and short-term investments		23
Mortgage loans		314
Real estate		—
Contract loans		20
Other invested assets		92
Derivative instruments		6
Miscellaneous income		11
Gross investment income	\$	1,937
Real estate owned - book value less encumbrances		
	\$	1
Mortgage loans - book value:		
Commercial mortgages	\$	6,162
Residential mortgages		654
Mezzanine loans		123
Affiliated residential mortgages		—
Total mortgage loans	\$	6,939
Mortgage loans by standing - book value:		
Good standing	\$	6,625
Good standing with restructured terms		167
Interest overdue more than 90 days, not in foreclosure		44
Foreclosure in process		103
Total mortgage loans	\$	6,939
Partnerships - statement value		
	\$	1,496
Bonds and stocks of parents, subsidiaries and affiliates - statement value:		
Bonds	\$	—
Common stocks		189
Bonds, short-term and cash equivalent bond investments by class and maturity:		
Bonds, short-term and cash equivalent bond investments by maturity - statement value:		
Due within one year or less	\$	1,803
Over 1 year through 5 years		8,999
Over 5 years through 10 years		6,144
Over 10 years through 20 years		5,938
Over 20 years		8,269
Total maturity	\$	31,153
Bonds, short-term and cash equivalent bond investments by class - statement value:		
Class 1	\$	17,657
Class 2		12,079
Class 3		796
Class 4		496
Class 5		98
Class 6		27
Total by class	\$	31,153
Total bonds, short-term and cash equivalent bond investments publicly traded	\$	16,986
Total bonds, short-term and cash equivalent bond investments privately traded		14,167
Preferred stocks - statement value		
	\$	34
Common stocks - market value		
		264
Short-term investments - book value		
		—
Cash equivalents - book value		
		13
Options, caps and floors owned - statement value		
		148
Collar, swap and forward agreements open - statement value		
		78
Futures contracts open - current value		
		—
Cash on deposit		
		395

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL DATA (Continued)
DECEMBER 31, 2025

(in millions)

Life insurance in-force:		
Industrial	\$	—
Ordinary		5
Credit		—
Group		—
Amount of accidental death insurance in-force under ordinary policies		
		—
Life insurance policies with disability provisions in-force:		
Industrial		—
Ordinary		—
Group life		—
Supplementary contracts in-force:		
Ordinary - not involving life contingencies:		
Amount on deposit		22
Income payable		6
Ordinary - involving life contingencies:		
Amount on deposit		244
Income payable		34
Group - not involving life contingencies:		
Amount on deposit		—
Annuities:		
Ordinary:		
Immediate - amount of income payable	\$	20
Deferred, fully paid - account balance		21,748
Deferred, not fully paid - account balance		—
Group:		
Amount of income payable		10
Fully paid - account balance		14,635
Not fully paid - account balance		—
Accident and health insurance - premiums in-force:		
Other	\$	—
Group		—
Credit		—
Deposit funds and dividend accumulations:		
Deposit funds - account balance	\$	913
Dividend accumulations - account balance		—
Claim payments in 2025		
Group accident & health:		
2025	\$	—
2024		—
2023		—
2022		—
2021		—
Prior		—
Other accident & health:		
2025		—
2024		—
2023		—
2022		—
2021		—
Prior		—

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES
DECEMBER 31, 2025

(in millions)

1. The Company's total admitted assets as of December 31, 2025 are \$83.5 billion.

The Company's total admitted assets, excluding separate accounts, as of December 31, 2025 are \$41.8 billion.

2. Following are the 10 largest exposures to a single issuer/borrower/investment, by investment category, excluding: (i) U.S. Government, U.S. Government agency securities and those U.S. Government money market funds listed in the Appendix to the IAO Practices and Procedures Manual as exempt, (ii) property occupied by the Company, and (iii) policy loans:

Issuer	Description of Exposure	Amount	Percentage of Total Admitted Assets
a. Corebridge Global Real Estate Investors Inc.	OIA	\$ 331	0.80 %
b. Oracle Corporation	BONDS	221	0.50
c. Duke Energy Corporation	BONDS	183	0.40
d. Verizon Communications Inc.	BONDS	177	0.40
e. Sempra Energy	BONDS	166	0.40
f. Walt Disney Company, The	BONDS	160	0.40
g. Boeing Company, The	BONDS	157	0.40
h. British American Tobacco p.l.c.	BONDS	151	0.40
i. Wells Fargo & Company	BONDS	148	0.40
j. DB Master Finance LLC	BONDS	140	0.30

3. The Company's total admitted assets held in bonds and preferred stocks, by NAIC rating, are:

Bonds and Short-Term Investments			Preferred Stocks		
NAIC Rating	Amount	Percentage of Total Admitted Assets	NAIC Rating	Amount	Percentage of Total Admitted Assets
NAIC - 1	\$ 17,657	42.20 %	P/RP - 1	\$ 34	0.10 %
NAIC - 2	12,079	28.90	P/RP - 2	—	—
NAIC - 3	796	1.90	P/RP - 3	—	—
NAIC - 4	496	1.20	P/RP - 4	—	—
NAIC - 5	98	0.20	P/RP - 5	—	—
NAIC - 6	27	0.10	P/RP - 6	—	—

4. Assets held in foreign investments:

	Amount	Percentage of Total Admitted Assets
a. Total admitted assets held in foreign investments	\$ 6,773	16.20 %
b. Foreign currency denominated investments	2,209	5.30
c. Insurance liabilities denominated in that same foreign currency	—	—

5. Aggregate foreign investment exposure categorized by NAIC sovereign rating:

	Amount	Percentage of Total Admitted Assets
a. Countries rated NAIC - 1	\$ 5,879	14.10 %
b. Countries rated NAIC - 2	702	1.70
c. Countries rated NAIC - 3 or below	192	0.50

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)
DECEMBER 31, 2025

(in millions)

6. Two largest foreign investment exposures to a single country, categorized by the country's NAIC sovereign rating:

	Amount	Percentage of Total Admitted Assets
a. Countries rated NAIC - 1		
Country 1: United Kingdom	\$ 1,735	4.10 %
Country 2: Australia	1,154	2.80
b. Countries rated NAIC - 2		
Country 1: Mexico	216	0.50
Country 2: Indonesia	139	0.30
c. Countries rated NAIC - 3 or below		
Country 1: Colombia	92	0.20
Country 2: South Africa	27	0.10

7. Aggregate unhedged foreign currency exposure:

	Amount	Percentage of Total Admitted Assets
Aggregate unhedged foreign currency exposure	\$ 2,209	5.30 %

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign rating:

	Amount	Percentage of Total Admitted Assets
a. Countries rated NAIC - 1	\$ 2,205	5.30 %
b. Countries rated NAIC - 2	2	—
c. Countries rated NAIC - 3 or below	1	—

9. Two largest unhedged foreign currency exposures to a single country, categorized by the country's NAIC sovereign rating:

	Amount	Percentage of Total Admitted Assets
a. Countries rated NAIC - 1		
Country 1: United Kingdom	\$ 1,100	2.60 %
Country 2: Ireland	212	0.50
b. Countries rated NAIC - 2		
Country 1: Peru	2	—
Country 2:	—	—
c. Countries rated NAIC - 3 or below		
Country 1: Brazil	1	—
Country 2:	—	—

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)
DECEMBER 31, 2025

(in millions)

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	NAIC Rating	Amount	Percentage of Total Admitted Assets
a. 5555187	Commerical Mortgage Loan	\$ 134	0.30 %
b. Vodafone Group Plc	NAIC 2 - Bonds	94	0.20
c. 5555149	Commerical Mortgage Loan	94	0.20
d. Royal Dutch Shell plc	NAIC 1 - Bonds	85	0.20
e. Dexus	NAIC 1 - Bonds	82	0.20
f. PILI 1 Portfolio SCSp	NAIC 1 - Bonds	79	0.20
g. HSBC Holdings plc	NAIC 1 & 2 - Bonds	77	0.20
h. Visy Industries Australia Pty Ltd.	NAIC 2 - Bonds	77	0.20
i. 5555264	Commerical Mortgage Loan	77	0.20
j. 5555267	Commerical Mortgage Loan	71	0.20

11. Assets held in Canadian investments:

	Amount	Percentage of Total Admitted Assets
a Total admitted assets held in Canadian investments	\$ 386	0.90 %
b Canadian-currency-denominated investments	78	0.20
c Canadian-denominated insurance liabilities	—	—
d Unhedged Canadian currency exposure	—	—

12. Assets held in investments with contractual sales restrictions are less than 2.5 percent of the Company's total admitted assets.

13. The Company's admitted assets held in the ten largest equity interests (including investments in the shares of mutual funds, preferred stocks, publicly traded equity securities, and other equity securities and excluding money market and bond mutual funds listed in the Appendix to the SVO Practices and Procedures Manual as exempt or Class 1) are:

	Amount	Percentage of Total Admitted Assets
a. Platinum Equity LLC	\$ 71	0.20 %
b. Federal Home Loan Banks	55	0.10
c. Leonard Green & Partners L.P.	48	0.10
d. Atlas Holdings LLC	47	0.10
e. Hillhouse Investment Management Ltd.	40	0.10
f. Aurelius Group	30	0.10
g. Bank of America Corp	30	0.10
h. Carlyle Group	27	0.10
i. GTCR LLC	26	0.10
j. USEF Sailfish Venture LLC Series M378-W039	25	0.10

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)
DECEMBER 31, 2025

(in millions)

14. Assets held in nonaffiliated, privately placed equities:

	Amount	Percentage of Total Admitted Assets
Aggregate statement value of investment held in nonaffiliated, privately placed equities:	\$ 370	0.90 %
Largest three investments held in nonaffiliated, privately placed equities:		
a. ATLAS CAPITAL RESOURCES IV LP	\$ 47	0.10
b. Platinum Equity Capital Partners V L.P.	42	0.10
c. Hillhouse Fund V L.P.	34	0.10

Ten largest fund managers:

Fund Manager	Total Invested	Diversified	Non- diversified
a. Corebridge Global Real Estate Investment Corp	\$ 329	\$ —	\$ 329
b. BLACKSTONE GROUP	90	90	—
c. Platinum Equity LLC	71	71	—
d. Leonard Green & Partners L.P.	48	48	—
e. Atlas Holdings LLC	47	47	—
f. Hillhouse Investment Management Ltd.	40	40	—
g. Aurelius Group	30	30	—
h. Bank of America Corp	30	30	—
i. Carlyle Group	27	27	—
j. GTCR LLC	26	26	—

15. Assets held in general partnership interests are less than 2.5 percent of the Company's total admitted assets.

16. Mortgage loans reported in Schedule B, include the following ten largest aggregate mortgage interests. The aggregate mortgage interest represents the combined value of all mortgages secured by the same property or same group of properties:

	Amount	Percentage of Total Admitted Assets
a. COMMERCIAL MORTGAGE LOAN, Loan No. 5555187, GBR	\$ 134	0.30 %
b. COMMERCIAL MORTGAGE LOAN, Loan No. 8002642, FL	100	0.20
c. COMMERCIAL MORTGAGE LOAN, Loan No. 8002930, CA	100	0.20
d. COMMERCIAL MORTGAGE LOAN, Loan No. 5555149, GBR	94	0.20
e. COMMERCIAL MORTGAGE LOAN, Loan No. 8002917, NY	91	0.20
f. COMMERCIAL MORTGAGE LOAN, Loan No. 8002626, USA	84	0.20
g. COMMERCIAL MORTGAGE LOAN, Loan No. 8002157, NY	80	0.20
h. COMMERCIAL MORTGAGE LOAN, Loan No. 5555264, FIN	77	0.20
i. COMMERCIAL MORTGAGE LOAN, Loan No. 8002647, NJ	77	0.20
j. COMMERCIAL MORTGAGE LOAN, Loan No. 8002538, CA	76	0.20

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)
DECEMBER 31, 2025

(in millions)

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

	Amount	Percentage of Total Admitted Assets
a. Construction loans	\$ 67	0.20 %
b. Mortgage loans over 90 days past due	44	0.10
c. Mortgage loans in the process of foreclosure	103	0.20
d. Mortgage loans foreclosed	—	—
e. Restructured mortgage loans	167	0.40

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

Loan-to-Value	Residential		Commercial		Agricultural	
	Amount	Percentage of Total Admitted Assets	Amount	Percentage of Total Admitted Assets	Amount	Percentage of Total Admitted Assets
a. above 95%	\$ 8	— %	\$ 275	0.70 %	\$ —	— %
b. 91% to 95%	4	—	34	0.10	—	—
c. 81% to 90%	32	0.10	247	0.60	—	—
d. 71% to 80%	98	0.20	764	1.80	—	—
e. below 70%	511	1.20	4,965	11.90	—	—

18. Assets held in each of the five largest investments in one parcel or group of contiguous parcels of real estate reported in Schedule A are less than 2.5 percent of the Company's total admitted assets.

19. Assets held in mezzanine real estate loans are less than 2.5 percent of the Company's total admitted assets.

20. The Company's total admitted assets subject to the following types of agreements as of the following dates:

	At Year-End		Unaudited At End of Each Quarter		
			1st Quarter	2nd Quarter	3rd Quarter
	Amount	Percentage of Total Admitted Assets	Amount	Amount	Amount
a. Securities lending (do not include assets held as collateral for such transactions)	\$ —	— %	\$ 90	\$ 54	\$ 386
b. Repurchase agreements	6	—	61	6	6
c. Reverse repurchase agreements	—	—	—	—	—
d. Dollar repurchase agreements	—	—	—	—	—
e. Dollar reverse repurchase agreements	—	—	—	—	—

21. The Company's potential exposure to warrants not attached to other financial instruments, options, caps, and floors:

	Owned		Written	
	Amount	Percentage of Total Admitted Assets	Amount	Percentage of Total Admitted Assets
a. Hedging	\$ —	— %	\$ —	— %
b. Income generation	—	—	—	—
c. Other	—	—	—	—

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)
DECEMBER 31, 2025

(in millions)

22. The Company's potential exposure (defined as the amount determined in accordance with the NAIC Annual Statement Instructions) for collars, swaps, and forwards as of the following dates:

	At Year-End		Unaudited At End of Each Quarter		
	Amount	Percentage of Total Admitted Assets	1st Quarter	2nd Quarter	3rd Quarter
			Amount	Amount	Amount
a. Hedging	\$ 33	0.10 %	\$ 36	\$ 37	\$ 35
b. Income generation	—	—	—	—	—
c. Replications	—	—	2,290	1,960	1,960
d. Other	—	—	—	—	—

23. The Company's potential exposure (defined as the amount determined in accordance with the NAIC Annual Statement Instructions) for futures contracts as of the following dates:

	At Year-End		Unaudited At End of Each Quarter		
	Amount	Percentage of Total Admitted Assets	1st Quarter	2nd Quarter	3rd Quarter
			Amount	Amount	Amount
a. Hedging	\$ 127	0.30 %	\$ 4	\$ 4	\$ 1
b. Income generation	—	—	—	—	—
c. Replications	—	—	—	—	—
d. Other	—	—	—	—	—

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
SUPPLEMENTAL SUMMARY INVESTMENT SCHEDULE
DECEMBER 31, 2025

(in millions)

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	Amount	Percentage	Amount	Securities Lending Reinvested Collateral Amount	Total Amount	Percentage
Issuer credit obligations:						
U.S. government obligations	\$ 226	0.6 %	\$ 226	\$ —	\$ 226	0.6 %
Other U.S. government obligations	5	—	5	—	5	—
Non-U.S. sovereign jurisdiction securities	755	1.9	755	—	755	1.9
Municipal bonds – general obligations (direct & guaranteed)	250	0.6	250	—	250	0.6
Municipal bonds – special revenue	826	2.0	826	—	826	2.0
Project finance bonds issued by operating entities	864	2.1	864	—	864	2.1
Corporate bonds	17,062	41.8	17,062	—	17,062	41.8
Mandatory convertible bonds	—	—	—	—	—	—
Single entity backed obligations	462	1.1	462	—	462	1.1
SVO-Identified bond exchange traded funds – fair value	—	—	—	—	—	—
SVO-Identified bond exchange traded funds – systematic value	—	—	—	—	—	—
Bonds issued by funds representing operating entities	2,427	6.0	2,427	—	2,427	6.0
Bank loans - issued	—	—	—	—	—	—
Bank loans - acquired	541	1.3	541	—	541	1.3
Mortgages loans that qualify as SVO-Identified credit tenant loans	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—
Other issuer credit obligations	—	—	—	—	—	—
Total issuer credit obligations	\$ 23,418	57.4	\$ 23,418	\$ —	\$ 23,418	57.4
Asset-backed securities:						
Financial asset-backed securities – self-liquidating	\$ 5,701	14.0	\$ 5,701	\$ —	\$ 5,701	14.0
Financial asset-backed securities – not self-liquidating	345	0.9	345	—	345	0.9
Non-financial asset-backed securities	1,689	4.1	1,689	—	1,689	4.1
Total asset-backed securities	\$ 7,735	19.0	\$ 7,735	\$ —	\$ 7,735	19.0
Preferred stocks:						
Industrial and miscellaneous (Unaffiliated)	\$ 34	0.1	\$ 34	\$ —	\$ 34	0.1
Parent, subsidiaries and affiliates	—	—	—	—	—	—
Total preferred stocks	\$ 34	0.1	\$ 34	\$ —	\$ 34	0.1
Common stocks:						
Industrial and miscellaneous Publicly traded (Unaffiliated)	\$ —	—	\$ —	\$ —	\$ —	—
Industrial and miscellaneous Other (Unaffiliated)	75	0.2	75	—	75	0.2
Parent, subsidiaries and affiliates Publicly traded	—	—	—	—	—	—
Parent, subsidiaries and affiliates Other	189	0.5	189	—	189	0.5
Mutual funds	—	—	—	—	—	—
Unit investment trusts	—	—	—	—	—	—
Closed-end funds	—	—	—	—	—	—
Exchange traded funds	—	—	—	\$ —	—	—
Total common stocks	\$ 264	0.7	\$ 264	\$ —	\$ 264	0.7
Mortgage loans:						
Farm mortgages	\$ —	—	\$ —	\$ —	\$ —	—
Residential mortgages	654	1.6	654	—	654	1.6
Commercial mortgages	6,162	15.1	6,162	—	6,162	15.1
Mezzanine real estate loans	123	0.3	123	—	123	0.3
Total valuation allowance	(164)	(0.4)	(164)	—	(164)	(0.4)
Total mortgage loans	\$ 6,775	16.6	\$ 6,775	\$ —	\$ 6,775	16.6
Real estate:						
Properties occupied by company	\$ —	—	\$ —	\$ —	\$ —	—
Properties held for production of income	—	—	—	—	—	—
Properties held for sale	1	—	1	—	1	—
Total real estate	\$ 1	—	\$ 1	\$ —	\$ 1	—

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
SUPPLEMENTAL SUMMARY INVESTMENT SCHEDULE
DECEMBER 31, 2025

(in millions)

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	Amount	Percentage	Amount	Securities Lending Reinvested Collateral Amount	Total Amount	Percentage
Cash, cash equivalents and short-term investments:						
Cash	\$ 395	1.0	\$ 395	\$ —	\$ 395	1.0
Cash equivalents	13	—	13	—	13	—
Short-term investments	—	—	—	—	—	—
Total cash, cash equivalents and short-term investments	\$ 408	1.0	\$ 408	\$ —	\$ 408	1.0
Contract loans	\$ 381	0.9	\$ 381	\$ —	\$ 381	0.9
Derivatives	225	0.5	225	—	225	0.5
Other invested assets	1,496	3.7	1,496	—	1,496	3.7
Receivables for securities	41	0.1	41	—	41	0.1
Securities Lending	—	—	—	—	—	—
Derivative cash collateral and deferred asset for SSAP 108	3	—	3	—	3	—
Total invested assets	\$40,781	100.0 %	\$ 40,781	\$ —	\$ 40,781	100.0 %

**THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
 SUPPLEMENTAL SCHEDULE OF REINSURANCE DISCLOSURES
 DECEMBER 31, 2025**

The following information regarding reinsurance contracts is presented to satisfy the disclosure requirements in SSAP No. 61R, Life, Deposit-Type and Accident and Health Reinsurance, which apply to reinsurance contracts entered into, renewed or amended on or after January 1, 1996.

1. Has the Company reinsured any risk with any other entity under a reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) that is subject to Appendix A-791, Life and Health Reinsurance Agreements, and includes a provision that limits the reinsurer’s assumption of significant risks identified in Appendix A-791?

Yes [] No [X]

If yes, indicate the number of reinsurance contracts to which such provisions apply: _____

If yes, indicate if deposit accounting was applied for all contracts subject to Appendix A-791 that limit significant risks.

Yes [] No [] N/A [X]

2. Has the Company reinsured any risk with any other entity under a reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) that is not subject to Appendix A-791, for which reinsurance accounting was applied and includes a provision that limits the reinsurer’s assumption of risk?

Yes [] No [X]

If yes, indicate the number of reinsurance contracts to which such provisions apply: _____

If yes, indicate whether the reinsurance credit was reduced for the risk-limiting features.

Yes [] No [] N/A [X]

3. Does the Company have any reinsurance contracts (other than reinsurance contracts with a federal or state facility) that contain one or more of the following features which may result in delays in payment in form or in fact:

- (a) Provisions that permit the reporting of losses to be made less frequently than quarterly;
- (b) Provisions that permit settlements to be made less frequently than quarterly;
- (c) Provisions that permit payments due from the reinsurer to not be made in cash within ninety (90) days of the settlement date (unless there is no activity during the period); or
- (d) The existence of payment schedules, accumulating retentions from multiple years, or any features inherently designed to delay timing of the reimbursement to the ceding entity.

Yes [] No [X]

4. Has the Company reflected reinsurance accounting credit for any contracts that are not subject to Appendix A-791 and not yearly renewable term reinsurance, which meet the risk transfer requirements of SSAP No. 61R?

Type of contract:	Response:	Identify reinsurance contract(s):	Has the insured event(s) triggering contract coverage been recognized?
Assumption reinsurance – new for the reporting period	Yes [] No [X]		N/A
Non-proportional reinsurance, which does not result in significant surplus relief	Yes [] No [X]		N/A

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
SUPPLEMENTAL SCHEDULE OF REINSURANCE DISCLOSURES (Continued)
DECEMBER 31, 2025

5. Has the Company ceded any risk, which is not subject to Appendix A-791 and not yearly renewable term reinsurance, under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statements, and either:

(a) Accounted for that contract as reinsurance under statutory accounting principles (SAP) and as a deposit under generally accepted accounting principles (GAAP); or

Yes No N/A

(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

Yes No N/A

If the answer to item (a) or item (b) is yes, include relevant information regarding GAAP to SAP differences from the accounting policy footnote to the audited statutory-basis financial statements to explain why the contract(s) is treated differently for GAAP and SAP below:
