

SBLH CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SBL Holdings, Inc. and Subsidiaries
Period Ended December 31, 2024
Unaudited

Subject to Notice to Investors

SBL Holdings, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

	As of December 31, 2024	As of December 31, 2023
	<i>(unaudited)</i>	<i>(audited)</i>
	<i>(dollars in thousands)</i>	
Assets		
Investments:		
Fixed maturities, available for sale	\$ 37,807,643	\$ 40,285,008
Fixed maturities, trading	376,922	412,450
Equity securities	993,616	705,296
Notes receivable from related parties	2,170,394	995,715
Mortgage loans	2,745,425	787,674
Policy loans	70,373	71,647
Cash and cash equivalents	3,905,070	1,647,403
Short-term investments	20	160,893
Call options	1,020,039	759,014
Other invested assets	2,131,919	1,878,736
Total investments	51,221,421	47,703,836
Accrued investment income	684,931	815,687
Reinsurance recoverable	10,979,006	9,604,904
Deferred income tax asset	174,847	95,616
Deferred policy acquisition costs, deferred sales inducement costs and value of business acquired	2,777,732	2,854,536
Other assets	728,269	801,056
Separate account assets	6,579,840	5,785,040
Total assets	\$ 73,146,046	\$ 67,660,675
Liabilities and stockholders' equity		
Liabilities:		
Policy reserves and annuity account values	\$ 45,375,066	\$ 42,468,945
Funds withheld and held liability	9,514,659	8,082,827
Senior notes	1,577,830	941,240
Revolving credit facility	—	633,358
Delayed draw term loan	2,883	50,489
Surplus notes	113,170	114,299
Debt from consolidated variable interest entities	47,255	237,533
Derivative collateral	894,549	647,922
Repurchase agreements	328,443	1,012,497
Other liabilities	1,197,073	711,946
Separate account liabilities	6,579,840	5,785,040
Total liabilities	65,630,768	60,686,096
Stockholders' equity:		
Common stock	—	—
Preferred stock	770,491	770,491
Contributed capital	2,339,595	2,339,595
Accumulated other comprehensive income (loss)	(128,964)	(238,209)
Retained earnings	4,394,102	4,096,922
Total SBL Holdings, Inc. stockholders' equity	7,375,224	6,968,799
Noncontrolling interest	140,054	5,780
Total stockholders' equity	7,515,278	6,974,579
Total liabilities and stockholders' equity	\$ 73,146,046	\$ 67,660,675

SBL Holdings, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations

	For the		For the	
	Three Months Ended December 31,	2023	Twelve Months Ended December 31,	2023
	2024		2024	2023
	<i>(unaudited)</i>		<i>(unaudited)</i>	<i>(audited)</i>
	<i>(dollars in thousands)</i>			
Revenues:				
Net investment income	\$ 823,626	\$ 723,144	\$ 3,257,385	\$ 2,836,141
Asset-based and administrative fees	38,464	32,904	147,640	129,157
Other product charges	68,030	66,950	273,455	245,708
Change in fair value of options, futures and swaps	(164,748)	318,250	459,480	184,326
Investment-related gains (losses)	96,080	(28,875)	(82,924)	(86,330)
Other revenues	25,517	36,228	112,316	117,723
Total revenues	<u>886,969</u>	<u>1,148,601</u>	<u>4,167,352</u>	<u>3,426,725</u>
Benefits and expenses:				
Index credits and interest credited to account balances	392,682	232,490	1,174,693	603,212
Change in fixed index annuity embedded derivative and related benefits	(326,840)	236,343	(81,719)	377,405
Other benefits	170,659	185,142	624,352	458,214
Total benefits	<u>236,501</u>	<u>653,975</u>	<u>1,717,326</u>	<u>1,438,831</u>
Other operating expenses	131,525	106,512	504,642	467,024
Amortization of deferred policy acquisition costs, deferred sales inducement costs, and value of business acquired	150,420	49,242	525,415	393,092
Interest expense	53,692	78,780	313,509	257,922
Total benefits and expenses	<u>572,138</u>	<u>888,509</u>	<u>3,060,892</u>	<u>2,556,869</u>
Income before income tax expense	314,831	260,092	1,106,460	869,856
Income tax expense	63,839	51,728	224,300	174,474
Net income	<u>250,992</u>	<u>208,364</u>	<u>882,160</u>	<u>695,382</u>
Less: Net income attributable to noncontrolling interest	10,724	3,433	31,118	4,407
Net income attributable to SBL Holdings, Inc.	<u>\$ 240,268</u>	<u>\$ 204,931</u>	<u>\$ 851,042</u>	<u>\$ 690,975</u>

SBL Holdings, Inc. and Subsidiaries
Condensed Consolidated Statements of Changes in Stockholders' Equity

	Common Stock	Preferred Stock	Contributed Capital	Accumulated Other Comprehensive Income	Retained Earnings	Noncontrolling Interest	Total
	<i>(In Thousands)</i>						
Balance at January 1, 2023	\$ —	\$ 770,491	\$ 2,339,595	\$ (920,673)	\$ 3,464,775	\$ 1,373	\$5,655,561
Net income	—	—	—	—	690,975	4,407	695,382
Other comprehensive income, net	—	—	—	682,464	—	—	682,464
Adoption of new accounting standards ¹	—	—	—	—	(4,952)	—	(4,952)
Preferred stock dividends	—	—	—	—	(53,876)	—	(53,876)
Balance at December 31, 2023	—	770,491	2,339,595	(238,209)	4,096,922	5,780	6,974,579
Net income	—	—	—	—	851,042	31,118	882,160
Other comprehensive income, net	—	—	—	109,245	—	—	109,245
Preferred stock dividends	—	—	—	—	(53,862)	—	(53,862)
Dividends to parent	—	—	—	—	(500,000)	—	(500,000)
Noncontrolling interest issuance	—	—	—	—	—	103,156	103,156
Balance at December 31, 2024	\$ —	\$ 770,491	\$ 2,339,595	\$ (128,964)	\$ 4,394,102	\$ 140,054	\$7,515,278

¹ Effective January 1, 2023, the Company adopted ASU 2016-13, Financial Instruments - Credit Losses, Measurement of Credit Losses on Financial Instruments, as clarified and amended by ASU 2019-04, Codification Improvements to Topic 326; ASU 2019-05 Financial Instruments - Credit Losses (Topic 326): Targeted Relief; and ASU 2019-11, Codification Improvements to Topic 326, Financial Instruments - Credit Losses.

SBL Holdings, Inc. and Subsidiaries
Condensed Footnotes

Nature of Operations

The operations of SBL Holdings, Inc., together with its subsidiaries (referred to herein, collectively, as the “Company”), consist primarily of marketing and distributing annuities, retirement plans, and other related products throughout the United States. The Company offers a diversified portfolio of products comprised primarily of individual and group annuities, including fixed, fixed index, and variable annuities, and retirement plan products through multiple distribution channels.

Basis of Presentation

The financial statements of the Company are presented in conformity with U.S. generally accepted accounting principles (“GAAP”) on a consolidated basis and include the operations of the Company and its subsidiaries, including Security Benefit Life Insurance Company (“SBLIC”), First Security Benefit Life Insurance and Annuity Company of New York, Everly Holdings, LLC and Security Financial Resources, Inc., and consolidated variable interest entities (“VIEs”). All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported. Management believes that the estimates and assumptions used in preparing these condensed consolidated financial statements are reasonable.

Rounding

The condensed consolidated financial statements and other schedules in these materials are reported in thousands of dollars, except where the context otherwise requires, and as a result, the sum of the components reported may not equal the amount reported due to rounding.