

SBL Holdings, Inc. Q4 2024 Investor Update

February 2025

Company Overview


Business Snapshot

1892
Year Founded

Topeka, KS
Headquarters

~550
Employees⁽¹⁾

900,000+
Accounts⁽²⁾



\$7.2bn
Total Gross Retail Sales (FY2024)

\$1.2bn
Operating Income⁽³⁾ (FY2024)

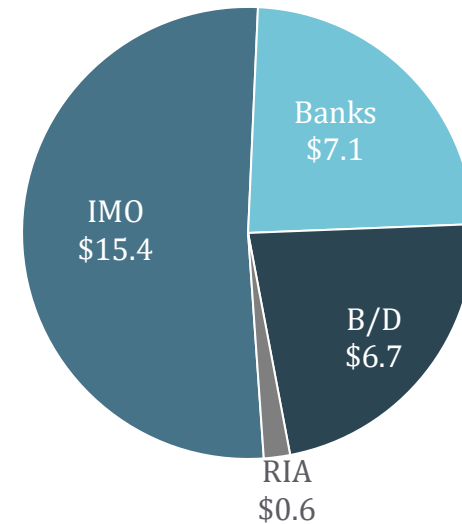
\$7.6bn
Total Equity ex. AOCI⁽³⁾ (12/31/24)

\$7.2bn
SBLIC Total Adjusted Capital⁽⁴⁾ (12/31/24)

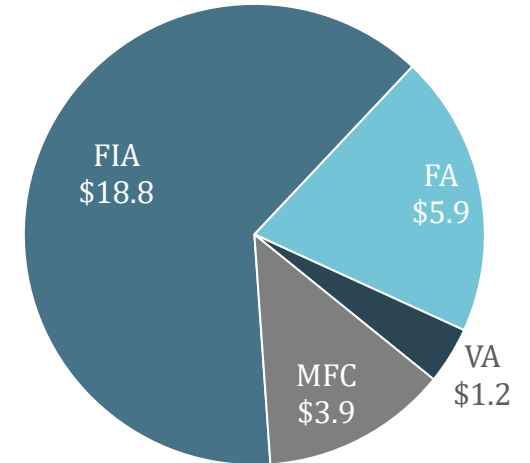
SBLH Issuer Credit Ratings ⁽⁵⁾	BBB- S&P	BBB Fitch	BBB (high) Morningstar DBRS
SBLIC Financial Strength Ratings	A- S&P	A- Fitch	A Morningstar DBRS

Leading Annuity Provider (\$bn) (1/1/20 – 12/31/24)

Total Gross Retail Sales by Channel ⁽⁶⁾



Total Gross Retail Sales by Product ⁽⁷⁾



\$29.8bn
Total Gross Retail Sales

Proven Business Model and Superior Investment Management Continues to Drive Robust Sales and Earnings and Strong Financial Profile

(1) Includes all employees of Security Benefit Business Services and Everly LLC as of December 31, 2024.
 (2) This number includes all insurance policies in force (either directly written or reinsured) as well as retirement accounts for which Security Financial Resources, Inc. serves as record keeper as of December 31, 2024.
 (3) Operating Income and Total Equity ex. AOCI are non-GAAP financial measures.
 (4) Total Adjusted Capital is calculated based on the NAIC specified formula.
 (5) Credit Ratings represent S&P's issuer credit rating, Fitch's long-term issuer default rating, and Morningstar DBRS's issuer rating.

(6) "IMO" stands for Independent Marketing Organization. "B/D" stands for Broker / Dealer. "RIA" stands for Registered Investment Advisor.
 (7) "FIA" stands for Fixed Index Annuity. "FA" stands for Fixed Annuity. "VA" stands for Variable Annuity. "MFC" stands for Mutual Fund Custodial/Retirement Plans.

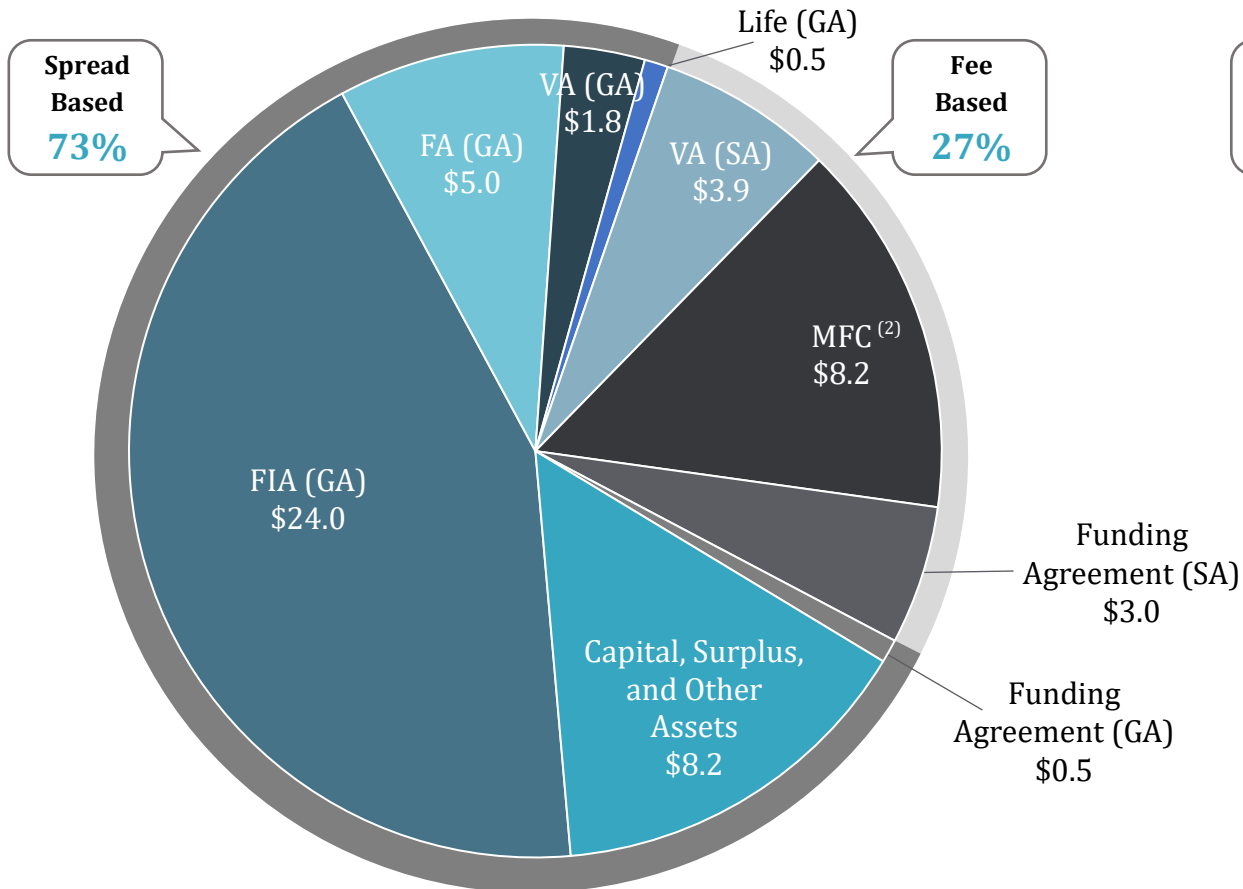


Assets Under Management Profile

(as of December 31, 2024)

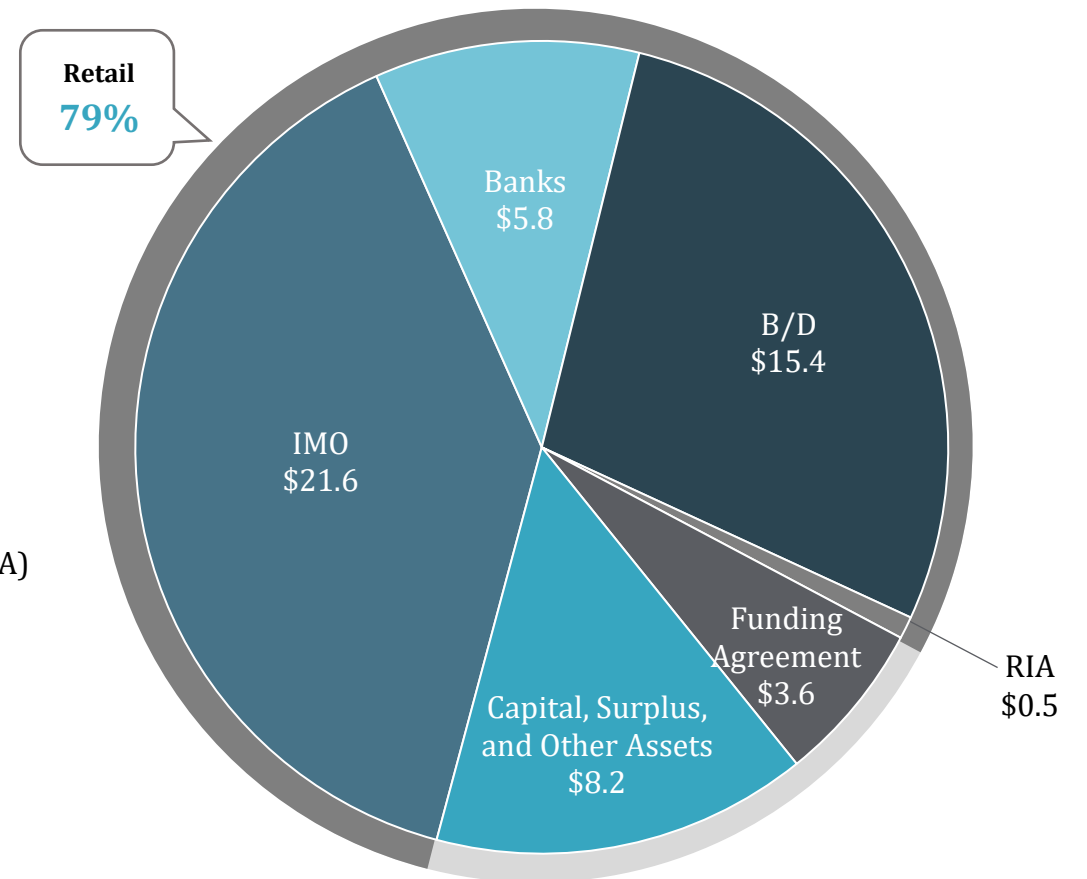
AUM by Product (\$bn)⁽¹⁾

\$55.1bn



AUM by Channel (\$bn)

\$55.1bn



(1) "GA" stands for General Account. "SA" stands for Separate Account.

(2) MFC AUM is comprised of on-balance sheet assets in a SBLIC group fixed annuity (\$0.3bn as of 12/31/24) and off-balance sheet assets (\$7.9bn as of 12/31/24) for which Security Financial Resources, Inc. serves as retirement plan record keeper and earns fees.

Our Simple Formula to a Sustainable Advantage



Superior Investment Management

Our differentiated investment strategy has led to higher yields than our peers; backed by robust capital



Retirement Product Innovation

Proven history of developing and launching successful and innovative financial products



Diversified, Multi-Channel Distribution Model

Built from the ground up, our cutting-edge distribution model is technology-heavy and people-light



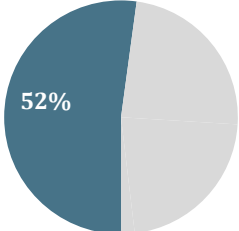
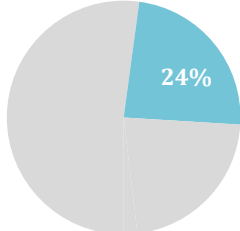
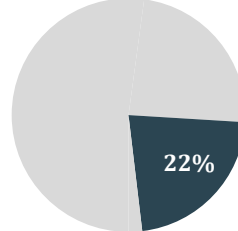
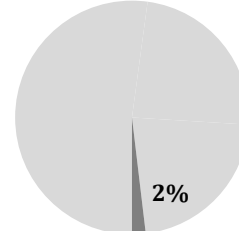
Cost Efficient Administration

Deep connectivity with our administrators drives operational readiness

These four components are key to executing our core strategy to originate “predictable and sticky” liabilities at a reasonable cost of funds, and deliver our promise to help clients to and through retirement®



Diversified, Multi-Channel Distribution Model

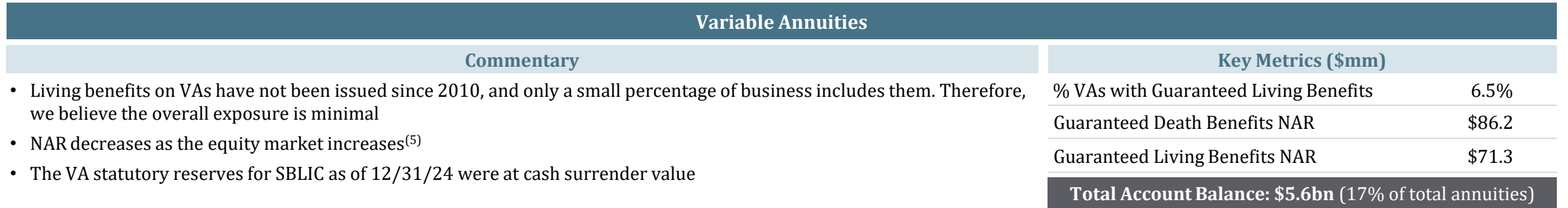
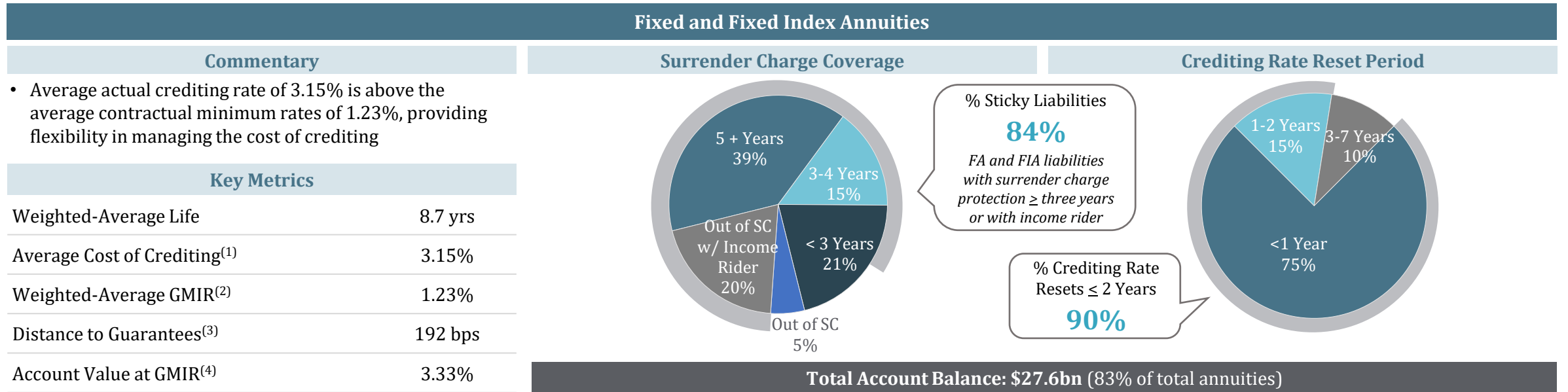
	IMO	Banks	Broker / Dealer	RIA
1/1/20 – 12/31/24 Total Gross Retail Sales by Distribution Channel	 52%	 24%	 22%	 2%
	\$15.4bn	\$7.1bn	\$6.7bn	\$0.6bn
FIA	✓	✓	✓	✓
FA		✓	✓	✓
VA		✓	✓	✓
MFC			✓	
Highlights	<ul style="list-style-type: none"> Strategic alignment with a select group of leading IMO's Larger average contract size and higher production per agent than the industry average⁽¹⁾ 	<ul style="list-style-type: none"> A national network of regional and mid-sized financial institutions that drive growing sales volume 	<ul style="list-style-type: none"> Specialized representatives serving the retirement market, including K-12 school districts and 401(k)s Endorsed by NEA and access to a significant number of pay slots in school districts 	<ul style="list-style-type: none"> Strong growth potential and opportunity to diversify product offering through a broad set of commission free annuities designed specifically for the growing fee-based RIA market

Primary Partners



⁽¹⁾ Higher average contract size for FIAs sold within the IMO channel compared to industry average; source: Wink Annuity Sales Report Q3 2024. SBLIC average fixed index annuity premium of \$187,431 in IMO channel for the three months ended 9/30/2024 was 15% higher than the industry average of \$163,534.

Simple Liability Profile with Disciplined Pricing (as of December 31, 2024)



(1) The Average Cost of Crediting is the weighted average of the annualized hedge costs for indexed accounts and crediting rates for fixed accounts by account value. Cost of Crediting is calculated as interest credited to account balances plus the pro rata amortization of FIA option cost. For interim periods, Average Cost of Crediting is annualized to determine an annualized Cost of Crediting Rate.

(2) "GMIR" stands for Guaranteed Minimum Interest Rate and assumes a 1.00% hedge costs for indexed account value crediting strategies.

(3) The Distance to Guarantees reflects the average distance between current and guaranteed interest rates for fixed crediting options and in option costs between the current and guaranteed rates for index crediting options (1%). The option costs used reflect an estimate of option cost in the market.

(4) Account Value at GMIR represents the percentage of account values for FA and FIA contracts that are at the contractual GMIR.

(5) "NAR" stands for Net Amount at Risk and reflects death or living benefit guarantees above account balance.



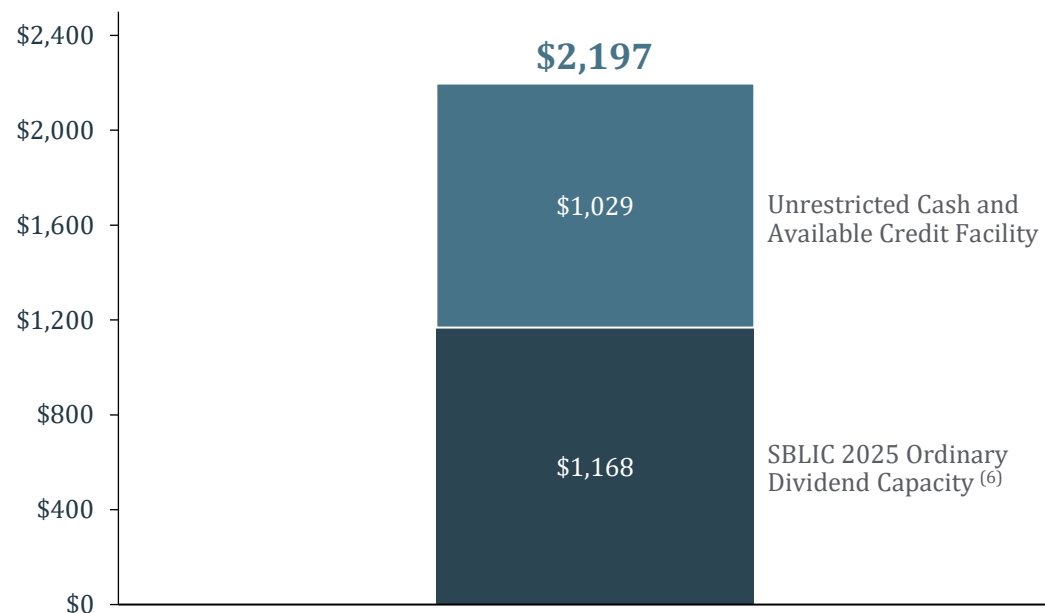
Strong Financial Profile Provides Flexibility

SBLH Balance Sheet data (\$mm) 12/31/24

Assets	
Total investments	\$47,316
Reinsurance recoverable	10,979
Separate account assets	6,580
Other assets	4,450
Cash and cash equivalents	3,905
Total Assets	\$73,230
Liabilities and Stockholders' Equity	
Policy reserves and annuity account values	\$45,375
Funds withheld and held liability	9,515
Separate account liabilities	6,580
Senior notes, revolver, surplus notes, and delayed draw term loan	1,694
Repurchase agreements	328
Other liabilities	2,223
Total Liabilities	\$65,715
Total Stockholders' Equity	7,515
Total Liabilities and Stockholders' Equity	\$73,230

Key Ratios	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24
Debt Leverage ⁽¹⁾	19.8%	17.0%	17.9%	19.5%	18.3%
Financial Leverage ⁽²⁾	26.9%	28.7%	27.9%	28.4%	26.8%
Interest Coverage ⁽³⁾	14.8x	13.6x	10.6x	11.4x	11.2x
Fixed Charge Coverage ⁽⁴⁾	10.2x	8.5x	6.3x	7.6x	7.7x
SBLIC Operating Leverage ⁽⁵⁾	7.4x	6.3x	6.1x	5.9x	6.0x

SBLH Liquidity (\$mm) (as of December 31, 2024)



(1) Debt divided by Total Capitalization ex. AOCI. Debt Leverage is a non-GAAP financial measure.

(2) Debt and preferred shares divided by Total Capitalization ex. AOCI. Financial Leverage is a non-GAAP financial measure.

(3) Interest Coverage is calculated by dividing LTM Operating Income (before interest expense) by LTM interest expense on Debt Leverage.

(4) Fixed Charge Coverage is calculated by dividing LTM Operating Income (before interest expense) by sum of (i) LTM interest expense and (ii) LTM preferred dividends.

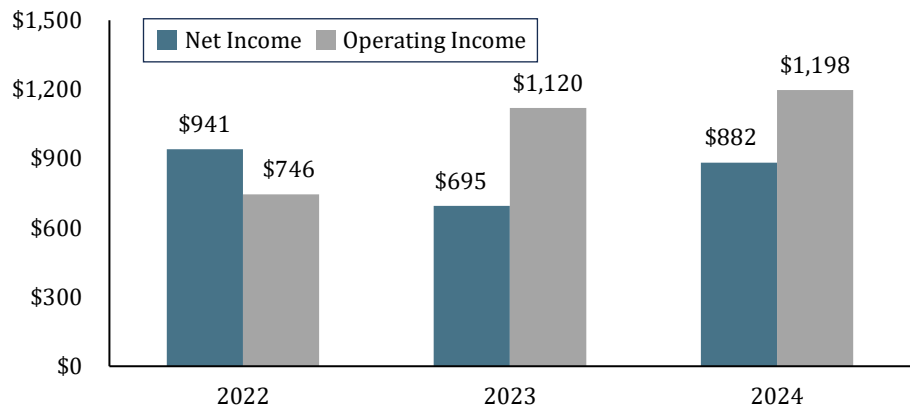
(5) Operating Leverage is calculated by dividing general account liabilities excluding AVR by total adjusted capital.

(6) Ordinary dividend capacity is calculated pursuant to the requirements of K.S.A. 40-3306. Because the calculation takes into account dividends made in the last 12 months, SBLIC's ordinary dividend capacity as of January 1, 2025 was \$313 million. The \$1,168 million shown above represents SBLIC's 2025 maximum dividend capacity. Dividends in excess of the ordinary dividend limit must be approved by the Kansas insurance commissioner.



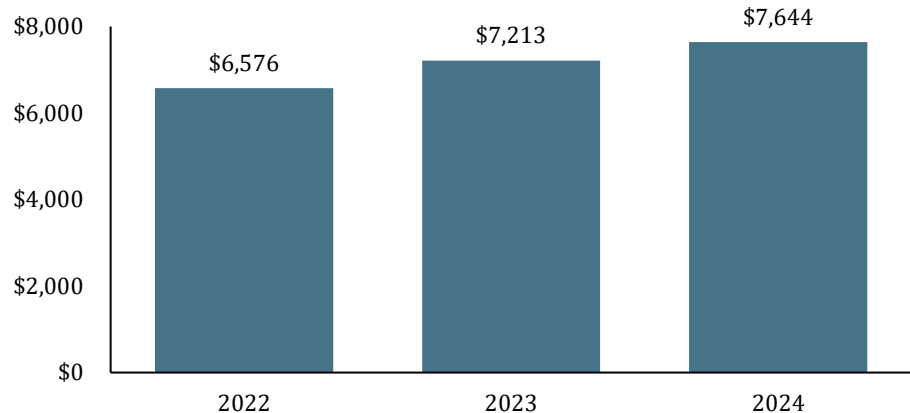
Highly Profitable Operations with History of Value Creation

Net Income (GAAP) and Operating Income (\$mm)

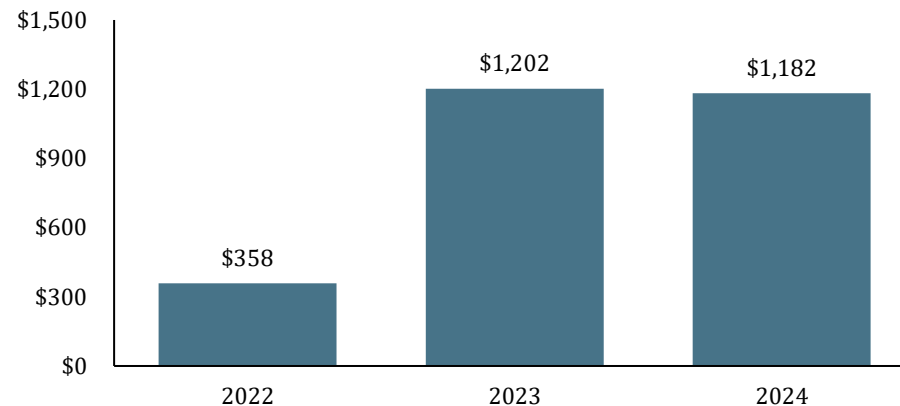


ROE ⁽¹⁾	2022	2023	2024
	10%	13%	13%

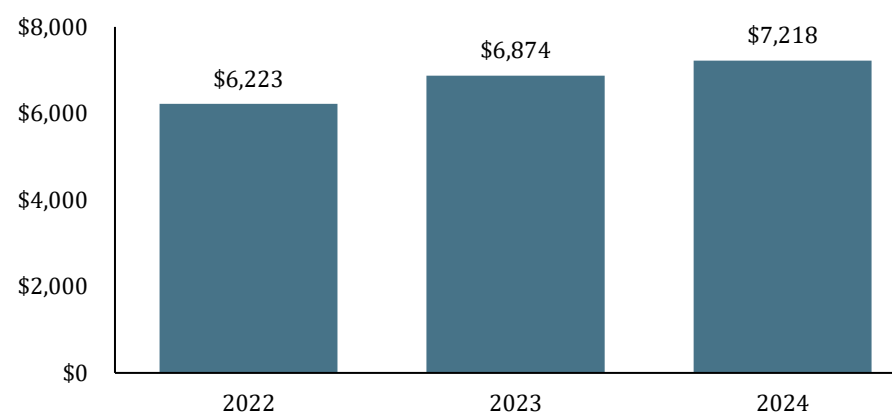
Total Equity ex. AOCI (\$mm)



SBLIC Statutory Net Income (\$mm)



SBLIC Total Adjusted Capital (\$mm)



RBC ⁽²⁾	2022	2023	2024
	400%	411%	408%

Drivers of Results

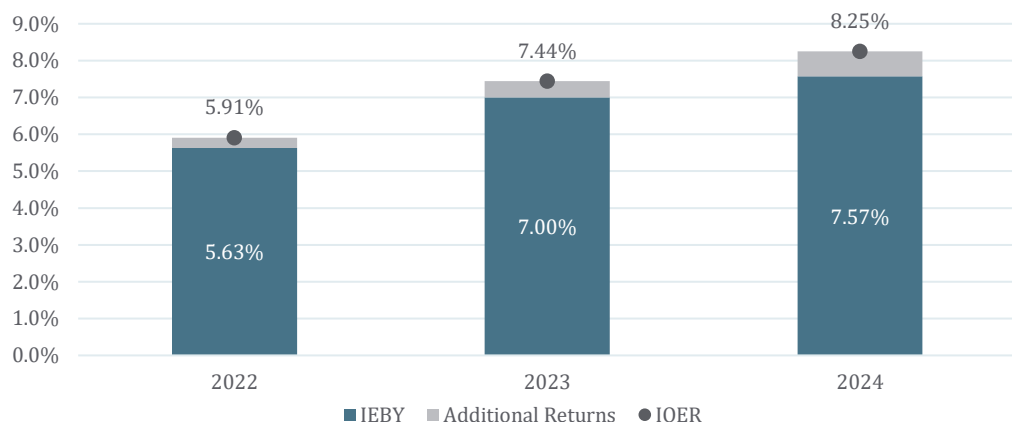
- Diversified business mix between spread income and traditional fee income
- Growth in AUM platform driven by product innovation and highly targeted distribution strategy
- Continued strong investment performance and net investment spread with no material impairments
- Appropriate management of cost of funds consistent with the investing environment



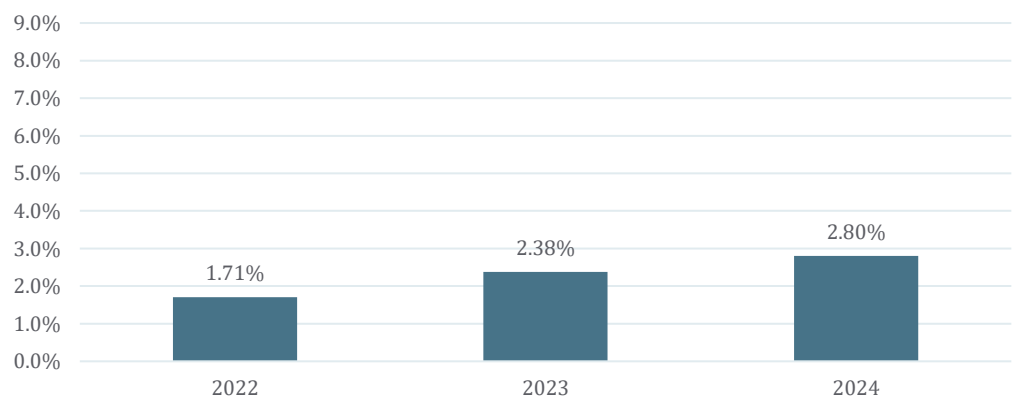
(1) ROE is calculated by dividing operating net income by average equity excluding AOCI.
 (2) Risk-based Capital ("RBC") ratio at year-end for SBLIC based on NAIC prescribed formulas.

Our Investment Earned Book Yield Continues to Benefit From Our Floating Rate Portfolio

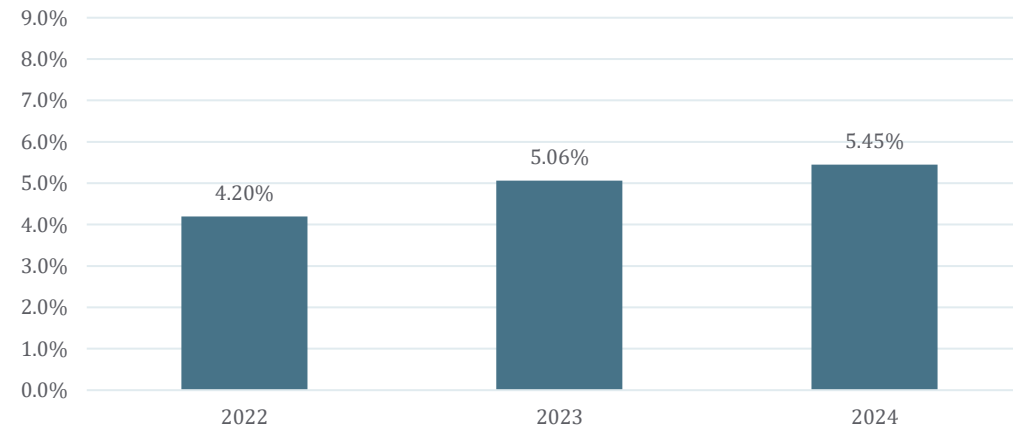
Investment Operating Earned Rate ⁽¹⁾⁽²⁾⁽³⁾



Cost of Crediting Rate ⁽⁵⁾



Net Investment Spread ⁽⁴⁾



Commentary

- IOER increased 81 basis points for 2024 relative to 2023 driven by an increase in IEBY due to the higher interest rate environment and higher additional returns
- Cost of Crediting Rate continued to steadily increase during 2024 as new and renewal business was written at higher rates relative to the average of the inforce block

(1) IEBY equals adjusted investment income, excluding additional returns, divided by average spread-based AUM of the annual period presented.

(2) Additional returns primarily include returns on alternative investments and prepayment fees.

(3) IOER equals adjusted investment income divided by average spread-based AUM of the annual period presented.

(4) Net Investment Spread equals IOER less Cost of Crediting Rate.

(5) Cost of Crediting Rate is calculated by dividing Cost of Crediting by average spread-based AUM, excluding surplus assets.



Q4 2024 Investment Results Capped Another Year of Outstanding Performance

- **Investment Operating Earned Rate (“IOER”)** – We delivered an IOER of 8.53% during Q4 2024, which increased 52 basis points compared to Q3 2024, while our Investment Earned Book Yield (“IEBY”) decreased 4 basis points quarter over quarter to 7.66%
- **Investment Total Earned Rate (“ITER”)⁽¹⁾ & Realized Gains⁽²⁾** – We incurred \$64.0 million of realized losses in Q4 2024 (net of \$3.1 million of Investment related change in allowance for credit losses⁽³⁾), resulting in a Q4 2024 ITER of 7.89%. Our realized losses were driven by \$49.6 million of losses incurred on the full exit of our public equity position in Sportradar Group AG (SRAD)
- **Economic Total Return** – Our \$33.4 billion fixed income portfolio generated an economic total return of 1.5% during Q4 2024 and 9.7% in 2024
- **Alternative Investments** – The Alternative Investment portfolio increased by \$761 million while delivering an annualized GAAP quarterly return of 16% in Q4 2024, driven by net gains in Private Equity, Credit, and Aircraft
- **Asset Quality⁽⁴⁾** – The average credit rating of our rated fixed income portfolio remained constant at A- in Q4 2024, while the unrealized loss in our investment portfolio was \$319.9 million (0.84%) at the end of Q4 2024. Rating migration during Q4 2024 was positive with \$434.7 million of net upgrades in our fixed income portfolios, driven by investments in our CLO and Corporate portfolios
- **Indexed Hedging** – Our indexed hedging strategy remained effective, generating \$11.6 million of profit in 2024

(1) “ITER” stands for Investment Total Earned Rate and is calculated as adjusted investment income, including trading realized gains / losses and investment related change in allowance for credit losses, divided by average spread-based AUM for the relevant period. For interim periods, adjusted investment income, including realized trading gains / losses, is annualized to determine an annualized investment total earned rate.

(2) Realized gains/losses exclude both foreign currency related realized gains/losses on assets and derivatives, expected credit losses, non-realized investment valuation changes recorded through income, non-foreign currency related derivative activity.

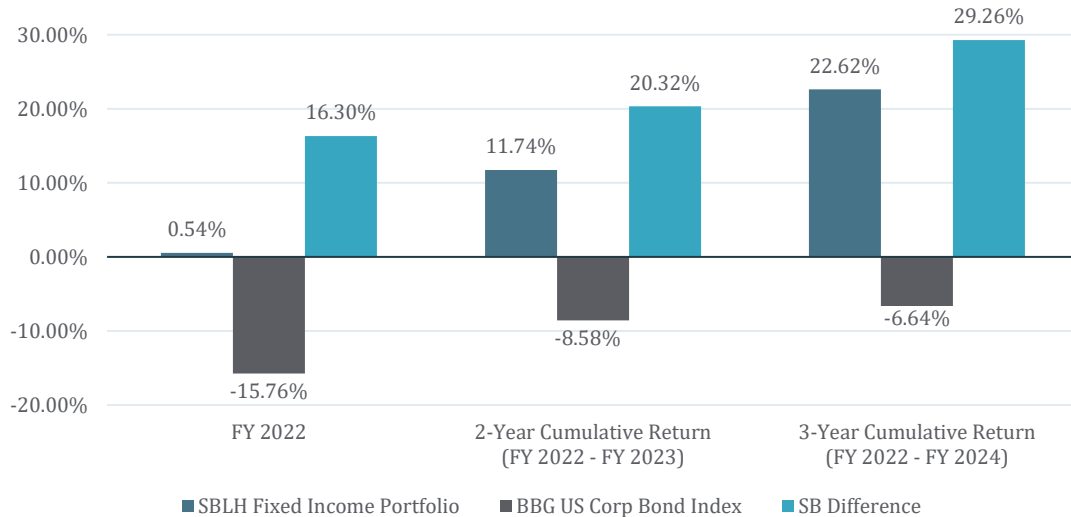
(3) Excludes the general allowance on common control, commercial mortgage loans based on pooled historical loss factors and not specific investment analysis.

(4) Excludes investments under reinsurance funds withheld and held. \$17.9 billion of the portfolio is NRSRO rated.

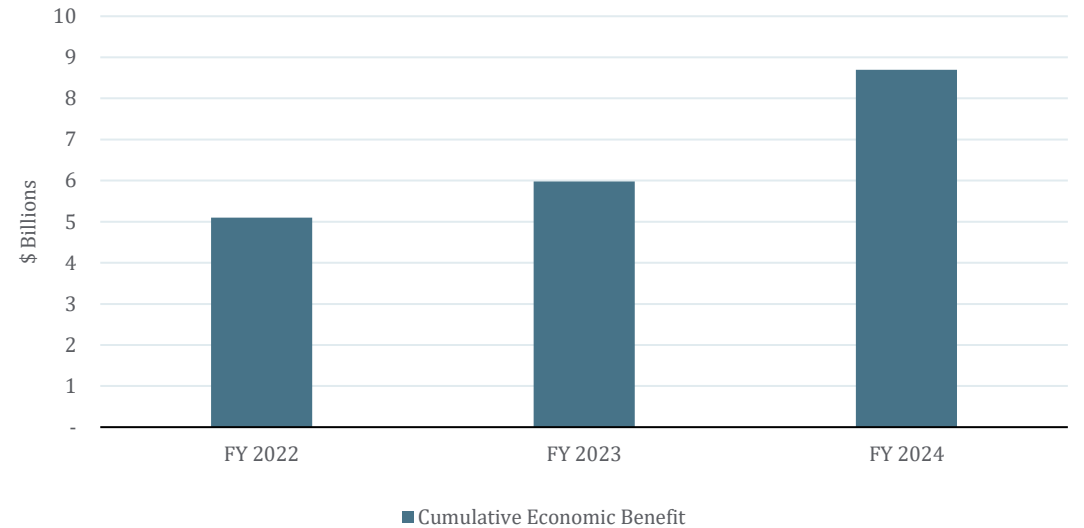


Nearly \$9 Billion of Additional Investment Performance Delivered Over Benchmark Over the Last Three Years

SBLH Fixed Income Portfolio Returns vs Benchmark ⁽¹⁾⁽²⁾⁽³⁾



Fixed Income Portfolio Economic Value Creation ⁽⁴⁾⁽⁵⁾



Commentary

- The total return on our fixed income portfolio in Q4 2024 was + 1.54% vs. the BBG IG Corporate Bond Index of -3.04%
- For the full year 2024, our fixed income portfolio returned positive 9.74% vs. the BBG IG Corp Bond Index of +2.13%
- The 3-year cumulative return on our fixed income portfolio for the period ending December 31, 2024 is 22.62% vs. the BBG IG Corp Bond index cumulative return over this same time period of negative 6.64% for a difference of 29.26%

(1) Benchmark defined as the Total Return of the Bloomberg US Corporate Bond Index.

(2) Fixed Income Total Return excludes Separate Account assets, Policy Loans and assets in SBLIC's and FSBL's funds withheld and held account.

(3) Cumulative Return calculated as geometric return of each fiscal year.

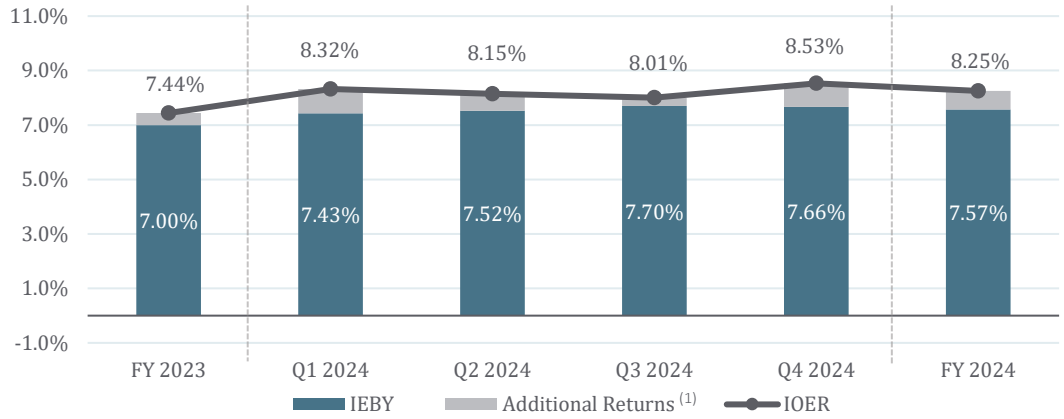
(4) Cumulative Economic Benefit calculated as the aggregate of each given year's non-cumulative SB Difference times Avg AUM.

(5) Avg AUM calculated as simple average of the twelve-month Market Value plus Accrued for each given year.

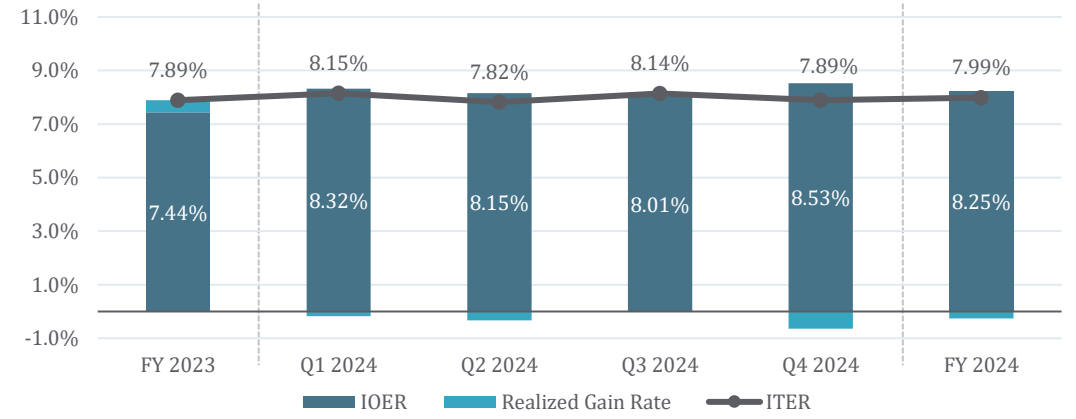


Earned Rates Benefited From Strong Performance of Alternatives, and Our Fixed Income Total Returns Remained Robust

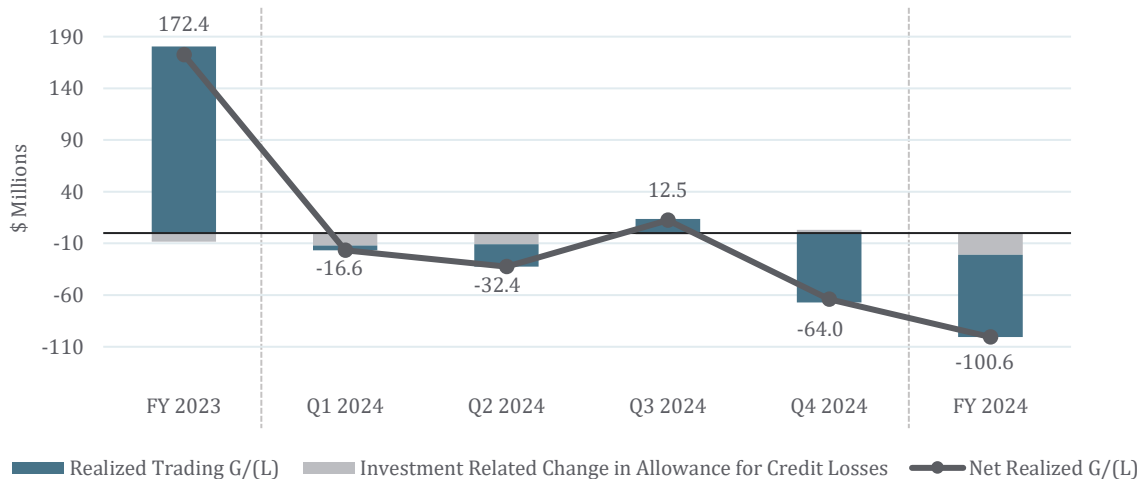
Investment Operating Earned Rate



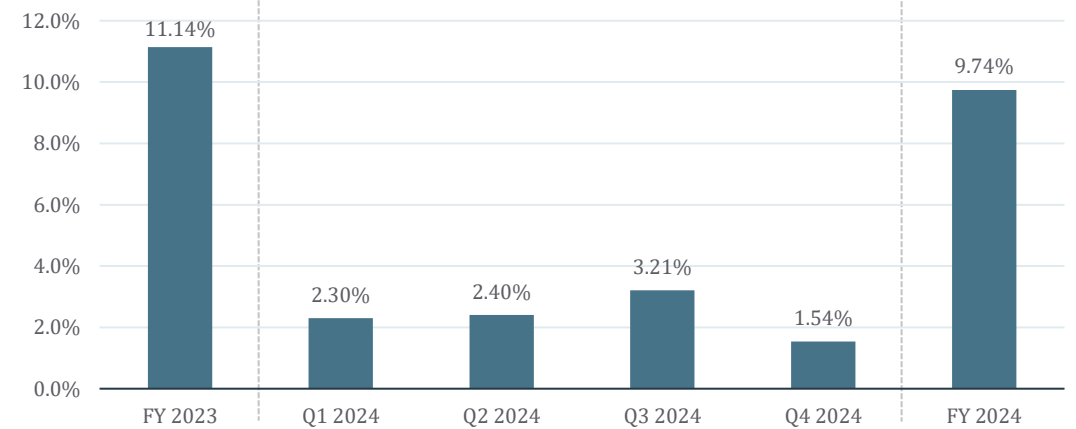
Investment Total Earned Rate



Net Realized Gain (Loss)



Fixed Income Total Return (2)

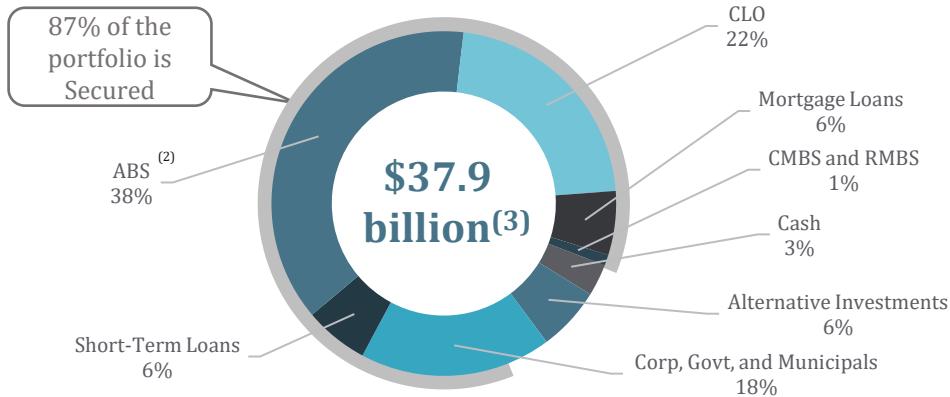


(1) Additional Returns primarily include returns on alternative investments and prepayment fees.

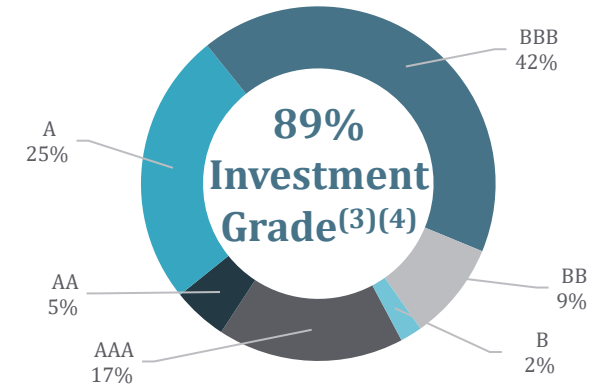
(2) Fixed Income Total Return excludes Separate Account assets, Policy Loans and assets in SBLIC's and FSBL's funds withheld and held account.

Our Asset Allocation Continues to be Secured, Diversified and Balanced

Asset Allocation ⁽¹⁾
12/31/2024



NRSRO Distribution of Rated Investments of \$16.4 billion
12/31/2024



Asset Allocation Over Time ⁽¹⁾

Asset Type	YE '21	YE '22	YE '23	Q1 '24	Q2 '24	Q3 '24	Q4 '24
ABS ⁽²⁾	30%	34%	37%	37%	37%	38%	38%
CLO	32%	32%	31%	30%	26%	24%	22%
Corp, Govt, and Municipals	19%	19%	20%	18%	18%	19%	18%
Short-Term Loans	10%	7%	3%	4%	8%	6%	6%
Mortgage Loans	2%	1%	1%	4%	5%	6%	6%
Alternative Investments	7%	6%	5%	5%	4%	4%	6%
Cash	0%	1%	2%	1%	1%	2%	3%
CMBS and RMBS	0%	0%	1%	1%	1%	1%	1%

Commentary

- Our exposure to CLOs declined in Q4 2024 relative to Q3 2024 primarily due to heightened call activity
- Our exposure to Short-Term Loans remained steady in Q4 2024 relative to Q3 2024, as securitization activity was offset by new asset origination
- Our Below Investment Grade Investments decreased from \$2.5 billion in Q3 2024 (6.6% of Invested Assets) to \$1.9 billion in Q4 2024 (4.9% of Invested Assets) principally driven by reductions to our Below Investment Grade CLO portfolio

(1) See the accompanying Notice to Investors under "Categories of Investments" for a description of certain investments and how they are reflected in various presentations.

(2) ABS includes all Asset-Backed Securities and Collateral Loans.

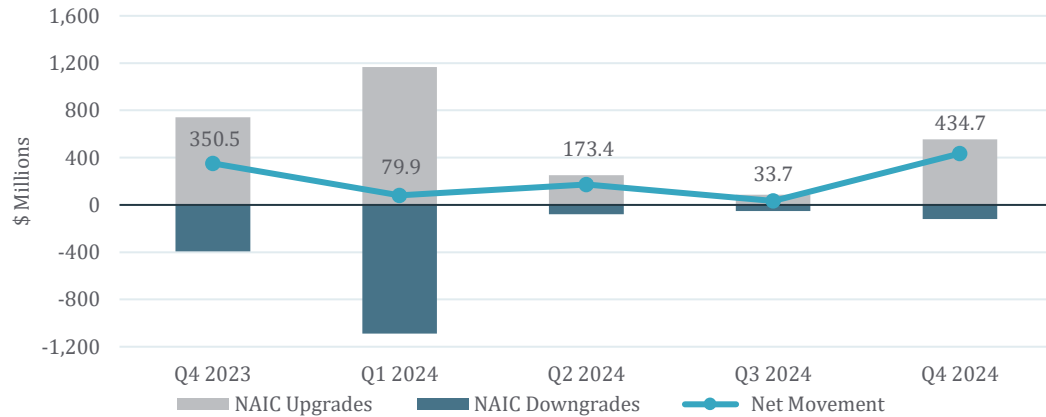
(3) Excludes Derivatives, Separate Account assets, Policy Loans and assets in SBLIC's and FSBL's funds withheld and held account in connection with liabilities it has ceded under reinsurance agreements. Cash is related only to investment accounts, shown on a statutory basis. Allocations reflect "Invested Assets (Management View)" in the appendix of this document.

(4) NRSRO Rating is based on the lowest S&P equivalent when two ratings are present and on the second lowest rating when three or more ratings are present. This is consistent with the NAIC Purposes and Procedures Manual of the NAIC Investment Analysis Office.

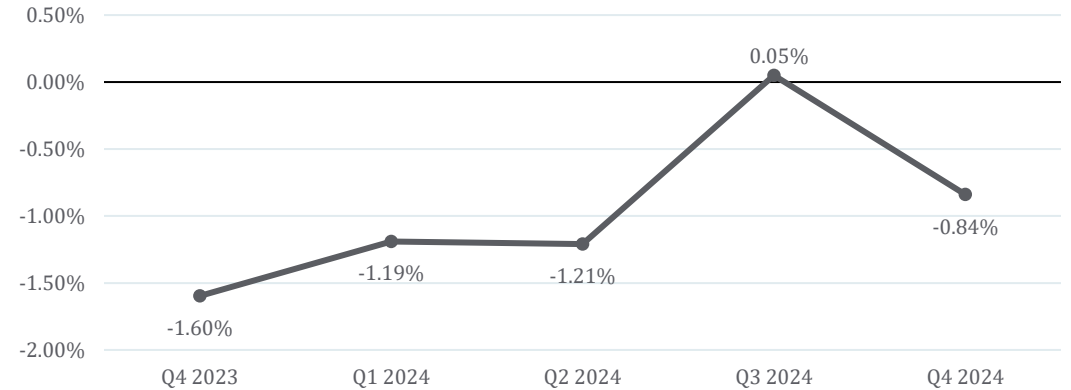


Asset Quality Maintained a Position of Strength as Upgrades Continue, and Our Portfolio Is in a Modest Unrealized Loss Position

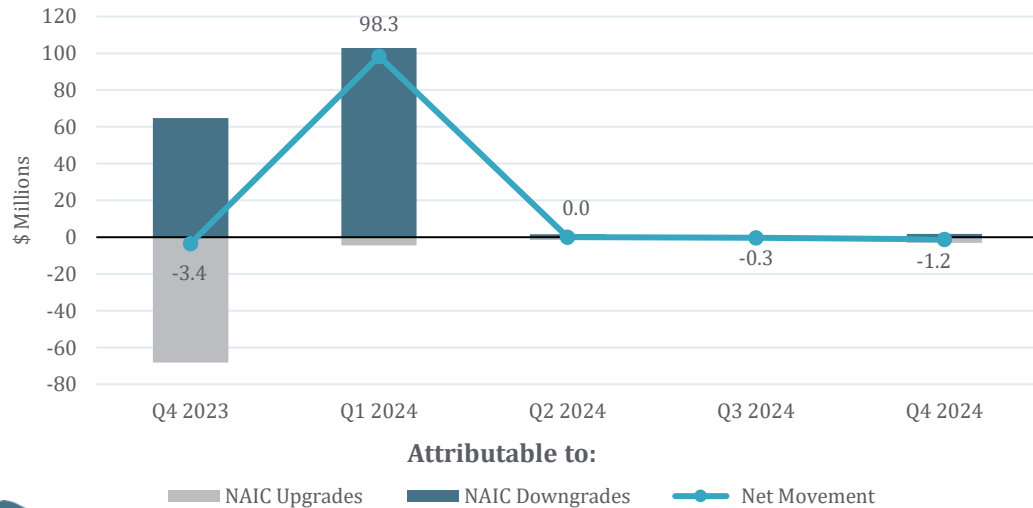
Net NAIC Upgrade (Downgrade) Activity⁽¹⁾



Unrealized Gain (Loss) Over Time⁽²⁾



Net Change in Required Regulatory Capital⁽³⁾



Commentary

- Positive rating migration activity occurred in Q4 2024 driven by net upgrades in our CLO and Corporate portfolios
- There was a \$1.2 million decrease in required regulatory capital as a result of positive net rating migration during Q4 2024

(1) Based on quarterly statutory assets and carry value for investments with NAIC upgrades or downgrades each month. Net Movement represents the net difference of the statutory carry value of upgraded and downgraded assets based on the twenty NAIC rating Categories.

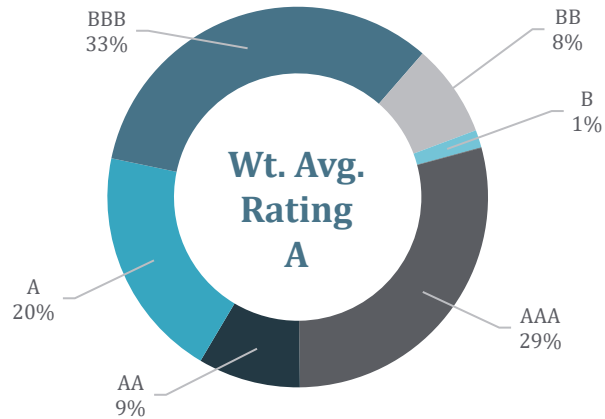
(2) GAAP Net Unrealized Gain/(Loss) on fixed maturities AFS investments as a percentage of SBLH Total GAAP Book Value of fixed maturity AFS investments.

(3) Migration impact based on quarterly change in estimated required regulatory capital @ 100% for each month. Capital charges represent the after-tax, pre-covariance base NAIC capital charges; calculated as the change in capital charges resulting from NAIC upgrades and downgrades month-over-month. Net Movement represents the net increase/decrease in capital charges as a result of upgraded and downgraded assets. The regulatory required capital impact is calculated based on the twenty NAIC rating categories.

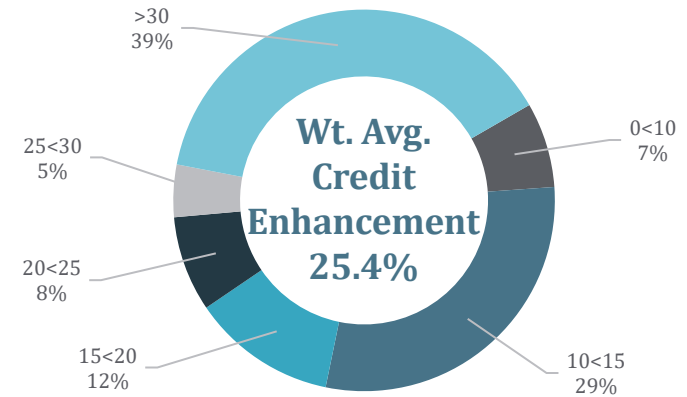


CLO Rating Upgrades Continue While BIG CLO Exposure Decreased 57% in 2024 vs. 2023

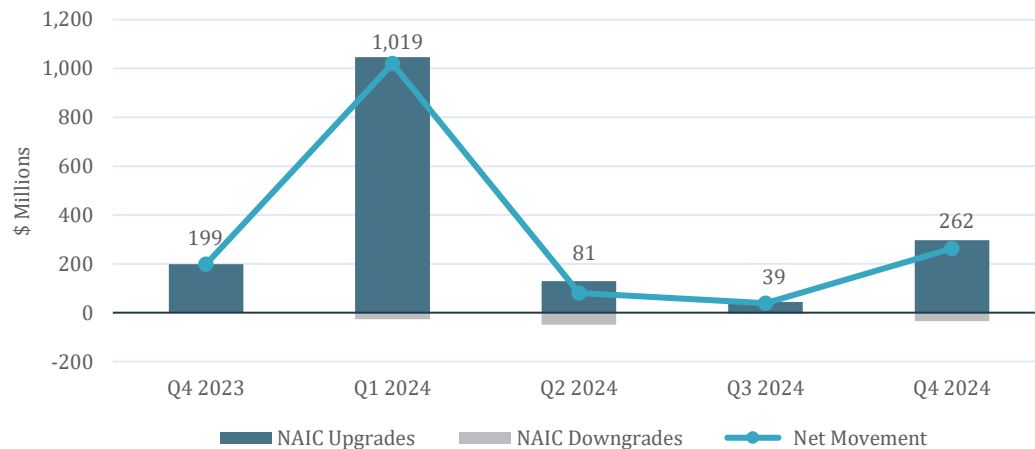
Rated CLO Credit Quality Distribution ⁽¹⁾⁽²⁾



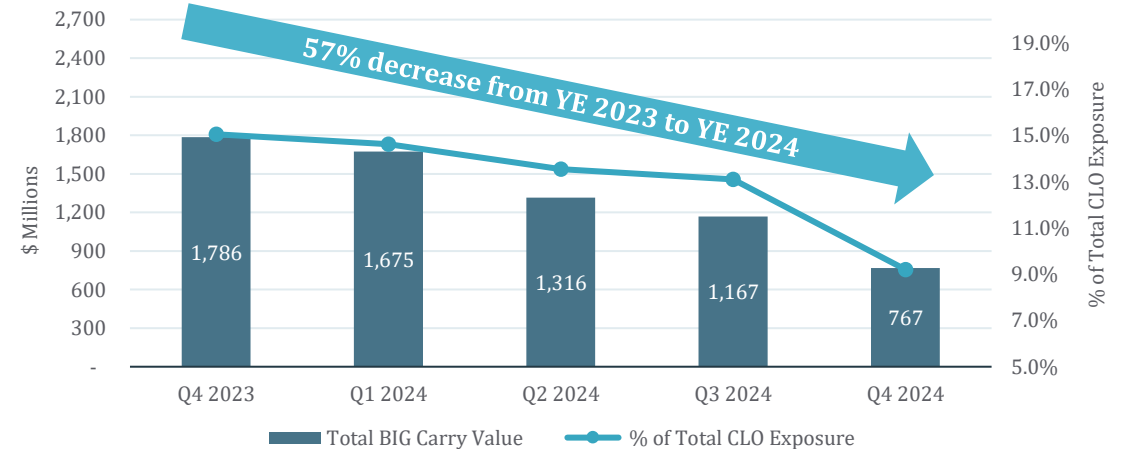
Credit Enhancement ⁽²⁾



Net NAIC Upgrade (Downgrade) Activity ⁽³⁾



Below Investment Grade CLO Allocation ⁽²⁾



(1) NRSRO Rating is based on the lowest S&P equivalent when two ratings are present and on the second lowest rating when three or more ratings are present. This is consistent with the NAIC Purposes and Procedures Manual of the NAIC Investment Analysis Office.

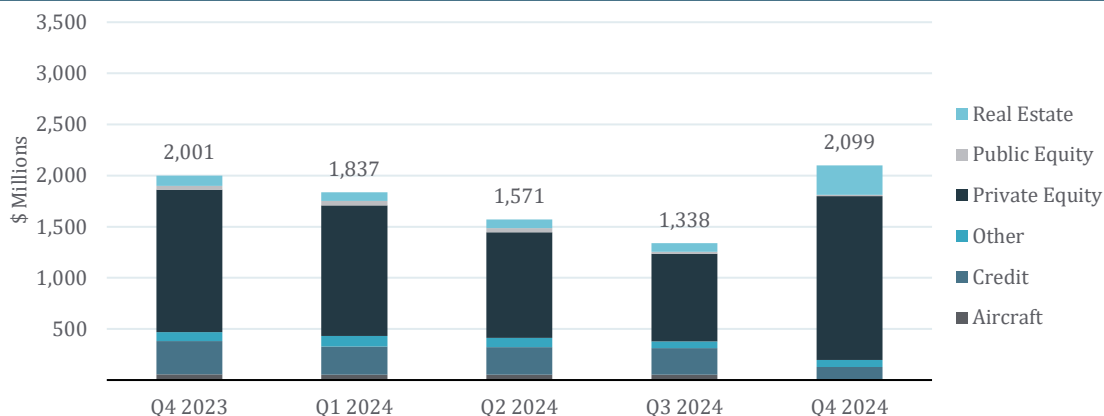
(2) Based upon statutory assets and carry value.

(3) Based on quarterly statutory assets and carry value for investments with NAIC upgrades or downgrades each month. Net Movement represents the net difference of the statutory carry value of upgraded and downgraded assets based on the twenty NAIC rating Categories.



Alternative Returns Were Exceptional, Powered by Private Equity, Credit, and Aircraft

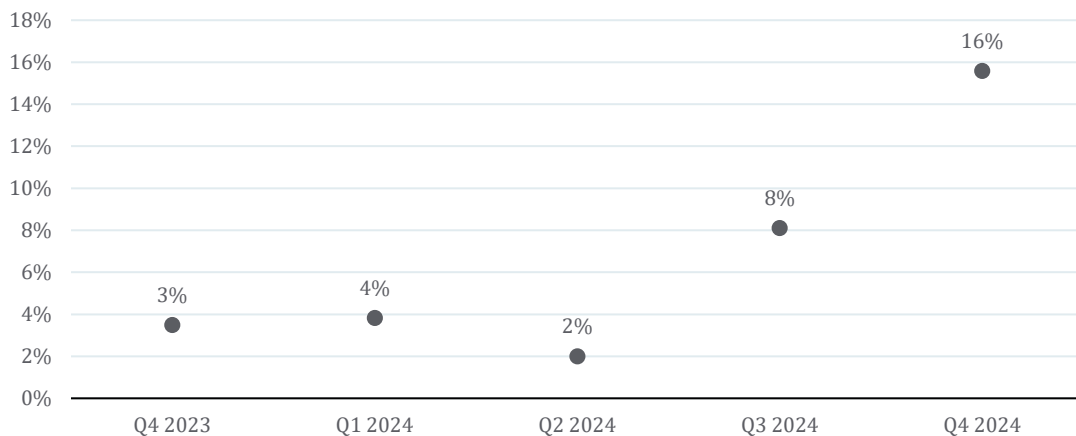
Alternative Investments Over Time ⁽¹⁾



Alternatives Quarterly Changes Over Time

(in millions)	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Q4 '24
Change in Invested Capital ⁽²⁾	(\$833)	(\$171)	(\$267)	(\$217)	\$761
Change in Carrying Value ⁽³⁾	(\$29)	\$7	\$1	(\$16)	(\$0)
Total	(\$862)	(\$164)	(\$266)	(\$233)	\$761

Alternatives Quarterly Returns on Invested Capital ⁽⁴⁾⁽⁵⁾



Commentary

- During Q4 2024, the statutory invested capital allocated to the Alternative Investment Portfolio increased by \$761 million primarily driven by:
 - Re-classifications of \$174 million –
 - \$174 million Kennedy-Wilson Holdings Inc. convertible preferred stock
 - Net Purchases of \$662 million including –
 - \$167 million Fanatics Holdings, Inc. common stock,
 - \$116 million Harry's Inc preferred stock,
 - \$85 million Stone Canyon Industries Holdings LLC,
 - \$79 million of Mauser Packaging Solutions preferred stock
 - Monetizations of \$31 million –
 - \$21 million I-SAIL, resulting in a net IRR of 7%, net MOIC of 1.72x
 - \$10 million Sportradar, Inc (SRAD), resulting in a net IRR of -23% and a net MOIC of 0.45x
- In Q4 2024, the Alternatives portfolio delivered an annualized GAAP quarterly return of 16% primarily driven by:
 - Net gains of \$39 million in Private Equity
 - Net gains of \$9 million in Credit
 - Net gains of \$9 million in Aircraft

(1) Represents alternative investments as defined by Management. Based on statutory carrying value. See the accompanying Notice to Investors under "Categories of Investments" for a description of certain investments and how they are reflected in various presentations.

(2) Change in Invested Capital represents purchases and contributions net of sales and redemptions on previous purchases or contributions.

(3) Change in Carrying Value represents 1) market value changes of directly held investments plus/(minus) 2) decreases/(increases) in value of investments relative to carrying value upon sale or distribution.

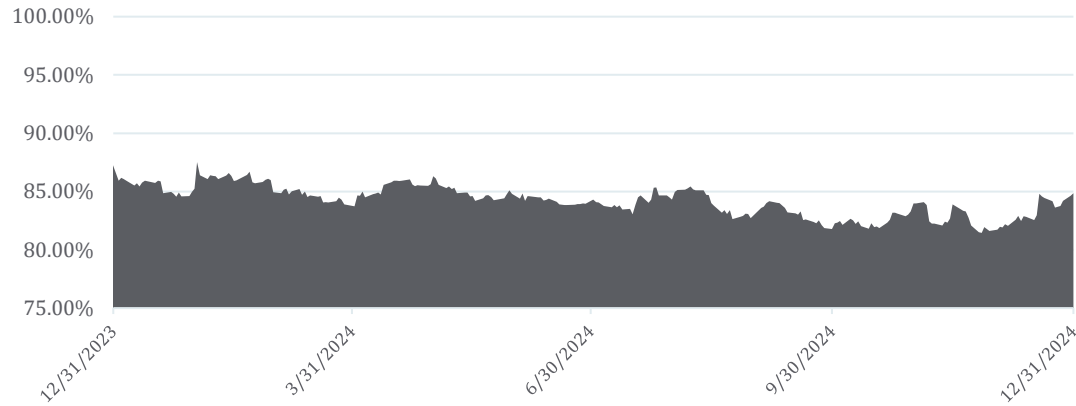
(4) Annualized quarterly returns calculated as change in market value, plus realized gains/losses recognized on sales, plus coupon and amortization/accretion income, divided by average invested capital for the period.

(5) Based on GAAP values and includes GAAP assets of certain SBLIC wholly owned subsidiaries.

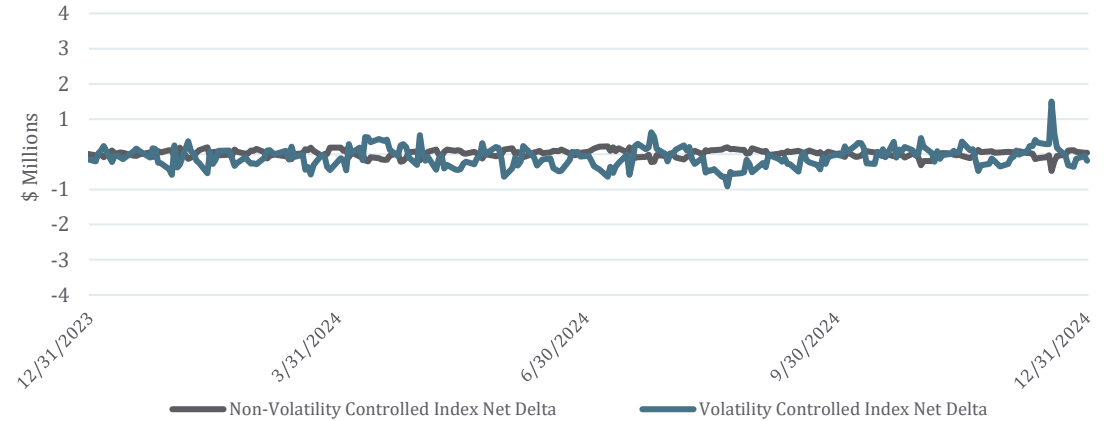


Our Indexed Hedging Strategy Continues to Be Effective and Profitable

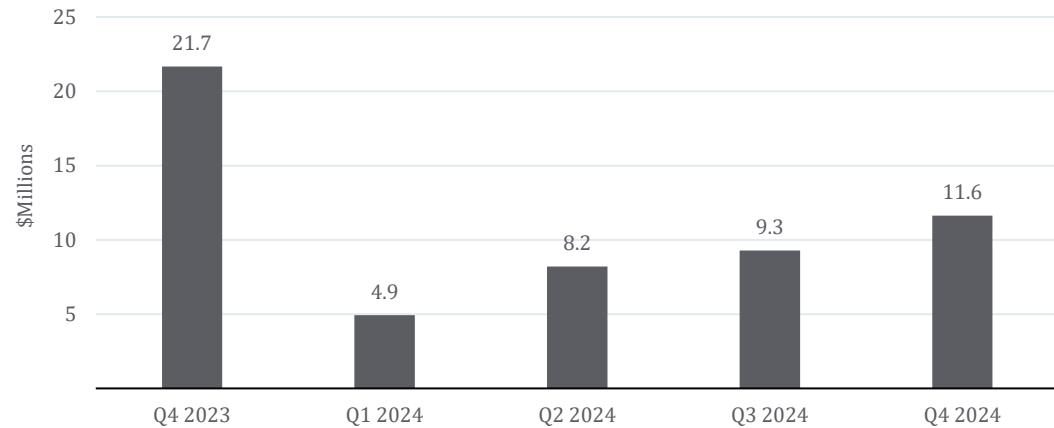
Static Hedging Ratio ⁽¹⁾



Net Delta by Index Type ⁽²⁾



Cumulative Economic Profit & Loss – YTD ⁽³⁾



Commentary

- Our index hedging strategy demonstrated versatility in 2023 and continues to generate economic profit in 2024, accumulated to \$11.6 million as of December 31, 2024
- Majority of the Net Delta risk is concentrated in Volatility Controlled Indices which de-lever when volatility increases limiting further large index movements
- We continue to reduce hedging costs on volatility-controlled indices by replicating liability option delta using Total Return Swaps & Futures which enables us to harvest the embedded Theta and Volatility premiums and generate low-risk consistent profit



⁽¹⁾ Static Hedging Ratio = Asset Option Delta/Liability Option Delta

⁽²⁾ Volatility Controlled Indices are actively managed to limit the extreme highs and lows of index movements to help stabilize index returns and realize target volatility. These indices limit the overall amount of risk in volatile and unpredictable market.

⁽³⁾ Year To Date through December 31st, 2024. Represents a) the savings from hedging FIA Liabilities at a lower cost relative to the cost of 100% static option replication and b) gains from tactical risk positioning.

Security Benefit Is Well Positioned to Capitalize on its Sustainable Advantage

Real Value

We deliver safety and security through our diversified set of products and services

Market Volatility

Retirement investors continue to seek safe investments and diversification away from traditional stocks, bonds and funds



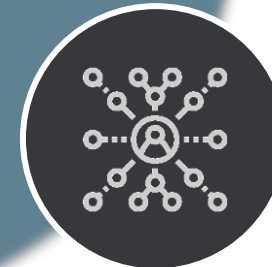
Differentiated Investment Strategy

Superior investment management and mix of investments have generated strong returns in challenging environments, including IOER of **8.25%** in FY2024



Strong Operating Results

Gross retail sales of **\$7.2bn** in FY2024 and record operating income of **\$1.2bn** in FY2024



Distribution Model

Deep relationships with a multi-channel distribution system generating strong demand for our products

Solid Financial Position

SBLIC RBC ratio of **408%** at 12/31/24 and operating leverage of **6.0x** at 12/31/24



Appendix

SBLIC’s Commitment to Investment Grade Ratings



A-

Strong | Stable Outlook

“We revised our outlook to stable from negative based on the company's demonstration of increased capital buffers... This is a result of a combination of **management actions such as the de-risking of certain assets**; a sizeable capital infusion from its parent; execution of reinsurance transactions with SkyRidge Re Ltd., an unaffiliated reinsurer; and **strong organic earnings generation.**”

February 2024⁽¹⁾



A-

Strong | Stable Outlook

“The affirmation indicates Fitch’s view of the company’s **very strong financial performance** and **investment returns, strong capital position**, and moderate company profile...In 2023, SBLH continued to report **strong and consistent earnings** due to higher interest rates and the company’s **active management of cost of funds**. SBLH’s investment strategy continued to provide **superior investment income and favorable spreads** on new business.”

August 2024



A-

Excellent | Stable Outlook

“Security Benefit’s **operating performance** has shown **favorable improvements in premiums and consistency in earnings** in recent periods. Management has **strategically managed** the level of new business in order to maintain a **sufficient amount of capital and surplus**. Security Benefit’s **investment yields** have **continuously outperformed** the industry, benefiting from the performance of its floating rate assets and alternative investments”

January 2025



A

Good | Stable Trend

“The Company’s **investment portfolio** has delivered **strong fixed income returns amid resilient credit conditions**—a key factor in its good financial performance. Security Benefit maintains **adequate liquidity and a substantial capital buffer above regulatory target levels**. Morningstar DBRS expects the Company to continue to generate good spreads over the credited rates on its annuity liabilities, contributing to earnings and capital generation.”

September 2024



(1) Since S&P’s last research update published in February 2024, S&P again affirmed the Company’s ratings on September 25, 2024.

Invested Assets (Management View)

Unaudited (in millions, except percentages)		December 31, 2023		December 31, 2024	
Asset Classification	Invested Asset Total ⁽¹⁾	Percent of Total	Invested Asset Total ⁽¹⁾	Percent of Total	
ABS ⁽²⁾	\$13,857	36.6%	\$14,541	38.3%	
CLO	11,869	31.3%	8,334	22.0%	
CMBS	48	0.1%	42	0.1%	
RMBS	391	1.0%	459	1.2%	
Securitized Investments	<u>\$26,165</u>	<u>69.0%</u>	<u>\$23,376</u>	<u>61.6%</u>	
Corporate	7,430	19.6%	6,720	17.8%	
Municipals	16	0.0%	14	0.0%	
US Govt and Agency	106	0.3%	56	0.1%	
Corporate & Government	<u>\$7,552</u>	<u>19.9%</u>	<u>\$6,790</u>	<u>17.9%</u>	
Commercial Mortgage Loans	442	1.2%	2,410	6.4%	
Residential Mortgage Loans	4	0.0%	4	0.0%	
Mortgage Loans	<u>\$446</u>	<u>1.2%</u>	<u>\$2,414</u>	<u>6.4%</u>	
Aircraft	54	0.1%	0	0.0%	
Credit	353	1.0%	126	0.3%	
Private Equity	1,369	3.6%	1,603	4.2%	
Public Equity	40	0.1%	12	0.0%	
Real Estate	100	0.3%	288	0.8%	
Other	85	0.2%	70	0.2%	
Alternative Investments	<u>\$2,001</u>	<u>5.3%</u>	<u>\$2,099</u>	<u>5.5%</u>	
Cash	685	1.8%	1,072	2.8%	
Short Term Loans	1,076	2.8%	2,171	5.8%	
Cash and Cash Equivalents	<u>\$1,761</u>	<u>4.6%</u>	<u>\$3,243</u>	<u>8.6%</u>	
Total Invested Assets	<u>\$37,925</u>	<u>100.0%</u>	<u>\$37,922</u>	<u>100.0%</u>	

(1) Invested Assets reflect "Invested Assets (Management View)".

(2) ABS includes all asset-backed securities and Collateral Loans.



Credit Quality of Invested Assets (Management View)

Unaudited (in millions, except percentages)	December 31, 2023		December 31, 2024			December 31, 2023		December 31, 2024	
	Invested Asset Total	Percent of Total	Invested Asset Total	Percent of Total		Invested Asset Total	Percent of Total	Invested Asset Total	Percent of Total
NAIC Designation					NRSRO Designation Equivalent				
1	\$10,601	47.9%	\$7,527	42.7%	AAA/AA/A	\$10,527	47.6%	\$7,715	43.8%
2	8,466	38.3%	7,678	43.6%	BBB	8,013	36.2%	6,839	38.8%
					Non-rated ⁽³⁾	522	2.4%	1,146	6.5%
Total Investment Grade	\$19,067	86.2%	\$15,205	86.3%	Total Investment Grade	\$19,062	86.2%	\$15,700	89.1%
3	2,358	10.6%	1,560	8.9%	BB	2,355	10.6%	1,520	8.7%
4	657	3.0%	834	4.7%	B	659	3.0%	334	1.9%
5	36	0.2%	12	0.1%	CCC	27	0.1%	7	0.0%
6	4	0.0%	3	0.0%	CC and lower	3	0.0%	0	0.0%
					Non-rated ⁽³⁾	16	0.1%	53	0.3%
Total Below Investment Grade	\$3,055	13.8%	\$2,409	13.7%	Total Below Investment Grade	\$3,060	13.8%	\$1,914	10.9%
Total NAIC Designated Assets ⁽¹⁾⁽²⁾	\$22,122	100.0%	\$17,614	100.0%	Total NRSRO Designated Assets ⁽²⁾⁽⁴⁾	\$22,122	100.0%	\$17,614	100.0%
Assets without NAIC designation					Assets without NRSRO designation				
Commercial Mortgage Loans					Commercial Mortgage Loans				
CM1	22	4.9%	18	0.7%	CM1	22	4.9%	18	0.7%
CM2	80	18.1%	155	6.4%	CM2	80	18.1%	155	6.4%
CM3	271	61.5%	305	12.7%	CM3	271	61.5%	305	12.7%
CM4	69	15.5%	1,932	80.2%	CM4	69	15.5%	1,932	80.2%
CM5	-	0.0%	0	0.0%	CM5	-	0.0%	-	0.0%
CM6	-	0.0%	-	0.0%	CM6	-	0.0%	-	0.0%
Total CMLs	\$442	100.0%	\$2,410	100.0%	Total CMLs	\$442	100.0%	\$2,410	100.0%
Residential Mortgage Loans					Residential Mortgage Loans				
In good standing	4	100.0%	4	100.0%	In good standing	4	100.0%	4	100.0%
90 days late	-	0.0%	-	0.0%	90 days late	-	0.0%	-	0.0%
In foreclosure	-	0.0%	-	0.0%	In foreclosure	-	0.0%	-	0.0%
Total RMLs	\$4	100.0%	\$4	100.0%	Total RMLs	\$4	100.0%	\$4	100.0%
Alternative Investments					Alternative Investments				
Aircraft	54		0		Aircraft	54		0	
Credit	353		126		Credit	353		126	
Private Equity	1,369		1,603		Private Equity	1,369		1,603	
Public Equity	40		12		Public Equity	40		12	
Real Estate	100		288		Real Estate	100		288	
Other	85		70		Other	85		70	
Total Alternative Investments	\$2,001		\$2,099		Total Alternative Investments	\$2,001		\$2,099	
Cash	685		1,072		Cash	685		1,072	
Collateral Loans	11,595		12,552		Collateral Loans	11,595		12,552	
Short Term Loans	1,076		2,171		Short Term Loans	1,076		2,171	
Total Invested Assets	\$37,925		\$37,925		Total Invested Assets	\$37,925		\$37,925	

(1) Beginning with the 2021 NAIC Risk-Based Capital Reports filing, the NAIC added alphabetical modifiers (e.g. NAIC 1.A, 1.B, 1.C) to the previous designations (NAIC 1-6), which resulted in twenty rating designation categories. This credit quality analysis is calculated based on the six rating designations. (2) NAIC and NRSRO designations include ABS, CLO, RMBS, CMBS, Corporate, Municipals, US Govt & Agency, Preferred Stock.

(3) Securities denoted as non-rated by the NRSRO were classified as investment or non-investment grade according to each security's NAIC designation.

(4) NRSRO Rating is based on the lowest S&P equivalent when two ratings are present and on the second lowest rating when three or more ratings are present. This is consistent with the NAIC Purposes and Procedures Manual of the NAIC Investment Analysis Office. Ratings distribution is based upon statutory assets and carrying value.



Invested Assets – Corporate by Sector (Management View)

Sector	December 31, 2023		December 31, 2024	
	Invested Asset Total ⁽¹⁾	Percent of Total	Invested Asset Total ⁽¹⁾	Percent of Total
Media & Entertainment	\$1,123	15.1%	\$892	13.3%
Telecommunication Services	79	1.1%	0	0.0%
Communication Services	\$1,202	16.2%	\$892	13.3%
Consumer Discretionary Distribution & Retail	69	0.9%	62	0.9%
Consumer Services	11	0.1%	1	0.0%
Consumer Discretionary	\$80	1.0%	\$63	0.9%
Food, Beverage & Tobacco	32	0.4%	16	0.2%
Consumer Staples Distribution & Retail	5	0.1%	2	0.0%
Consumer Staples	\$37	0.5%	\$18	0.2%
Energy	56	0.8%	99	1.5%
Energy	\$56	0.8%	\$99	1.5%
Financial Services	1,173	15.8%	1,983	29.6%
Insurance	470	6.3%	244	3.6%
Banks	136	1.8%	135	2.0%
Financials	\$1,779	23.9%	\$2,362	35.2%
Health Care Equipment & Services	2	0.0%	1	0.0%
Health Care	\$2	0.0%	\$1	0.0%
Commercial & Professional Services	53	0.7%	9	0.1%
Transportation	11	0.2%	44	0.7%
Capital Goods	2	0.0%	2	0.0%
Industrials	\$66	0.9%	\$55	0.8%
Semiconductors & Semiconductor Equipment	10	0.1%	107	1.6%
Software & Services	4	0.1%	4	0.1%
Information Technology	\$14	0.2%	\$111	1.7%
Materials	1	0.0%	1	0.0%
Materials	\$1	0.0%	\$1	0.0%
Real Estate Management & Development	2,856	38.5%	2,860	42.6%
Equity Real Estate Investment Trusts (REITs)	1,257	16.9%	110	1.6%
Real Estate	\$4,113	55.4%	\$2,970	44.2%
Utilities	80	1.1%	148	2.2%
Utilities	\$80	1.1%	\$148	2.2%
Total Corporate Invested Assets	\$7,430	100.0%	\$6,720	100.0%

(1) Invested Assets reflect "Invested Assets (Management View)".



Alternative Investments Portfolio

Unaudited (in millions)

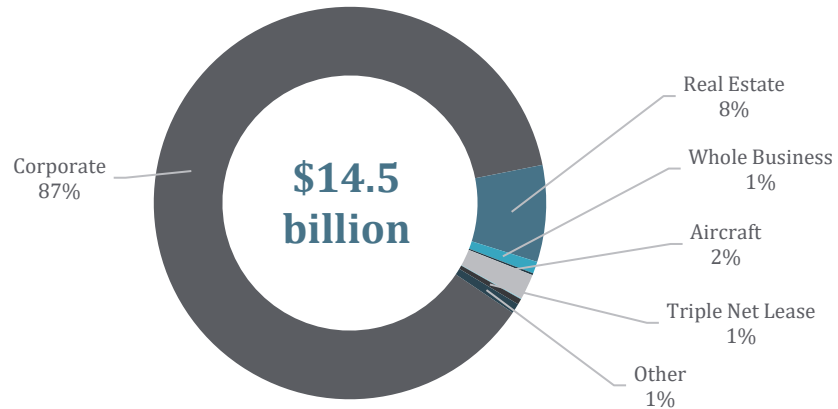
Investments	Statutory Carry Value
Credit	
SILVER POINT SELECT OVERFLOW FUND, L.P. (THAMES WATER)	38.8
TCW DIRECT LENDING STRUCTURED SOLUTIONS 2022, LLC	20.9
MARANON MEZZANINE FUND III-B, L.P.	15.4
CARLYLE DIRECT LENDING DRAWDOWN CLO 2022-1 PARTNERSHIP	10.5
CONFLUENCE TECHNOLOGIES INC	8.6
MARANON MEZZANINE FUND II LP	6.9
TCW DIRECT LENDING STRATEGIC VENTURES LLC	6.8
NTHRIVE, INC	6.4
EXCELITAS TECHNOLOGIES CORP	5.6
CARLYLE CREDIT OPPORTUNITIES FUND (PARALLEL) II NOTE ISSUER,	5.4
OTHER	0.9
Total Credit	\$126.2
Private Equity	
BIG SPRINGS, LLC (EPIC AERO, INC)	200.4
FHI INVESTOR, LLC (FANATICS HOLDINGS INC)	169.5
RED VENTURES (INCLUDES DIRECT HOLDINGS AND ICONIQ STRATEGIC PARTNERS III CO-INVEST, LP)	164.4
SPECTACLE BIDCO INC (CIRQUE DU SOLEIL)	150.7
STORY3 HI, L.P. (HARRY'S INC)	116.9
STONE CANYON INDUSTRIES HOLDINGS, LLC	110.0
ICONIQ STRATEGIC PARTNERS V, LLC	98.8
MAUSER PACKAGING SOLUTIONS	79.4
COVIA CORPORATION	69.8
BLUE OWL GP STAKES V, LP	67.6
HSCM BERMUDA FUND II LTD.	50.0
BILT TECHNOLOGIES, INC.	50.0
ICONIQ STRATEGIC PARTNERS V CO-INVEST, L.P. (EPIC SYSTEMS)	37.3
NEW ENTERPRISE ASSOCIATES (BLUE OWL GP STAKES V (A/B) LP)	30.7
INVESTCORP HIGHWAY ACQUISITION PARTNERSHIP, L.P. (CENTRE LANE PARTNERS)	28.0
AUSENCO PTY LTD	27.9
ICONIQ STRATEGIC PARTNERS IV CO-INVEST, L.P. (TRUCKSTOP)	25.3
STORY3 CR, L.P. (COCO REPUBLIC)	24.1
ACCELERANT HOLDINGS	22.5
STORY3 CONSUMER OPPORTUNITIES FUND II, LP	21.5
STORY3 RENEW, L.P.	18.4
PORTAG3 VENTURES II INTERNATIONAL (FI) LP	11.9
OTHER	27.5
Total Private Equity	\$1,602.6

Investments	Statutory Carry Value
Public Equity	
STORY3 FIGS, L.P. (FIGS)	11.3
OTHER	0.9
Total Public Equity	\$12.2
Real Estate	
KENNEDY-WILSON HOLDINGS INC	173.9
NATIONAL REALTY TRUST INC.	25.5
SBL HOME OFFICE	24.5
DIGITAL BRIDGE ZEUS PARTNERS, LP	18.7
KRE HYOD JV LLC (HUDSON YARDS OBSERVATION DECK)	11.6
BLUE OWL DIGITAL INFRASTRUCTURE FUND II LP	11.3
AECOM CAPITAL REAL ESTATE FUND II-A	8.5
EC 17TH STREET HOLDINGS LLC	5.7
OTHER	8.4
Total Real Estate	\$288.1
Other	
SIXTH AVENUE REINSURANCE	52.4
SECURITY DISTRIBUTORS, LLC	16.5
OTHER	0.7
Total Other	\$69.6
Grand Total	\$2,098.7

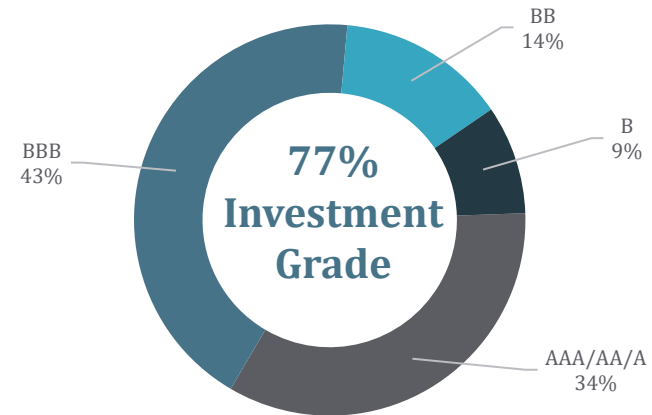


ABS Portfolio

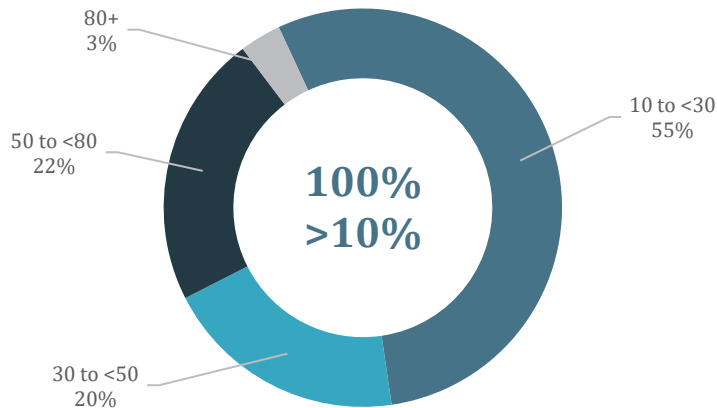
ABS Collateral Type ⁽¹⁾⁽²⁾



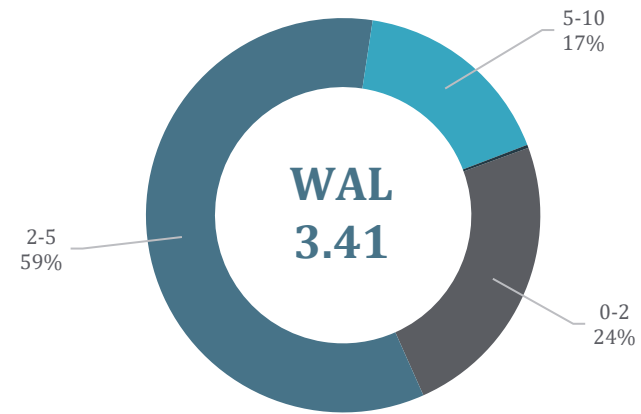
NRSRO Distribution of Rated ABS Investments of \$2.0 billion ⁽¹⁾⁽³⁾



Attachment Points ⁽¹⁾⁽⁴⁾



Weighted Average Life ⁽¹⁾



(1) Distribution based on statutory assets and carry value. Includes all asset-backed securities and Collateral Loans.

(2) Other includes Government, Boat, Data Center, Cell Tower, CDO, Structured Settlement, Student Loan.

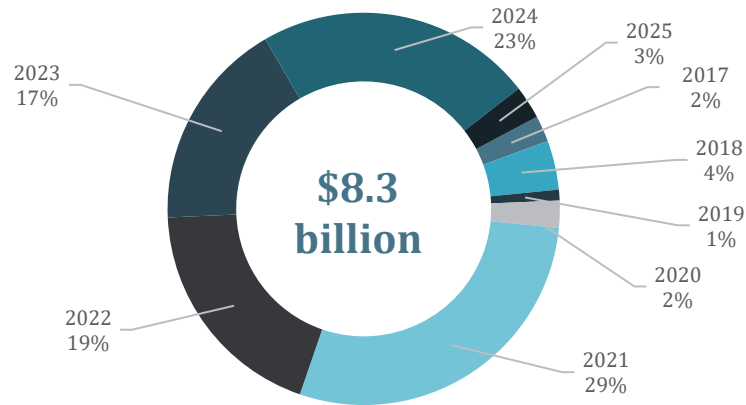
(3) NRSRO Rating is based on the lowest S&P equivalent when two ratings are present and on the second lowest rating when three or more ratings are present. This is consistent with the NAIC Purposes and Procedures Manual of the NAIC Investment Analysis Office.

(4) Attachment point is the level of subordination that a particular tranche has beneath it; the percentage of the collateral value that will absorb losses before the tranche is adversely affected. Distribution represents 99% of the ABS portfolio.

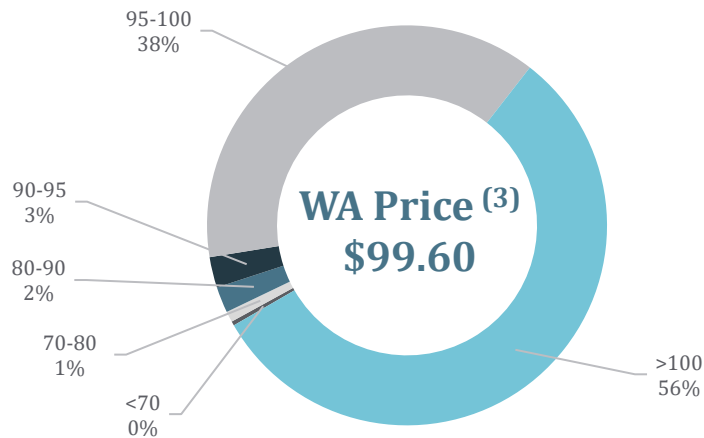


CLO Portfolio

Vintage Distribution (1)



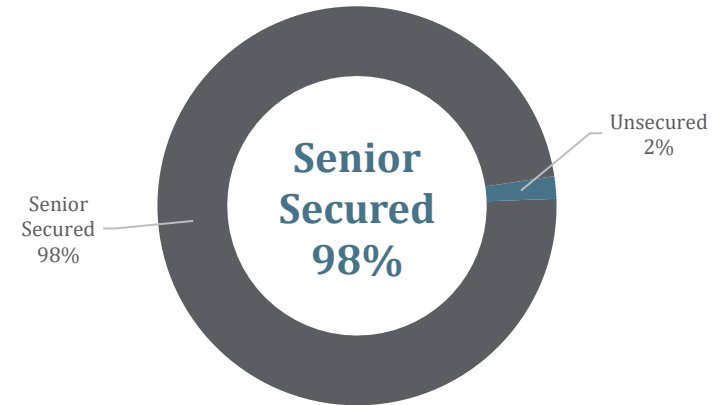
Price Distribution (1)



Top 20 Managers (1)(2)

Manager	% of CLO Portfolio	Manager	% of CLO Portfolio
Security Benefit	31.06%	Octagon Credit Investors	1.32%
Carlyle Investment Management	17.91%	ICG Debt Advisors	1.08%
Maranon Capital	13.37%	Ares Management	2.11%
Harvest Partners	2.32%	UBS Asset Management	1.66%
First Eagle Investment Management	1.59%	PGIM	0.63%
Guggenheim Partners Investment Management	2.09%	CIFC Asset Management	0.78%
Iron Point Partners, LLC	2.09%	Oak Hill Advisors	0.82%
BlackRock Financial Management	2.02%	Blackstone Credit	1.28%
KKR Financial Advisors	1.29%	Napier Park Global Capital	0.56%
CVC Credit Partners	0.84%	AXA Investment Managers	0.04%
Total			84.9%

Collateral Type Distribution (4)



(1) Distribution based on statutory assets and carry value.

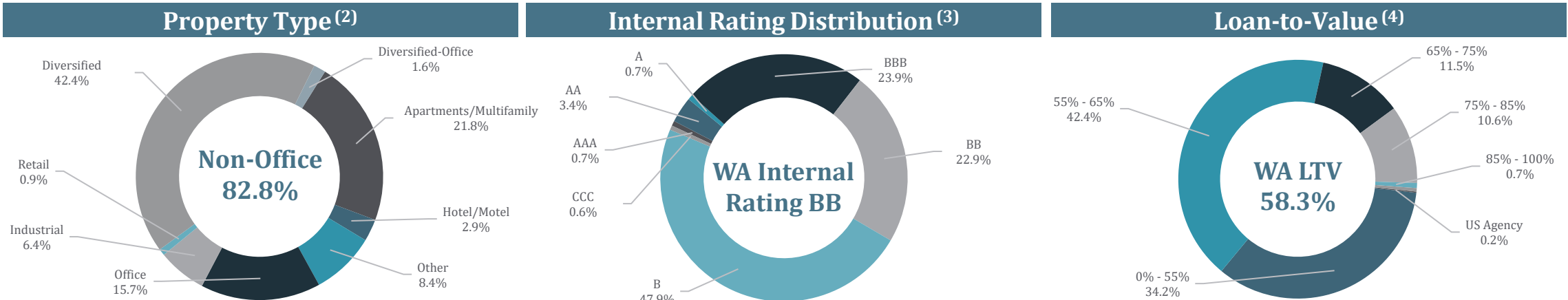
(2) Based on collateral manager for single manager CLO investments; for CLO Investments with more than one manager, the manager of the asset portfolio was computed on a common sized basis and multiplied by the statutory carry value of CLO liability owned by the Company.

(3) 57% of prices are sourced from vendor marks, 42% are sourced from internal model, remaining are sourced from broker.

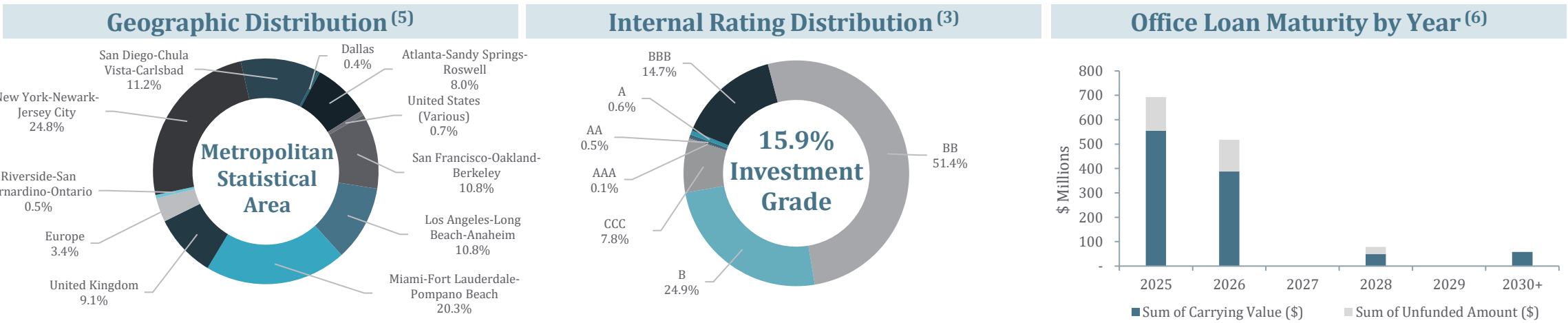
(4) Based on the aggregate underlying exposure to each obligor in the CLO investments.



Our CRE Debt Portfolio Is 100% Current With Zero Realized Losses ⁽¹⁾



Office CRE Exposure



(1) "CRE Debt Portfolio" includes the Company's real estate related investments, as defined in the Notice to Investors, except for real estate-related equities and alternative investments.

(2) Diversified-Office is the underlying office exposure found in CMBS and ABS collateral pools.

(3) Internal risk rating process is based off Moody's approach to rating large loan and single asset/single borrower CMBS. If internal risk rating is not calculated, NRSRO rating was utilized.

(4) The Loan-to-Value ratio is the statutory carry value of the loan expressed as a percentage of the underlying property

value. Property value for conduit/stabilized operating properties is determined by taking the most recently reported Net Operating Income over the current market cap rate based on comparable property sales. Property value for construction loans is equal to the total construction cost spent to-date on the property.

(5) Represented as a percentage of the STAT Carry value for office assets excluding CMBS and ABS (\$738.7 million).

(6) Reflects total SBLIC office commitment (\$1.355 billion), comprised of Corp, Govt and Municipals (\$890.3 million), Mortgage Loans (\$411.2 million), ABS (\$34.2 million), and CMBS (\$19.4 million).



Net Investment Spread Analysis

Unaudited (in millions, except percentages)	Quarterly Trends										As of or for the Twelve Months Ended December 31,			
	4Q '23		1Q '24		2Q '24		3Q '24		4Q '24		2023		2024	
Non-GAAP Measures Reconciliation														
Net Investment Income	\$ 723		\$ 821		\$ 823		\$ 789		\$ 824		\$ 2,836		\$ 3,257	
Investment Expenses	57		44		49		50		53		155		195	
Interest Expense on Operating Leverage ⁽¹⁾	(51)		(53)		(73)		(53)		(27)		(152)		(206)	
Other ⁽²⁾	-		-		-		-		-		1		-	
Adjusted Investment Income and Investment Operating Earned Rate ⁽⁴⁾	\$ 729	7.56%	\$ 812	8.32%	\$ 799	8.15%	\$ 787	8.01%	\$ 849	8.53%	\$ 2,840	7.44%	\$ 3,247	8.25%
Less Additional Returns	(29)	-0.30%	(87)	-0.89%	(61)	-0.63%	(32)	-0.31%	(87)	-0.87%	(169)	-0.44%	(267)	-0.68%
Adjusted Investment Income, Excluding Additional Returns and Investment Earned Book Yield	\$ 700	7.26%	\$ 725	7.43%	\$ 738	7.52%	\$ 755	7.70%	\$ 762	7.66%	\$ 2,671	7.00%	\$ 2,980	7.57%
Adjusted Investment Income	\$ 729		\$ 812		\$ 799		\$ 787		\$ 849		\$ 2,840		\$ 3,247	
Realized Gains/Losses	176		(17)		(32)		12		(64)		172		(101)	
Adjusted Investment Income, Including Realized Gains/Losses and Investment Total Earned Rate	\$ 905	9.38%	\$ 795	8.15%	\$ 767	7.82%	\$ 799	8.14%	\$ 785	7.89%	\$ 3,012	7.89%	\$ 3,146	7.99%
Average Spread Based AUM ⁽³⁾	38,589		39,026		39,233		39,261		39,834		38,168		39,367	
Average Spread Based AUM excluding Surplus Assets	31,488		31,454		31,323		31,061		31,610		31,488		31,425	
Interest Credited to Account Balances	\$ 112		\$ 107		\$ 108		\$ 116		\$ 113		\$ 395		\$ 443	
Pro Rata Amortization of Option Cost	94		96		106		113		123		354		437	
Cost of Crediting and Cost of Crediting Rate	\$ 206	2.62%	\$ 202	2.57%	\$ 214	2.73%	\$ 229	2.95%	\$ 235	2.97%	\$ 749	2.38%	\$ 881	2.80%
Investment Operating Earned Rate ⁽⁴⁾		7.56%		8.32%		8.15%		8.01%		8.53%		7.44%		8.25%
Cost of Crediting Rate		2.62%		2.57%		2.73%		2.95%		2.97%		2.38%		2.80%
Net Investment Spread		4.94%		5.75%		5.42%		5.06%		5.55%		5.06%		5.45%

Please refer to the Notes to the Investor Update section for discussion on Net Investment Spread, Investment Operating Earned Rate, Investment Earned Book Yield, Investment Total Earned Rate and Assets Under Management. (1) Interest expense on operating leverage includes interest expense on debt from consolidated VIE interest, repurchase agreements, and other miscellaneous interest expense. (2) Other includes changes in fair value of derivatives that are economically hedging certain investments. (3) For twelve-month periods, calculated by averaging total assets as of the end of each quarter in the trailing five-quarter period. Excludes funds withheld assets and assets held pursuant to the overcollateralization requirements under the reinsurance transaction with SkyRidge Re. (4) Calculated by dividing adjusted investment income by average spread based AUM.



Additional Financial Information

	As of or for the Twelve Months Ended December 31,		Δ Y/Y
	2023	2024	
Unaudited (in millions, except percentages)			
Operating Return on Average Equity (ex. AOCI)			
Total Stockholders' Equity	\$ 6,975	\$ 7,515	8%
Less: Accumulated Other Comprehensive Income (Loss) (AOCI)	238	129	n/m
Total Equity (ex. AOCI)	<u>\$ 7,213</u>	<u>\$ 7,644</u>	6%
Average Equity (ex. AOCI) ⁽¹⁾	<u>\$ 6,891</u>	<u>\$ 7,360</u>	7%
Operating Return on Average Equity (ex. AOCI) ⁽²⁾	13.0%	13.0%	n/m
Capitalization			
Total Debt	\$ 1,746	\$ 1,708	-2%
Total Stockholders' Equity	6,975	7,515	8%
Total Capitalization	8,721	9,223	6%
Less: AOCI	238	129	n/m
Total Capitalization (ex. AOCI)	<u>\$ 8,959</u>	<u>\$ 9,352</u>	4%
Financial Leverage (ex. AOCI)			
Debt Leverage	19.5%	18.3%	-6%
Financial Leverage	28.4%	26.8%	-6%

Note: n/m - percentage change not meaningful. Please refer to the Notes to the Investor Update section for discussion on operating return on average equity (ex. AOCI). (1) For twelve-month periods, calculated by averaging equity excluding AOCI as of the end of each quarter in the trailing five-quarter period. (2) Operating ROE excluding AOCI is calculated by dividing operating net income, or annualized operating net income for the period noted, by average equity excluding AOCI.



Additional Financial Information

Unaudited (in millions, except percentages)

	For the Last Twelve Months Ended December 31,		Δ Y/Y
	2023	2024	
Operating Income (Before Interest Expense)			
Operating Income	\$ 1,120	\$ 1,198	7%
Interest Expense on Financial Leverage ⁽¹⁾	107	118	10%
Operating Income (Before Interest Expense)	<u>\$ 1,227</u>	<u>\$ 1,316</u>	7%
Preferred Dividends	54	54	0%
Interest Coverage ⁽²⁾	11.4	11.2	n/m
Fixed Charge Coverage ⁽³⁾	7.6	7.7	n/m
	December 31,		Δ Y/Y
	2023	2024	
Operating Leverage (SBLIC Only)			
GA Liabilities	\$ 41,673	\$ 44,067	6%
Less: AVR	945	1,052	11%
GA Liabilities Less AVR	<u>\$ 40,728</u>	<u>\$ 43,015</u>	6%
TAC	\$ 6,874	\$ 7,218	5%
Operating Leverage ⁽⁴⁾	5.9	6.0	n/m

Note: n/m –percentage change not meaningful. (1) Interest expense on financial leverage is interest expense on the loans outstanding under the revolving credit facility, delayed draw term loans, senior notes and surplus notes. (2) Interest coverage is calculated by dividing Last Twelve Months (“LTM”) operating income (before interest expense) by LTM interest expense on financial leverage. (3) Fixed charge coverage is calculated by dividing LTM operating income (before interest expense) by LTM interest expense on financial leverage and LTM preferred dividends (4) Operating leverage is calculated by dividing statutory general account liabilities excluding AVR by total adjusted capital.



Additional Financial Information

Unaudited (in millions, except percentages)	Twelve Months Ended December 31,		Δ Y/Y
	2023	2024	
AUM Rollforward			
AUM - Beginning	\$ 47,643	\$ 51,593	8%
Retail and Life Sales	5,032	5,256	4%
Premium Bonuses	180	261	45%
Fixed Interest and Index Credits to Policyholders	603	1,145	90%
Investment Performance on Fee Based AUM	1,927	2,302	19%
Surrenders, Withdrawals, Deaths, etc.	(4,386)	(5,098)	16%
Fee and Product Charges	(246)	(273)	11%
Capital Contribution, Dividend and Other	840	(72)	-109%
AUM - Ending	<u>\$ 51,593</u>	<u>\$ 55,114</u>	7%
Retail and Life Sales and Deposits by Product			
Fixed Index Annuities	\$ 4,594	\$ 4,873	6%
Fixed Annuities	1,865	1,162	-38%
Ceded to SkyRidge Re	(2,464)	(1,973)	-20%
Spread-Based Sales	\$ 3,995	\$ 4,062	2%
Variable Annuities	234	207	-12%
Mutual Fund Custodial	765	950	24%
Fee-Based Sales	999	1,157	16%
Total Retained Retail Sales	4,995	5,219	4%
Life Sales	37	37	0%
Total Retained Retail and Life Sales	<u>\$ 5,032</u>	<u>\$ 5,256</u>	4%

Note: Please refer to the Notes to the Investor Update section.



Additional Financial Information

Unaudited (in millions, except percentages)	December 31, 2023		December 31, 2024	
	Dollars	Percent of Total	Dollars	Percent of Total
Net Reserve Liabilities				
Fixed Index Annuities	\$ 24,394	63.0%	\$ 26,353	64.3%
Fixed Annuities	4,652	12.0%	4,847	11.8%
Variable Annuities and Mutual Fund Custodial - General Account	2,187	5.6%	1,989	4.9%
Variable Annuities - Separate Account	3,346	8.6%	3,478	8.5%
Payout Annuities	236	0.6%	223	0.5%
Funding Agreements - General Account	1,003	2.6%	511	1.3%
Funding Agreements - Separate Account	2,387	6.2%	3,042	7.4%
Life Insurance	540	1.4%	532	1.3%
Total Net Reserve Liabilities	\$ 38,746	100.0%	\$ 40,975	100.0%

	Fixed Annuities Account Value	Fixed Index Annuities Account value
Surrender Charge Percentages on Deferred Annuities Account Value ⁽¹⁾		
No Surrender Charge	\$ 776	\$ 580
No Surrender Charge - with income benefit	-	5,532
0.0% < 2.0%	-	898
2.0% < 4.0%	46	1,737
4.0% < 6.0%	514	2,582
6.0% or Greater	3,557	11,388
	\$ 4,893	\$ 22,717

Note: Please refer to the Notes to the Investor Update section. (1) The surrender charge considered is only the base policy surrender charge and does not include the impact of market value adjustments (MVA) or premium bonus recapture upon early withdrawal.



Additional Financial Information

Unaudited (in millions, except percentages)

Surrender Charge Expiration by Year

	December 31, 2024	
	Fixed and Fixed Index Annuities Account Value	Weighted Average Surrender Charge
Out of Surrender Charge	\$ 1,355	0.0%
Out of Surrender Charge - with income benefit	5,532	0.0%
2024	-	0.0%
2025	1,901	4.4%
2026	2,069	4.9%
2027	1,996	6.3%
2028	2,295	6.8%
2029	1,905	7.4%
2030	1,725	7.6%
2031	1,447	8.3%
2032	2,173	8.6%
2033	2,501	9.3%
2034	2,711	10.1%
Total Fixed and Fixed Index Annuities	\$ 27,610	5.6%

	At Minimum Guarantees	Total Account Value	Percent of Total Account Value at Minimum Guarantees
Minimum Guarantees on Deferred Annuities			
Fixed Index Annuities ⁽¹⁾	\$ 750	\$ 22,717	3%
Fixed Annuities	169	4,893	3%
Total Deferred Annuities	\$ 919	\$ 27,610	3%

	December 31, 2024
Distance to Guarantees ⁽²⁾	192 bps

Note: Please refer to the Notes to the Investor Update section. (1) The guarantee for indexed strategies assumes a minimum of 1.00% as a hedge cost. In general, this assumption is greater than expected hedge cost for the guaranteed caps/spreads/par rates for the index crediting strategies.



Reconciliation of Non-GAAP Measures

Unaudited (in millions)	For the Year Ended December 31,		
	2022	2023	2024
Reconciliation from GAAP Net Income to Non-GAAP Operating Income⁽¹⁾⁽²⁾			
Net Income (GAAP)	\$ 941	\$ 695	\$ 882
Income Tax Expense	228	174	224
Pretax Income	1,169	870	1,106
Investment Related (Gains) Losses	(242)	70	72
Change in Fair Value of FIA Call Options and Embedded Derivatives	291	151	(32)
Change in Fair Value VA GLB rider Embedded Derivatives	12	1	1
Assumption/Model Refinements and Unlocking	(484)	29	50
Operating Income (Non-GAAP)	746	1,120	1,198
Operating Income Tax Expense ⁽³⁾	(146)	(225)	(243)
Operating Net Income (Non-GAAP)	\$ 600	\$ 895	\$ 955

- (1) In addition to presenting our results in accordance with GAAP, we use certain non-GAAP measures commonly used in our industry in analyzing performance. Management believes the use of these non-GAAP measures, together with relevant GAAP measures, provides a better understanding of our results of operations and the underlying profitability drivers of our business. These measures should be considered supplementary to our results in accordance with GAAP and should not be viewed as a substitute for the corresponding GAAP measures. Our definitions of the various non-GAAP measures and other metrics discussed may differ from those used by other companies.
- (2) We use operating income, a non-GAAP financial measure commonly used in the life insurance industry, as an economic measure to evaluate our financial performance. Operating income equals income before income tax expense adjusted to eliminate the impact of (1) investment related gains and losses (including the reinsurance embedded derivative and the change in fair value of certain derivatives), net of impacts on benefit reserves and deferred policy acquisition costs ("DAC"), deferred sales inducement costs ("DSI") and value of business acquired ("VOBA"); (2) changes in fair value of call options and embedded derivatives associated with the FIA products, net of impacts on benefit reserves and DAC, DSI and VOBA and excludes realized gains and losses on call options used to hedge index credits on FIA products; (3) changes in the fair value of the variable annuity guaranteed living benefit ("VA GLB") rider embedded derivatives, including guaranteed minimum withdrawal benefits ("GMWB") and guaranteed minimum accumulation benefits ("GMAB"), net of changes in rider reserve and amortization of DAC, DSI and VOBA; and (4) changes in reserves and DAC, DSI and VOBA amortization related to actuarial assumption unlocking and model refinements. Because the reconciling items fluctuate from year to year in a manner unrelated to core operations, we believe a measure excluding these items is useful in analyzing operating trends. We believe the combined presentation and evaluation of operating income together with net income provides information that may enhance an investor's understanding of our results and profitability.
- (3) Operating income tax expense is calculated by multiplying the effective tax rate for the period (income tax expense divided by income before income tax expense) by operating income.



Invested Assets Reconciliation

Unaudited (in millions, except percentages)

	As of or for the Year Ended December 31,	As of or for the Year Ended December 31,	Δ
	2023	2024	Y/Y
Reconciliations of Total Investments (GAAP) to Total Invested Assets (Management View)			
Total Investments (GAAP)	\$47,704	\$51,221	7%
Derivative Assets, Including Cash Collateral	(1,681)	(2,184)	30%
Consolidated VIE Assets Supporting Third Party Interests	(97)	(599)	519%
Unrealized (Gains) Losses	545	212	-61%
Investments Under Reinsurance Funds Withheld and Held	(7,634)	(9,264)	21%
Net Investment Receivables (Payables)	(17)	276	n/m
Fixed Separate Accounts	(338)	(309)	-8%
Other	(557)	(1,431)	n/m
Total Adjustments to Arrive at Total Invested Assets	(9,779)	(13,299)	36%
Total Invested Assets (Management View)	\$37,925	\$37,922	0%

	As of or for the Year Ended December 31,	As of or for the Year Ended December 31,	Δ
	2023	2024	Y/Y
Reconciliation of Cash and Invested Assets (STAT) to Total Invested Assets (Management View)			
Cash and Invested Assets (STAT) (Security Benefit Life Insurance Company)	\$46,186	\$48,974	6%
Derivative Contracts and Related Cash, Cash Collateral and Receivables	(1,295)	(1,873)	45%
Investments and Investment Receivables Under Reinsurance Funds Withheld and Held	(7,412)	(9,013)	22%
Net Investment Receivables (Payables)	(118)	200	n/m
First Security Benefit Life Insurance Company	100	92	-8%
Everly Life Insurance Company	421	431	2%
Policy Loans	(37)	(36)	-1%
Other	78	(853)	n/m
Total Adjustments to Arrive at Total Invested Assets	(8,261)	(11,052)	34%
Total Invested Assets (Management View)	\$37,925	\$37,922	0%

Note: n/m represents percentage changes that are not meaningful.



Assets Under Management Reconciliation

Unaudited (in millions, except percentages) Reconciliation of Invested Assets (STAT) to Total AUM:	As of or for the Year Ended December 31,	As of or for the Year Ended December 31,	△
	2023	2024	Y/Y
Cash and Invested Assets (STAT) (SBLIC, FSBL, Everly Life)	\$ 47,056	\$ 49,828	6%
Investment Income Due and Accrued	713	607	-15%
Non-admitted Investments	8	11	38%
Investments Under Reinsurance Funds Withheld Liabilities	(8,347)	(9,685)	16%
Investment Payable	(50)	(454)	n/m
Repurchase Agreement Payable	(1,012)	(328)	-68%
Unrealized Gains/(Losses)	99	55	-44%
Invested Assets of SBLH Non-insurance Entities	418	755	81%
MFC Fixed Option	360	330	-8%
Variable Annuity & MFC Mutual Fund Options	12,996	14,890	15%
Option Collateral Payable	(648)	(895)	38%
Total Adjustments to Arrive at Total AUM	\$ 4,537	\$ 5,286	17%
Total AUM	\$ 51,593	\$ 55,114	7%

Note: n/m represents percentage changes that are not meaningful.



Notes to the Investor Update

Key Operating and Non-GAAP Measures

In addition to presenting our results in accordance with GAAP, we use certain non-GAAP measures commonly used in our industry in analyzing performance. Management believes the use of these non-GAAP measures, together with relevant GAAP measures, provides a better understanding of our results of operations and the underlying profitability drivers of our business. These measures should be considered supplementary to our results in accordance with GAAP and should not be viewed as a substitute for the corresponding GAAP measures. Our definitions of the various non-GAAP measures and other metrics discussed may differ from those used by other companies.

Operating Income, Operating Net Income, Operating Return on Average Assets, and Operating Return on Average Equity (ex. AOCI)

We use operating income, a non-GAAP financial measure commonly used in the life insurance industry, as an economic measure to evaluate our financial performance. Operating income equals income before income tax expense adjusted to eliminate the impact of (1) investment related gains and losses (including the reinsurance embedded derivative and the change in fair value of certain derivatives), net of impacts on benefit reserves and DAC, DSI and VOBA; (2) changes in fair value of call options and embedded derivatives associated with the FIA products, net of impacts on benefit reserves and DAC, DSI and VOBA and excludes realized gains and losses on call options used to hedge index credits on FIA products; (3) changes in the fair value of the variable annuity guaranteed living benefit ("VA GLB") rider embedded derivatives, including guaranteed minimum withdrawal benefits ("GMWB") and guaranteed minimum accumulation benefits ("GMAB"), net of changes in rider reserve and amortization of DAC, DSI and VOBA; and (4) changes in reserves and DAC, DSI and VOBA amortization related to actuarial assumption unlocking and model refinements. Because the reconciling items fluctuate from year to year in a manner unrelated to core operations, we believe a measure excluding these items is useful in analyzing operating trends. We believe the combined presentation and evaluation of operating income together with net income provides information that may enhance an investor's understanding of our results and profitability.

Operating income is not a substitute for net income determined in accordance with GAAP. The adjustments made to derive operating income are important to understanding our overall results from operations, and, if evaluated without proper context, operating income possesses material limitations.

- As an example, we could produce a low level of net income in a given period, despite strong operating performance, if in that period we generate significant net realized losses from our investment portfolio. We could also produce a high level of net income in a given period, despite poor operating performance, if in that period we generate significant net realized gains from our investment portfolio.
- Another limitation of operating income is that it does not include the decrease in cash flows expected to be collected as a result of credit loss. Management reviews investment related gains (losses) and analyses of our net investment income in connection with their review of our investment portfolio.

Operating Net Income is calculated by subtracting operating income tax expense from operating income. Operating income tax expense is calculated by multiplying the effective tax rate for the period (income tax expense divided by income before income tax expense) by operating income.

Operating return on average assets is calculated by dividing operating income by average AUM. We believe operating return on average assets is useful to gaining an understanding of our results of operations relative to the underlying asset base which generates earnings.

Operating return on average equity excluding AOCI is calculated by dividing operating net income (which is operating income net of tax at the effective tax rate) by average equity excluding AOCI. We use operating return on average equity excluding AOCI as a supplemental measure of evaluating the operating net income we generate as a percentage of our equity. In that calculation, we use average equity over the applicable period to mitigate the effects of fluctuations in our equity during that period. In addition, we exclude AOCI because AOCI fluctuates from quarter to quarter due to unrealized changes in the fair value of available for sale investments. We believe that operating return on average equity excluding AOCI provides useful supplemental information regarding our financial performance to investors.



Notes to the Investor Update

Investment Operating Earned Rate, Investment Earned Book Yield, Investment Total Earned Rate, Net Investment Spread, Cost of Crediting, and Assets Under Management

Investment operating earned rate is calculated as adjusted investment income divided by average spread-based AUM for the relevant period.

Adjusted investment income is calculated as reported net investment income adjusted to add back investment expenses and deduct interest expense on operating leverage (e.g., interest expense on debt of consolidated variable interest entities (“VIE”), repurchase agreements, and other miscellaneous interest expense). Adjusted investment income should not be used as a substitute for net investment income. However, we believe each of adjusted investment income and investment operating earned rate is significant to gaining an understanding of the overall performance of our investment portfolio.

Investment earned book yield is calculated as adjusted investment income, excluding additional returns, divided by average spread-based AUM for the relevant period. Additional returns include primarily prepayment fees (e.g., acceleration penalties, make-whole payments, etc.) and adjustments related to equity method investments, which are generally also described as returns on alternative investments.

Investment total earned rate is calculated as adjusted investment income, including trading realized gains / losses and investment related change in allowance for credit losses, divided by average spread-based AUM for the relevant period. Adjusted investment income, excluding additional returns, and adjusted investment income, including trading realized gains/losses and investment related change in allowance for credit losses should not be used as a substitute for net investment income. We believe investment earned book yield and investment total earned rate are useful for gaining an understanding of the net investment spread we earn on our products.

Net investment spread is calculated by subtracting cost of crediting rate from investment operating earned rate. We believe net investment spread is useful to gaining an understanding of the spread we earn on our spread-based business.

Cost of crediting is calculated as interest credited to account balances plus the pro rata amortization of FIA option costs. The cost of crediting rate is calculated by dividing cost of crediting by average spread-based AUM excluding surplus assets for the relevant period.

AUM is primarily statutory cash, invested and separate account assets, off-balance sheet retirement plan assets, net assets of SBLH non-insurance entities, and accrued investment income and excludes unrealized gains/losses on investments carried at fair value with adjustments for investment payable for securities and funds withheld liabilities related to reinsured business and certain operating leverage items such as repurchase agreements.

Retail Sales

Retail sales do not correspond to revenues under GAAP but are used as a relevant measure to understand our business performance as it relates to deposits generated during a specific period of time. Our retail sales include deposits for fixed index annuities, fixed annuities, variable annuities and mutual fund custodial products. While we believe retail sales are a meaningful metric and enhances our understanding of our business performance, it should not be used as a substitute for premiums presented under GAAP.



Notes to the Investor Update

Net Reserve Liabilities

Net reserve liabilities represent our policyholder liability obligations net of reinsurance that are considered part of the general and separate accounts per GAAP accounting. Net reserve liabilities include (a) interest sensitive contract liabilities, (b) future policy benefits, (c) dividends payable to policyholders, and (d) other policy claims and benefits, excluding reinsurance recoverable and off-balance sheet mutual fund custodial amounts. Net reserve liabilities is net of the ceded liabilities to third-party reinsurers as the costs of the liabilities are passed to such reinsurers and, therefore, we have no net economic exposure to such liabilities, assuming our reinsurance counterparties perform under our agreements. For the majority of our ceded reinsurance, GAAP requires the ceded liabilities and related reinsurance recoverables to continue to be recorded in our consolidated financial statements despite the transfer of economic risk to the counterparty in connection with the reinsurance transaction. Net reserve liabilities does not include adjustments to balances for future policy benefits that go through other comprehensive income, such as shadow accounting. While we believe net reserve liabilities is a meaningful financial metric and enhances our understanding of the underlying profitability drivers of our business, it should not be used as a substitute for total liabilities presented under GAAP.

