## SBL HOLDINGS, INC. SELECTED FINANCIAL INFORMATION

You should read the following selected GAAP condensed consolidated financial information together with "Management's Discussion and Analysis of Financial Condition and Results of Operations." "Company," "we," "us" and "our" refer to SBL Holdings, Inc. together with its subsidiaries.

The following tables set forth our selected financial information as of March 31, 2025 and December 31, 2024 and for the three months ended March 31, 2025 and 2024 and for the year ended December 31, 2024. The information as of and for the year ended December 31, 2024 was derived from our Audited Consolidated GAAP Financial Statements. The information as of and for the three months ended March 31, 2025 and 2024 was derived from our Unaudited Condensed Consolidated GAAP Financial Statements and includes, in the opinion of management, all normal and recurring adjustments necessary to present fairly the information for such periods.

		Three Months Ended March 31,				Year Ended December 31,		
		2025	2024		2024			
		(unau	(audited)					
		(4	dollars	in thousands)				
Revenues:								
Net investment income	\$	689,381	\$	821,412	\$	3,257,385		
Asset-based and administrative fees		37,391		34,594		147,640		
Other product charges		60,321		68,911		273,455		
Change in fair value of options, futures and swaps		(171,221)		295,133		459,480		
Investment-related gains (losses)		4,956		(75,726)		(82,924)		
Other revenues		49,509		29,882		112,316		
Total revenues		670,337		1,174,206		4,167,352		
Benefits and expenses:								
Index credits and interest credited to account balances		326,514		272,348		1,144,596		
Change in fixed index annuity embedded derivative								
and related benefits.		(154,112)		45,166		(81,719)		
Other benefits		59,192		167,762		654,449		
Total benefits		231,594		485,276		1,717,326		
Other operating expenses Amortization of deferred policy acquisition costs, deferred sales		126,457		115,373		504,642		
inducement costs, and value of business acquired		128,419		153,805		525,415		
Interest expense		54,861		80,249		313,509		
Total benefits and expenses		541,331		834,703		3,060,892		
Income before income tax expense		129,006		339,503		1,106,460		
Income tax expense		25,130		71,670		224,300		
Net income		103,876		267,833		882,160		
Less: Net income attributable to noncontrolling interest	· · · · · · · ·	5,659		10,783		31,118		
Net income attributable to SBL Holdings, Inc.	\$	98,217	\$	257,050	\$	851,042		

Subject to Notice to Investors



	As of or for the					
	Three Months Ended March 31, 2025			Year Ended December 31, 2024		
		(unaudited)		(audited)		
		(dollars in thousands)				
Balance sheet data:						
Total investments	\$	52,067,452	\$	51,221,421		
Reinsurance recoverable	• •	11,390,529		10,979,006		
Separate account assets	• •	6,413,769		6,579,840		
Other assets	• •	4,666,243		4,365,779		
Total assets	\$	74,537,993	\$	73,146,046		
Policy reserves and annuity account values	\$	46,528,631	\$	45,375,066		
Funds withheld and held liability		10,019,734		9,514,659		
Separate account liabilities		6,413,769		6,579,840		
Senior notes, revolving credit facility, surplus notes, and delayed draw term loan		1,693,881		1,693,883		
Repurchase agreements		343,374		328,443		
Other liabilities		2,231,035		2,138,877		
Total liabilities				65,630,768		
Total stockholders' equity	7,307,569			7,515,278		
Total liabilities and stockholders' equity	\$	74,537,993	\$	73,146,046		
Other data (unaudited) <sup>(a)</sup>						
Operating income	\$	191,705	\$	1,198,043		
Return on average equity excluding AOCI		5.5%		12.0%		
Operating return on average equity excluding AOCI		8.2%		13.0%		
Investment earned book yield	7.02%			7.57%		
Investment operating earned rate				8.25%		
Investment total earned rate	• •	7.06%		7.99%		
Net investment spread	* *	4.03%		5.45%		
Operating return on average assets	1.39%			2.25%		

<sup>(a)</sup> For a description and reconciliation of such non-GAAP financial measures to their most comparable measures in accordance with GAAP, see "Non-GAAP and Other Financial Measures" below.

## Non-GAAP and Other Financial 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. We believe 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.

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 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.

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.

Return on average equity excluding AOCI is calculated by dividing net income for the applicable period by average GAAP equity excluding AOCI for that period. We use return on average equity excluding AOCI as a supplemental measure of evaluating the net income we generate as a percentage of our equity. In that calculation, we use average GAAP 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 return on average equity excluding AOCI provides useful supplemental information regarding our financial performance to investors.

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 GAAP 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 GAAP 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.

Adjusted investment income, which is an input to calculate investment operating earned rate, investment earned book yield, and investment total earned rate, 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 adjusted investment income 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 operating earned rate is calculated as adjusted investment income divided by average spread-based assets under management ("AUM") for the relevant period. We believe investment operating earned rate is useful for gaining an understanding of the overall performance of our investment portfolio.

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 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.

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.

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.

The following table presents the adjustments made to net income to arrive at operating income, operating net income, operating income (before interest expense), and operating return on average equity excluding AOCI, respectively, for the three months ended March 31, 2025 and 2024 and for the year ended December 31, 2024.

	Three Months Ended March 31,				Year Ended December 31,		
	2025 2024		2024				
			(u	(unaudited)			
		(dollars in thousands			)		
Non-GAAP financial measures							
Net income (GAAP)	\$	103,876	\$	267,833	\$	882,160	
Income tax expense (GAAP)		25,130		71,670		224,300	
Income before income tax expense (GAAP)		129,006		339,503		1,106,460	
Investment related (gains) losses (a)		(22,702)		84,400		72,270	
Change in fair value of fixed index annuity call options and embedded derivatives (b)		79,628		(43,844)		(31,705)	
Change in fair value of variable annuity guaranteed living benefit rider embedded derivatives <sup>(c)</sup>		3,144		(410)		1,495	
Assumption/model refinements and unlocking (d)		2,629		1,534		49,523	
Operating income	\$	191,705	\$	381,183	\$	1,198,043	
Operating income tax expense <sup>(e)</sup>		37,343		80,468		242,866	
Operating net income	\$	154,362	\$	300,715	\$	955,177	
Interest expense on financial leverage <sup>(f)</sup>	\$	33,028	\$	27,392	\$	117,650	
Operating income (before interest expense)	\$	224,733	\$	408,575	\$	1,315,693	
Operating return on average equity excluding AOCI		8.2%		16.4 %		13.0%	

(a) Investment related (gains) losses (including the reinsurance embedded derivative and change in fair value of certain derivatives) are net of the impacts of change in reserves and amortization of DAC, DSI and VOBA.

(b) Change in fair value of fixed index annuity call options and embedded derivatives is net of pro-rata amortization of option cost. The change in fair value of embedded derivatives equals the change in the difference between policy benefit reserves for FIA products computed under the derivative accounting standard and the long-duration contracts accounting standard. These amounts are reflected net of impacts of changes in reserves and amortization of DAC, DSI and VOBA. Realized gains and losses on call options used to hedge index credits on FIA products are excluded.

(c) Change in fair value of variable annuity guaranteed living benefit rider embedded derivatives includes GMWB and GMAB, net of impacts of changes in reserves and amortization of DAC, DSI and VOBA.

(d) Assumption/model refinements and unlocking represents the annual impacts of the unlocking of actuarial assumptions and model refinements.

(e) Operating income tax expense is calculated by multiplying the effective tax rate (income tax expense divided by income before income tax expense) of 19.5% and 21.1% for the three months ended March 31, 2025 and 2024, respectively, and of 20.3% for the twelve months ended December 31, 2024, by operating income.

<sup>(f)</sup> Interest expense on financial leverage is interest expense on the loans outstanding under the senior notes, revolving credit facility, surplus notes, delayed draw term loan, amortization of debt issuance costs, and commitment fees.



The following table presents a comparison of return on average equity excluding AOCI and operating return on average equity excluding AOCI, respectively, to return on equity, the most comparable GAAP measure, as well as a comparison of operating return on average assets to pretax return on average assets, the most comparable GAAP measure:

		As of or for the				
	T En	Three Months Ended March 31,		Year Ended December 31,		
	2025			2024		
	(unaudited)					
		(dollars in thousands)				
Non-GAAP financial measures						
Total stockholders' equity	\$	7,307,569	\$	7,515,278		
Less: Accumulated other comprehensive income (loss)		(115,549)		(128,964)		
Total equity excluding AOCI	\$	7,423,118	\$	7,644,242		
Net income	\$	103,876	\$	882,160		
Income before income tax expense	\$	129,006	\$	1,106,460		
Operating income	\$	191,705	\$	1,198,043		
Operating net income	\$	154,362	\$	955,177		
Average equity <sup>(a)</sup>	\$	7,411,424	\$	7,229,338		
Average equity excluding AOCI <sup>(a)</sup>	\$	7,533,680	\$	7,359,925		
Average AUM <sup>(b)</sup>	\$	55,208,394	\$	53,324,851		
Return on average equity <sup>(c)</sup>		5.6%		12.2%		
Return on average equity excluding AOCI <sup>(d)</sup>		5.5%	12.0%			
Operating return on average equity excluding AOCI		8.2%	13.0%			
Pretax return on average assets <sup>(e)</sup>		0.93%		2.07%		
Operating return on average assets		1.39%		2.25%		

(a) For three month periods, average equity is calculated by averaging total equity and total equity excluding AOCI as of the end of each quarter in the trailing two quarter period; for annual periods, calculated by averaging total equity and total equity excluding AOCI as of the end of each quarter in the trailing five quarter period.

<sup>(b)</sup> For three month periods, average AUM is calculated by averaging total AUM as of the end of each quarter in the trailing two quarter period; for annual periods, calculated by averaging total AUM as of the end of each quarter in the trailing five quarter period.

(c) Return on average equity is calculated by dividing net income by average equity. For interim periods, return on average equity is calculated by dividing net income by average equity, with resulting value annualized.

(d) Return on average equity excluding AOCI is calculated by dividing net income by average equity excluding AOCI. For interim periods, return on average equity excluding AOCI is calculated by dividing net income by average equity excluding AOCI, with resulting value annualized.

<sup>(e)</sup> Pretax return on average assets is calculated by dividing income before income tax expense by average AUM. For interim periods, pretax return on average assets is calculated by dividing income before income tax expense by average AUM, with resulting value annualized.



The following table presents a reconciliation of the non-GAAP measures investment earned book yield, investment operating earned rate, investment total earned rate, cost of crediting, and net investment spread to their closest GAAP measure inputs.

Non-GAAP Financial Measures		As of or for the Three Months Ended March 31,						
		2025		2024				
		(unaudited)						
		(dollars in thousa						
Net investment income	\$	689,381	\$	821,412				
Investment expenses		47,166		43,643				
Interest expense on operating leverage <sup>(a)</sup>		(25,527)		(53,360)				
Adjusted investment income		711,020		811,695				
Less: Additional returns		_		(87,001)				
Adjusted investment income, excluding additional returns	\$	711,020	\$	724,694				
Average spread based AUM <sup>(b)</sup>	\$	40,496,971	\$	39,026,239				
Average spread based AUM excluding surplus assets	\$	32,448,238	\$	31,453,989				
Investment earned book yield <sup>(c)</sup>		7.02 %		7.43 %				
Investment operating earned rate <sup>(d)</sup>		7.02 %		8.32 %				
Investment total earned rate <sup>(e)</sup>		7.06 %		8.15 %				
Interest credited to account balances	\$	112.175	\$	106.552				
Pro rata amortization of option cost		130,449		95,689				
Cost of crediting.	\$	242,624	\$	202,241				
Cost of crediting rate <sup>(f)</sup>		2.99 %		2.57 %				
Net investment spread <sup>(g)</sup>		4.03 %		5.75 %				

(a) Interest expense on operating leverage includes interest expense on debt from consolidated VIE interest, repurchase agreements, and miscellaneous interest expense.

<sup>(b)</sup> For three month periods, average spread-based AUM is calculated by averaging spread-based AUM as of the end of each quarter in the trailing two quarter period.

<sup>(c)</sup> Calculated as adjusted investment income, excluding additional returns, divided by average spread-based AUM. For interim periods, adjusted investment income, excluding additional returns, is annualized to determine an annualized investment earned book yield.

(d) Calculated as adjusted investment income divided by average spread-based AUM. For interim periods, adjusted investment income is annualized to determine an annualized investment operating earned rate.

(e) 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 interim periods, adjusted investment income, including realized gains / losses, is annualized to determine an annualized investment total earned rate.

<sup>(f)</sup> Calculated by dividing cost of crediting by average spread-based AUM, excluding surplus assets. For interim periods, cost of crediting is annualized to determine an annualized cost of crediting rate.

<sup>(g)</sup> Calculated by subtracting cost of crediting rate from investment operating earned rate.

