

# Balance Sheet

Sammons Financial Group, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets (*unaudited*)

(\$ millions)

As of	Mar. 31, 2024	Dec. 31, 2023
<b>ASSETS</b>		
Investments		
Fixed maturities available-for-sale, at fair value (net of allowance for credit losses of \$78 and \$90, respectively); amortized cost; \$93,111 and \$92,043, respectively, (portion under fair value option: \$854 and \$840, respectively)	\$ 83,524	\$ 83,019
Fixed maturities, trading, at fair value	309	350
Equity securities, at fair value	1,218	1,232
Mortgage loans (net of allowance for credit losses of \$35 and \$24, respectively; includes \$10 and \$9, respectively, under the fair value option)	7,069	6,413
Policy loans	747	724
Short-term investments	1,605	2,318
Derivative instruments	4,345	3,072
Other invested assets (net of allowance for credit losses of \$3 and \$2, respectively; portion at fair value under fair value option; \$139 and \$126, respectively)	7,716	7,484
Total investments	106,533	104,612
Cash	2,267	1,269
Accrued investment income	958	882
Deferred acquisition costs and sales inducements	8,876	8,599
Other assets	1,182	1,291
Reinsurance receivables (net of allowance for credit losses of \$10 and \$10, respectively)	2,782	2,848
Deferred tax asset	1,627	1,424
Separate account assets	3,100	2,941
<b>Total assets</b>	<b>\$ 127,325</b>	<b>\$ 123,866</b>
<b>LIABILITIES</b>		
Policyholder account balances and benefit reserves	\$ 99,143	\$ 97,174
Notes payable	2,780	2,036
Repurchase agreements, other borrowings & collateral on derivatives instruments	12,826	12,584
Derivative instruments	2,050	1,393
Other liabilities	2,609	2,920
Separate account liabilities	3,100	2,941
<b>Total liabilities</b>	<b>122,508</b>	<b>119,048</b>
Redeemable noncontrolling interests	142	142
<b>STOCKHOLDER'S EQUITY</b>		
Common stock and additional paid-in capital	1,813	1,813
Retained earnings	9,176	8,840
Accumulated other comprehensive income	(6,322)	(5,985)
<b>Total stockholder's equity</b>	<b>4,667</b>	<b>4,668</b>
Noncontrolling interest	8	8
<b>Total liabilities and stockholder's equity</b>	<b>\$ 127,325</b>	<b>\$ 123,866</b>

# Income Statement

## Sammons Financial Group, Inc. and Subsidiaries

### Condensed Consolidated Statements of Income (Audited, except for quarter to date amounts)

(\$ millions)

	For the 3 Months Ended		For the 12 Months Ended	
	2024	Mar 31 2023	2023	Dec 31 2022
<b>REVENUES</b>				
Premiums and policy charges	\$ 870	\$ 585	\$ 2,101	\$ 2,009
Net investment income	1,277	844	3,850	3,665
Net gains (losses) on derivatives	347	(86)	(193)	1,468
Net realized investment gains (losses)	44	(220)	(448)	(940)
Other income	50	35	137	131
Total revenue	2,588	1,158	5,447	6,333
<b>BENEFITS AND EXPENSES</b>				
Policyholder benefits	1,478	839	3,690	2,996
General and administrative expenses	256	213	914	845
Amortization of deferred acquisition costs	216	92	370	601
Total benefits and expenses	1,950	1,144	4,974	4,442
Income before income taxes	638	14	473	1,891
<b>Income taxes</b>	123	(15)	(17)	305
Net income	515	29	490	1,586
Plus: Net loss attributable to noncontrolling interest	1	—	2	—
<b>Net income attributable to Sammons Financial Group</b>	<b>\$ 516</b>	<b>29</b>	<b>\$ 492</b>	<b>\$ 1,586</b>

These financial statements are furnished pursuant to the Available Information sections of the Offering Memorandum dated October 22, 2013 for \$200 million of 7.00% Senior Notes due 2043, the Offering Memorandum dated May 9, 2017 for \$500 million of 4.45% Senior Notes due 2027, the Offering Memorandum dated April 13, 2021 for \$850 million of 3.35% Senior Notes due 2031, the Offering Memorandum dated April 8, 2022 for \$500 million of 4.75% Senior Notes due 2032 and the Offering Memorandum dated March 28, 2024 for \$750 million of 6.875% Senior Notes due 2034- all issued by Sammons Financial Group, Inc.

In 2023, the Company identified immaterial misstatements to prior period financial statements and elected to voluntarily revise those prior period amounts in the 2023 audited financial statements to enhance the comparability between periods. The 2023 YTD net income of \$29 million reflects a decrease of \$5 million compared to what was originally reported in this package in Q1 of 2023.

## Adjusted Pre-tax Operating Earnings

Sammons Financial Group, Inc. and Subsidiaries

Reconciliation to Operating Income (*Unaudited*)

(\$ millions)

	For the 3 Months Ended <u>Mar 31</u>		For the 12 Months Ended <u>Dec 31</u>	
	2024	2023	2023	2022
Income before income taxes	\$ 638	\$ 14	\$ 473	\$ 1,891
Adjustments to income before income taxes to arrive at adjusted pre-tax operating earnings:				
Tax credits on qualified tax credit bonds included in operating income	19	21	78	81
Realized investment losses, net of offsets	15	134	597	152
Unrealized (gains) losses on derivatives, trading securities, equity securities, and fair value option investments, net of offsets	(355)	100	(37)	(542)
Non-operating ESOP incentive compensation expense	16	—	—	—
Adjusted pre-tax operating earnings	\$ 333	\$ 269	\$ 1,111	\$ 1,582

Adjusted pre-tax operating earnings is a non-GAAP measure of operations and is determined by adjusting income before income taxes (as determined in accordance with GAAP) to recognize the impact of certain tax credits as income and eliminate (i) net realized gains and losses on investments including allowances for credit losses, (ii) fair value changes in derivatives, trading securities, equity securities with an investment objective to realize economic value through dividends and investments where the fair value option has been elected, (iii) offsets to amortization of DAC, amortization of DSI and other policy reserves related to realized gains and losses on investments and derivatives and (iv) certain ESOP incentive compensation expense related to a program launched in 2024 by the Company's parent company, Sammons Enterprises. Management views the additional ESOP incentive compensation expense as outside the Company's normal incentive compensation plans as the Company will be reimbursed by Sammons Enterprises. These items are not considered core to our operations and management considers adjusted pre-tax operating earnings as a more accurate measure of performance. Adjusted pre-tax operating earnings is a non-GAAP measure and should not be considered as a replacement to income before taxes and other earnings measures presented in accordance with GAAP.

In 2023, the Company identified immaterial misstatements to prior period financial statements and elected to voluntarily revise those prior period amounts in the 2023 audited financial statements to enhance the comparability between periods. The results for Q1 2023 have been adjusted to reflect the impact of this change. The 2023 YTD adjusted pre-tax operating earnings of \$269 million reflects a decrease of \$5 million compared to what was originally reported in this package in Q1 of 2023.

## Statutory Information

### Midland National Life and North American Company Combined Statutory Financial Highlights (*Unaudited*)

(\$ millions)

As of	Mar. 31, 2024	Dec. 31, 2023
<b>NET ADMITTED ASSETS</b>		
Invested assets	\$ 109,320	\$ 106,997
Separate account assets	6,901	6,655
Other assets	4,194	4,204
<b>Total net admitted assets</b>	<b>\$ 120,415</b>	<b>\$ 117,856</b>
<b>LIABILITIES, CAPITAL &amp; SURPLUS</b>		
Insurance reserves/liabilities	\$ 70,556	\$ 69,814
Separate account liabilities	6,529	6,310
Asset valuation reserve	1,218	1,139
Other liabilities	34,756	33,653
Total liabilities	113,059	110,916
Total capital and surplus	7,356	6,940
<b>Total liabilities, capital and surplus</b>	<b>\$ 120,415</b>	<b>\$ 117,856</b>
<b>RISK BASED CAPITAL RATIO (TAC/CAL)</b>	N/A	391%
<b>TOTAL GROSS PREMIUMS WRITTEN</b>		
Life	\$ 535	\$ 2,290
Annuity	\$ 3,242	\$ 9,294

## Invested Assets Supplement

Sammons Financial Group, Inc. and Subsidiaries (SFG)

Total Invested Assets Unrealized Gain/(Loss) (unaudited)

(\$ millions)

As of	March 31, 2024			December 31, 2023		
	Market Value	Book Value	Unrealized Gain/(Loss)	Market Value	Book Value	Unrealized Gain/(Loss)
<b>INVESTED ASSETS</b>						
U.S. government and agencies	\$ 8,971	\$ 10,303	\$ (1,332)	\$ 9,110	\$ 10,330	\$ (1,220)
Municipal securities	8,262	9,323	(1,061)	8,153	9,142	(989)
Corporate securities	43,519	49,105	(5,586)	43,360	48,401	(5,041)
Residential mortgage-backed securities	5,561	6,203	(642)	5,685	6,243	(558)
Commercial mortgage-backed securities	1,742	2,021	(279)	1,682	1,957	(275)
Asset backed securities	14,889	15,510	(621)	14,424	15,308	(884)
Other debt obligations	580	646	(66)	605	662	(57)
Total Fixed maturities, available-for-sale	\$ 83,524	\$ 93,111	\$ (9,587)	\$ 83,019	\$ 92,043	\$ (9,024)