
Section 1: 8-K (8-K)

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (date of earliest event reported): February 7, 2019

FBL Financial Group, Inc.

(Exact name of registrant as specified in its charter)

| | | |
|--------------------------|--------------------------|--------------------------------------|
| Iowa | 1-11917 | 42-1411715 |
| (State of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

| | |
|-----------------------------------------------|------------|
| 5400 University Avenue, West Des Moines, Iowa | 50266-5997 |
| (Address of principal executive offices) | (Zip Code) |

(515) 225-5400

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a.12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

On February 7, 2019, FBL Financial Group, Inc. issued a news release reporting its financial results for the three months ended December 31, 2018 and a related financial supplement. The news release is furnished as Exhibit 99.1 hereto and the Financial Supplement is furnished as Exhibit 99.2 hereto.

The information contained in this Form 8-K including the exhibits attached hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|-----------------------------------------------------------------------------------------------------------|
| 99.1 | News release of FBL Financial Group, Inc. dated February 7, 2019 |
| 99.2 | Financial Supplement of FBL Financial Group, Inc. for the quarter ended December 31, 2018 |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 7, 2019

FBL FINANCIAL GROUP, INC.

By /s/ Donald J. Seibel
Donald J. Seibel
Chief Financial Officer

EXHIBIT INDEX

Exhibit No: Description

Exhibit 99.1 News release of FBL Financial Group, Inc. dated February 7, 2019

Exhibit 99.2 Financial Supplement of FBL Financial Group, Inc. for the quarter ended December 31, 2018

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Section 2: EX-99.1 (EXHIBIT 99.1)

FOR IMMEDIATE RELEASE

Thursday, February 7, 2019

CONTACT:

Kathleen Till Stange, V.P. Corporate & Investor Relations
(515) 226-6780, Kathleen.TillStange@FBLFinancial.com

FBL Financial Group Reports Fourth Quarter 2018 Results

West Des Moines, Iowa, February 7, 2019 -

Financial Highlights

(Dollars in thousands, except per share data)

| | Three months ended December 31, | |
|------------------------------------------------|---------------------------------|------------|
| | 2018 | 2017 |
| Net income attributable to FBL Financial Group | \$ 6,415 | \$ 103,980 |
| Non-GAAP operating income ⁽¹⁾ | 18,826 | 23,003 |
| Earnings per common share (assuming dilution): | | |
| Net income | 0.26 | 4.15 |
| Non-GAAP operating income ⁽¹⁾ | 0.75 | 0.92 |

FBL Financial Group, Inc. (NYSE: FFG) today reported net income attributable to FBL Financial Group for the fourth quarter of 2018 of \$6.4 million, or \$0.26 per diluted common share, compared to \$104.0 million, or \$4.15 per diluted common share, for the fourth quarter of 2017. Fourth quarter 2017 net income included a one-time benefit from the Tax Cuts and Jobs Act of 2017 of \$81.2 million (\$3.24 per share). Non-GAAP operating income⁽¹⁾ totaled \$18.8 million, or \$0.75 per common share, for the fourth quarter of 2018, compared to \$23.0 million, or \$0.92 per common share, for the fourth quarter of 2017. Full year 2018 net income totaled \$4.15 per share and full year 2018 non-GAAP operating income totaled \$4.36 per share. Fourth quarter 2018 earnings per share reflects:

- Net realized losses on investments primarily due to a change in the fair value of equity securities and other-than-temporary impairments
- Lower investment income due to a change in the fair value of derivatives
- Negative impact of \$0.24 per share from the offering of a voluntary early retirement program; this program supports ongoing expense savings efforts while providing eligible employees with enhanced retirement benefits
- Increased benefit expenses totaling \$0.17 per share due to updating the estimate of an immaterial error related to a closed block of life insurance business along with accrued interest associated with remediating the error
- Higher amortization of acquisition costs in the Corporate and Other segment due to the negative impact of equity markets on separate account performance
- Favorable mortality results in the Life Segment
- The benefit of other investment-related income of \$0.02 per share

Non-GAAP operating income differs from the GAAP measure, net income attributable to FBL Financial Group, in that it excludes the initial impact of changes in federal statutory income tax rates and tax laws, realized gains and losses on investments, and the change in net unrealized gains and losses on derivatives and equity securities. For further information on this non-GAAP financial measure, please refer to Note (1) and the reconciliation provided within this release.

"FBL Financial Group fourth quarter net income of \$0.26 per share and operating income of \$0.75 per share reflect the impact of several items, including volatile equity markets and a charge related to ongoing expense savings. Even so, we reported a record \$4.36 per share in full year non-GAAP operating income," said James P. Brannen, Chief Executive Officer of FBL Financial Group, Inc. "Sales in the fourth quarter were strong, resulting in a five percent increase in life insurance premiums collected and a three percent increase in annuity premiums collected compared to the prior year quarter. We have a positive outlook in 2019 based on financial strength, a robust Farm Bureau Financial Services agent force, and enhanced distribution through the addition of Farm Bureau wealth management advisors. These factors empower us to fulfill our purpose of protecting livelihoods and futures."

Product Revenues Increase from 2017. Premiums and product charges for the fourth quarter of 2018 totaled \$80.2 million compared to \$75.8 million in the fourth quarter of 2017. Interest sensitive product charges increased 17 percent while traditional life insurance premiums were flat during the quarter. Premiums collected⁽²⁾ in the fourth quarter of 2018 totaled \$157.4 million compared to \$153.7 million in the fourth quarter of 2017.

Investment Income of \$84 Million in Fourth Quarter. Net investment income in the fourth quarter of 2018 totaled \$83.9 million, compared to \$107.3 million in the fourth quarter of 2017. This decrease is due to a change in the fair value of derivatives as well as lower investment yields and a decline in other investment-related income. The annualized yield earned on average invested assets, with securities at amortized cost, including investments held as securities and indebtedness of related parties, was 5.13 percent for the year ended December 31, 2018 compared to 5.28 percent for the year ended December 31, 2017. At December 31, 2018, 98 percent of the fixed maturity securities in FBL Financial Group's investment portfolio were investment grade debt securities.

Benefits and Expenses. Benefits and expenses totaled \$156.0 million in the fourth quarter of 2018, compared to \$153.4 million in the fourth quarter of 2017. Death benefits, net of reinsurance and reserves released, totaled \$30.4 million in the fourth quarter of 2018, compared to \$29.2 million in the fourth quarter of 2017. By its nature, mortality experience can fluctuate from quarter to quarter.

Net Realized Losses in the Fourth Quarter. In the fourth quarter of 2018, FBL Financial Group recognized net realized losses on investments of \$9.6 million. This is attributable to realized gains on sales of \$0.4 million, realized losses on sales of \$1.3 million and unrealized losses on equity securities of \$4.7 million. In addition, other-than-temporary impairments totaled \$3.9 million.

Stock Repurchases. During the fourth quarter of 2018, FBL Financial Group repurchased 103,826 shares of its Class A common stock. FBL Financial Group has \$40.9 million remaining under its current stock repurchase program.

Capital and Book Value. As of December 31, 2018, the book value per share of FBL Financial Group common stock totaled \$47.78, compared to \$55.12 at December 31, 2017. Book value per share, excluding accumulated other comprehensive income⁽³⁾, totaled \$44.09 at December 31, 2018, compared to

\$43.68 at December 31, 2017. The December 31, 2018 company action level risk based capital ratio of FBL Financial Group's wholly owned subsidiary, Farm Bureau Life Insurance Company, was approximately 552 percent.

Further Financial Information. Further information on FBL Financial Group's financial results, including results by segment, may be found in FBL Financial Group's financial supplement, available on its website, www.fblfinancial.com.

Conference Call. FBL Financial Group will hold a conference call with investors tomorrow, February 8, 2019, at 9:00 a.m. Eastern Time. The call will be webcast and a replay will be available on FBL Financial Group's website.

Certain statements in this release concerning FBL Financial Group's prospects for the future are forward-looking statements intended to qualify for the "safe harbor" from liability established by the Private Securities Litigation Reform Act. These statements generally can be identified by their context, including terms such as "believes," "anticipates," "expects," or similar words. These statements involve certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statement. These risks and uncertainties are detailed in FBL Financial Group's reports filed with the Securities and Exchange Commission and include, but are not limited to, changes in interest rates, difficult conditions in financial markets and the economy, lack of liquidity and access to capital, investment valuations, competitive factors, a decrease in ratings, changes in laws and regulations, differences between actual claims experience and underwriting assumptions, relationships with Farm Bureau organizations, the ability to attract and retain sales agents and adverse results from litigation. These forward-looking statements are based on assumptions which FBL Financial Group believes to be reasonable; however, no assurance can be given that the assumptions will prove to be correct. FBL Financial Group undertakes no obligation to update any forward-looking statements.

FBL Financial Group is a holding company whose purpose is to protect livelihoods and futures. Operating under the consumer brand name Farm Bureau Financial Services, it offers a broad range of life insurance and annuity products distributed by multiline exclusive Farm Bureau agents. In addition, FBL Financial Group manages all aspects of two Farm Bureau affiliated property-casualty insurance companies for a management fee. Headquartered in West Des Moines, Iowa, FBL Financial Group is traded on the New York Stock Exchange under the symbol FFG. For more information, please visit www.fblfinancial.com and www.fbfs.com.

- FINANCIAL INFORMATION AND NOTES FOLLOW -

FBL Financial Group, Inc.
Consolidated Statements of Operations (Unaudited)
(Dollars in thousands, except per share data)

| | Three months ended | | Year ended | |
|-------------------------------------------------------------------|--------------------|-------------------|-------------------|-------------------|
| | December 31, | | December 31, | |
| | 2018 | 2017 | 2018 | 2017 |
| Revenues: | | | | |
| Interest sensitive product charges | \$ 30,624 | \$ 26,275 | \$ 122,789 | \$ 112,936 |
| Traditional life insurance premiums | 49,600 | 49,547 | 198,312 | 195,330 |
| Net investment income | 83,865 | 107,347 | 394,618 | 415,199 |
| Net realized capital gains (losses) | (5,661) | — | (7,276) | 599 |
| Net other-than-temporary impairment losses recognized in earnings | (3,908) | (1,420) | (4,998) | (1,553) |
| Other income | 4,116 | 3,689 | 16,181 | 15,400 |
| Total revenues | <u>158,636</u> | <u>185,438</u> | <u>719,626</u> | <u>737,911</u> |
| Benefits and expenses: | | | | |
| Interest sensitive product benefits | 59,626 | 63,661 | 253,753 | 251,878 |
| Traditional life insurance benefits | 41,860 | 44,826 | 175,209 | 173,023 |
| Policyholder dividends | 2,539 | 2,543 | 10,130 | 10,140 |
| Underwriting, acquisition and insurance expenses | 44,434 | 36,649 | 152,055 | 134,878 |
| Interest expense | 1,213 | 1,212 | 4,851 | 4,850 |
| Other expenses | 6,314 | 4,520 | 22,595 | 18,382 |
| Total benefits and expenses | <u>155,986</u> | <u>153,411</u> | <u>618,593</u> | <u>593,151</u> |
| | 2,650 | 32,027 | 101,033 | 144,760 |
| Income taxes | 2,812 | 72,000 | (11,650) | 39,983 |
| Equity income (loss), net of related income taxes | 998 | (39) | 4,439 | 2,590 |
| Net income | <u>6,460</u> | <u>103,988</u> | <u>93,822</u> | <u>187,333</u> |
| Net income attributable to noncontrolling interest | (45) | (8) | (29) | (28) |
| Net income attributable to FBL Financial Group, Inc. | <u>\$ 6,415</u> | <u>\$ 103,980</u> | <u>\$ 93,793</u> | <u>\$ 187,305</u> |
| Earnings per common share - assuming dilution | <u>\$ 0.26</u> | <u>\$ 4.15</u> | <u>\$ 3.75</u> | <u>\$ 7.47</u> |
| Weighted average common shares | 24,887,779 | 25,039,449 | 24,932,189 | 25,038,334 |
| Effect of dilutive securities | 9,762 | 17,087 | 12,412 | 19,111 |
| Weighted average common shares - diluted | <u>24,897,541</u> | <u>25,056,536</u> | <u>24,944,601</u> | <u>25,057,445</u> |

(1) Reconciliation of Net Income Attributable to FBL Financial Group to Non-GAAP Operating Income - Unaudited

In addition to net income, FBL Financial Group has consistently utilized non-GAAP operating income, a financial measure common in the life insurance industry that is not prepared in accordance with U.S. generally accepted accounting principles (GAAP), as a primary economic measure to evaluate its financial performance. Non-GAAP operating income equals net income attributable to FBL Financial Group adjusted to exclude the initial impact of changes in federal statutory income tax rates and tax laws, realized gains and losses on investments, and the change in net unrealized gains and losses on derivatives and equity securities, which can fluctuate greatly from period to period. These fluctuations make it difficult to analyze core operating trends. In addition, for derivatives not designated as hedges, there is a mismatch between the valuation of the asset and liability when deriving net income (loss). Specifically, call options relating to indexed business are one-year assets while the embedded derivatives in the indexed contracts represent the rights of the contract holder to receive index credits over the entire period the indexed products are expected to be in force. This non-GAAP measure is used for goal setting, determining short-term incentive compensation and evaluating performance on a basis comparable to that used by many in the investment community. FBL Financial Group believes the combined presentation and evaluation of non-GAAP operating income, together with net income, provides information that may enhance an investor's understanding of FBL Financial Group's underlying results and profitability. A reconciliation is provided in the following table:

| | Three months ended | | Year ended | |
|---------------------------------------------------------------------|-----------------------------------------------|------------------|-------------------|-------------------|
| | December 31, | | December 31, | |
| | 2018 | 2017 | 2018 | 2017 |
| | (Dollars in thousands, except per share data) | | | |
| Net income attributable to FBL Financial Group | \$ 6,415 | \$ 103,980 | \$ 93,793 | \$ 187,305 |
| Adjustments: | | | | |
| Initial impact of the Tax Act ^(a) | — | (81,157) | (617) | (81,157) |
| Net realized gains/losses on investments ^{(b) (c)} | 7,414 | 656 | 9,546 | 459 |
| Change in net unrealized gains/losses on derivatives ^(b) | 4,997 | (476) | 6,188 | (2,549) |
| Non-GAAP operating income | <u>\$ 18,826</u> | <u>\$ 23,003</u> | <u>\$ 108,910</u> | <u>\$ 104,058</u> |
| Non-GAAP operating income per common share - assuming dilution | <u>\$ 0.75</u> | <u>\$ 0.92</u> | <u>\$ 4.36</u> | <u>\$ 4.15</u> |

^(a) Amount represents the change in deferred tax assets and liabilities due to the enactment of the Tax Cuts and Jobs Act of 2017.

^(b) Net of adjustments, as applicable, to amortization of unearned revenue reserves, deferred acquisition costs, value of insurance in force acquired, interest sensitive policy reserves and income taxes attributable to these items.

^(c) Beginning in 2018, the change in net unrealized gains/losses on equity securities is included as an adjustment to net income.

(2) Premiums Collected - Net statutory premiums collected is a non-GAAP measure and includes premiums collected from annuities and universal life-type products. It is a useful metric for investors as it is a measure of sales production. For GAAP reporting, these premiums received are not reported as revenues.

(3) Reconciliation of Book Value Per Share Excluding Accumulated Other Comprehensive Income - Unaudited

| | December 31, 2018 | December 31, 2017 |
|------------------------------------------------------------------------|----------------------|----------------------|
| Book value per share | \$ 47.78 | \$ 55.12 |
| Less: Per share impact of accumulated other comprehensive income | 3.69 | 11.44 |
| Book value per share, excluding accumulated other comprehensive income | <u>\$ 44.09</u> | <u>\$ 43.68</u> |

Book value per share excluding accumulated other comprehensive income is a non-GAAP financial measure. Accumulated other comprehensive income totaled \$91.3 million at December 31, 2018 and \$285.0 million at December 31, 2017. Since accumulated other comprehensive income fluctuates from quarter to quarter due to unrealized changes in the fair value of investments caused principally by changes in market interest rates, FBL Financial Group believes this non-GAAP financial measure provides useful supplemental information.

FBL Financial Group, Inc.
Condensed Consolidated Balance Sheets (Unaudited)
(Dollars in thousands)

| | December 31, 2018 | December 31, 2017 |
|------------------------------------------------------|----------------------|----------------------|
| Assets | | |
| Investments | \$ 8,414,118 | \$ 8,620,243 |
| Cash and cash equivalents | 19,035 | 52,696 |
| Deferred acquisition costs | 418,802 | 302,611 |
| Other assets | 420,394 | 425,888 |
| Assets held in separate accounts | 561,281 | 651,963 |
| Total assets | \$ 9,833,630 | \$ 10,053,401 |
| Liabilities and stockholders' equity | | |
| Liabilities | | |
| Future policy benefits | \$ 7,205,471 | \$ 7,050,465 |
| Other policy funds, claims and benefits | 615,177 | 634,128 |
| Debt | 97,000 | 97,000 |
| Other liabilities | 170,442 | 242,720 |
| Liabilities related to separate accounts | 561,281 | 651,963 |
| Total liabilities | 8,649,371 | 8,676,276 |
| Stockholders' equity | | |
| FBL Financial Group, Inc. stockholders' equity: | | |
| Preferred stock | 3,000 | 3,000 |
| Class A common stock | 152,652 | 153,589 |
| Class B common stock | 72 | 72 |
| Accumulated other comprehensive income | 91,318 | 284,983 |
| Retained earnings | 937,097 | 935,423 |
| Total FBL Financial Group, Inc. stockholders' equity | 1,184,139 | 1,377,067 |
| Noncontrolling interest | 120 | 58 |
| Total stockholders' equity | 1,184,259 | 1,377,125 |
| Total liabilities and stockholders' equity | \$ 9,833,630 | \$ 10,053,401 |
| Common shares outstanding | 24,718,815 | 24,930,526 |

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Section 3: EX-99.2 (EXHIBIT 99.2)

FBL FINANCIAL GROUP, INC.
INVESTOR SUPPLEMENT
2018 Fourth Quarter



 **FBL Financial Group, Inc.**

Corporate Headquarters

FBL Financial Group, Inc.
5400 University Avenue
West Des Moines, Iowa 50266-5997
(515) 225-5400

Financial Inquiries

For more information contact:
Kathleen Till Stange
Vice President Corporate & Investor Relations
Kathleen.TillStange@FBLFinancial.com
(515) 226-6780

Internet Information

FBL Financial Group, Inc.
www.fblfinancial.com

Stock Symbol

NYSE: FFG

Transfer Agent

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, NY 11219
<http://www.astfinancial.com>

FBL Financial Group, Inc.
Financial Supplement (Unaudited)
December 31, 2018
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NOTE 1: In addition to net income as determined using U.S. Generally Accepted Accounting Principles (GAAP), we have consistently used non-GAAP operating income (a measure of earnings not recognized under GAAP), a financial measure common in the life insurance industry, as a primary economic measure to evaluate our financial performance. Non-GAAP operating income for the periods presented consists of net income adjusted to exclude the initial impact of changes in federal statutory income tax rates and tax laws, realized gains and losses on investments and the change in net unrealized gains and losses on derivatives and equity securities.

We use non-GAAP operating income, in addition to net income, to measure our performance since realized gains and losses on investments and the change in net unrealized gains and losses on derivatives and equities can fluctuate greatly from quarter to quarter. These fluctuations make it difficult to analyze core operating trends. A view of our non-GAAP operating performance without the impact of these items enhances the analysis of our results. We use non-GAAP operating income for goal setting, determining short-term incentive compensation and evaluating performance on a basis comparable to that used by many in the investment community.

NOTE 2: During the third quarter of 2018, we voluntarily changed our accounting policy for low income housing tax credit (LIHTC) investments. The accounting change is applied retrospectively to our financial statements and all prior financial information in this exhibit has been adjusted to reflect this change. For further details on the accounting change, see Note 1 to our consolidated financial statements in our Form 10-Q for the quarter ended September 30, 2018.

NOTE 3: Certain financial information presented herein may not add due to rounding.

FBL Financial Group, Inc.
Consolidated Balance Sheets (Unaudited)
(Dollars in thousands)

| | December 31, 2018 | December 31, 2017 |
|---------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Assets | | |
| Investments: | | |
| Fixed maturities - available for sale, at fair value (amortized cost: 2018 - \$6,856,277; 2017 - \$6,757,250) | \$ 7,033,045 | \$ 7,291,967 |
| Equity securities - at fair value (cost: 2018 - \$93,564; 2017 - \$96,715) | 92,857 | 104,145 |
| Mortgage loans | 1,039,829 | 971,812 |
| Real estate | 1,543 | 1,543 |
| Policy loans | 197,366 | 191,398 |
| Short-term investments | 15,713 | 17,007 |
| Other investments | 33,765 | 42,371 |
| Total investments | 8,414,118 | 8,620,243 |
| Cash and cash equivalents | 19,035 | 52,696 |
| Securities and indebtedness of related parties | 60,962 | 47,823 |
| Accrued investment income | 74,524 | 76,468 |
| Amounts receivable from affiliates | 3,812 | 3,561 |
| Reinsurance recoverable | 102,386 | 108,948 |
| Deferred acquisition costs | 418,802 | 302,611 |
| Value of insurance in force acquired | 10,385 | 4,560 |
| Current income taxes recoverable | 4,807 | 6,764 |
| Other assets | 163,518 | 177,764 |
| Assets held in separate accounts | 561,281 | 651,963 |
| Total assets | \$ 9,833,630 | \$ 10,053,401 |

FBL Financial Group, Inc.
Consolidated Balance Sheets (Continued)
(Dollars in thousands)

| | December 31, 2018 | December 31, 2017 |
|-------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Liabilities and stockholders' equity | | |
| Liabilities: | | |
| Future policy benefits: | | |
| Interest sensitive products | \$ 5,403,125 | \$ 5,299,961 |
| Traditional life insurance and accident and health products | 1,802,346 | 1,750,504 |
| Other policy claims and benefits | 51,298 | 44,475 |
| Supplementary contracts without life contingencies | 303,627 | 322,630 |
| Advance premiums and other deposits | 260,252 | 267,023 |
| Amounts payable to affiliates | 1,461 | 1,164 |
| Long-term debt payable to non-affiliates | 97,000 | 97,000 |
| Deferred income taxes | 75,449 | 130,425 |
| Other liabilities | 93,532 | 111,131 |
| Liabilities related to separate accounts | 561,281 | 651,963 |
| Total liabilities | 8,649,371 | 8,676,276 |
| Stockholders' equity: | | |
| FBL Financial Group, Inc. stockholders' equity: | | |
| Preferred stock, without par value, at liquidation value - authorized 10,000,000 shares, issued and outstanding 5,000,000 Series B shares | 3,000 | 3,000 |
| Class A common stock, without par value - authorized 88,500,000 shares, issued and outstanding 24,707,402 in 2018 and 24,919,113 shares in 2017 | 152,652 | 153,589 |
| Class B common stock, without par value - authorized 1,500,000 shares, issued and outstanding 11,413 shares in 2018 and 2017 | 72 | 72 |
| Accumulated other comprehensive income | 91,318 | 284,983 |
| Retained earnings | 937,097 | 935,423 |
| Total FBL Financial Group, Inc. stockholders' equity | 1,184,139 | 1,377,067 |
| Noncontrolling interest | 120 | 58 |
| Total stockholders' equity | 1,184,259 | 1,377,125 |
| Total liabilities and stockholders' equity | \$ 9,833,630 | \$ 10,053,401 |

FBL Financial Group, Inc.
Consolidated Statements of Comprehensive Income (Unaudited)
(Dollars in thousands, except per share data)

| | Three months ended December 31, | | Year ended December 31, | |
|------------------------------------------------------------------------------|---------------------------------|--------------------------|---------------------------|--------------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Revenues: | | | | |
| Interest sensitive product charges | \$ 30,624 | \$ 26,275 | \$ 122,789 | \$ 112,936 |
| Traditional life insurance premiums | 49,600 | 49,547 | 198,312 | 195,330 |
| Net investment income | 83,865 | 107,347 | 394,618 | 415,199 |
| Net realized capital gains (losses) | (5,661) | — | (7,276) | 599 |
| Total other-than-temporary impairment losses | (3,982) | (1,420) | (5,072) | (1,553) |
| Non-credit portion in other comprehensive income | 74 | — | 74 | — |
| Net impairment losses recognized in earnings | (3,908) | (1,420) | (4,998) | (1,553) |
| Other income | 4,116 | 3,689 | 16,181 | 15,400 |
| Total revenues | 158,636 | 185,438 | 719,626 | 737,911 |
| Benefits and expenses: | | | | |
| Interest sensitive product benefits | 59,626 | 63,661 | 253,753 | 251,878 |
| Traditional life insurance benefits | 41,860 | 44,826 | 175,209 | 173,023 |
| Policyholder dividends | 2,539 | 2,543 | 10,130 | 10,140 |
| Underwriting, acquisition and insurance expenses | 44,434 | 36,649 | 152,055 | 134,878 |
| Interest expense | 1,213 | 1,212 | 4,851 | 4,850 |
| Other expenses | 6,314 | 4,520 | 22,595 | 18,382 |
| Total benefits and expenses | 155,986 | 153,411 | 618,593 | 593,151 |
| | 2,650 | 32,027 | 101,033 | 144,760 |
| Income tax benefit (expense) | 2,812 | 72,000 | (11,650) | 39,983 |
| Equity income (loss), net of related income taxes | 998 | (39) | 4,439 | 2,590 |
| Net income | 6,460 | 103,988 | 93,822 | 187,333 |
| Net income attributable to noncontrolling interest | (45) | (8) | (29) | (28) |
| Net income attributable to FBL Financial Group, Inc. | <u>\$ 6,415</u> | <u>\$ 103,980</u> | <u>\$ 93,793</u> | <u>\$ 187,305</u> |
| Comprehensive income (loss) attributable to FBL Financial Group, Inc. | <u>\$ 8,772</u> | <u>\$ 116,868</u> | <u>\$ (94,392)</u> | <u>\$ 274,507</u> |
| Earnings per common share | <u>\$ 0.26</u> | <u>\$ 4.15</u> | <u>\$ 3.76</u> | <u>\$ 7.47</u> |
| Earnings per common share - assuming dilution | <u>\$ 0.26</u> | <u>\$ 4.15</u> | <u>\$ 3.75</u> | <u>\$ 7.47</u> |
| Cash dividends per common share | <u>\$ 0.46</u> | <u>\$ 0.44</u> | <u>\$ 1.84</u> | <u>\$ 1.76</u> |
| Special cash dividend per common share | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 1.50</u> | <u>\$ 1.50</u> |

FBL Financial Group, Inc.
Consolidated Statements of Comprehensive Income (Unaudited) - Quarterly
(Dollars in thousands, except per share data)

| | Q4 2017 | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 |
|-----------------------------------------------------------------------|------------|-------------|-------------|-------------|-----------|
| Revenues: | | | | | |
| Interest sensitive product charges | \$ 26,275 | \$ 30,098 | \$ 30,906 | \$ 31,161 | \$ 30,624 |
| Traditional life insurance premiums | 49,547 | 49,497 | 51,091 | 48,124 | 49,600 |
| Net investment income | 107,347 | 101,022 | 103,974 | 105,757 | 83,865 |
| Net realized capital gains (losses) | — | (1,747) | 841 | (709) | (5,661) |
| Total other-than-temporary impairment losses | (1,420) | (1,040) | — | (50) | (3,982) |
| Non-credit portion in other comprehensive income | — | — | — | — | 74 |
| Net impairment losses recognized in earnings | (1,420) | (1,040) | — | (50) | (3,908) |
| Other income | 3,689 | 4,600 | 3,637 | 3,828 | 4,116 |
| Total revenues | 185,438 | 182,430 | 190,449 | 188,111 | 158,636 |
| Benefits and expenses: | | | | | |
| Interest sensitive product benefits | 63,661 | 61,345 | 62,637 | 70,145 | 59,626 |
| Traditional life insurance benefits | 44,826 | 45,456 | 43,725 | 44,168 | 41,860 |
| Policyholder dividends | 2,543 | 2,551 | 2,560 | 2,480 | 2,539 |
| Underwriting, acquisition and insurance expenses | 36,649 | 39,577 | 37,210 | 30,834 | 44,434 |
| Interest expense | 1,212 | 1,213 | 1,213 | 1,212 | 1,213 |
| Other expenses | 4,520 | 5,593 | 5,627 | 5,061 | 6,314 |
| Total benefits and expenses | 153,411 | 155,735 | 152,972 | 153,900 | 155,986 |
| Income tax benefit (expense) | 32,027 | 26,695 | 37,477 | 34,211 | 2,650 |
| Equity income (loss), net of related income taxes | 72,000 | (3,813) | (5,831) | (4,818) | 2,812 |
| Net income | (39) | 660 | 1,139 | 1,642 | 998 |
| Net loss (income) attributable to noncontrolling interest | 103,988 | 23,542 | 32,785 | 31,035 | 6,460 |
| Net income attributable to FBL Financial Group, Inc. | (8) | 23 | 18 | (25) | (45) |
| Comprehensive income (loss) attributable to FBL Financial Group, Inc. | \$ 103,980 | \$ 23,565 | \$ 32,803 | \$ 31,010 | \$ 6,415 |
| Earnings per common share | \$ 116,868 | \$ (69,327) | \$ (22,727) | \$ (11,110) | \$ 8,772 |
| Earnings per common share - assuming dilution | \$ 4.15 | \$ 0.94 | \$ 1.31 | \$ 1.24 | \$ 0.26 |
| Cash dividends per common share | \$ 4.15 | \$ 0.94 | \$ 1.31 | \$ 1.24 | \$ 0.26 |
| Special cash dividend per common share | \$ 0.44 | \$ 0.46 | \$ 0.46 | \$ 0.46 | \$ 0.46 |
| Weighted average common shares outstanding (in thousands): | \$ — | \$ 1.50 | \$ — | \$ — | \$ — |
| Basic | 25,039 | 25,004 | 24,917 | 24,919 | 24,888 |
| Effect of dilutive securities | 18 | 16 | 13 | 11 | 10 |
| Diluted | 25,057 | 25,020 | 24,930 | 24,930 | 24,898 |

FBL Financial Group, Inc.

Net Income to Non-GAAP Operating Income Reconciliation and Pre-tax Non-GAAP Operating Income by Segment
(Dollars in thousands, except per share data)

| | Q4 2017 | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 |
|--------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Net income attributable to FBL Financial Group, Inc. | \$ 103,980 | \$ 23,565 | \$ 32,803 | \$ 31,010 | \$ 6,415 |
| Net income adjustments: | | | | | |
| Impact of change in federal tax rate (1) | (81,157) | — | — | (617) | — |
| Realized gains/losses on investments (2)(3) | 656 | 2,223 | (694) | 603 | 7,414 |
| Change in net unrealized gains/losses on derivatives (2) | (476) | 509 | (194) | 876 | 4,997 |
| Non-GAAP operating income | \$ 23,003 | \$ 26,297 | \$ 31,915 | \$ 31,872 | \$ 18,826 |
| Non-GAAP operating income per common share - assuming dilution | \$0.92 | \$1.05 | \$1.28 | \$1.28 | \$0.75 |
| Non-GAAP operating return on equity, excluding AOCI - last twelve months | 10.0% | 10.0% | 9.7% | 10.5% | 10.0% |
| Non-GAAP operating return on equity, including AOCI - last twelve months | 8.3% | 8.3% | 8.1% | 9.0% | 8.8% |

| | Q4 2017 | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 |
|-----------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <i>Impact of Adjustments on FBL Net Income</i> | | | | | |
| Initial impact of the Tax Act (1) | \$ 81,157 | \$ — | \$ — | \$ 617 | \$ — |
| Realized gains (losses) on investments and change in net unrealized gains/losses on equity securities and derivatives | (791) | (3,995) | 1,357 | (2,658) | (19,216) |
| Offsets: (4) | | | | | |
| Change in amortization | (90) | 338 | (226) | 725 | 945 |
| Reserve change on interest sensitive products | 79 | 199 | (7) | 60 | 2,561 |
| Income tax | 622 | 726 | (236) | 394 | 3,299 |
| Net impact of net income adjustments | \$ 80,977 | \$ (2,732) | \$ 888 | \$ (862) | \$ (12,411) |

| | Q4 2017 | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 |
|-----------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Pre-tax non-GAAP operating income by segment: | | | | | |
| Annuity segment | \$ 17,211 | \$ 16,582 | \$ 15,998 | \$ 18,179 | \$ 12,087 |
| Life Insurance segment | 9,856 | 10,897 | 16,381 | 11,958 | 8,444 |
| Corporate and Other segment | 5,694 | 3,533 | 5,434 | 7,999 | (953) |
| Total pre-tax non-GAAP operating income | 32,761 | 31,012 | 37,813 | 38,136 | 19,578 |
| Income taxes on non-GAAP operating income | (9,758) | (4,715) | (5,898) | (6,264) | (752) |
| Non-GAAP operating income | \$ 23,003 | \$ 26,297 | \$ 31,915 | \$ 31,872 | \$ 18,826 |

- (1) During the third quarter of 2018, we adjusted the provisional estimate of the impact of the Tax Act on our deferred tax assets and liabilities as of December 31, 2017. See Note 5 to our consolidated financial statements in Form 10-Q for the quarter ended September 30, 2018 for additional information.
- (2) Amounts are net of offsets related to changes in amortization of unearned revenue reserves, deferred sales inducements and deferred acquisition costs, as well as changes in interest sensitive product reserves and income taxes attributable to these items.
- (3) Beginning in 2018, amount includes changes in net unrealized gains/losses on equity securities.
- (4) The items excluded from non-GAAP operating income impact the amortization of deferred acquisition costs, value of business acquired and unearned revenue reserve. Certain interest sensitive reserves as well as income taxes are also impacted.

FBL Financial Group, Inc.

Segment Information

We analyze operations by reviewing financial information regarding our primary products that are aggregated into the Annuity and Life Insurance product segments. In addition, our Corporate and Other segment includes various support operations, corporate capital and other product lines that are not currently underwritten by the Company.

The Annuity segment primarily consists of fixed rate and index annuities and supplementary contracts (some of which involve life contingencies). Fixed rate and index annuities provide for tax-deferred savings and supplementary contracts provide for the systematic repayment of funds that accumulate interest. Fixed rate annuities consist primarily of flexible premium deferred annuities, but also include single premium deferred and immediate contracts. With fixed rate annuities, we bear the underlying investment risk and credit interest to the contracts at rates we determine, subject to interest rate guarantees. With index annuity products, we bear the underlying investment risk and credit interest in an amount equal to a percentage of the gain in a specified market index, subject to minimum guarantees.

The Life Insurance segment consists of whole life, term life and universal life policies. These policies provide benefits upon the death of the insured and may also allow the customer to build cash value on a tax-deferred basis.

The Corporate and Other segment consists of the following corporate items and products/services that do not meet the quantitative threshold for separate segment reporting:

- investments and related investment income not specifically allocated to our product segments;
- interest expense;
- closed blocks of variable annuity, variable universal life insurance and accident and health insurance products;
- advisory services for the management of investments and other companies;
- marketing and distribution services for the sale of mutual funds and insurance products not issued by us; and
- leasing services, primarily with affiliates.

We analyze our segment results based on pre-tax non-GAAP operating income. Accordingly, income taxes are not allocated to the segments. In addition, non-GAAP operating results are reported net of transactions between the segments.

FBL Financial Group, Inc.
Statements of Pre-tax Non-GAAP Operating Income
Annuity Segment

| | Q4 2017 | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 |
|-------------------------------------------------------------------|------------------------|--------------|--------------|--------------|--------------|
| | (Dollars in thousands) | | | | |
| Pre-tax Non-GAAP Operating Income | | | | | |
| Non-GAAP operating revenues: | | | | | |
| Interest sensitive product charges | \$ 1,032 | \$ 1,202 | \$ 1,217 | \$ 1,280 | \$ 1,474 |
| Net investment income (1) | 56,275 | 56,233 | 55,198 | 54,144 | 53,248 |
| Total non-GAAP operating revenues | 57,307 | 57,435 | 56,415 | 55,424 | 54,722 |
| Non-GAAP operating benefits and expenses: | | | | | |
| Interest sensitive product benefits | 31,096 | 31,286 | 31,393 | 29,037 | 32,299 |
| Underwriting, acquisition and insurance expenses: | | | | | |
| Commission expense, net of deferrals | 611 | 504 | 518 | 374 | 631 |
| Amortization of deferred acquisition costs | 2,690 | 3,065 | 3,070 | 2,319 | 2,789 |
| Amortization of value of insurance in force acquired | 169 | 172 | 172 | 165 | 165 |
| Other underwriting expenses (1) | 5,530 | 5,826 | 5,264 | 5,350 | 6,751 |
| Total underwriting, acquisition and insurance expenses | 9,000 | 9,567 | 9,024 | 8,208 | 10,336 |
| Total non-GAAP operating benefits and expenses | 40,096 | 40,853 | 40,417 | 37,245 | 42,635 |
| Pre-tax non-GAAP operating income | \$ 17,211 | \$ 16,582 | \$ 15,998 | \$ 18,179 | \$ 12,087 |
| Selected balance sheet data, securities at amortized cost: | | | | | |
| Assets: | | | | | |
| Investments | \$ 4,470,721 | \$ 4,586,256 | \$ 4,576,410 | \$ 4,596,422 | \$ 4,489,765 |
| Deferred acquisition costs | 92,116 | 92,400 | 92,377 | 92,442 | 93,819 |
| Value of insurance in force acquired | 3,526 | 3,354 | 3,182 | 3,017 | 2,852 |
| Liabilities and equity: | | | | | |
| Liabilities: | | | | | |
| Interest sensitive product reserves | \$ 3,963,187 | \$ 4,110,232 | \$ 4,075,995 | \$ 4,096,314 | \$ 4,036,152 |
| Other insurance reserves | 355,877 | 352,747 | 346,270 | 344,963 | 338,646 |
| Allocated equity, excluding AOCI | 272,101 | 272,242 | 269,758 | 270,918 | 266,863 |
| Other data: | | | | | |
| Number of direct contracts | 53,250 | 52,991 | 53,184 | 52,925 | 52,911 |
| Portfolio yield net of assumed defaults | 4.50% | 4.47% | 4.44% | 4.43% | 4.48% |
| Credited rate | 2.56 | 2.56 | 2.56 | 2.57 | 2.58 |
| Spread on individual annuities at end of quarter (2) | 1.94% | 1.91% | 1.88% | 1.86% | 1.90% |
| Interest sensitive reserve activity: | | | | | |
| Individual annuity reserve: | | | | | |
| Balance, beginning of period | \$ 3,082,310 | \$ 3,109,789 | \$ 3,134,862 | \$ 3,171,359 | \$ 3,176,881 |
| Deposits | 66,097 | 76,067 | 76,725 | 53,584 | 67,075 |
| Withdrawals, surrenders and death benefits | (49,428) | (60,623) | (53,788) | (62,234) | (59,661) |
| Net flows | 16,669 | 15,444 | 22,937 | (8,650) | 7,414 |
| Policyholder interest | 20,817 | 20,363 | 20,787 | 20,524 | 20,824 |
| Annuityizations and other | (10,007) | (10,734) | (7,227) | (6,352) | (10,812) |
| Balance, end of period | 3,109,789 | 3,134,862 | 3,171,359 | 3,176,881 | 3,194,307 |

| | | | | | |
|--------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Other interest sensitive reserves | 853,398 | 975,370 | 904,636 | 919,433 | 841,845 |
| Total interest sensitive product reserves | \$ 3,963,187 | \$ 4,110,232 | \$ 4,075,995 | \$ 4,096,314 | \$ 4,036,152 |

- (1) During the fourth quarter of 2018 we offered a voluntary early retirement program resulting in a decrease in net investment income from increased investment expenses (\$0.6 million) and an increase in other underwriting expenses (\$1.9 million).
- (2) Point-in-time spread at the balance sheet date used by management for decision making, which differs from the spread earned during the reporting period disclosed in the Form 10Q or 10K.

FBL Financial Group, Inc.
Statements of Pre-tax Non-GAAP Operating Income
Life Insurance Segment

| Pre-tax Non-GAAP Operating Income | Q4 2017 | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 |
|-------------------------------------------------------------------|------------------------|------------------|------------------|------------------|---------------------|
| | (Dollars in thousands) | | | | |
| Non-GAAP operating revenues: | | | | | |
| Interest sensitive product charges | \$ 14,230 | \$ 18,059 | \$ 19,079 | \$ 18,876 | \$ 18,471 |
| Traditional life insurance premiums | 49,547 | 49,497 | 51,091 | 48,124 | 49,600 |
| Net investment income (1) | 41,118 | 40,250 | 39,764 | 39,654 | 38,335 |
| Other income | (140) | (79) | (353) | (108) | (66) |
| Total non-GAAP operating revenues | 104,755 | 107,727 | 109,581 | 106,546 | 106,340 |
| Non-GAAP operating benefits and expenses: | | | | | |
| Interest sensitive product benefits: | | | | | |
| Interest and index credits (2) | 9,506 | 8,393 | 9,093 | 8,697 | 10,103 |
| Death benefits and other (2) | 13,204 | 15,241 | 14,709 | 18,475 | 16,661 |
| Total interest sensitive product benefits | 22,710 | 23,634 | 23,802 | 27,172 | 26,764 |
| Traditional life insurance benefits: | | | | | |
| Death benefits | 23,707 | 23,735 | 19,297 | 21,888 | 20,001 |
| Surrender and other benefits | 8,642 | 10,144 | 10,392 | 8,110 | 9,196 |
| Increase in traditional life future policy benefits (2) | 12,477 | 11,578 | 14,022 | 14,170 | 12,666 |
| Total traditional life insurance benefits | 44,826 | 45,457 | 43,711 | 44,168 | 41,863 |
| Policyholder dividends | 2,543 | 2,551 | 2,560 | 2,480 | 2,539 |
| Underwriting, acquisition and insurance expenses: | | | | | |
| Commission expense, net of deferrals | 4,919 | 4,923 | 4,715 | 4,200 | 5,275 |
| Amortization of deferred acquisition costs | 4,816 | 4,436 | 4,498 | 2,148 | 4,182 |
| Amortization of value of insurance in force acquired | 375 | 373 | 373 | 373 | 373 |
| Other underwriting expenses (1) | 14,448 | 16,151 | 14,833 | 14,907 | 17,893 |
| Total underwriting, acquisition and insurance expenses | 24,558 | 25,883 | 24,419 | 21,628 | 27,723 |
| Total non-GAAP operating benefits and expenses | 94,637 | 97,525 | 94,492 | 95,448 | 98,889 |
| | \$ 10,118 | \$ 10,202 | \$ 15,089 | \$ 11,098 | \$ 7,451 |
| Equity income (loss), before tax | (262) | 695 | 1,292 | 860 | 993 |
| Pre-tax non-GAAP operating income | \$ 9,856 | \$ 10,897 | \$ 16,381 | \$ 11,958 | \$ 8,444 |
| Selected balance sheet data, securities at amortized cost: | | | | | |
| Assets: | | | | | |
| Investments | \$ 2,935,517 | \$ 2,967,238 | \$ 3,006,593 | \$ 3,031,624 | \$ 3,060,235 |
| Deferred acquisition costs | 287,421 | 291,212 | 294,365 | 298,368 | 308,937 |
| Value of insurance in force acquired | 15,904 | 15,531 | 15,157 | 14,784 | 14,411 |
| Liabilities and equity: | | | | | |
| Liabilities: (3) | | | | | |
| Interest sensitive reserves | \$ 944,690 | \$ 953,635 | \$ 966,032 | \$ 979,858 | \$ 989,513 |
| Other insurance reserves | 1,951,565 | 1,964,649 | 1,976,014 | 1,995,675 | 2,001,449 |
| Allocated equity, excluding AOCI | 396,571 | 439,031 | 442,808 | 450,927 | 452,274 |

FBL Financial Group, Inc.
Statements of Pre-tax Non-GAAP Operating Income
Life Insurance Segment (Continued)

| | Q4 2017 | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 |
|-------------------------------------------------|------------------------|---------------|---------------|---------------|----------------------|
| | (Dollars in thousands) | | | | |
| Other data: | | | | | |
| Number of direct policies - traditional life | 365,382 | 364,757 | 364,339 | 364,412 | 365,909 |
| Number of direct policies - universal life | 66,382 | 66,939 | 67,466 | 67,951 | 69,832 |
| Direct face amounts - traditional life | \$ 50,841,581 | \$ 51,159,302 | \$ 51,524,879 | \$ 51,833,952 | \$ 52,191,204 |
| Direct face amounts - universal life | \$ 7,275,994 | \$ 7,383,996 | \$ 7,483,427 | \$ 7,539,216 | \$ 7,777,370 |
| Portfolio yield net of assumed defaults | 5.07% | 5.04% | 4.99% | 4.98% | 5.02% |
| Credited rate | 3.69 | 3.70 | 3.73 | 3.76 | 3.78 |
| Spread on universal life at end of quarter (4) | 1.38% | 1.34% | 1.26% | 1.22% | 1.24% |
| Interest sensitive reserve activity: (3) | | | | | |
| Balance, beginning of period | \$ 930,850 | \$ 944,690 | \$ 953,635 | \$ 966,032 | \$ 979,858 |
| Deposits | 26,267 | 27,847 | 29,415 | 26,617 | 29,660 |
| Withdrawals and surrenders | (5,672) | (8,110) | (7,708) | (7,577) | (7,778) |
| Net flows | 20,595 | 19,737 | 21,707 | 19,040 | 21,882 |
| Policyholder interest | 8,806 | 7,752 | 8,386 | 7,827 | 7,297 |
| Policy charges | (15,008) | (18,807) | (19,248) | (19,129) | (19,736) |
| Benefits and other | (553) | 263 | 1,552 | 6,088 | 212 |
| Balance, end of period | \$ 944,690 | \$ 953,635 | \$ 966,032 | \$ 979,858 | \$ 989,513 |

- (1) During the fourth quarter of 2018 we offered a voluntary early retirement program resulting in a decrease in net investment income from increased investment expenses (\$0.4 million) and an increase in other underwriting expenses (\$3.6 million).
- (2) During the fourth quarter of 2018 we incurred additional charges due to updating the estimate of the impact of an immaterial error related to policy benefits on a closed block of interest sensitive whole life business. The correction, along with accrued interest, resulted in increases to interest credited (\$2.0 million), interest sensitive death benefits (\$3.3 million) and traditional life future policy benefits (\$0.2 million).
- (3) Reserves on riders in interest sensitive life insurance products are included in Other insurance reserves.
- (4) Point-in-time spread at the balance sheet date used by management for decision making with universal life (excluding products with a secondary guarantee) differs from the spread earned during the reporting period disclosed in the Form 10Q or 10K.

FBL Financial Group, Inc.
Statements of Pre-tax Non-GAAP Operating Income
Corporate and Other

| | Q4 2017 | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 |
|-------------------------------------------------------------------|------------------------|-------------------|-------------------|-------------------|-------------------|
| Pre-tax Non-GAAP Operating Income (Loss) | (Dollars in thousands) | | | | |
| Non-GAAP operating revenues: | | | | | |
| Interest sensitive product charges | \$ 11,252 | \$ 11,021 | \$ 11,102 | \$ 10,494 | \$ 11,005 |
| Net investment income (1) | 8,788 | 8,411 | 8,777 | 8,349 | 7,735 |
| Other income | 3,829 | 4,679 | 3,990 | 3,936 | 4,182 |
| Total non-GAAP operating revenues | 23,869 | 24,111 | 23,869 | 22,779 | 22,922 |
| Non-GAAP operating benefits and expenses: | | | | | |
| Interest sensitive product benefits | 9,410 | 9,342 | 7,714 | 8,465 | 8,944 |
| Underwriting, acquisition and insurance expenses: | | | | | |
| Commission expense, net of deferrals | 716 | 680 | 667 | 684 | 631 |
| Amortization of deferred acquisition costs | 904 | 2,512 | 1,876 | (1,148) | 5,629 |
| Other underwriting expenses | 1,607 | 1,402 | 1,506 | 1,698 | 1,369 |
| Total underwriting, acquisition and insurance expenses | 3,227 | 4,594 | 4,049 | 1,234 | 7,629 |
| Interest expense | 1,212 | 1,213 | 1,213 | 1,212 | 1,213 |
| Other expenses (1) | 4,520 | 5,593 | 5,627 | 5,061 | 6,314 |
| Total non-GAAP operating benefits and expenses | 18,369 | 20,742 | 18,603 | 15,972 | 24,100 |
| | 5,500 | 3,369 | 5,266 | 6,807 | (1,178) |
| Net loss (income) attributable to noncontrolling interest | (8) | 23 | 18 | (25) | (45) |
| Equity income, before tax | 202 | 141 | 150 | 1,217 | 270 |
| Pre-tax non-GAAP operating income (loss) | \$ 5,694 | \$ 3,533 | \$ 5,434 | \$ 7,999 | \$ (953) |
| Selected balance sheet data, securities at amortized cost: | | | | | |
| Assets: | | | | | |
| Investments | \$ 671,857 | \$ 680,285 | \$ 678,014 | \$ 684,541 | \$ 688,057 |
| Deferred acquisition costs | 70,247 | 68,202 | 66,315 | 69,887 | 62,778 |
| Separate account assets | 651,963 | 638,751 | 638,061 | 651,797 | 561,281 |
| Liabilities and equity: | | | | | |
| Liabilities: | | | | | |
| Interest sensitive reserves | \$ 369,726 | \$ 369,022 | \$ 367,937 | \$ 371,502 | \$ 372,056 |
| Other insurance reserves | 93,754 | 91,305 | 89,427 | 89,389 | 86,324 |
| Separate account liabilities | 651,963 | 638,751 | 638,061 | 651,797 | 561,281 |
| Allocated equity, excluding AOCI | 420,412 | 351,866 | 369,593 | 379,918 | 370,684 |
| Rollforward of separate account balances: | | | | | |
| Beginning separate account balance | \$ 637,746 | \$ 651,963 | \$ 638,751 | \$ 638,061 | \$ 651,797 |
| Net premiums and transfers | 4,745 | 6,667 | 6,264 | 836 | 3,518 |
| Net investment income (loss) | 26,039 | (3,424) | 11,995 | 28,717 | (77,872) |
| Charges, benefits and surrenders | (16,567) | (16,455) | (18,949) | (15,817) | (16,162) |
| Ending separate account balance | \$ 651,963 | \$ 638,751 | \$ 638,061 | \$ 651,797 | \$ 561,281 |
| Other data: | | | | | |
| Number of direct contracts - variable annuity | 9,857 | 9,671 | 9,491 | 9,343 | 9,217 |

| | | | | | |
|-----------------------------------------------------|--------------|--------------|--------------|--------------|---------------------|
| Number of direct policies - variable universal life | 36,986 | 36,548 | 36,056 | 35,613 | 35,160 |
| Direct face amounts - variable universal life | \$ 4,549,732 | \$ 4,501,972 | \$ 4,440,315 | \$ 4,388,771 | \$ 4,321,462 |

- (1) During the fourth quarter of 2018 we offered a voluntary early retirement program resulting in a decrease in net investment income from increased investment expenses (\$0.1 million) and an increase in other expenses (\$1.0 million).

FBL Financial Group, Inc.
Deferred Acquisition Costs by Segment

| | Q4 2017 | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 |
|-------------------------------------------------------------------------------------------------------------|------------------------|------------|------------|------------|------------|
| | (Dollars in thousands) | | | | |
| Annuity | | | | | |
| Balance - beginning of period | \$ 91,802 | \$ 92,116 | \$ 92,400 | \$ 92,377 | \$ 92,442 |
| Cumulative effect of change in accounting principle related to net unrealized gains on equity securities | — | — | (103) | — | — |
| Capitalization: | | | | | |
| Commissions | 2,681 | 2,972 | 2,892 | 2,119 | 2,994 |
| Expenses | 237 | 283 | 313 | 291 | 433 |
| Deferral of sales inducements | 124 | 129 | — | — | — |
| Total capitalization | 3,042 | 3,384 | 3,205 | 2,410 | 3,427 |
| Amortization - non-GAAP operating basis, before impact of unlocking | (2,762) | (3,157) | (3,137) | (2,616) | (2,857) |
| Amortization - unlocking, non-GAAP operating basis | — | — | — | 249 | — |
| Amortization - realized gains/losses on investments and unrealized gains/losses on derivatives and equities | 34 | 57 | 12 | 22 | 807 |
| Balance - end of period | \$ 92,116 | \$ 92,400 | \$ 92,377 | \$ 92,442 | \$ 93,819 |
| Life Insurance | | | | | |
| Balance - beginning of period | \$ 282,116 | \$ 287,421 | \$ 291,212 | \$ 294,365 | \$ 298,368 |
| Cumulative effect of change in accounting principle related to net unrealized gains on equity securities | — | — | (357) | — | — |
| Capitalization: | | | | | |
| Commissions | 7,250 | 5,505 | 5,068 | 4,279 | 9,724 |
| Expenses | 2,309 | 2,391 | 2,559 | 2,257 | 3,230 |
| Deferral of sales inducements | 595 | 355 | 257 | 163 | 1,746 |
| Total capitalization | 10,154 | 8,251 | 7,884 | 6,699 | 14,700 |
| Amortization - non-GAAP operating basis, before impact of unlocking | (4,973) | (4,566) | (4,679) | (4,416) | (4,360) |
| Amortization - unlocking, non-GAAP operating basis | — | — | — | 2,009 | — |
| Amortization - realized gains/losses on investments and unrealized gains/losses on derivatives and equities | 124 | 106 | 305 | (289) | 229 |
| Balance - end of period | \$ 287,421 | \$ 291,212 | \$ 294,365 | \$ 298,368 | \$ 308,937 |
| Corporate and Other | | | | | |
| Balance - beginning of period | \$ 71,038 | \$ 70,247 | \$ 68,202 | \$ 66,315 | \$ 68,101 |
| Cumulative effect of change in accounting principle related to net unrealized gains on equity securities | — | — | (30) | — | — |
| Capitalization: | | | | | |
| Commissions | 113 | 142 | 120 | 86 | 114 |
| Deferral of sales inducements | 7 | 4 | 2 | 2 | 15 |
| Total capitalization | 120 | 146 | 122 | 88 | 129 |
| Amortization - non-GAAP operating basis, before impact of unlocking | (902) | (2,568) | (1,910) | (1,240) | (5,687) |
| Amortization - unlocking, non-GAAP operating basis | — | — | — | 2,458 | — |
| Amortization - realized gains/losses on investments and unrealized gains/losses on derivatives and equities | (9) | 377 | (69) | 480 | 235 |
| Balance - end of period | \$ 70,247 | \$ 68,202 | \$ 66,315 | \$ 68,101 | \$ 62,778 |

FBL Financial Group, Inc.
Deferred Acquisition Costs by Segment (Continued)

| | Q4 2017 | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 |
|-------------------------------------------------------------------------------------------------------------|------------------------|-------------------|-------------------|-------------------|--------------------------|
| | (Dollars in thousands) | | | | |
| Total | | | | | |
| Balance - beginning of period | \$ 444,956 | \$ 449,784 | \$ 451,814 | \$ 453,057 | \$ 458,911 |
| Cumulative effect of change in accounting principle related to net unrealized gains on equity securities | — | — | (490) | — | — |
| Capitalization: | | | | | |
| Commissions | 10,044 | 8,619 | 8,080 | 6,484 | 12,832 |
| Expenses | 2,546 | 2,674 | 2,872 | 2,548 | 3,663 |
| Deferral of sales inducements | 726 | 488 | 259 | 165 | 1,761 |
| Total capitalization | 13,316 | 11,781 | 11,211 | 9,197 | 18,256 |
| Amortization - non-GAAP operating basis, before impact of unlocking | (8,637) | (10,291) | (9,726) | (8,272) | (12,904) |
| Amortization - unlocking, non-GAAP operating basis | — | — | — | 4,716 | — |
| Amortization - realized gains/losses on investments and unrealized gains/losses on derivatives and equities | 149 | 540 | 248 | 213 | 1,271 |
| Balance - end of period | 449,784 | 451,814 | 453,057 | 458,911 | 465,534 |
| Impact of unrealized gains in AOCI | (147,173) | (93,953) | (65,530) | (46,865) | (46,732) |
| Deferred acquisition costs | <u>\$ 302,611</u> | <u>\$ 357,861</u> | <u>\$ 387,527</u> | <u>\$ 412,046</u> | <u>\$ 418,802</u> |

FBL Financial Group, Inc.
Impact of Unlocking on Pre-tax Non-GAAP Operating Income

| | Q4 2017 | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 |
|----------------------------------------------------------------------------------------------------------|------------------------|---------|---------|------------|---------|
| | (Dollars in thousands) | | | | |
| Annuity Segment | | | | | |
| Amortization of deferred sales inducements reported in interest sensitive product benefits | \$ — | \$ — | \$ — | \$ 13 | \$ — |
| Amortization of deferred acquisition costs | — | — | — | 236 | — |
| Changes in reserves reported in interest sensitive product benefits | — | — | — | — | — |
| Increase to pre-tax non-GAAP operating income | \$ — | \$ — | \$ — | \$ 249 | \$ — |
| Life Segment | | | | | |
| Amortization of unearned revenue reserve reported in interest sensitive product charges and other income | \$ — | \$ — | \$ — | \$ 420 | \$ — |
| Amortization of deferred sales inducements reported in interest sensitive product benefits | — | — | — | (209) | — |
| Amortization of deferred sales inducements reported in traditional life insurance benefits | — | — | — | 65 | — |
| Amortization of deferred acquisition costs | — | — | — | 2,152 | — |
| Changes in reserves reported in interest sensitive product benefits | — | — | — | (4,755) | — |
| Decrease to pre-tax non-GAAP operating income | \$ — | \$ — | \$ — | \$ (2,327) | \$ — |
| Corporate and Other Segment | | | | | |
| Amortization of unearned revenue reserve reported in interest sensitive product charges | \$ — | \$ — | \$ — | \$ (667) | \$ — |
| Amortization of deferred sales inducements reported in interest sensitive product benefits | — | — | — | 76 | — |
| Amortization of deferred acquisition costs | — | — | — | 2,382 | — |
| Changes in reserves reported in interest sensitive product benefits | — | — | — | — | — |
| Increase to pre-tax non-GAAP operating income | \$ — | \$ — | \$ — | \$ 1,791 | \$ — |
| Total impact of unlocking on pre-tax non-GAAP operating income | \$ — | \$ — | \$ — | \$ (287) | \$ — |

FBL Financial Group, Inc.

Collected Premiums (1)

| | Q4 2017 | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 |
|-----------------------------------------|------------------------|-------------------|-------------------|-------------------|-------------------|
| | (Dollars in thousands) | | | | |
| Annuity | | | | | |
| Individual: | | | | | |
| Fixed rate: | | | | | |
| First year | \$ 17,575 | \$ 17,554 | \$ 22,514 | \$ 14,593 | \$ 21,256 |
| Renewal | 18,621 | 20,875 | 16,446 | 11,371 | 14,361 |
| Total fixed rate | 36,196 | 38,429 | 38,960 | 25,964 | 35,617 |
| Index annuity | 30,174 | 37,665 | 37,442 | 29,183 | 33,337 |
| Total individual | 66,370 | 76,094 | 76,402 | 55,147 | 68,954 |
| Group | 2,115 | 2,716 | 3,436 | 1,186 | 1,503 |
| Total Annuity | 68,485 | 78,810 | 79,838 | 56,333 | 70,457 |
| Life Insurance | | | | | |
| Direct: | | | | | |
| Universal life: | | | | | |
| First year | 4,746 | 7,157 | 7,962 | 7,140 | 6,625 |
| Renewal | 18,868 | 19,848 | 20,602 | 18,887 | 20,764 |
| Total universal life | 23,614 | 27,005 | 28,564 | 26,027 | 27,389 |
| Participating whole life: | | | | | |
| First year | 3,304 | 2,695 | 3,537 | 3,249 | 2,658 |
| Renewal | 24,058 | 24,281 | 24,244 | 22,269 | 23,761 |
| Total participating whole life | 27,362 | 26,976 | 27,781 | 25,518 | 26,419 |
| Term life and other: | | | | | |
| First year | 2,738 | 2,718 | 2,751 | 2,513 | 2,861 |
| Renewal | 25,583 | 26,620 | 26,538 | 25,995 | 26,656 |
| Total term life and other | 28,321 | 29,338 | 29,289 | 28,508 | 29,517 |
| Total direct life insurance | 79,297 | 83,319 | 85,634 | 80,053 | 83,325 |
| Reinsurance | (6,902) | (7,056) | (7,734) | (6,186) | (7,126) |
| Total Life Insurance | 72,395 | 76,263 | 77,900 | 73,867 | 76,199 |
| Corporate and Other | | | | | |
| Variable, net of reinsurance | 12,554 | 14,529 | 13,575 | 11,424 | 10,447 |
| Accident and health, net of reinsurance | 217 | 55 | 42 | 43 | 271 |
| Total Corporate and Other | 12,771 | 14,584 | 13,617 | 11,467 | 10,718 |
| Total collected premiums | \$ 153,651 | \$ 169,657 | \$ 171,355 | \$ 141,667 | \$ 157,374 |

(1) Collected premiums is a measure of sales production not recognized under GAAP.

FBL Financial Group, Inc.
Other Information

| | December 31, 2017 | March 31, 2018 | June 30, 2018 | September 30, 2018 | December 31, 2018 |
|------------------------------------------------------------------------------|-----------------------------------------------|---------------------|---------------------|-----------------------|----------------------|
| | (Dollars in thousands, except per share data) | | | | |
| Capitalization: | | | | | |
| Short-term debt | \$ — | \$ — | \$ 27,000 | \$ — | \$ — |
| Trust preferred securities, due 2047 | 97,000 | 97,000 | 97,000 | 97,000 | 97,000 |
| Total debt | 97,000 | 97,000 | 124,000 | 97,000 | 97,000 |
| Preferred stock | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Common stockholders' equity, excluding AOCI | 1,089,084 | 1,063,139 | 1,082,159 | 1,101,762 | 1,089,821 |
| Total capitalization, excluding AOCI | 1,189,084 | 1,163,139 | 1,209,159 | 1,201,762 | 1,189,821 |
| Accumulated other comprehensive income | 284,983 | 186,222 | 131,081 | 88,961 | 91,318 |
| Total capitalization, including AOCI | \$ 1,474,067 | \$ 1,349,361 | \$ 1,340,240 | \$ 1,290,723 | \$ 1,281,139 |
| Common shares outstanding | 24,930,526 | 24,837,976 | 24,818,209 | 24,818,209 | 24,718,815 |
| Book Value per Share: | | | | | |
| Excluding AOCI | \$ 43.68 | \$ 42.80 | \$ 43.60 | \$ 44.39 | \$ 44.09 |
| Including AOCI | 55.12 | 50.30 | 48.89 | 47.98 | 47.78 |
| Debt-to-Capital Ratio: | | | | | |
| Excluding AOCI | 8.1% | 8.3% | 10.2% | 8.1% | 8.2% |
| Including AOCI | 6.5 | 7.1 | 9.2 | 7.5 | 7.6 |
| Debt-to-Capital Ratio with 50% Credit for Trust Preferred Securities: | | | | | |
| Excluding AOCI | 4.0% | 4.1% | 5.1% | 4.0% | 4.1% |
| Including AOCI | 3.3 | 3.6 | 4.6 | 3.8 | 3.8 |
| Class A Common Ownership: | | | | | |
| Iowa Farm Bureau Federation | 59.2% | 59.5% | 59.5% | 59.5% | 59.7% |
| Public | 40.8 | 40.5 | 40.5 | 40.5 | 40.3 |
| | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

FBL Financial Group, Inc.
Other Information (Continued)

| | December 31, 2017 | March 31, 2018 | June 30, 2018 | September 30, 2018 | December 31, 2018 |
|-------------------------------------------------|----------------------|-------------------|------------------|-----------------------|----------------------|
| Investment by Type: | | | | | |
| Fixed maturity securities | 60.7% | 59.3% | 58.0% | 57.2% | 57.5% |
| Residential mortgage-backed | 6.0 | 6.4 | 7.0 | 7.2 | 7.2 |
| Commercial mortgage-backed | 8.2 | 9.2 | 10.1 | 10.2 | 10.4 |
| Other asset-backed | 9.7 | 9.5 | 9.2 | 9.0 | 8.4 |
| Mortgage loans | 11.3 | 11.3 | 11.5 | 12.0 | 12.4 |
| Equity securities | 1.5 | 1.2 | 1.2 | 1.2 | 1.1 |
| Other | 2.6 | 3.1 | 3.0 | 3.2 | 3.0 |
| Quality of Fixed Maturity Securities: | | | | | |
| AAA, AA, A | 65.4% | 66.1% | 67.6% | 68.0% | 68.3% |
| BBB | 31.1 | 30.4 | 29.5 | 29.2 | 29.3 |
| BB | 2.4 | 2.5 | 2.0 | 1.8 | 1.5 |
| <BB | 1.1 | 1.0 | 0.9 | 1.0 | 0.9 |
| Agent Strength Totals: | | | | | |
| Full time agents and agency managers: | | | | | |
| 8-state Farm Bureau Property & Casualty channel | 1,192 | 1,168 | 1,132 | 1,145 | 1,190 |
| 6 life partner states and Colorado | 648 | 657 | 655 | 665 | 649 |
| | 1,840 | 1,825 | 1,787 | 1,810 | 1,839 |

FBL Financial Group, Inc.
Income Taxes
(Dollars in thousands)

| | Q4 2017 | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 |
|--------------------------------------------------------------------------------|-------------|------------|------------|------------|------------|
| Income tax benefit (expense) | \$ 72,000 | \$ (3,813) | \$ (5,831) | \$ (4,818) | \$ 2,812 |
| Tax on equity income | 21 | (176) | (303) | (435) | (265) |
| Net income adjustments: | | | | | |
| Impact of change in federal tax rate | (81,157) | — | — | (617) | — |
| Income tax offset on net income adjustments | (622) | (726) | 236 | (394) | (3,299) |
| Income taxes on non-GAAP operating income | \$ (9,758) | \$ (4,715) | \$ (5,898) | \$ (6,264) | \$ (752) |
| Income taxes on non-GAAP operating income before benefits of LIHTC investments | \$ (10,770) | \$ (5,642) | \$ (6,824) | \$ (7,148) | \$ (1,841) |
| Amounts related to LIHTC investments | 1,012 | 927 | 926 | 884 | 1,089 |
| Income taxes on non-GAAP operating income | \$ (9,758) | \$ (4,715) | \$ (5,898) | \$ (6,264) | \$ (752) |