

## 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): October 31, 2019

Commission File Number: 1-11917



FBL Financial Group, Inc.

FBL Financial Group, Inc.

(Exact name of registrant as specified in its charter)

Iowa

42-1411715

(State or other jurisdiction of incorporation or organization)

(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))

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, without par value	FFG	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.



## Item 2.02. Results of Operations and Financial Condition

On October 31, 2019, FBL Financial Group, Inc. issued a news release reporting its financial results for the three months ended September 30, 2019 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 October 31, 2019
99.2	Financial Supplement of FBL Financial Group, Inc. for the quarter ended September 30, 2019
101	Interactive Data Files formatted in Inline XBRL (Inline eXtensible Business Reporting Language)
104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL and included as Exhibit 101.

### 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: October 31, 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 October 31, 2019](#)

Exhibit 99.2 [Financial Supplement of FBL Financial Group, Inc. for the quarter ended September 30, 2019](#)

[\(Back To Top\)](#)

## Section 2: EX-99.1 (EXHIBIT 99.1)

**FOR IMMEDIATE RELEASE**

Thursday, October 31, 2019

**CONTACT:**

Kathleen Till Stange, V.P. Corporate & Investor Relations

## FBL Financial Group Reports Third Quarter 2019 Results

West Des Moines, Iowa, October 31, 2019 -

### Financial Highlights

(Dollars in thousands, except per share data)

	Three months ended September 30,	
	2019	2018
Net income attributable to FBL Financial Group	\$ 25,129	\$ 31,010
Adjusted operating income <sup>(1)</sup>	25,215	31,872
Earnings per common share (assuming dilution):		
Net income	1.01	1.24
Adjusted operating income <sup>(1)</sup>	1.02	1.28

**FBL Financial Group, Inc. (NYSE: FFG)** today reported net income attributable to FBL Financial Group for the third quarter of 2019 of \$25.1 million, or \$1.01 per diluted common share, compared to \$31.0 million, or \$1.24 per diluted common share, for the third quarter of 2018. Adjusted operating income<sup>(1)</sup> totaled \$25.2 million, or \$1.02 per common share, for the third quarter of 2019, compared to \$31.9 million, or \$1.28 per common share, for the third quarter of 2018. Third quarter 2019 earnings per share reflects:

- A negative impact of \$0.09 per share from unlocking actuarial assumptions used in the calculation of deferred acquisition costs, unearned revenue reserves and certain reserves on interest sensitive products
- Unfavorable mortality results in the Life segment
- Lower spread income in the Annuity segment
- Continued investment in the Wealth Management initiative
- A nonrecurring tax benefit totaling \$0.10 per share due to the execution of a tax planning strategy

Adjusted 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's third quarter 2019 earnings results were below our expectations. This was due to several factors, including our annual actuarial assumption review, higher mortality benefits and lower spread income from the decline in investment yields," said James P. Brannen, Chief Executive Officer of FBL Financial Group, Inc. "We continue to benefit from our balanced book of life and annuity business to provide earnings stability. As we look ahead toward the close of 2019, we remain focused on financial discipline and supporting our exclusive Farm Bureau agency force as we work together to serve the needs of the Farm Bureau niche market."

**Product Revenues.** Premiums and product charges for the third quarter of 2019 totaled \$78.1 million compared to \$79.3 million in the third quarter of 2018. Interest sensitive product charges were flat while traditional life insurance premiums decreased two percent during the quarter. Premiums collected<sup>(2)</sup> in the third quarter of 2019 totaled \$142.1 million compared to \$141.7 million in the third quarter of 2018. Total life insurance premiums collected increased two percent while annuity premiums collected were flat, impacted by the low market interest rate environment.

**Investment Income.** Net investment income in the third quarter of 2019 totaled \$101.5 million, compared to \$105.8 million in the third quarter of 2018. This decrease is due to a decrease in derivative income and the impact of lower investment yields. The annualized yield earned on average invested assets, with securities at amortized cost, including investments held as securities and indebtedness of related parties, was 4.97 percent for the nine months ended September 30, 2019 compared to 5.16 percent for the nine months ended September 30, 2018. At September 30, 2019, 98 percent of the fixed maturity securities in FBL Financial Group's investment portfolio were investment grade debt securities.

**Benefits, Expenses and Taxes.** Benefits and expenses totaled \$158.6 million in the third quarter of 2019, compared to \$153.9 million in the third quarter of 2018. Death benefits, net of reinsurance and reserves released, totaled \$30.2 million in the third quarter of 2019, compared to \$29.4 million in the third quarter of 2018. By its nature, mortality experience can fluctuate from quarter to quarter. Federal income taxes were reduced \$2.5 million, or \$0.10 per share, during the third quarter of 2019 due to the execution of a tax planning strategy.

**Unlocking.** During the third quarter of 2019, FBL Financial Group unlocked the assumptions used in the calculation of deferred acquisition costs, unearned revenue reserves and certain reserves on interest sensitive products. This unlocking resulted in a pre-tax unfavorable impact of \$2.7 million, or \$0.09 per share after-tax.

**Net Realized Gains.** In the third quarter of 2019, FBL Financial Group recognized net realized gains on investments of \$0.7 million. This is attributable to realized gains of \$0.5 million and a gain from the increase in fair value of equity securities of \$0.2 million.

**Stock Repurchases.** During the third quarter of 2019, FBL Financial Group did not repurchase any shares of its Class A or Class B common stock. FBL Financial Group has \$36.3 million remaining under its current stock repurchase program.

**Capital and Book Value.** As of September 30, 2019, the book value per share of FBL Financial Group common stock totaled \$61.28, compared to \$47.78 at December 31, 2018. Book value per share, excluding accumulated other comprehensive income<sup>(3)</sup>, totaled \$44.81 at September 30, 2019, compared to \$44.09 at December 31, 2018. The September 30, 2019 company action level risk based capital ratio of

FBL Financial Group's wholly owned subsidiary, Farm Bureau Life Insurance Company, was approximately 555 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](http://www.fblfinancial.com).

**Conference Call.** FBL Financial Group will hold a conference call with investors tomorrow, November 1, 2019, at 11:00 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 with the purpose to protect livelihoods and futures. Operating under the consumer brand name Farm Bureau Financial Services, its affiliates offer a broad range of life insurance, annuity and investment 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](http://www.fblfinancial.com) and [www.fbfs.com](http://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		Nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
<b>Revenues:</b>				
Interest sensitive product charges	\$ 31,135	\$ 31,161	\$ 94,935	\$ 92,165
Traditional life insurance premiums	46,982	48,124	147,361	148,712
Net investment income	101,478	105,757	316,012	310,753
Net realized capital gains (losses)	696	(709)	11,230	(1,615)
Net other-than-temporary impairment losses recognized in earnings	(50)	(50)	(919)	(1,090)
Other income	4,417	3,828	12,501	12,065
Total revenues	<u>184,658</u>	<u>188,111</u>	<u>581,120</u>	<u>560,990</u>
<b>Benefits and expenses:</b>				
Interest sensitive product benefits	67,147	70,145	202,966	194,127
Traditional life insurance benefits	42,877	44,168	131,512	133,349
Policyholder dividends	2,441	2,480	7,539	7,591
Underwriting, acquisition and insurance expenses	39,197	30,834	114,334	107,621
Interest expense	1,213	1,212	3,637	3,638
Other expenses	5,764	5,061	18,649	16,281
Total benefits and expenses	<u>158,639</u>	<u>153,900</u>	<u>478,637</u>	<u>462,607</u>
	26,019	34,211	102,483	98,383
Income taxes	(1,642)	(4,818)	(13,429)	(14,462)
Equity income, net of related income taxes	799	1,642	2,423	3,441
Net income	<u>25,176</u>	<u>31,035</u>	<u>91,477</u>	<u>87,362</u>
Net (income) loss attributable to noncontrolling interest	(47)	(25)	(7)	16
Net income attributable to FBL Financial Group, Inc.	<u>\$ 25,129</u>	<u>\$ 31,010</u>	<u>\$ 91,470</u>	<u>\$ 87,378</u>
Earnings per common share - assuming dilution	<u>\$ 1.01</u>	<u>\$ 1.24</u>	<u>\$ 3.69</u>	<u>\$ 3.50</u>
Weighted average common shares	24,758,639	24,918,725	24,760,311	24,946,752
Effect of dilutive securities	10,035	11,076	10,773	13,317
Weighted average common shares - diluted	<u>24,768,674</u>	<u>24,929,801</u>	<u>24,771,084</u>	<u>24,960,069</u>

### (1) Reconciliation of Net Income Attributable to FBL Financial Group to Adjusted Operating Income - Unaudited

FBL Financial Group consistently utilizes adjusted 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. Adjusted operating income consists of 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 fair value of 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 presentation and evaluation of adjusted operating 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		Nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
	(Dollars in thousands, except per share data)			
Net income attributable to FBL Financial Group	\$ 25,129	\$ 31,010	\$ 91,470	\$ 87,378
Adjustments:				
Initial impact of the Tax Act <sup>(a)</sup>	—	(617)	—	(617)
Net realized gains/losses on investments <sup>(b)</sup>	(440)	603	(7,960)	2,132
Change in net unrealized gains/losses on derivatives <sup>(b)</sup>	526	876	(657)	1,191
Adjusted operating income	<u>\$ 25,215</u>	<u>\$ 31,872</u>	<u>\$ 82,853</u>	<u>\$ 90,084</u>
Adjusted operating income per common share - assuming dilution	<u>\$ 1.02</u>	<u>\$ 1.28</u>	<u>\$ 3.34</u>	<u>\$ 3.60</u>

<sup>(a)</sup> Amount represents a change in the provisional estimate of the impact of the Tax Cuts and Jobs Act of 2017 on deferred tax assets and liabilities as of December 31, 2017.

<sup>(b)</sup> 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.

**(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

	September 30, 2019	December 31, 2018
Book value per share	\$ 61.28	\$ 47.78
Less: Per share impact of accumulated other comprehensive income	16.47	3.69
Book value per share, excluding accumulated other comprehensive income	<u>\$ 44.81</u>	<u>\$ 44.09</u>

Book value per share excluding accumulated other comprehensive income is a non-GAAP financial measure. Accumulated other comprehensive income totaled \$406.2 million at September 30, 2019 and \$91.3 million at December 31, 2018. 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)

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
<b>Assets</b>		
Investments	\$ 9,109,125	\$ 8,414,118
Cash and cash equivalents	13,007	19,035
Deferred acquisition costs	253,112	418,802
Other assets	441,139	420,394
Assets held in separate accounts	612,338	561,281
Total assets	\$ 10,428,721	\$ 9,833,630
 <b>Liabilities and stockholders' equity</b>		
<b>Liabilities</b>		
Future policy benefits	\$ 7,325,794	\$ 7,205,471
Other policy funds, claims and benefits	595,453	615,177
Debt	113,000	97,000
Other liabilities	267,799	170,442
Liabilities related to separate accounts	612,338	561,281
Total liabilities	8,914,384	8,649,371
 <b>Stockholders' equity</b>		
FBL Financial Group, Inc. stockholders' equity:		
Preferred stock	3,000	3,000
Class A common stock	152,566	152,652
Class B common stock	72	72
Accumulated other comprehensive income	406,175	91,318
Retained earnings	952,397	937,097
Total FBL Financial Group, Inc. stockholders' equity	1,514,210	1,184,139
Noncontrolling interest	127	120
Total stockholders' equity	1,514,337	1,184,259
Total liabilities and stockholders' equity	\$ 10,428,721	\$ 9,833,630
 Common shares outstanding	 24,662,308	 24,718,815

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[\(Back To Top\)](#)

**Section 3: EX-99.2 (EXHIBIT 99.2)**

**FBL FINANCIAL GROUP, INC.**  
**INVESTOR SUPPLEMENT**  
**2019 Third Quarter**

2019



**FBL Financial Group, Inc.**

**Corporate Headquarters**

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

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**Financial Inquiries**

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

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**Internet Information**

FBL Financial Group, Inc.  
[www.fblfinancial.com](http://www.fblfinancial.com)

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**Stock Symbol**

NYSE: FFG

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**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)**  
**September 30, 2019**  
**Table of Contents/Notes**

Consolidated Financial Statements:	
Consolidated Balance Sheets	<a href="#"><u>2</u></a>
Consolidated Statements of Comprehensive Income	<a href="#"><u>4</u></a>
Consolidated Statements of Comprehensive Income, last five quarters	<a href="#"><u>5</u></a>
Net Income to Adjusted Operating Income Reconciliation and Pre-tax Adjusted Operating Income by Segment, last five quarters	<a href="#"><u>6</u></a>
Financial Information by Segment:	
Segment Information	<a href="#"><u>7</u></a>
Statements of Pre-tax Adjusted Operating Income, last five quarters:	
Annuity Segment	<a href="#"><u>8</u></a>
Life Insurance Segment	<a href="#"><u>9</u></a>
Corporate and Other Segment	<a href="#"><u>11</u></a>
Deferred Acquisition Costs by Segment	<a href="#"><u>12</u></a>
Impact of Unlocking on Pre-tax Adjusted Operating Income	<a href="#"><u>14</u></a>
Collected Premiums, last five quarters	<a href="#"><u>15</u></a>
Other Information	<a href="#"><u>16</u></a>

NOTE 1: In addition to net income as determined using U.S. Generally Accepted Accounting Principles (GAAP), we have consistently used adjusted 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. Adjusted 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 adjusted 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 adjusted operating performance without the impact of these items enhances the analysis of our results. We use adjusted 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.

We analyze our segment results based on pre-tax adjusted operating income, which excludes the impact of certain items that are included in pre-tax net income. Pre-tax adjusted operating income is a basis allowed for segment reporting under U.S. generally accounting principles (GAAP). See Note 9 to our consolidated financial statements in Form 10-Q for further information regarding how we define our segments and pre-tax adjusted operating income.

NOTE 2: Certain financial information presented herein may not add due to rounding.

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

	September 30, 2019	December 31, 2018
<b>Assets</b>		
Investments:		
Fixed maturities - available for sale, at fair value (amortized cost: 2019 - \$6,956,353; 2018 - \$6,856,277)	\$ 7,729,814	\$ 7,033,045
Equity securities - at fair value (cost: 2019 - \$93,365; 2018 - \$93,564)	97,705	92,857
Mortgage loans	1,002,839	1,039,829
Real estate	1,543	1,543
Policy loans	200,354	197,366
Short-term investments	22,743	15,713
Other investments	54,127	33,765
Total investments	9,109,125	8,414,118
Cash and cash equivalents	13,007	19,035
Securities and indebtedness of related parties	71,278	60,962
Accrued investment income	78,962	74,524
Amounts receivable from affiliates	3,334	3,812
Reinsurance recoverable	105,493	102,386
Deferred acquisition costs	253,112	418,802
Value of insurance in force acquired	2,694	10,385
Current income taxes recoverable	6,448	4,807
Other assets	172,930	163,518
Assets held in separate accounts	612,338	561,281
<b>Total assets</b>	<b>\$ 10,428,721</b>	<b>\$ 9,833,630</b>

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

	September 30, 2019	December 31, 2018
<b>Liabilities and stockholders' equity</b>		
Liabilities:		
Future policy benefits:		
Interest sensitive products	\$ 5,491,250	\$ 5,403,125
Traditional life insurance and accident and health products	1,834,544	1,802,346
Other policy claims and benefits	39,846	51,298
Supplementary contracts without life contingencies	298,499	303,627
Advance premiums and other deposits	257,108	260,252
Amounts payable to affiliates	1,422	1,461
Short-term debt payable to non-affiliates	16,000	—
Long-term debt payable to non-affiliates	97,000	97,000
Deferred income taxes	165,215	75,449
Other liabilities	101,162	93,532
Liabilities related to separate accounts	612,338	561,281
<b>Total liabilities</b>	<b>8,914,384</b>	<b>8,649,371</b>
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 24,650,895 in 2019 and 24,707,402 shares in 2018	152,566	152,652
Class B common stock, without par value - authorized 1,500,000 shares, issued and outstanding 11,413 shares in 2019 and 2018	72	72
Accumulated other comprehensive income	406,175	91,318
Retained earnings	952,397	937,097
<b>Total FBL Financial Group, Inc. stockholders' equity</b>	<b>1,514,210</b>	<b>1,184,139</b>
Noncontrolling interest	127	120
<b>Total stockholders' equity</b>	<b>1,514,337</b>	<b>1,184,259</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 10,428,721</b>	<b>\$ 9,833,630</b>

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

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Revenues:</b>				
Interest sensitive product charges	\$ 31,135	\$ 31,161	\$ 94,935	\$ 92,165
Traditional life insurance premiums	46,982	48,124	147,361	148,712
Net investment income	101,478	105,757	316,012	310,753
Net realized capital gains (losses)	696	(709)	11,230	(1,615)
Net other-than-temporary impairment losses recognized in earnings	(50)	(50)	(919)	(1,090)
Other income	4,417	3,828	12,501	12,065
Total revenues	<u>184,658</u>	<u>188,111</u>	<u>581,120</u>	<u>560,990</u>
<b>Benefits and expenses:</b>				
Interest sensitive product benefits	67,147	70,145	202,966	194,127
Traditional life insurance benefits	42,877	44,168	131,512	133,349
Policyholder dividends	2,441	2,480	7,539	7,591
Underwriting, acquisition and insurance expenses	39,197	30,834	114,334	107,621
Interest expense	1,213	1,212	3,637	3,638
Other expenses	5,764	5,061	18,649	16,281
Total benefits and expenses	<u>158,639</u>	<u>153,900</u>	<u>478,637</u>	<u>462,607</u>
	26,019	34,211	102,483	98,383
Income tax expense	(1,642)	(4,818)	(13,429)	(14,462)
Equity income, net of related income taxes	799	1,642	2,423	3,441
Net income	<u>25,176</u>	<u>31,035</u>	<u>91,477</u>	<u>87,362</u>
Net (income) loss attributable to noncontrolling interest	(47)	(25)	(7)	16
Net income attributable to FBL Financial Group, Inc.	<u>\$ 25,129</u>	<u>\$ 31,010</u>	<u>\$ 91,470</u>	<u>\$ 87,378</u>
Comprehensive income (loss) attributable to FBL Financial Group, Inc.	<u>\$ 128,511</u>	<u>\$ (11,110)</u>	<u>\$ 406,327</u>	<u>\$ (103,164)</u>
Earnings per common share	<u>\$ 1.01</u>	<u>\$ 1.24</u>	<u>\$ 3.69</u>	<u>\$ 3.50</u>
Earnings per common share - assuming dilution	<u>\$ 1.01</u>	<u>\$ 1.24</u>	<u>\$ 3.69</u>	<u>\$ 3.50</u>
Cash dividends per common share	<u>\$ 0.48</u>	<u>\$ 0.46</u>	<u>\$ 1.44</u>	<u>\$ 1.38</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)

	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Revenues:					
Interest sensitive product charges	\$ 31,161	\$ 30,624	\$ 31,266	\$ 32,534	\$ 31,135
Traditional life insurance premiums	48,124	49,600	49,392	50,987	46,982
Net investment income	105,757	83,865	109,640	104,894	101,478
Net realized capital gains (losses)	(709)	(5,661)	10,157	377	696
Total other-than-temporary impairment losses	(50)	(3,982)	(869)	—	(50)
Non-credit portion in other comprehensive income	—	74	—	—	—
Net impairment losses recognized in earnings	(50)	(3,908)	(869)	—	(50)
Other income	3,828	4,116	3,970	4,114	4,417
Total revenues	188,111	158,636	203,556	192,906	184,658
Benefits and expenses:					
Interest sensitive product benefits	70,145	59,626	70,596	65,223	67,147
Traditional life insurance benefits	44,168	41,860	46,675	41,960	42,877
Policyholder dividends	2,480	2,539	2,534	2,564	2,441
Underwriting, acquisition and insurance expenses	30,834	44,434	36,189	38,948	39,197
Interest expense	1,212	1,213	1,212	1,212	1,213
Other expenses	5,061	6,314	6,250	6,635	5,764
Total benefits and expenses	153,900	155,986	163,456	156,542	158,639
Income tax benefit (expense)	34,211	2,650	40,100	36,364	26,019
Equity income, net of related income taxes	(4,818)	2,812	(6,276)	(5,511)	(1,642)
Net income	1,642	998	220	1,404	799
Net loss (income) attributable to noncontrolling interest	31,035	6,460	34,044	32,257	25,176
Net income attributable to FBL Financial Group, Inc.	(25)	(45)	(1)	41	(47)
Net income attributable to FBL Financial Group, Inc.	\$ 31,010	\$ 6,415	\$ 34,043	\$ 32,298	\$ 25,129
Comprehensive income (loss) attributable to FBL Financial Group, Inc.	\$ (11,110)	\$ 8,772	\$ 131,891	\$ 145,925	\$ 128,511
Earnings per common share	\$ 1.24	\$ 0.26	\$ 1.37	\$ 1.30	\$ 1.01
Earnings per common share - assuming dilution	\$ 1.24	\$ 0.26	\$ 1.37	\$ 1.30	\$ 1.01
Cash dividends per common share	\$ 0.46	\$ 0.46	\$ 0.48	\$ 0.48	\$ 0.48
Special cash dividend per common share	\$ —	\$ —	\$ 1.50	\$ —	\$ —
Weighted average common shares outstanding (in thousands):					
Basic	24,919	24,888	24,765	24,757	24,759
Effect of dilutive securities	11	10	11	11	10
Diluted	24,930	24,898	24,776	24,768	24,769



**FBL Financial Group, Inc.**

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

	<b>Q3 2018</b>	<b>Q4 2018</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>
Net income attributable to FBL Financial Group, Inc.	\$ 31,010	\$ 6,415	\$ 34,043	\$ 32,298	\$ 25,129
Net income adjustments:					
Impact of change in federal tax rate (1)	(617)	—	—	—	—
Realized gains/losses on investments (2)	603	7,414	(7,230)	(289)	(440)
Change in net unrealized gains/losses on derivatives (2)	876	4,997	(911)	(272)	526
Adjusted operating income (3)	\$ 31,872	\$ 18,826	\$ 25,902	\$ 31,737	\$ 25,215
Adjusted operating income per common share - assuming dilution (3)	\$1.28	\$0.75	\$1.04	\$1.28	\$1.02
Adjusted operating return on equity, excluding AOCI - last twelve months	10.5%	10.0%	10.0%	9.9%	9.3%
Adjusted operating return on equity, including AOCI - last twelve months	9.0%	8.8%	8.9%	8.7%	7.8%

	<b>Q3 2018</b>	<b>Q4 2018</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>
<i>Impact of Adjustments on FBL Net Income</i>					
Initial impact of the Tax Act (1)	\$ 617	\$ —	\$ —	\$ —	\$ —
Realized gains (losses) on investments and change in net unrealized gains/losses on equity securities and derivatives	(2,658)	(19,216)	10,846	444	(198)
Offsets: (4)					
Change in amortization	725	945	(256)	(48)	(343)
Reserve change on interest sensitive products	60	2,561	(285)	315	432
Income tax	394	3,299	(2,164)	(150)	23
Net impact of net income adjustments	\$ (862)	\$ (12,411)	\$ 8,141	\$ 561	\$ (86)

	<b>Q3 2018</b>	<b>Q4 2018</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>
Pre-tax adjusted operating income by segment:					
Annuity segment	\$ 18,179	\$ 12,087	\$ 15,662	\$ 14,637	\$ 8,121
Life Insurance segment	11,958	8,444	10,092	18,239	14,032
Corporate and Other segment	7,999	(953)	4,319	4,595	4,939
Total pre-tax adjusted operating income	38,136	19,578	30,073	37,471	27,092
Income taxes on adjusted operating income	(6,264)	(752)	(4,171)	(5,734)	(1,877)
Adjusted operating income (3)	\$ 31,872	\$ 18,826	\$ 25,902	\$ 31,737	\$ 25,215

- (1) During the third quarter of 2018, we adjusted the provisional estimate of the initial 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) Adjusted operating income is a non-GAAP measure of earnings, see Note 1 on page 1 for additional information.
- (4) The items excluded from adjusted 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 indexed annuities and supplementary contracts (some of which involve life contingencies). Fixed rate and indexed 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 indexed 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, including indexed universal life. 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 adjusted operating income. Accordingly, income taxes are not allocated to the segments. In addition, adjusted operating results are reported net of transactions between the segments.

**FBL Financial Group, Inc.**  
**Statements of Pre-tax Adjusted Operating Income**  
**Annuity Segment**

	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
	(Dollars in thousands)				
<b>Pre-tax Adjusted Operating Income</b>					
Adjusted operating revenues:					
Interest sensitive product charges	\$ 1,280	\$ 1,474	\$ 1,567	\$ 1,772	\$ 1,608
Net investment income (1)	54,144	53,248	51,115	52,491	49,633
Total adjusted operating revenues	55,424	54,722	52,682	54,263	51,241
Adjusted operating benefits and expenses:					
Interest sensitive product benefits	29,037	32,299	28,070	30,450	28,585
Underwriting, acquisition and insurance expenses:					
Commission expense, net of deferrals	374	631	514	482	405
Amortization of deferred acquisition costs	2,319	2,789	2,679	2,917	8,015
Amortization of value of insurance in force acquired	165	165	163	163	164
Other underwriting expenses (1)	5,350	6,751	5,594	5,614	5,951
Total underwriting, acquisition and insurance expenses	8,208	10,336	8,950	9,176	14,535
Total adjusted operating benefits and expenses	37,245	42,635	37,020	39,626	43,120
Pre-tax adjusted operating income	\$ 18,179	\$ 12,087	\$ 15,662	\$ 14,637	\$ 8,121
<b>Selected balance sheet data, securities at amortized cost:</b>					
Assets:					
Investments	\$ 4,596,422	\$ 4,489,765	\$ 4,497,715	\$ 4,525,458	\$ 4,521,789
Deferred acquisition costs	92,442	93,819	94,164	93,898	88,266
Value of insurance in force acquired	3,017	2,852	2,689	2,525	2,361
Liabilities and equity:					
Liabilities:					
Interest sensitive product reserves	\$ 4,096,314	\$ 4,036,152	\$ 4,038,052	\$ 4,060,032	\$ 4,054,299
Other insurance reserves	344,963	338,646	341,506	340,896	338,585
Allocated equity, excluding AOCI	270,918	266,863	249,635	250,853	250,934
<b>Other data:</b>					
Number of direct contracts	52,925	52,911	52,519	52,461	52,914
Portfolio yield net of assumed defaults	4.43%	4.48%	4.46%	4.42%	4.38%
Credited rate	2.57	2.58	2.60	2.61	2.61
Spread on individual annuities at end of quarter (2)	1.86%	1.90%	1.86%	1.81%	1.77%
<b>Interest sensitive reserve activity:</b>					
Individual annuity reserve:					
Balance, beginning of period	\$ 3,171,359	\$ 3,176,881	\$ 3,194,307	\$ 3,207,285	\$ 3,214,755
Deposits	53,584	67,075	63,784	56,643	53,972
Withdrawals, surrenders and death benefits	(62,234)	(59,661)	(63,379)	(62,808)	(79,157)
Net flows	(8,650)	7,414	405	(6,165)	(25,185)
Policyholder interest	20,524	20,824	18,543	21,128	18,352
Annuityizations and other	(6,352)	(10,812)	(5,970)	(7,493)	(3,422)
Balance, end of period	3,176,881	3,194,307	3,207,285	3,214,755	3,204,500

Other interest sensitive reserves	919,433	841,845	830,767	845,277	<b>849,799</b>
<b>Total interest sensitive product reserves</b>	<b>\$ 4,096,314</b>	<b>\$ 4,036,152</b>	<b>\$ 4,038,052</b>	<b>\$ 4,060,032</b>	<b>\$ 4,054,299</b>

- (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 Adjusted Operating Income**  
**Life Insurance Segment**

<b>Pre-tax Adjusted Operating Income</b>	<b>Q3 2018</b>	<b>Q4 2018</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>
	(Dollars in thousands)				
<b>Adjusted operating revenues:</b>					
Interest sensitive product charges	\$ 18,876	\$ 18,471	\$ 18,988	\$ 19,635	\$ <b>19,163</b>
Traditional life insurance premiums	48,124	49,600	49,392	50,987	<b>46,982</b>
Net investment income (1)	39,654	38,335	38,991	40,454	<b>38,581</b>
Other income	(108)	(66)	(113)	(138)	<b>(131)</b>
<b>Total adjusted operating revenues</b>	<b>106,546</b>	<b>106,340</b>	<b>107,258</b>	<b>110,938</b>	<b>104,595</b>
<b>Adjusted operating benefits and expenses:</b>					
<b>Interest sensitive product benefits:</b>					
Interest and index credits (2)	8,697	10,103	8,051	9,018	<b>8,326</b>
Death benefits and other (2)	18,475	16,661	14,466	13,892	<b>17,198</b>
<b>Total interest sensitive product benefits</b>	<b>27,172</b>	<b>26,764</b>	<b>22,517</b>	<b>22,910</b>	<b>25,524</b>
<b>Traditional life insurance benefits:</b>					
Death benefits	21,888	20,001	24,416	20,577	<b>25,233</b>
Surrender and other benefits	8,110	9,196	9,723	10,092	<b>9,435</b>
Increase in traditional life future policy benefits (2)	14,170	12,666	12,534	11,291	<b>8,206</b>
<b>Total traditional life insurance benefits</b>	<b>44,168</b>	<b>41,863</b>	<b>46,673</b>	<b>41,960</b>	<b>42,874</b>
Policyholder dividends	2,480	2,539	2,534	2,564	<b>2,441</b>
<b>Underwriting, acquisition and insurance expenses:</b>					
Commission expense, net of deferrals	4,200	5,275	4,639	5,179	<b>4,487</b>
Amortization of deferred acquisition costs	2,148	4,182	4,799	4,344	<b>(592)</b>
Amortization of value of insurance in force acquired	373	373	372	372	<b>372</b>
Other underwriting expenses (1)	14,907	17,893	16,002	16,378	<b>16,278</b>
<b>Total underwriting, acquisition and insurance expenses</b>	<b>21,628</b>	<b>27,723</b>	<b>25,812</b>	<b>26,273</b>	<b>20,545</b>
<b>Total adjusted operating benefits and expenses</b>	<b>95,448</b>	<b>98,889</b>	<b>97,536</b>	<b>93,707</b>	<b>91,384</b>
	\$ 11,098	\$ 7,451	\$ 9,722	\$ 17,231	\$ <b>13,211</b>
Equity income, before tax	860	993	370	1,008	<b>821</b>
<b>Pre-tax adjusted operating income</b>	<b>\$ 11,958</b>	<b>\$ 8,444</b>	<b>\$ 10,092</b>	<b>\$ 18,239</b>	<b>\$ 14,032</b>
<b>Selected balance sheet data, securities at amortized cost:</b>					
<b>Assets:</b>					
Investments	\$ 3,031,624	\$ 3,060,235	\$ 3,073,086	\$ 3,110,890	\$ <b>3,123,239</b>
Deferred acquisition costs	298,368	308,937	312,664	316,309	<b>323,609</b>
Value of insurance in force acquired	14,784	14,411	14,039	13,668	<b>13,296</b>
<b>Liabilities and equity:</b>					
<b>Liabilities: (3)</b>					
Interest sensitive reserves	\$ 979,858	\$ 989,513	\$ 1,001,865	\$ 1,013,247	\$ <b>1,024,103</b>
Other insurance reserves	1,995,675	2,001,449	2,013,886	2,019,588	<b>2,033,080</b>
Allocated equity, excluding AOCI	450,927	452,274	468,983	471,279	<b>476,443</b>



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

	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
	(Dollars in thousands)				
<b>Other data:</b>					
Number of direct policies - traditional life	364,412	365,909	365,650	365,340	<b>365,099</b>
Number of direct policies - universal life	67,951	69,832	70,494	71,049	<b>71,367</b>
Direct face amounts - traditional life	\$ 51,833,952	\$ 52,191,204	\$ 52,352,065	\$ 52,729,936	<b>\$ 53,005,016</b>
Direct face amounts - universal life	\$ 7,539,216	\$ 7,777,370	\$ 7,888,196	\$ 7,978,929	<b>\$ 8,020,444</b>
Portfolio yield net of assumed defaults	4.98%	5.02%	5.00%	4.97%	<b>4.91%</b>
Credited rate	3.76	3.78	3.77	3.79	<b>3.80</b>
Spread on universal life at end of quarter (4)	1.22%	1.24%	1.23%	1.18%	<b>1.11%</b>
<b>Interest sensitive reserve activity: (3)</b>					
Balance, beginning of period	\$ 966,032	\$ 979,858	\$ 989,513	\$ 1,001,865	<b>\$ 1,013,247</b>
Deposits	26,617	29,660	29,632	31,271	<b>28,110</b>
Withdrawals and surrenders	(7,577)	(7,778)	(5,703)	(9,081)	<b>(8,455)</b>
Net flows	19,040	21,882	23,929	22,190	<b>19,655</b>
Policyholder interest	7,827	7,297	7,423	8,349	<b>7,774</b>
Policy charges	(19,129)	(19,736)	(20,017)	(20,287)	<b>(20,129)</b>
Benefits and other	6,088	212	1,017	1,130	<b>3,556</b>
Balance, end of period	\$ 979,858	\$ 989,513	\$ 1,001,865	\$ 1,013,247	<b>\$ 1,024,103</b>

- (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 Adjusted Operating Income**  
**Corporate and Other**

Pre-tax Adjusted Operating Income (Loss)	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
	(Dollars in thousands)				
Adjusted operating revenues:					
Interest sensitive product charges	\$ 10,494	\$ 11,005	\$ 10,405	\$ 10,714	\$ 10,408
Net investment income (1)	8,349	7,735	8,640	8,588	8,277
Other income	3,936	4,182	4,083	4,252	4,548
Total adjusted operating revenues	22,779	22,922	23,128	23,554	23,233
Adjusted operating benefits and expenses:					
Interest sensitive product benefits	8,465	8,944	10,365	8,858	7,642
Underwriting, acquisition and insurance expenses:					
Commission expense, net of deferrals	684	631	704	746	720
Amortization of deferred acquisition costs	(1,148)	5,629	(967)	905	1,854
Other underwriting expenses	1,698	1,369	1,153	1,413	1,244
Total underwriting, acquisition and insurance expenses	1,234	7,629	890	3,064	3,818
Interest expense	1,212	1,213	1,212	1,212	1,213
Other expenses (1)	5,061	6,314	6,250	6,635	5,764
Total adjusted operating benefits and expenses	15,972	24,100	18,717	19,769	18,437
	6,807	(1,178)	4,411	3,785	4,796
Net loss (income) attributable to noncontrolling interest	(25)	(45)	(1)	41	(47)
Equity income (loss), before tax	1,217	270	(91)	769	190
Pre-tax non-GAAP operating income (loss)	\$ 7,999	\$ (953)	\$ 4,319	\$ 4,595	\$ 4,939
<b>Selected balance sheet data, securities at amortized cost:</b>					
Assets:					
Investments	\$ 684,541	\$ 688,057	\$ 687,836	\$ 654,750	\$ 686,296
Deferred acquisition costs	69,887	62,778	63,593	62,499	60,346
Separate account assets	651,797	561,281	614,121	625,177	612,338
Liabilities and equity:					
Liabilities:					
Interest sensitive reserves	\$ 371,502	\$ 372,056	\$ 370,668	\$ 370,238	\$ 372,492
Other insurance reserves	89,389	86,324	87,644	85,842	81,706
Separate account liabilities	651,797	561,281	614,121	625,177	612,338
Allocated equity, excluding AOCI	379,918	370,684	352,616	369,536	378,198
<b>Rollforward of separate account balances:</b>					
Beginning separate account balance	\$ 638,061	\$ 651,797	\$ 561,281	\$ 614,121	\$ 625,177
Net premiums and transfers	836	3,518	5,277	5,115	1,208
Net investment income (loss)	28,717	(77,872)	63,914	22,611	1,721
Charges, benefits and surrenders	(15,817)	(16,162)	(16,351)	(16,670)	(15,768)
Ending separate account balance	\$ 651,797	\$ 561,281	\$ 614,121	\$ 625,177	\$ 612,338
<b>Other data:</b>					
Number of direct contracts - variable annuity	9,343	9,217	9,071	8,938	8,810

Number of direct policies - variable universal life	35,613	35,160	34,675	34,236	<b>33,787</b>
Direct face amounts - variable universal life	\$ 4,388,771	\$ 4,321,462	\$ 4,267,891	\$ 4,217,491	<b>\$ 4,158,021</b>

- (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**

	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
	(Dollars in thousands)				
<b>Annuity</b>					
Balance - beginning of period	\$ 92,377	\$ 92,442	\$ 93,819	\$ 94,164	\$ 93,898
Capitalization:					
Commissions	2,119	2,994	2,872	2,319	2,291
Expenses	291	433	263	306	302
Total capitalization	2,410	3,427	3,135	2,625	2,593
Amortization - adjusted operating basis, before impact of unlocking	(2,616)	(2,857)	(2,723)	(2,974)	(3,471)
Amortization - unlocking, adjusted operating basis	249	—	—	—	(4,863)
Amortization - realized gains/losses on investments and unrealized gains/losses on derivatives and equities	22	807	(67)	83	109
Balance - end of period	\$ 92,442	\$ 93,819	\$ 94,164	\$ 93,898	\$ 88,266
<b>Life Insurance</b>					
Balance - beginning of period	\$ 294,365	\$ 298,368	\$ 308,937	\$ 312,664	\$ 316,309
Capitalization:					
Commissions	4,279	9,724	6,141	5,451	4,243
Expenses	2,257	3,230	2,349	2,709	2,367
Deferral of sales inducements	163	1,746	384	263	111
Total capitalization	6,699	14,700	8,874	8,423	6,721
Amortization - adjusted operating basis, before impact of unlocking	(4,416)	(4,360)	(4,917)	(4,519)	(3,206)
Amortization - unlocking, adjusted operating basis	2,009	—	—	—	3,842
Amortization - realized gains/losses on investments and unrealized gains/losses on derivatives and equities	(289)	229	(230)	(259)	(57)
Balance - end of period	\$ 298,368	\$ 308,937	\$ 312,664	\$ 316,309	\$ 323,609
<b>Corporate and Other</b>					
Balance - beginning of period	\$ 66,315	\$ 68,101	\$ 62,778	\$ 63,593	\$ 62,499
Capitalization:					
Commissions	86	114	113	105	77
Deferral of sales inducements	2	15	1	—	2
Total capitalization	88	129	114	105	79
Amortization - adjusted operating basis, before impact of unlocking	(1,240)	(5,687)	966	(913)	(1,771)
Amortization - unlocking, adjusted operating basis	2,458	—	—	—	(109)
Amortization - realized gains/losses on investments and unrealized gains/losses on derivatives and equities	480	235	(265)	(286)	(352)
Balance - end of period	\$ 68,101	\$ 62,778	\$ 63,593	\$ 62,499	\$ 60,346

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

	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
	(Dollars in thousands)				
<b>Total</b>					
Balance - beginning of period	\$ 453,057	\$ 458,911	\$ 465,534	\$ 470,421	<b>\$ 472,706</b>
Capitalization:					
Commissions	6,484	12,832	9,126	7,875	<b>6,611</b>
Expenses	2,548	3,663	2,612	3,015	<b>2,669</b>
Deferral of sales inducements	165	1,761	385	263	<b>113</b>
Total capitalization	9,197	18,256	12,123	11,153	<b>9,393</b>
Amortization - adjusted operating basis, before impact of unlocking	(8,272)	(12,904)	(6,674)	(8,406)	<b>(8,448)</b>
Amortization - unlocking, adjusted operating basis	4,716	—	—	—	<b>(1,130)</b>
Amortization - realized gains/losses on investments and unrealized gains/losses on derivatives and equities	213	1,271	(562)	(462)	<b>(300)</b>
Balance - end of period	458,911	465,534	470,421	472,706	<b>472,221</b>
Impact of unrealized gains in AOCI	(46,865)	(46,732)	(96,710)	(158,405)	<b>(219,109)</b>
Deferred acquisition costs	<b>\$ 412,046</b>	<b>\$ 418,802</b>	<b>\$ 373,711</b>	<b>\$ 314,301</b>	<b>\$ 253,112</b>

**FBL Financial Group, Inc.**  
**Impact of Unlocking on Pre-tax Adjusted Operating Income**

	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
	(Dollars in thousands)				
<b>Annuity Segment</b>					
Amortization of deferred sales inducements reported in interest sensitive product benefits	\$ 13	\$ —	\$ —	\$ —	\$ (195)
Amortization of deferred acquisition costs	236	—	—	—	(4,668)
Increase (decrease) to pre-tax adjusted operating income	\$ 249	\$ —	\$ —	\$ —	\$ (4,863)
<b>Life Segment</b>					
Amortization of unearned revenue reserve reported in interest sensitive product charges and other income	\$ 420	\$ —	\$ —	\$ —	\$ (386)
Amortization of deferred sales inducements reported in interest sensitive product benefits	(209)	—	—	—	45
Amortization of deferred sales inducements reported in traditional life insurance benefits	65	—	—	—	69
Amortization of deferred acquisition costs	2,152	—	—	—	3,728
Changes in reserves reported in interest sensitive product benefits	(4,755)	—	—	—	(1,062)
Increase (decrease) to pre-tax adjusted operating income	\$ (2,327)	\$ —	\$ —	\$ —	\$ 2,394
<b>Corporate and Other Segment</b>					
Amortization of unearned revenue reserve reported in interest sensitive product charges	\$ (667)	\$ —	\$ —	\$ —	\$ (94)
Amortization of deferred sales inducements reported in interest sensitive product benefits	76	—	—	—	26
Amortization of deferred acquisition costs	2,382	—	—	—	(135)
Changes in reserves reported in interest sensitive product benefits	—	—	—	—	2
Increase (decrease) to pre-tax adjusted operating income	\$ 1,791	\$ —	\$ —	\$ —	\$ (201)
Total impact of unlocking on pre-tax adjusted operating income	\$ (287)	\$ —	\$ —	\$ —	\$ (2,670)

**FBL Financial Group, Inc.**

**Collected Premiums (1)**

	<b>Q3 2018</b>	<b>Q4 2018</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>
	(Dollars in thousands)				
<b>Annuity</b>					
Individual:					
Fixed rate:					
First year	\$ 14,593	\$ 21,256	\$ 22,785	\$ 14,308	\$ 13,313
Renewal	11,371	14,361	16,631	16,017	11,644
Total fixed rate	25,964	35,617	39,416	30,325	24,957
Index annuity	29,183	33,337	28,301	28,417	30,293
Total individual	55,147	68,954	67,717	58,742	55,250
Group	1,186	1,503	1,789	910	826
Total Annuity	56,333	70,457	69,506	59,652	56,076
<b>Life Insurance</b>					
Direct:					
Universal life:					
First year	7,140	6,625	5,786	7,967	6,571
Renewal	18,887	20,764	23,051	22,332	21,214
Total universal life	26,027	27,389	28,837	30,299	27,785
Participating whole life:					
First year	3,249	2,658	2,622	2,659	1,834
Renewal	22,269	23,761	23,725	23,684	22,016
Total participating whole life	25,518	26,419	26,347	26,343	23,850
Term life and other:					
First year	2,513	2,861	2,636	2,898	2,656
Renewal	25,995	26,656	27,430	27,382	26,798
Total term life and other	28,508	29,517	30,066	30,280	29,454
Total direct life insurance	80,053	83,325	85,250	86,922	81,089
Reinsurance	(6,186)	(7,126)	(7,249)	(7,524)	(6,046)
Total Life Insurance	73,867	76,199	78,001	79,398	75,043
<b>Corporate and Other</b>					
Variable, net of reinsurance	11,424	10,447	13,167	13,065	10,982
Accident and health, net of reinsurance	43	271	75	45	41
Total Corporate and Other	11,467	10,718	13,242	13,110	11,023
<b>Total collected premiums</b>	<b>\$ 141,667</b>	<b>\$ 157,374</b>	<b>\$ 160,749</b>	<b>\$ 152,160</b>	<b>\$ 142,142</b>

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

**FBL Financial Group, Inc.**  
**Other Information**

	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019
	(Dollars in thousands, except per share data)				
<b>Capitalization:</b>					
Short-term debt	\$ —	\$ —	\$ 4,000	\$ —	\$ 16,000
Trust preferred securities, due 2047	97,000	97,000	97,000	97,000	97,000
Total debt	97,000	97,000	101,000	97,000	113,000
Preferred stock	3,000	3,000	3,000	3,000	3,000
Common stockholders' equity, excluding AOCI	1,101,762	1,089,821	1,071,234	1,091,669	1,105,035
<b>Total capitalization, excluding AOCI</b>	<b>1,201,762</b>	<b>1,189,821</b>	<b>1,175,234</b>	<b>1,191,669</b>	<b>1,221,035</b>
Accumulated other comprehensive income	88,961	91,318	189,166	302,793	406,175
<b>Total capitalization, including AOCI</b>	<b>\$ 1,290,723</b>	<b>\$ 1,281,139</b>	<b>\$ 1,364,400</b>	<b>\$ 1,494,462</b>	<b>\$ 1,627,210</b>
Common shares outstanding	24,818,209	24,718,815	24,652,340	24,659,885	24,662,308
<b>Book Value per Share:</b>					
Excluding AOCI	\$ 44.39	\$ 44.09	\$ 43.45	\$ 44.27	\$ 44.81
Including AOCI	47.98	47.78	51.13	56.55	61.28
<b>Debt-to-Capital Ratio:</b>					
Excluding AOCI	8.1%	8.2%	8.6%	8.1%	9.3%
Including AOCI	7.5	7.6	7.4	6.5	6.9
<b>Debt-to-Capital Ratio with 50% Credit for Trust Preferred Securities:</b>					
Excluding AOCI	4.0%	4.1%	4.5%	4.1%	5.3%
Including AOCI	3.8	3.8	3.8	3.2	4.0
<b>Class A Common Ownership:</b>					
Iowa Farm Bureau Federation	59.5%	59.7%	59.9%	59.9%	59.9%
Public	40.5	40.3	40.1	40.1	40.1
	100.0%	100.0%	100.0%	100.0%	100.0%

**FBL Financial Group, Inc.**  
**Other Information (Continued)**

	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019
<b>Investment by Type:</b>					
Fixed maturity securities	57.2%	57.5%	57.9%	58.2%	58.2%
Residential mortgage-backed	7.2	7.2	7.2	7.1	7.4
Commercial mortgage-backed	10.2	10.4	10.6	11.3	11.6
Other asset-backed	9.0	8.4	8.1	7.8	7.6
Mortgage loans	12.0	12.4	11.9	11.5	11.1
Equity securities	1.2	1.1	1.3	1.2	1.1
Other	3.2	3.0	3.0	2.9	3.0
<b>Quality of Fixed Maturity Securities:</b>					
AAA, AA, A	68.0%	68.3%	68.3%	68.0%	68.3%
BBB	29.2	29.3	29.0	29.7	29.5
BB	1.8	1.5	1.7	1.6	1.5
<BB	1.0	0.9	1.0	0.7	0.7
<b>Agent Strength Totals:</b>					
Full time agents and agency managers:					
8-state Farm Bureau Property & Casualty channel	1,145	1,190	1,180	1,185	1,200
6 life partner states and Colorado	665	649	650	649	655
	1,810	1,839	1,830	1,834	1,855

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

	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Income tax benefit (expense)	\$ (4,818)	\$ 2,812	\$ (6,276)	\$ (5,511)	\$ (1,642)
Tax on equity income	(435)	(265)	(59)	(373)	(212)
Net income adjustments:					
Impact of change in federal tax rate	(617)	—	—	—	—
Income tax offset on net income adjustments	(394)	(3,299)	2,164	150	(23)
Income taxes on adjusted operating income	\$ (6,264)	\$ (752)	\$ (4,171)	\$ (5,734)	\$ (1,877)
Income taxes on adjusted operating income before benefits of LIHTC investments	\$ (7,148)	\$ (1,841)	\$ (5,076)	\$ (6,633)	\$ (2,727)
Amounts related to LIHTC investments	884	1,089	905	899	850
Income taxes on adjusted operating income	\$ (6,264)	\$ (752)	\$ (4,171)	\$ (5,734)	\$ (1,877)