

## 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 6, 2020

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 February 6, 2020, FBL Financial Group, Inc. issued a news release reporting its financial results for the three months ended December 31, 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 February 6, 2020
99.2	Financial Supplement of FBL Financial Group, Inc. for the quarter ended December 31, 2019
104	Cover page Interactive Data File formatted as iXBRL (Inline eXtensible Business Reporting Language) and contained in 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: February 6, 2020

**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 6, 2020](#)

Exhibit 99.2 [Financial Supplement of FBL Financial Group, Inc. for the quarter ended December 31, 2019](#)

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

**FBL Financial Group Reports Fourth Quarter and Full Year 2019 Results**

**Company Highlights**

- Fourth quarter 2019 net income attributable to FBL Financial Group of \$34.7 million, or \$1.40 per common diluted share. Full year 2019 net income attributable to FBL Financial Group of \$126.2 million, or \$5.09 per diluted common share
- Record fourth quarter 2019 adjusted operating income<sup>(1)</sup> of \$34.8 million, or \$1.41 per diluted common share. Record full year 2019 adjusted operating income of \$117.7 million, or \$4.75 per diluted common share
- Capital returned to shareholders of \$88.9 million in 2019
- Book value per share of \$60.12 at year-end 2019, an increase of 26% compared to year-end 2018

**West Des Moines, Iowa - February 6, 2020 - FBL Financial Group, Inc. (NYSE: FFG)** today reported net income attributable to FBL Financial Group for the fourth quarter of 2019 of \$34.7 million, or \$1.40 per diluted common share, compared to \$6.4 million, or \$0.26 per diluted common share, for the fourth quarter of 2018. Adjusted operating income<sup>(1)</sup> totaled \$34.8 million, or \$1.41 per common share, for the fourth quarter of 2019, compared to \$18.8 million, or \$0.75 per common share, for the fourth quarter of 2018. Fourth quarter 2019 earnings per share reflects:

- The benefit of \$0.32 per share from unlocking an actuarial assumption
- Unfavorable mortality results in the Corporate & Other segment
- Lower spread income in the Annuity segment
- The benefit of other investment-related income of \$0.07 per share
- Continued investment in the Wealth Management business

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

"FBL Financial Group reported excellent earnings for the fourth quarter, achieving net income of \$1.40 per share and record adjusted operating income of \$1.41 per share driven in part by a benefit from unlocking an actuarial assumption," said Daniel D. Pitcher, Chief Executive Officer of FBL Financial Group, Inc. "I'm also pleased to report that we achieved record full year adjusted operating income of \$4.75 per share. These results reflect steady growth in our business and a consistent, robust capital position. As we look forward, our focus is to maintain financial strength, support our Farm Bureau Financial Services agents and serve our clients' diverse needs. This builds on our history of proven success, grounded in our purpose to protect livelihoods and futures."

### **Product Revenues**

Premiums and product charges for the fourth quarter of 2019 totaled \$82.7 million compared to \$80.2 million in the fourth quarter of 2018. Interest sensitive product charges increased five percent while traditional life insurance premiums increased two percent during the quarter. Premiums collected<sup>(2)</sup> in the fourth quarter of 2019 totaled \$156.0 million compared to \$157.4 million in the fourth quarter of 2018. Total life insurance premiums collected increased three percent while annuity premiums collected decreased five percent, impacted by the low market interest rate environment.

## **Investment Income**

Net investment income in the fourth quarter of 2019 totaled \$109.0 million, compared to \$83.9 million in the fourth quarter of 2018. This increase is due to a change in the fair value of derivatives and an increase in average invested assets, partially offset by 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 4.95 percent for the year ended December 31, 2019 compared to 5.13 percent for the year ended December 31, 2018. At December 31, 2019, 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 \$153.3 million in the fourth quarter of 2019, compared to \$156.0 million in the fourth quarter of 2018. Death benefits, net of reinsurance and reserves released, totaled \$33.9 million in the fourth quarter of 2019, compared to \$30.4 million in the fourth quarter of 2018. By its nature, mortality experience can fluctuate from quarter to quarter.

## **Unlocking**

During the fourth quarter of 2019, FBL Financial Group extended the deferred acquisition cost amortization period for its participating whole life insurance block based on an experience analysis demonstrating an increase in persistency rates. This unlocking resulted in a pre-tax favorable impact of \$10.0 million, or \$0.32 per share after-tax.

## **Net Realized Losses**

In the fourth quarter of 2019, FBL Financial Group recognized net realized losses on investments of \$2.7 million. This is attributable to realized losses on sales of \$3.5 million, realized gains on sales of \$0.2 million and a gain from the increase in fair value of equity securities of \$0.6 million.

## **Stock Repurchases**

During the fourth 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 December 31, 2019, the book value per share of FBL Financial Group common stock totaled \$60.12, compared to \$47.78 at December 31, 2018. Book value per share, excluding accumulated other comprehensive income<sup>(3)</sup>, totaled \$45.73 at December 31, 2019, compared to \$44.09 at December 31, 2018. The December 31, 2019 company action level risk based capital ratio of FBL Financial Group's wholly owned subsidiary, Farm Bureau Life Insurance Company, was approximately 562 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, February 7, 2020, at 11:00 a.m. Eastern Time. The call will be webcast and a replay will be available on FBL Financial Group's website.

## **Forward-Looking Statements**

*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.*

**Investor Relations Contact**

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

**About FBL Financial Group**

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. Helping complete the financial services offering, advisors offer wealth management and financial planning services. 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		Year ended	
	December 31,		December 31,	
	2019	2018	2019	2018
<b>Revenues:</b>				
Interest sensitive product charges	\$ 32,178	\$ 30,624	\$ 127,113	\$ 122,789
Traditional life insurance premiums	50,502	49,600	197,863	198,312
Net investment income	108,986	83,865	424,998	394,618
Net realized capital gains (losses)	(2,707)	(5,661)	8,523	(7,276)
Net other-than-temporary impairment losses recognized in earnings	—	(3,908)	(919)	(4,998)
Other income	4,602	4,116	17,103	16,181
<b>Total revenues</b>	<b>193,561</b>	<b>158,636</b>	<b>774,681</b>	<b>719,626</b>
<b>Benefits and expenses:</b>				
Interest sensitive product benefits	73,507	59,626	276,473	253,753
Traditional life insurance benefits	43,142	41,860	174,654	175,209
Policyholder dividends	2,514	2,539	10,053	10,130
Underwriting, acquisition and insurance expenses	26,290	44,434	140,624	152,055
Interest expense	1,213	1,213	4,850	4,851
Other expenses	6,597	6,314	25,246	22,595
<b>Total benefits and expenses</b>	<b>153,263</b>	<b>155,986</b>	<b>631,900</b>	<b>618,593</b>
	40,298	2,650	142,781	101,033
Income taxes	(6,500)	2,812	(19,929)	(11,650)
Equity income, net of related income taxes	1,033	998	3,456	4,439
<b>Net income</b>	<b>34,831</b>	<b>6,460</b>	<b>126,308</b>	<b>93,822</b>
Net income attributable to noncontrolling interest	(92)	(45)	(99)	(29)
<b>Net income attributable to FBL Financial Group, Inc.</b>	<b>\$ 34,739</b>	<b>\$ 6,415</b>	<b>\$ 126,209</b>	<b>\$ 93,793</b>
Earnings per common share - assuming dilution	<u>\$ 1.40</u>	<u>\$ 0.26</u>	<u>\$ 5.09</u>	<u>\$ 3.75</u>
Weighted average common shares	24,761,224	24,887,779	24,760,541	24,932,189
Effect of dilutive securities	8,238	9,762	10,134	12,412
<b>Weighted average common shares - diluted</b>	<b><u>24,769,462</u></b>	<b><u>24,897,541</u></b>	<b><u>24,770,675</u></b>	<b><u>24,944,601</u></b>

### (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 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, as well as the initial impact of changes in federal statutory income tax rates and tax laws. 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		Year ended	
	December 31,		December 31,	
	2019	2018	2019	2018
	(Dollars in thousands, except per share data)			
Net income attributable to FBL Financial Group	\$ 34,739	\$ 6,415	\$ 126,209	\$ 93,793
Adjustments:				
Initial impact of the Tax Act <sup>(a)</sup>	—	—	—	(617)
Net realized gains/losses on investments <sup>(b)</sup>	2,147	7,414	(5,813)	9,546
Change in net unrealized gains/losses on derivatives <sup>(b)</sup>	(2,047)	4,997	(2,703)	6,188
Adjusted operating income	<u>\$ 34,839</u>	<u>\$ 18,826</u>	<u>\$ 117,693</u>	<u>\$ 108,910</u>
Adjusted operating income per common share - assuming dilution	<u>\$ 1.41</u>	<u>\$ 0.75</u>	<u>\$ 4.75</u>	<u>\$ 4.36</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

	December 31, 2019	December 31, 2018
Book value per share	\$ 60.12	\$ 47.78
Less: Per share impact of accumulated other comprehensive income	14.39	3.69
Book value per share, excluding accumulated other comprehensive income	<u>\$ 45.73</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 \$354.8 million at December 31, 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)

	December 31, 2019	December 31, 2018
<b>Assets</b>		
Investments	\$ 9,091,623	\$ 8,414,118
Cash and cash equivalents	17,277	19,035
Deferred acquisition costs	289,456	418,802
Other assets	435,969	420,394
Assets held in separate accounts	645,881	561,281
<b>Total assets</b>	<b>\$ 10,480,206</b>	<b>\$ 9,833,630</b>
<b>Liabilities and stockholders' equity</b>		
<b>Liabilities</b>		
Future policy benefits	\$ 7,393,549	\$ 7,205,471
Other policy funds, claims and benefits	597,256	615,177
Debt	97,000	97,000
Other liabilities	260,604	170,442
Liabilities related to separate accounts	645,881	561,281
<b>Total liabilities</b>	<b>8,994,290</b>	<b>8,649,371</b>
<b>Stockholders' equity</b>		
FBL Financial Group, Inc. stockholders' equity:		
Preferred stock	3,000	3,000
Class A common stock	152,661	152,652
Class B common stock	72	72
Accumulated other comprehensive income	354,764	91,318
Retained earnings	975,260	937,097
<b>Total FBL Financial Group, Inc. stockholders' equity</b>	<b>1,485,757</b>	<b>1,184,139</b>
Noncontrolling interest	159	120
<b>Total stockholders' equity</b>	<b>1,485,916</b>	<b>1,184,259</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 10,480,206</b>	<b>\$ 9,833,630</b>
Common shares outstanding	24,664,215	24,718,815

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

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



**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)**  
**December 31, 2019**  
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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 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 primarily to exclude realized gains and losses on investments and the change in fair value of 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 fair value of 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 13 to our consolidated financial statements in Form 10-K for the year ended December 31, 2018 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)**

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
<b>Assets</b>		
Investments:		
Fixed maturities - available for sale, at fair value (amortized cost: 2019 - \$7,015,269; 2018 - \$6,856,277)	\$ 7,702,628	\$ 7,033,045
Equity securities - at fair value (cost: 2019 - \$95,269; 2018 - \$93,564)	100,228	92,857
Mortgage loans	1,011,678	1,039,829
Real estate	955	1,543
Policy loans	201,589	197,366
Short-term investments	11,865	15,713
Other investments	62,680	33,765
Total investments	9,091,623	8,414,118
Cash and cash equivalents	17,277	19,035
Securities and indebtedness of related parties	74,791	60,962
Accrued investment income	72,332	74,524
Amounts receivable from affiliates	4,357	3,812
Reinsurance recoverable	107,498	102,386
Deferred acquisition costs	289,456	418,802
Value of insurance in force acquired	2,624	10,385
Current income taxes recoverable	6,427	4,807
Other assets	167,940	163,518
Assets held in separate accounts	645,881	561,281
<b>Total assets</b>	<b>\$ 10,480,206</b>	<b>\$ 9,833,630</b>

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

	December 31, 2019	December 31, 2018
<b>Liabilities and stockholders' equity</b>		
Liabilities:		
Future policy benefits:		
Interest sensitive products	\$ 5,548,212	\$ 5,403,125
Traditional life insurance and accident and health products	1,845,337	1,802,346
Other policy claims and benefits	46,883	51,298
Supplementary contracts without life contingencies	296,915	303,627
Advance premiums and other deposits	253,458	260,252
Amounts payable to affiliates	1,218	1,461
Long-term debt payable to non-affiliates	97,000	97,000
Deferred income taxes	152,373	75,449
Other liabilities	107,013	93,532
Liabilities related to separate accounts	645,881	561,281
Total liabilities	8,994,290	8,649,371
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 24,652,802 in 2019 and 24,707,402 shares in 2018	152,661	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	354,764	91,318
Retained earnings	975,260	937,097
Total FBL Financial Group, Inc. stockholders' equity	1,485,757	1,184,139
Noncontrolling interest	159	120
Total stockholders' equity	1,485,916	1,184,259
Total liabilities and stockholders' equity	\$ 10,480,206	\$ 9,833,630

**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,	
	2019	2018	2019	2018
<b>Revenues:</b>				
Interest sensitive product charges	\$ 32,178	\$ 30,624	\$ 127,113	\$ 122,789
Traditional life insurance premiums	50,502	49,600	197,863	198,312
Net investment income	108,986	83,865	424,998	394,618
Net realized capital gains (losses)	(2,707)	(5,661)	8,523	(7,276)
Total other-than-temporary impairment losses	—	(3,982)	(919)	(5,072)
Non-credit portion in other comprehensive income (loss)	—	74	—	74
Net other-than-temporary impairment losses recognized in earnings	—	(3,908)	(919)	(4,998)
Other income	4,602	4,116	17,103	16,181
<b>Total revenues</b>	<b>193,561</b>	<b>158,636</b>	<b>774,681</b>	<b>719,626</b>
<b>Benefits and expenses:</b>				
Interest sensitive product benefits	73,507	59,626	276,473	253,753
Traditional life insurance benefits	43,142	41,860	174,654	175,209
Policyholder dividends	2,514	2,539	10,053	10,130
Underwriting, acquisition and insurance expenses	26,290	44,434	140,624	152,055
Interest expense	1,213	1,213	4,850	4,851
Other expenses	6,597	6,314	25,246	22,595
<b>Total benefits and expenses</b>	<b>153,263</b>	<b>155,986</b>	<b>631,900</b>	<b>618,593</b>
	40,298	2,650	142,781	101,033
Income tax benefit (expense)	(6,500)	2,812	(19,929)	(11,650)
Equity income, net of related income taxes	1,033	998	3,456	4,439
Net income	34,831	6,460	126,308	93,822
Net income attributable to noncontrolling interest	(92)	(45)	(99)	(29)
Net income attributable to FBL Financial Group, Inc.	<u>\$ 34,739</u>	<u>\$ 6,415</u>	<u>\$ 126,209</u>	<u>\$ 93,793</u>
Comprehensive income (loss) attributable to FBL Financial Group, Inc.	<u>\$ (16,672)</u>	<u>\$ 8,772</u>	<u>\$ 389,655</u>	<u>\$ (94,392)</u>
Earnings per common share	<u>\$ 1.40</u>	<u>\$ 0.26</u>	<u>\$ 5.09</u>	<u>\$ 3.76</u>
Earnings per common share - assuming dilution	<u>\$ 1.40</u>	<u>\$ 0.26</u>	<u>\$ 5.09</u>	<u>\$ 3.75</u>
Cash dividends per common share	<u>\$ 0.48</u>	<u>\$ 0.46</u>	<u>\$ 1.92</u>	<u>\$ 1.84</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 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
<b>Revenues:</b>					
Interest sensitive product charges	\$ 30,624	\$ 31,266	\$ 32,534	\$ 31,135	\$ <b>32,178</b>
Traditional life insurance premiums	49,600	49,392	50,987	46,982	<b>50,502</b>
Net investment income	83,865	109,640	104,894	101,478	<b>108,986</b>
Net realized capital gains (losses)	(5,661)	10,157	377	696	<b>(2,707)</b>
Total other-than-temporary impairment losses	(3,982)	(869)	—	(50)	—
Non-credit portion in other comprehensive income (loss)	74	—	—	—	—
Net impairment losses recognized in earnings	(3,908)	(869)	—	(50)	—
Other income	4,116	3,970	4,114	4,417	<b>4,602</b>
Total revenues	158,636	203,556	192,906	184,658	<b>193,561</b>
<b>Benefits and expenses:</b>					
Interest sensitive product benefits	59,626	70,596	65,223	67,147	<b>73,507</b>
Traditional life insurance benefits	41,860	46,675	41,960	42,877	<b>43,142</b>
Policyholder dividends	2,539	2,534	2,564	2,441	<b>2,514</b>
Underwriting, acquisition and insurance expenses	44,434	36,189	38,948	39,197	<b>26,290</b>
Interest expense	1,213	1,212	1,212	1,213	<b>1,213</b>
Other expenses	6,314	6,250	6,635	5,764	<b>6,597</b>
Total benefits and expenses	155,986	163,456	156,542	158,639	<b>153,263</b>
Income tax benefit (expense)	2,650	40,100	36,364	26,019	<b>40,298</b>
Equity income, net of related income taxes	2,812	(6,276)	(5,511)	(1,642)	<b>(6,500)</b>
Equity income, net of related income taxes	998	220	1,404	799	<b>1,033</b>
Net income	6,460	34,044	32,257	25,176	<b>34,831</b>
Net (income) loss attributable to noncontrolling interest	(45)	(1)	41	(47)	<b>(92)</b>
Net income attributable to FBL Financial Group, Inc.	\$ 6,415	\$ 34,043	\$ 32,298	\$ 25,129	\$ <b>34,739</b>
Comprehensive income (loss) attributable to FBL Financial Group, Inc.	\$ 8,772	\$ 131,891	\$ 145,925	\$ 128,511	\$ <b>(16,672)</b>
Earnings per common share	\$ 0.26	\$ 1.37	\$ 1.30	\$ 1.01	\$ <b>1.40</b>
Earnings per common share - assuming dilution	\$ 0.26	\$ 1.37	\$ 1.30	\$ 1.01	\$ <b>1.40</b>
Cash dividends per common share	\$ 0.46	\$ 0.48	\$ 0.48	\$ 0.48	\$ <b>0.48</b>
Special cash dividend per common share	\$ —	\$ 1.50	\$ —	\$ —	\$ <b>—</b>
<b>Weighted average common shares outstanding (in thousands):</b>					
Basic	24,888	24,765	24,757	24,759	<b>24,761</b>
Effect of dilutive securities	10	11	11	10	<b>8</b>
Diluted	24,898	24,776	24,768	24,769	<b>24,769</b>



**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>Q4 2018</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Q4 2019</b>
Net income attributable to FBL Financial Group, Inc.	\$ 6,415	\$ 34,043	\$ 32,298	\$ 25,129	\$ 34,739
Net income adjustments:					
Realized gains/losses on investments (1)	7,414	(7,230)	(289)	(440)	2,147
Change in net unrealized gains/losses on derivatives (1)	4,997	(911)	(272)	526	(2,047)
Adjusted operating income (2)	\$ 18,826	\$ 25,902	\$ 31,737	\$ 25,215	\$ 34,839
Adjusted operating income per common share - assuming dilution (2)	\$0.75	\$1.04	\$1.28	\$1.02	\$1.41
Adjusted operating return on equity, excluding AOCI - last twelve months	10.0%	10.0%	9.9%	9.3%	10.7%
Adjusted operating return on equity, including AOCI - last twelve months	8.8%	8.9%	8.7%	7.8%	8.6%

	<b>Q4 2018</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Q4 2019</b>
<i>Impact of Adjustments on FBL Net Income</i>					
Realized gains (losses) on investments and change in net unrealized gains/losses on equity securities and derivatives	\$ (19,216)	\$ 10,846	\$ 444	\$ (198)	\$ 70
Offsets: (3)					
Change in amortization	945	(256)	(48)	(343)	61
Reserve change on interest sensitive products	2,561	(285)	315	432	(258)
Income tax	3,299	(2,164)	(150)	23	27
Net impact of net income adjustments	\$ (12,411)	\$ 8,141	\$ 561	\$ (86)	\$ (100)

	<b>Q4 2018</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Q4 2019</b>
Pre-tax adjusted operating income by segment:					
Annuity segment	\$ 12,087	\$ 15,662	\$ 14,637	\$ 8,121	\$ 14,414
Life Insurance segment	8,444	10,092	18,239	14,032	24,771
Corporate and Other segment	(953)	4,319	4,595	4,939	2,456
Total pre-tax adjusted operating income	19,578	30,073	37,471	27,092	41,641
Income taxes on adjusted operating income	(752)	(4,171)	(5,734)	(1,877)	(6,802)
Adjusted operating income (2)	\$ 18,826	\$ 25,902	\$ 31,737	\$ 25,215	\$ 34,839

(1) 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.

(2) Adjusted operating income is a non-GAAP measure of earnings, see Note 1 on page 1 for additional information.

(3) 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 includes (i) wealth management services; (ii) advisory services for the management of investments and other companies; (iii) marketing and distribution services for the sale of insurance products not issued by us; (iv) leasing services with affiliates; (v) closed blocks of variable annuity, variable life and accident and health products; (vi) interest expense and (vii) investments and related investment income not specifically allocated to our product segments.

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**

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
<b>Pre-tax Adjusted Operating Income</b>					
	(Dollars in thousands)				
<b>Adjusted operating revenues:</b>					
Interest sensitive product charges	\$ 1,474	\$ 1,567	\$ 1,772	\$ 1,608	\$ 1,734
Net investment income (1)	53,248	51,115	52,491	49,633	52,618
<b>Total adjusted operating revenues</b>	<b>54,722</b>	<b>52,682</b>	<b>54,263</b>	<b>51,241</b>	<b>54,352</b>
<b>Adjusted operating benefits and expenses:</b>					
Interest sensitive product benefits	32,299	28,070	30,450	28,585	30,980
<b>Underwriting, acquisition and insurance expenses:</b>					
Commission expense, net of deferrals	631	514	482	405	662
Amortization of deferred acquisition costs	2,789	2,679	2,917	8,015	2,763
Amortization of value of insurance in force acquired	165	163	163	164	164
Other underwriting expenses (1)	6,751	5,594	5,614	5,951	5,369
<b>Total underwriting, acquisition and insurance expenses</b>	<b>10,336</b>	<b>8,950</b>	<b>9,176</b>	<b>14,535</b>	<b>8,958</b>
<b>Total adjusted operating benefits and expenses</b>	<b>42,635</b>	<b>37,020</b>	<b>39,626</b>	<b>43,120</b>	<b>39,938</b>
<b>Pre-tax adjusted operating income</b>	<b>\$ 12,087</b>	<b>\$ 15,662</b>	<b>\$ 14,637</b>	<b>\$ 8,121</b>	<b>\$ 14,414</b>
<b>Selected balance sheet data, securities at amortized cost:</b>					
<b>Assets:</b>					
Investments	\$ 4,489,765	\$ 4,497,715	\$ 4,525,458	\$ 4,521,789	\$ 4,541,355
Deferred acquisition costs	93,819	94,164	93,898	88,266	88,295
Value of insurance in force acquired	2,852	2,689	2,525	2,361	2,198
<b>Liabilities and equity:</b>					
<b>Liabilities:</b>					
Interest sensitive product reserves	\$ 4,036,152	\$ 4,038,052	\$ 4,060,032	\$ 4,054,299	\$ 4,105,054
Other insurance reserves	338,646	341,506	340,896	338,585	335,222
Allocated equity, excluding AOCI	266,863	249,635	250,853	250,934	253,096
<b>Other data:</b>					
Number of direct contracts	52,911	52,519	52,461	52,914	51,536
Portfolio yield net of assumed defaults	4.48%	4.46%	4.42%	4.38%	4.35%
Credited rate	2.58	2.60	2.61	2.61	2.60
Spread on individual annuities at end of quarter (2)	1.90%	1.86%	1.81%	1.77%	1.75%
<b>Interest sensitive reserve activity:</b>					
<b>Individual annuity reserve:</b>					
Balance, beginning of period	\$ 3,176,881	\$ 3,194,307	\$ 3,207,285	\$ 3,214,755	\$ 3,204,500
Deposits	67,075	63,784	56,643	53,972	63,532
Withdrawals, surrenders and death benefits	(59,661)	(63,379)	(62,808)	(79,157)	(63,065)
Net flows	7,414	405	(6,165)	(25,185)	467
Policyholder interest	20,824	18,543	21,128	18,352	21,207
Annuityizations and other	(10,812)	(5,970)	(7,493)	(3,422)	(4,789)
<b>Balance, end of period</b>	<b>3,194,307</b>	<b>3,207,285</b>	<b>3,214,755</b>	<b>3,204,500</b>	<b>3,221,385</b>

Other interest sensitive reserves	841,845	830,767	845,277	849,799	<b>883,669</b>
<b>Total interest sensitive product reserves</b>	<b>\$ 4,036,152</b>	<b>\$ 4,038,052</b>	<b>\$ 4,060,032</b>	<b>\$ 4,054,299</b>	<b>\$ 4,105,054</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>Q4 2018</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Q4 2019</b>
	(Dollars in thousands)				
<b>Adjusted operating revenues:</b>					
Interest sensitive product charges	\$ 18,471	\$ 18,988	\$ 19,635	\$ 19,163	\$ <b>18,956</b>
Traditional life insurance premiums	49,600	49,392	50,987	46,982	<b>50,502</b>
Net investment income (1)	38,335	38,991	40,454	38,581	<b>40,204</b>
Other income	(66)	(113)	(138)	(131)	<b>(159)</b>
<b>Total adjusted operating revenues</b>	<b>106,340</b>	<b>107,258</b>	<b>110,938</b>	<b>104,595</b>	<b>109,503</b>
<b>Adjusted operating benefits and expenses:</b>					
<b>Interest sensitive product benefits:</b>					
Interest and index credits (2)	10,103	8,051	9,018	8,326	<b>9,803</b>
Death benefits and other (2)	16,661	14,466	13,892	17,198	<b>15,513</b>
<b>Total interest sensitive product benefits</b>	<b>26,764</b>	<b>22,517</b>	<b>22,910</b>	<b>25,524</b>	<b>25,316</b>
<b>Traditional life insurance benefits:</b>					
Death benefits	20,001	24,416	20,577	25,233	<b>22,878</b>
Surrender and other benefits	9,196	9,723	10,092	9,435	<b>9,548</b>
Increase in traditional life future policy benefits (2)	12,666	12,534	11,291	8,206	<b>10,716</b>
<b>Total traditional life insurance benefits</b>	<b>41,863</b>	<b>46,673</b>	<b>41,960</b>	<b>42,874</b>	<b>43,142</b>
Policyholder dividends	2,539	2,534	2,564	2,441	<b>2,514</b>
<b>Underwriting, acquisition and insurance expenses:</b>					
Commission expense, net of deferrals	5,275	4,639	5,179	4,487	<b>5,195</b>
Amortization of deferred acquisition costs	4,182	4,799	4,344	(592)	<b>(5,732)</b>
Amortization of value of insurance in force acquired	373	372	372	372	<b>372</b>
Other underwriting expenses (1)	17,893	16,002	16,378	16,278	<b>14,950</b>
<b>Total underwriting, acquisition and insurance expenses</b>	<b>27,723</b>	<b>25,812</b>	<b>26,273</b>	<b>20,545</b>	<b>14,785</b>
<b>Total adjusted operating benefits and expenses</b>	<b>98,889</b>	<b>97,536</b>	<b>93,707</b>	<b>91,384</b>	<b>85,757</b>
	\$ 7,451	\$ 9,722	\$ 17,231	\$ 13,211	\$ <b>23,746</b>
Equity income, before tax	993	370	1,008	821	<b>1,025</b>
<b>Pre-tax adjusted operating income</b>	<b>\$ 8,444</b>	<b>\$ 10,092</b>	<b>\$ 18,239</b>	<b>\$ 14,032</b>	<b>\$ 24,771</b>
<b>Selected balance sheet data, securities at amortized cost:</b>					
<b>Assets:</b>					
Investments	\$ 3,060,235	\$ 3,073,086	\$ 3,110,890	\$ 3,123,239	\$ <b>3,155,216</b>
Deferred acquisition costs	308,937	312,664	316,309	323,609	<b>341,143</b>
Value of insurance in force acquired	14,411	14,039	13,668	13,296	<b>12,924</b>
<b>Liabilities and equity:</b>					
<b>Liabilities: (3)</b>					
Interest sensitive reserves	\$ 989,513	\$ 1,001,865	\$ 1,013,247	\$ 1,024,103	\$ <b>1,039,335</b>
Other insurance reserves	2,001,449	2,013,886	2,019,588	2,033,080	<b>2,043,029</b>
Allocated equity, excluding AOCI	452,274	468,983	471,279	476,443	<b>480,489</b>



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

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
	(Dollars in thousands)				
<b>Other data:</b>					
Number of direct policies - traditional life	365,909	365,650	365,340	365,099	<b>365,399</b>
Number of direct policies - universal life	69,832	70,494	71,049	71,367	<b>72,972</b>
Direct face amounts - traditional life	\$ 52,191,204	\$ 52,352,065	\$ 52,729,936	\$ 53,005,016	<b>\$ 53,320,484</b>
Direct face amounts - universal life	\$ 7,777,370	\$ 7,888,196	\$ 7,978,929	\$ 8,020,444	<b>\$ 8,245,749</b>
Portfolio yield net of assumed defaults	5.02%	5.00%	4.97%	4.91%	<b>4.85%</b>
Credited rate	3.78	3.77	3.79	3.80	<b>3.81</b>
Spread on universal life at end of quarter (4)	1.24%	1.23%	1.18%	1.11%	<b>1.04%</b>
<b>Interest sensitive reserve activity: (3)</b>					
Balance, beginning of period	\$ 979,858	\$ 989,513	\$ 1,001,865	\$ 1,013,247	<b>\$ 1,024,103</b>
Deposits	29,660	29,632	31,271	28,110	<b>30,962</b>
Withdrawals and surrenders	(7,778)	(5,703)	(9,081)	(8,455)	<b>(6,915)</b>
Net flows	21,882	23,929	22,190	19,655	<b>24,047</b>
Policyholder interest	7,297	7,423	8,349	7,774	<b>9,165</b>
Policy charges	(19,736)	(20,017)	(20,287)	(20,129)	<b>(20,603)</b>
Benefits and other	212	1,017	1,130	3,556	<b>2,623</b>
Balance, end of period	\$ 989,513	\$ 1,001,865	\$ 1,013,247	\$ 1,024,103	<b>\$ 1,039,335</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)	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
	(Dollars in thousands)				
Adjusted operating revenues:					
Interest sensitive product charges	\$ 11,005	\$ 10,405	\$ 10,714	\$ 10,408	\$ 10,757
Net investment income (1)	7,735	8,640	8,588	8,277	8,797
Other income	4,182	4,083	4,252	4,548	4,761
Total adjusted operating revenues	22,922	23,128	23,554	23,233	24,315
Adjusted operating benefits and expenses:					
Interest sensitive product benefits	8,944	10,365	8,858	7,642	12,315
Underwriting, acquisition and insurance expenses:					
Commission expense, net of deferrals	631	704	746	720	685
Amortization of deferred acquisition costs	5,629	(967)	905	1,854	9
Other underwriting expenses	1,369	1,153	1,413	1,244	1,231
Total underwriting, acquisition and insurance expenses	7,629	890	3,064	3,818	1,925
Interest expense	1,213	1,212	1,212	1,213	1,213
Other expenses (1)	6,314	6,250	6,635	5,764	6,597
Total adjusted operating benefits and expenses	24,100	18,717	19,769	18,437	22,050
	(1,178)	4,411	3,785	4,796	2,265
Net (income) loss attributable to noncontrolling interest	(45)	(1)	41	(47)	(92)
Equity income (loss), before tax	270	(91)	769	190	283
Pre-tax adjusted operating income (loss)	\$ (953)	\$ 4,319	\$ 4,595	\$ 4,939	\$ 2,456
<b>Selected balance sheet data, securities at amortized cost:</b>					
Assets:					
Investments	\$ 688,057	\$ 687,836	\$ 654,750	\$ 686,296	\$ 702,734
Deferred acquisition costs	62,778	63,593	62,499	60,346	60,245
Separate account assets	561,281	614,121	625,177	612,338	645,881
Liabilities and equity:					
Liabilities:					
Interest sensitive reserves	\$ 372,056	\$ 370,668	\$ 370,238	\$ 372,492	\$ 369,454
Other insurance reserves	86,324	87,644	85,842	81,706	86,094
Separate account liabilities	561,281	614,121	625,177	612,338	645,881
Allocated equity, excluding AOCI	370,684	352,616	369,536	378,198	394,408
<b>Rollforward of separate account balances:</b>					
Beginning separate account balance	\$ 651,797	\$ 561,281	\$ 614,121	\$ 625,177	\$ 612,338
Net premiums and transfers	3,518	5,277	5,115	1,208	3,502
Net investment income (loss)	(77,872)	63,914	22,611	1,721	44,460
Charges, benefits and surrenders	(16,162)	(16,351)	(16,670)	(15,768)	(14,419)
Ending separate account balance	\$ 561,281	\$ 614,121	\$ 625,177	\$ 612,338	\$ 645,881
<b>Other data:</b>					
Number of direct contracts - variable annuity	9,217	9,071	8,938	8,810	8,676
Number of direct policies - variable universal life	35,160	34,675	34,236	33,787	33,383



Direct face amounts - variable universal life	\$ 4,321,462	\$ 4,267,891	\$ 4,217,491	\$ 4,158,021	\$ 4,117,248
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- (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 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
	(Dollars in thousands)				
<b>Annuity</b>					
Balance - beginning of period	\$ 92,442	\$ 93,819	\$ 94,164	\$ 93,898	\$ 88,266
Capitalization:					
Commissions	2,994	2,872	2,319	2,291	2,729
Expenses	433	263	306	302	247
Total capitalization	3,427	3,135	2,625	2,593	2,976
Amortization - adjusted operating basis, before impact of unlocking	(2,857)	(2,723)	(2,974)	(3,471)	(2,844)
Amortization - unlocking, adjusted operating basis	—	—	—	(4,863)	—
Amortization - realized gains/losses on investments and unrealized gains/losses on derivatives and equities	807	(67)	83	109	(103)
Balance - end of period	\$ 93,819	\$ 94,164	\$ 93,898	\$ 88,266	\$ 88,295
<b>Life Insurance</b>					
Balance - beginning of period	\$ 298,368	\$ 308,937	\$ 312,664	\$ 316,309	\$ 323,609
Capitalization:					
Commissions	9,724	6,141	5,451	4,243	8,160
Expenses	3,230	2,349	2,709	2,367	2,494
Deferral of sales inducements	1,746	384	263	111	1,517
Total capitalization	14,700	8,874	8,423	6,721	12,171
Amortization - adjusted operating basis, before impact of unlocking	(4,360)	(4,917)	(4,519)	(3,206)	(4,226)
Amortization - unlocking, adjusted operating basis	—	—	—	3,842	10,000
Amortization - realized gains/losses on investments and unrealized gains/losses on derivatives and equities	229	(230)	(259)	(57)	(411)
Balance - end of period	\$ 308,937	\$ 312,664	\$ 316,309	\$ 323,609	\$ 341,143
<b>Corporate and Other</b>					
Balance - beginning of period	\$ 68,101	\$ 62,778	\$ 63,593	\$ 62,499	\$ 60,346
Capitalization:					
Commissions	114	113	105	77	39
Deferral of sales inducements	15	1	—	2	25
Total capitalization	129	114	105	79	64
Amortization - adjusted operating basis, before impact of unlocking	(5,687)	966	(913)	(1,771)	(9)
Amortization - unlocking, adjusted operating basis	—	—	—	(109)	—
Amortization - realized gains/losses on investments and unrealized gains/losses on derivatives and equities	235	(265)	(286)	(352)	(156)
Balance - end of period	\$ 62,778	\$ 63,593	\$ 62,499	\$ 60,346	\$ 60,245

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

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
	(Dollars in thousands)				
<b>Total</b>					
Balance - beginning of period	\$ 458,911	\$ 465,534	\$ 470,421	\$ 472,706	\$ 472,221
Capitalization:					
Commissions	12,832	9,126	7,875	6,611	10,928
Expenses	3,663	2,612	3,015	2,669	2,741
Deferral of sales inducements	1,761	385	263	113	1,542
Total capitalization	18,256	12,123	11,153	9,393	15,211
Amortization - adjusted operating basis, before impact of unlocking	(12,904)	(6,674)	(8,406)	(8,448)	(7,079)
Amortization - unlocking, adjusted operating basis	—	—	—	(1,130)	10,000
Amortization - realized gains/losses on investments and unrealized gains/losses on derivatives and equities	1,271	(562)	(462)	(300)	(670)
Balance - end of period	465,534	470,421	472,706	472,221	489,683
Impact of unrealized gains in AOCI	(46,732)	(96,710)	(158,405)	(219,109)	(200,227)
Deferred acquisition costs	\$ 418,802	\$ 373,711	\$ 314,301	\$ 253,112	\$ 289,456

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

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
	(Dollars in thousands)				
<b>Annuity Segment</b>					
Amortization of deferred sales inducements reported in interest sensitive product benefits	\$ —	\$ —	\$ —	\$ (195)	\$ —
Amortization of deferred acquisition costs	—	—	—	(4,668)	—
Decrease to pre-tax adjusted operating income	\$ —	\$ —	\$ —	\$ (4,863)	\$ —
<b>Life Segment</b>					
Amortization of unearned revenue reserve reported in interest sensitive product charges and other income	\$ —	\$ —	\$ —	\$ (386)	\$ —
Amortization of deferred sales inducements reported in interest sensitive product benefits	—	—	—	45	—
Amortization of deferred sales inducements reported in traditional life insurance benefits	—	—	—	69	<b>183</b>
Amortization of deferred acquisition costs	—	—	—	3,728	<b>9,817</b>
Changes in reserves reported in interest sensitive product benefits	—	—	—	(1,062)	—
Increase to pre-tax adjusted operating income	\$ —	\$ —	\$ —	\$ 2,394	<b>\$ 10,000</b>
<b>Corporate and Other Segment</b>					
Amortization of unearned revenue reserve reported in interest sensitive product charges	\$ —	\$ —	\$ —	\$ (94)	\$ —
Amortization of deferred sales inducements reported in interest sensitive product benefits	—	—	—	26	—
Amortization of deferred acquisition costs	—	—	—	(135)	—
Changes in reserves reported in interest sensitive product benefits	—	—	—	2	—
Decrease to pre-tax adjusted operating income	\$ —	\$ —	\$ —	\$ (201)	\$ —
<b>Total impact of unlocking on pre-tax adjusted operating income</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (2,670)</b>	<b>\$ 10,000</b>

**FBL Financial Group, Inc.**  
**Collected Premiums (1)**

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
	(Dollars in thousands)				
<b>Annuity</b>					
Individual:					
Fixed rate:					
First year	\$ 21,256	\$ 22,785	\$ 14,308	\$ 13,313	\$ 10,489
Renewal	14,361	16,631	16,017	11,644	13,428
Total fixed rate	35,617	39,416	30,325	24,957	23,917
Index annuity	33,337	28,301	28,417	30,293	41,177
Total individual	68,954	67,717	58,742	55,250	65,094
Group	1,503	1,789	910	826	1,643
Total Annuity	70,457	69,506	59,652	56,076	66,737
<b>Life Insurance</b>					
Direct:					
Universal life:					
First year	6,625	5,786	7,967	6,571	7,129
Renewal	20,764	23,051	22,332	21,214	22,173
Total universal life	27,389	28,837	30,299	27,785	29,302
Whole life:					
First year	2,658	2,622	2,659	1,834	2,335
Renewal	23,761	23,725	23,684	22,016	23,273
Total whole life	26,419	26,347	26,343	23,850	25,608
Term life and other:					
First year	2,861	2,636	2,898	2,656	2,811
Renewal	26,656	27,430	27,382	26,798	27,382
Total term life and other	29,517	30,066	30,280	29,454	30,193
Total direct life insurance	83,325	85,250	86,922	81,089	85,103
Reinsurance	(7,126)	(7,249)	(7,524)	(6,046)	(6,818)
Total Life Insurance	76,199	78,001	79,398	75,043	78,285
<b>Corporate and Other</b>					
Variable, net of reinsurance	10,447	13,167	13,065	10,982	10,824
Accident and health, net of reinsurance	271	75	45	41	179
Total Corporate and Other	10,718	13,242	13,110	11,023	11,003
<b>Total collected premiums</b>	<b>\$ 157,374</b>	<b>\$ 160,749</b>	<b>\$ 152,160</b>	<b>\$ 142,142</b>	<b>\$ 156,025</b>

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

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

	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 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	101,000	97,000	113,000	97,000
Preferred stock	3,000	3,000	3,000	3,000	3,000
Common stockholders' equity, excluding AOCI	1,089,821	1,071,234	1,091,669	1,105,035	1,127,993
<b>Total capitalization, excluding AOCI</b>	<b>1,189,821</b>	<b>1,175,234</b>	<b>1,191,669</b>	<b>1,221,035</b>	<b>1,227,993</b>
Accumulated other comprehensive income	91,318	189,166	302,793	406,175	354,764
<b>Total capitalization, including AOCI</b>	<b>\$ 1,281,139</b>	<b>\$ 1,364,400</b>	<b>\$ 1,494,462</b>	<b>\$ 1,627,210</b>	<b>\$ 1,582,757</b>
Common shares outstanding	24,718,815	24,652,340	24,659,885	24,662,308	24,664,215
<b>Book Value per Share:</b>					
Excluding AOCI	\$ 44.09	\$ 43.45	\$ 44.27	\$ 44.81	\$ 45.73
Including AOCI	47.78	51.13	56.55	61.28	60.12
<b>Debt-to-Capital Ratio:</b>					
Excluding AOCI	8.2%	8.6%	8.1%	9.3%	7.9%
Including AOCI	7.6	7.4	6.5	6.9	6.1
<b>Debt-to-Capital Ratio with 50% Credit for Trust Preferred Securities:</b>					
Excluding AOCI	4.1%	4.5%	4.1%	5.3%	3.9%
Including AOCI	3.8	3.8	3.2	4.0	3.1
<b>Class A Common Ownership:</b>					
Iowa Farm Bureau Federation	59.7%	59.9%	59.9%	59.9%	59.9%
Public	40.3	40.1	40.1	40.1	40.1
	100.0%	100.0%	100.0%	100.0%	100.0%

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

	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
<b>Investment by Type:</b>					
Fixed maturity securities	57.5%	57.9%	58.2%	58.2%	57.9%
Residential mortgage-backed	7.2	7.2	7.1	7.4	7.4
Commercial mortgage-backed	10.4	10.6	11.3	11.6	11.5
Other asset-backed	8.4	8.1	7.8	7.6	7.9
Mortgage loans	12.4	11.9	11.5	11.1	11.2
Equity securities	1.1	1.3	1.2	1.1	1.1
Other	3.0	3.0	2.9	3.0	3.0
<b>Quality of Fixed Maturity Securities:</b>					
AAA, AA, A	68.3%	68.3%	68.0%	68.3%	68.2%
BBB	29.3	29.0	29.7	29.5	29.5
BB	1.5	1.7	1.6	1.5	1.6
<BB	0.9	1.0	0.7	0.7	0.7
<b>Agent Strength Totals:</b>					
Full time agents and agency managers:					
8-state Farm Bureau Property & Casualty channel	1,190	1,180	1,185	1,200	1,197
6 life partner states and Colorado	649	650	649	655	661
	1,839	1,830	1,834	1,855	1,858

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

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Income tax benefit (expense)	\$ 2,812	\$ (6,276)	\$ (5,511)	\$ (1,642)	\$ (6,500)
Tax on equity income	(265)	(59)	(373)	(212)	(275)
Net income adjustments:					
Income tax offset on net income adjustments	(3,299)	2,164	150	(23)	(27)
Income taxes on adjusted operating income	\$ (752)	\$ (4,171)	\$ (5,734)	\$ (1,877)	\$ (6,802)
Income taxes on adjusted operating income before benefits of LIHTC investments	\$ (1,841)	\$ (5,076)	\$ (6,633)	\$ (2,727)	\$ (7,653)
Amounts related to LIHTC investments	1,089	905	899	850	851
Income taxes on adjusted operating income	\$ (752)	\$ (4,171)	\$ (5,734)	\$ (1,877)	\$ (6,802)