

Balance Sheet

Sammons Financial Group, Inc. and Subsidiaries
 Condensed Consolidated Balance Sheets *(unaudited)*
 (\$ millions)

As of	Jun. 30, 2024	Dec. 31, 2023
ASSETS		
Investments		
Fixed maturities available-for-sale, at fair value (net of allowance for credit losses of \$77 and \$90, respectively); amortized cost; \$93,934 and \$92,043, respectively, (portion under fair value option: \$845 and \$840, respectively)	\$ 83,507	\$ 83,019
Fixed maturities, trading, at fair value	242	350
Equity securities, at fair value	1,121	1,232
Mortgage loans (net of allowance for credit losses of \$51 and \$24, respectively; includes \$9 and \$9, respectively, under the fair value option)	7,452	6,413
Policy loans	777	724
Short-term investments	3,254	2,318
Derivative instruments	4,056	3,072
Other invested assets (net of allowance for credit losses of \$3 and \$2, respectively; portion at fair value under fair value option; \$139 and \$126, respectively)	7,966	7,484
Total investments	108,375	104,612
Cash	1,537	1,269
Accrued investment income	964	882
Deferred acquisition costs and sales inducements	9,425	8,599
Other assets	1,292	1,291
Reinsurance receivables (net of allowance for credit losses of \$10 and \$10, respectively)	2,826	2,848
Deferred tax asset	1,542	1,424
Separate account assets	3,107	2,941
Total assets	\$ 129,068	\$ 123,866
LIABILITIES		
Policyholder account balances and benefit reserves	\$ 101,074	\$ 97,174
Notes payable	2,779	2,036
Repurchase agreements, other borrowings & collateral on derivatives instruments	12,990	12,584
Derivative instruments	1,878	1,393
Other liabilities	2,701	2,920
Separate account liabilities	3,107	2,941
Total liabilities	124,529	119,048
Redeemable noncontrolling interests	142	142
STOCKHOLDER'S EQUITY		
Common stock and additional paid-in capital	1,829	1,813
Retained earnings	9,377	8,840
Accumulated other comprehensive income	(6,817)	(5,985)
Total stockholder's equity	4,389	4,668
Noncontrolling interest	8	8
Total liabilities and stockholder's equity	\$ 129,068	\$ 123,866

Income Statement

Sammons Financial Group, Inc. and Subsidiaries

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

(\$ millions)

	For the 3 Months Ended Jun. 30		For the 6 Months Ended Jun. 30	
	2024	2023	2024	2023
REVENUES				
Premiums and policy charges	\$ 633	\$ 513	\$ 1,503	\$ 1,098
Net investment income	1,425	1,028	2,702	1,872
Net gains (losses) on derivatives	(32)	127	315	41
Net realized investment gains (losses)	(37)	(129)	7	(349)
Other income	52	32	102	67
Total revenue	2,041	1,571	4,629	2,729
BENEFITS AND EXPENSES				
Policyholder benefits	1,318	879	2,796	1,718
Amortization of deferred acquisition costs	120	95	336	187
General and administrative expenses	267	239	523	452
Total benefits and expenses	1,705	1,213	3,655	2,357
Income before income taxes	336	358	974	372
Income taxes	39	46	162	31
Net income	297	312	812	341
Plus: Net loss attributable to noncontrolling interest	—	—	1	—
Net income attributable to Sammons Financial Group	\$ 297	312	\$ 813	\$ 341

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

In 2023, the Company identified immaterial misstatements to prior period financial statements and elected to voluntarily revise those prior period amounts in the 2023 audited financial statements to enhance the comparability between periods. The Q2 2023 QTD net income of \$314 million reflects a decrease of \$4 million to what was originally reported in this package. The Q2 2023 YTD net income of \$341 million reflects a decrease of \$9 million compared to what was originally reported in this package in Q2 of 2023.

Adjusted Pre-tax Operating Earnings

Sammons Financial Group, Inc. and Subsidiaries

Reconciliation to Operating Income (Unaudited)

(\$ millions)

	For the 3 Months Ended Jun. 30		For the 6 Months Ended Jun. 30	
	2024	2023	2024	2023
Income before income taxes	\$ 336	\$ 358	\$ 974	\$ 372
Adjustments to income before income taxes to arrive at adjusted pre-tax operating earnings:				
Tax credits on qualified tax credit bonds included in operating income	16	18	35	39
Realized investment losses, net of offsets	11	304	26	438
Unrealized (gains) losses on derivatives, trading securities, equity securities, and fair value option investments, net of offsets	18	(330)	(336)	(229)
Non-operating ESOP incentive compensation expense	—	—	16	—
Adjusted pre-tax operating earnings	\$ 381	\$ 350	\$ 715	\$ 620

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

In 2023, the Company identified immaterial misstatements to prior period financial statements and elected to voluntarily revise those prior period amounts in the 2023 audited financial statements to enhance the comparability between periods. The 2023 QTD adjusted pre-tax operating earnings of \$350 million reflects a decrease of \$6 million compared to what was originally reported in this package in Q2 of 2023. The 2023 YTD adjusted pre-tax operating earnings of \$620 million reflects a decrease of \$12 million compared to what was originally reported in this package in Q2 of 2023.

Statutory Information

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

(\$ millions)

As of	Jun. 30, 2024	Dec. 31, 2023
NET ADMITTED ASSETS		
Invested assets	\$ 111,299	\$ 106,997
Separate account assets	7,056	6,655
Other assets	4,246	4,204
Total net admitted assets	\$ 122,601	\$ 117,856
LIABILITIES, CAPITAL & SURPLUS		
Insurance reserves/liabilities	\$ 71,231	\$ 69,814
Separate account liabilities	6,653	6,310
Asset valuation reserve	1,303	1,139
Other liabilities	35,854	33,653
Total liabilities	115,041	110,916
Total capital and surplus	7,560	6,940
Total liabilities, capital and surplus	\$ 122,601	\$ 117,856
RISK BASED CAPITAL RATIO (TAC/CAL)	N/A	391%
TOTAL GROSS PREMIUMS WRITTEN		
Life	\$ 1,097	\$ 2,290
Annuity	\$ 6,994	\$ 9,294

Invested Assets Supplement

Sammons Financial Group, Inc. and Subsidiaries (SFG)

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

(\$ millions)

As of	June 30, 2024			December 31, 2023		
	Market Value	Book Value	Unrealized Gain/(Loss)	Market Value	Book Value	Unrealized Gain/(Loss)
INVESTED ASSETS						
U.S. government and agencies	\$ 8,887	\$ 10,268	\$ (1,381)	\$ 9,110	\$ 10,330	\$ (1,220)
Municipal securities	7,772	8,916	(1,144)	8,153	9,142	(989)
Corporate securities	43,402	49,620	(6,218)	43,360	48,401	(5,041)
Residential mortgage-backed securities	5,631	6,330	(699)	5,685	6,243	(558)
Commercial mortgage-backed securities	1,719	2,005	(286)	1,682	1,957	(275)
Asset backed securities	15,636	16,279	(643)	14,424	15,308	(884)
Other debt obligations	460	516	(56)	605	662	(57)
Total Fixed maturities, available-for-sale	\$ 83,507	\$ 93,934	\$ (10,427)	\$ 83,019	\$ 92,043	\$ (9,024)