

2011

Financial Supplement

2011 Third Quarter Report



| | |
|---------------------------------|---|
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| Stock Symbol | NYSE: FFG |
| Transfer Agent | The Bank of New York Mellon c/o BNY Mellon Shareowner Services Shareholder Relations Department P.O. Box 358015 Jersey City, NJ 07310-1900 www.bnymellon.com/shareowner |

FBL Financial Group, Inc.
Financial Supplement (Unaudited)
September 30, 2011
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NOTE 1: As announced on October 7, 2011, we intend to exit the independent distribution business which represents a majority of the operations for our subsidiary, EquiTrust Life Insurance Company (EquiTrust Life). As a result, we are in the process of selling EquiTrust Life to affiliates of Guggenheim Partners, LLC. This transaction is subject to regulatory approval and other customary closing conditions and is expected to close on or about December 30, 2011. While EquiTrust Life is being sold in its entirety, Farm Bureau Life will reinsure a limited portion of the EquiTrust Life business related to variable universal life and variable annuity products distributed through various unaffiliated third parties, as well as a small amount of fixed life and annuity products. The business component being sold (herein described as “the EquiTrust Life Business”) encompasses the entire Traditional Annuity - Independent segment and a smaller portion of our Traditional and Universal Life Insurance and Corporate and Other segments. Selected balance sheet and operating results of the EquiTrust Life Business, which will be presented as discontinued operations beginning in the fourth quarter of 2011, are provided on page 17.

Upon closing of the sale, we plan to redeem, in accordance with mandatory redemption provisions of the underlying notes, a portion of our long-term debt. Planned redemptions include \$50.0 million of our senior notes with affiliates on the sale closing date and all of our \$175.0 million public senior notes on or about January 30, 2012. Our Board of Directors has also approved a stock repurchase plan beginning in November 2011.

Additional information regarding the sale of EquiTrust Life and our capital management initiatives can be found in our September 30, 2011 Form 10-Q or press release and related Form 8-K dated October 7, 2011.

NOTE 2: In addition to net income, FBL Financial Group has consistently used operating income (loss), a non-GAAP financial measure common in the life insurance industry, as a primary economic measure to evaluate its financial performance. Operating income (loss) for the periods presented equals net income adjusted to eliminate the impact of realized gains and losses on investments and changes in net unrealized gains and losses on derivatives.

We use operating income (loss), 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 can fluctuate greatly from quarter to quarter. 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. Specifically, call options relating to our index business are one or two-year assets while the embedded derivative in the index contracts represents the rights of the contract holder to receive index credits over the entire period the index annuities are expected to be in force. For our other embedded derivatives and interest rate swaps, the instruments are marked to market, but the associated liabilities are not marked to market. A view of our operating performance without the impact of these mismatches and nonrecurring items enhances the analysis of our results. We use operating income for goal setting, determining short-term incentive compensation and evaluating performance on a basis comparable to that used by many in the investment community.

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

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

| | September 30, 2011 | December 31, 2010 |
|--|-----------------------|----------------------|
| Assets | | |
| Investments: | | |
| Fixed maturity securities - available for sale, at fair value (amortized cost: 2011 - \$11,501,763; 2010 - \$10,974,330) | \$ 12,218,511 | \$ 11,128,524 |
| Equity securities - available for sale, at fair value (cost: 2011 - \$79,808; 2010 - \$77,689) | 80,304 | 78,656 |
| Mortgage loans | 1,234,917 | 1,254,437 |
| Derivative instruments | 29,791 | 40,729 |
| Real estate | 11,030 | 13,554 |
| Policy loans | 171,481 | 170,341 |
| Other long-term investments | 112 | 132 |
| Short-term investments | 56,984 | 383,369 |
| Total investments | 13,803,130 | 13,069,742 |
| Cash and cash equivalents | 120,341 | 4,794 |
| Securities and indebtedness of related parties | 74,776 | 57,832 |
| Accrued investment income | 151,862 | 135,384 |
| Amounts receivable from affiliates | 4,565 | 2,025 |
| Reinsurance recoverable | 100,488 | 122,326 |
| Deferred policy acquisition costs | 613,264 | 812,025 |
| Deferred sales inducements | 184,824 | 259,148 |
| Value of insurance in force acquired | 25,127 | 27,706 |
| Current income taxes recoverable | — | 17,914 |
| Other assets | 77,415 | 72,154 |
| Assets held in separate accounts | 638,904 | 753,050 |
| | | |
| Total assets | <u>\$ 15,794,696</u> | <u>\$ 15,334,100</u> |

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

| | September 30, 2011 | December 31, 2010 |
|--|-----------------------|----------------------|
| Liabilities and stockholders' equity | | |
| Liabilities: | | |
| Future policy benefits: | | |
| Interest sensitive and index products | \$ 10,934,249 | \$ 10,645,927 |
| Traditional life insurance and accident and health products | 1,388,501 | 1,362,410 |
| Other policy claims and benefits | 44,761 | 51,393 |
| Supplementary contracts without life contingencies | 499,940 | 506,167 |
| Advance premiums and other deposits | 210,224 | 188,577 |
| Amounts payable to affiliates | 884 | 573 |
| Short-term debt payable to affiliates | — | 100,000 |
| Long-term debt payable to affiliates | 99,932 | — |
| Long-term debt payable to non-affiliates | 271,235 | 271,168 |
| Current income taxes | 2,807 | — |
| Deferred income taxes | 206,812 | 131,174 |
| Other liabilities | 93,886 | 177,247 |
| Liabilities related to separate accounts | 638,904 | 753,050 |
| Total liabilities | 14,392,135 | 14,187,686 |
| 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 30,044,744 shares in 2011 and 29,749,068 shares in 2010 | 127,904 | 118,165 |
| Class B common stock, without par value - authorized 1,500,000 shares, issued and outstanding 1,192,990 shares | 7,522 | 7,522 |
| Accumulated other comprehensive income | 200,539 | 39,895 |
| Retained earnings | 1,063,508 | 977,740 |
| Total FBL Financial Group, Inc. stockholders' equity | 1,402,473 | 1,146,322 |
| Noncontrolling interest | 88 | 92 |
| Total stockholders' equity | 1,402,561 | 1,146,414 |
| Total liabilities and stockholders' equity | <u>\$ 15,794,696</u> | <u>\$ 15,334,100</u> |

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

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|----------------------------------|-----------|---------------------------------|-----------|
| | 2011 | 2010 | 2011 | 2010 |
| Revenues: | | | | |
| Interest sensitive and index product charges | \$ 28,865 | \$ 28,371 | \$ 89,235 | \$ 88,809 |
| Traditional life insurance premiums | 40,342 | 38,721 | 125,868 | 120,757 |
| Net investment income | 187,253 | 181,974 | 562,064 | 539,971 |
| Derivative income (loss) | (73,658) | 39,826 | (37,811) | 7,877 |
| Net realized capital gains on sales of investments | 13,107 | 6,532 | 24,368 | 13,448 |
| Total other-than-temporary impairment losses | (1,226) | (370) | (32,317) | (58,880) |
| Non-credit portion in other comprehensive income | (296) | (1,063) | 13,523 | 42,331 |
| Net impairment loss recognized in earnings | (1,522) | (1,433) | (18,794) | (16,549) |
| Other income | 4,856 | 3,562 | 13,835 | 10,512 |
| Total revenues | 199,243 | 297,553 | 758,765 | 764,825 |
| Benefits and expenses: | | | | |
| Interest sensitive and index product benefits | 144,238 | 117,282 | 418,170 | 367,920 |
| Change in value of index product embedded derivatives | (88,390) | 56,598 | (86,725) | 24,052 |
| Traditional life insurance benefits | 35,598 | 35,242 | 109,913 | 103,762 |
| Policyholder dividends | 4,109 | 4,193 | 12,765 | 13,253 |
| Underwriting, acquisition and insurance expenses | 50,050 | 33,603 | 136,038 | 127,204 |
| Interest expense | 5,311 | 6,099 | 17,051 | 18,334 |
| Other expenses | 6,840 | 4,310 | 19,244 | 13,619 |
| Total benefits and expenses | 157,756 | 257,327 | 626,456 | 668,144 |
| Income taxes | 41,487 | 40,226 | 132,309 | 96,681 |
| Equity income, net of related income taxes | (14,159) | (13,530) | (42,766) | (31,996) |
| Net income | 237 | 1,955 | 2,041 | 4,257 |
| Net income | 27,565 | 28,651 | 91,584 | 68,942 |
| Net loss attributable to noncontrolling interest | 1 | 26 | 21 | 79 |
| Net income attributable to FBL Financial Group, Inc. | \$ 27,566 | \$ 28,677 | \$ 91,605 | \$ 69,021 |
| Earnings per common share | \$ 0.89 | \$ 0.94 | \$ 2.98 | \$ 2.27 |
| Earnings per common share - assuming dilution | \$ 0.88 | \$ 0.93 | \$ 2.93 | \$ 2.25 |
| Cash dividends per common share | \$ 0.0625 | \$ 0.0625 | \$ 0.1875 | \$ 0.1875 |

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

| | Q3 2010 | Q4 2010 | Q1 2011 | Q2 2011 | Q3 2011 |
|--|------------------|------------------|------------------|------------------|------------------|
| Operating revenues: | | | | | |
| Interest sensitive and index product charges | \$ 28,388 | \$ 30,878 | \$ 30,786 | \$ 29,574 | \$ 28,868 |
| Traditional life insurance premiums | 38,721 | 41,299 | 41,387 | 44,139 | 40,342 |
| Net investment income | 181,974 | 181,399 | 186,519 | 188,292 | 187,253 |
| Derivative income | 8,372 | 10,634 | 15,536 | 23,868 | 22,962 |
| Other income | 3,562 | 3,776 | 4,999 | 3,980 | 4,856 |
| Total operating revenues | 261,017 | 267,986 | 279,227 | 289,853 | 284,281 |
| Benefits and expenses: | | | | | |
| Interest sensitive and index product benefits | 125,317 | 129,669 | 134,493 | 142,325 | 144,596 |
| Traditional life insurance benefits | 35,242 | 33,409 | 36,598 | 37,717 | 35,598 |
| Policyholder dividends | 4,193 | 4,318 | 4,300 | 4,356 | 4,109 |
| Underwriting, acquisition and insurance expenses: | | | | | |
| Commission expense, net of deferrals | 3,397 | 3,498 | 3,923 | 4,404 | 3,248 |
| Amortization of deferred policy acquisition costs | 20,036 | 21,871 | 29,765 | 20,897 | 27,143 |
| Amortization of value of insurance in force acquired | 406 | 32 | 360 | (6,172) | 1,405 |
| Other underwriting expenses | 19,468 | 18,894 | 18,615 | 19,616 | 18,833 |
| Total underwriting, acquisition and insurance expenses | 43,307 | 44,295 | 52,663 | 38,745 | 50,629 |
| Interest expense | 6,099 | 6,120 | 6,109 | 5,631 | 5,311 |
| Other expenses | 4,310 | 5,335 | 4,900 | 7,504 | 6,840 |
| Total benefits and expenses | 218,468 | 223,146 | 239,063 | 236,278 | 247,083 |
| | 42,549 | 44,840 | 40,164 | 53,575 | 37,198 |
| Income taxes | (14,343) | (15,722) | (12,937) | (16,690) | (12,658) |
| Net loss (income) attributable to noncontrolling interest | 26 | (1) | 2 | 18 | 1 |
| Equity income, net of related income taxes | 1,955 | 1,184 | 1,399 | 405 | 237 |
| Operating income | 30,187 | 30,301 | 28,628 | 37,308 | 24,778 |
| Realized gains/losses on investments, net of offsets | 1,567 | 14,259 | (2,686) | 1,407 | 2,673 |
| Change in net unrealized gains/losses on derivatives, net of offsets | (3,077) | 7,072 | 551 | (1,169) | 115 |
| Net income attributable to FBL Financial Group, Inc. | \$ 28,677 | \$ 51,632 | \$ 26,493 | \$ 37,546 | \$ 27,566 |
| Operating income per common share - assuming dilution | \$ 0.98 | \$ 0.98 | \$ 0.92 | \$ 1.19 | \$ 0.79 |
| Earnings per common share - assuming dilution | \$ 0.93 | \$ 1.67 | \$ 0.85 | \$ 1.20 | \$ 0.88 |
| Weighted average common shares outstanding (in thousands): | | | | | |
| Basic | 30,428 | 30,495 | 30,612 | 30,733 | 30,803 |
| Effect of dilutive securities | 269 | 460 | 510 | 474 | 463 |
| Diluted | 30,697 | 30,955 | 31,122 | 31,207 | 31,266 |
| Operating return on equity, excluding AOCI - last twelve months | 10.8% | 10.2% | 10.7% | 11.5% | 10.7% |
| Operating return on equity, including AOCI - last twelve months | 11.0% | 10.1% | 10.2% | 10.8% | 9.8% |

FBL Financial Group, Inc.

Segment Information

We analyze operations by reviewing financial information regarding products that are aggregated into four product segments. The product segments are (1) Traditional Annuity - Exclusive Distribution ("Exclusive Annuity"), (2) Traditional Annuity - Independent Distribution ("Independent Annuity"), (3) Traditional and Universal Life Insurance and (4) Variable. We also have various support operations and corporate capital that are aggregated into the Corporate and Other segment.

The Exclusive Annuity segment primarily consists of fixed rate annuities and supplementary contracts (some of which involve life contingencies) sold through our exclusive agency distribution. Fixed rate 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.

The Independent Annuity segment consists of fixed rate and index annuities and supplementary contracts (some of which involve life contingencies) sold through our independent distribution or assumed through coinsurance agreements. With index annuity products, we bear the underlying investment risk and credit interest in an amount equal to a percentage of the gain in a specified market index, subject to minimum guarantees.

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

The Variable segment consists of variable universal life insurance and variable annuity contracts. These products are similar to universal life insurance and traditional annuity contracts, except the contract holder has the option to direct the cash value of the contract to a wide range of investment sub-accounts, thereby passing the investment risk to the contract holder. During 2010, we discontinued underwriting new sales of variable products and terminated new sales with our variable alliance partners during 2010 and 2011. We continue to receive premiums from sales that occurred prior to this change. During 2010, our Farm Bureau Life distribution channel began selling variable products underwritten by a large well-known insurance company with variable product expertise. We earn fees from the sale of brokered products, which are reported as other income. A portion of these fees are passed on to the agents as commissions for the underlying sales. The decision to discontinue underwriting variable products was made because we lacked the scale necessary to generate acceptable returns and be competitive in this product line over time. The existing in force business remains on our books and we will continue to administer this business.

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;
- accident and health insurance products, primarily a closed block of group policies;
- investment management and advisory services;
- 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 operating income (loss). Accordingly, income taxes are not allocated to the segments. In addition, operating results are reported net of transactions between the segments.

FBL Financial Group, Inc.
Consolidating Statements of Pre-tax Operating Income (Loss)

| Quarter Ended September 30, 2011 | Traditional Annuity - Exclusive | Traditional Annuity - Independent | Traditional & Universal Life Insurance | Variable | Corporate & Other | Consolidated |
|--|---------------------------------------|---|--|-----------|----------------------|--------------|
| | (Dollars in thousands) | | | | | |
| Operating revenues: | | | | | | |
| Interest sensitive and index product charges | \$ 182 | \$ 3,590 | \$ 12,960 | \$ 12,136 | \$ — | \$ 28,868 |
| Traditional life insurance premiums | — | — | 40,342 | — | — | 40,342 |
| Net investment income | 46,098 | 98,708 | 34,427 | 4,474 | 3,546 | 187,253 |
| Derivative income (loss) | (40) | 23,002 | — | — | — | 22,962 |
| Other income | — | — | 124 | 1,395 | 3,337 | 4,856 |
| Total operating revenues | 46,240 | 125,300 | 87,853 | 18,005 | 6,883 | 284,281 |
| Benefits and expenses: | | | | | | |
| Interest sensitive and index product benefits | 25,286 | 95,022 | 16,786 | 7,502 | — | 144,596 |
| Traditional life insurance benefits | — | — | 35,598 | — | — | 35,598 |
| Policyholder dividends | — | — | 4,109 | — | — | 4,109 |
| Underwriting, acquisition and insurance expenses: | | | | | | |
| Commission expense, net of deferrals | — | — | 2,425 | 823 | — | 3,248 |
| Amortization of deferred policy acquisition costs | 2,667 | 10,867 | 7,151 | 6,458 | — | 27,143 |
| Amortization of value of insurance in force acquired | 440 | — | 965 | — | — | 1,405 |
| Other underwriting expenses | 2,159 | 4,005 | 9,171 | 2,955 | 543 | 18,833 |
| Total underwriting, acquisition and insurance expenses | 5,266 | 14,872 | 19,712 | 10,236 | 543 | 50,629 |
| Interest expense | — | — | — | — | 5,311 | 5,311 |
| Other expenses | — | — | — | 586 | 6,254 | 6,840 |
| Total benefits and expenses | 30,552 | 109,894 | 76,205 | 18,324 | 12,108 | 247,083 |
| | 15,688 | 15,406 | 11,648 | (319) | (5,225) | 37,198 |
| Net loss attributable to noncontrolling interest | — | — | — | — | 1 | 1 |
| Equity loss, before tax | — | — | — | — | (400) | (400) |
| Pre-tax operating income (loss) | \$ 15,688 | \$ 15,406 | \$ 11,648 | \$ (319) | \$ (5,624) | \$ 36,799 |

FBL Financial Group, Inc.
Consolidating Statements of Pre-tax Operating Income (Loss) (Continued)

Quarter Ended September 30, 2010

| Quarter Ended September 30, 2010 | Traditional Annuity - Exclusive | Traditional Annuity - Independent | Traditional & Universal Life Insurance | Variable | Corporate & Other | Consolidated |
|--|---------------------------------|-----------------------------------|--|-----------|-------------------|--------------|
| (Dollars in thousands) | | | | | | |
| Operating revenues: | | | | | | |
| Interest sensitive and index product charges | \$ 158 | \$ 5,510 | \$ 11,171 | \$ 11,549 | \$ — | \$ 28,388 |
| Traditional life insurance premiums | — | — | 38,721 | — | — | 38,721 |
| Net investment income | 43,341 | 99,051 | 33,478 | 4,167 | 1,937 | 181,974 |
| Derivative income (loss) | (668) | 9,538 | — | — | (498) | 8,372 |
| Other income | 1 | — | 35 | 881 | 2,645 | 3,562 |
| Total operating revenues | 42,832 | 114,099 | 83,405 | 16,597 | 4,084 | 261,017 |
| Benefits and expenses: | | | | | | |
| Interest sensitive and index product benefits | 24,925 | 82,988 | 13,452 | 3,952 | — | 125,317 |
| Traditional life insurance benefits | — | — | 35,242 | — | — | 35,242 |
| Policyholder dividends | — | — | 4,193 | — | — | 4,193 |
| Underwriting, acquisition and insurance expenses: | | | | | | |
| Commission expense, net of deferrals | — | — | 2,626 | 771 | — | 3,397 |
| Amortization of deferred policy acquisition costs | 172 | 14,590 | 6,306 | (1,032) | — | 20,036 |
| Amortization of value of insurance in force acquired | (92) | — | 498 | — | — | 406 |
| Other underwriting expenses | 2,215 | 4,875 | 8,722 | 3,073 | 583 | 19,468 |
| Total underwriting, acquisition and insurance expenses | 2,295 | 19,465 | 18,152 | 2,812 | 583 | 43,307 |
| Interest expense | — | — | — | — | 6,099 | 6,099 |
| Other expenses | — | — | — | 998 | 3,312 | 4,310 |
| Total benefits and expenses | 27,220 | 102,453 | 71,039 | 7,762 | 9,994 | 218,468 |
| | 15,612 | 11,646 | 12,366 | 8,835 | (5,910) | 42,549 |
| Net loss attributable to noncontrolling interest | — | — | — | — | 26 | 26 |
| Equity income, before tax | — | — | — | — | 3,008 | 3,008 |
| Pre-tax operating income (loss) | \$ 15,612 | \$ 11,646 | \$ 12,366 | \$ 8,835 | \$ (2,876) | \$ 45,583 |

FBL Financial Group, Inc.
Statements of Pre-tax Operating Income
Traditional Annuity - Exclusive Distribution Segment

| | Q3 2010 | Q4 2010 | Q1 2011 | Q2 2011 | Q3 2011 |
|--|---------------------|-------------------------------|---------------------|---------------------|--------------------|
| Pre-tax Operating Income | | (Dollars in thousands) | | | |
| Operating revenues: | | | | | |
| Interest sensitive and index product charges | \$ 158 | \$ 123 | \$ 161 | \$ 154 | \$ 182 |
| Net investment income | 43,341 | 43,591 | 44,421 | 47,290 | 46,098 |
| Derivative loss: | | | | | |
| Proceeds from option settlements | 52 | 86 | 177 | 87 | 27 |
| Cost of money for call options | (69) | (65) | (64) | (65) | (67) |
| Cost of interest rate swaps | (651) | (659) | (658) | (440) | — |
| Total derivative loss | (668) | (638) | (545) | (418) | (40) |
| Other income | 1 | 3 | — | 1 | — |
| Total operating revenues | 42,832 | 43,079 | 44,037 | 47,027 | 46,240 |
| Benefits and expenses: | | | | | |
| Interest sensitive and index product benefits | 24,925 | 24,409 | 24,674 | 25,194 | 25,286 |
| Underwriting, acquisition and insurance expenses: | | | | | |
| Amortization of deferred policy acquisition costs | 172 | 2,969 | 2,501 | 3,326 | 2,667 |
| Amortization of value of insurance in force | (92) | (1,029) | (150) | 317 | 440 |
| Other underwriting expenses | 2,215 | 2,132 | 2,149 | 2,246 | 2,159 |
| Total underwriting, acquisition and insurance expenses | 2,295 | 4,072 | 4,500 | 5,889 | 5,266 |
| Total benefits and expenses | 27,220 | 28,481 | 29,174 | 31,083 | 30,552 |
| Pre-tax operating income | \$ 15,612 | \$ 14,598 | \$ 14,863 | \$ 15,944 | \$ 15,688 |
| Selected balance sheet data, securities at cost: | | | | | |
| Assets: | | | | | |
| Investments | \$ 2,980,444 | \$ 3,025,565 | \$ 3,136,065 | \$ 3,248,310 | \$3,297,875 |
| Deferred policy acquisition costs | 98,586 | 98,896 | 102,505 | 104,610 | 106,536 |
| Value of insurance in force acquired | 11,237 | 12,143 | 12,269 | 11,952 | 11,496 |
| Liabilities and equity: | | | | | |
| Liabilities: | | | | | |
| Interest sensitive and index product reserves | \$ 2,518,748 | \$ 2,581,300 | \$ 2,673,069 | \$ 2,746,674 | \$2,783,228 |
| Other insurance reserves | 368,622 | 369,685 | 371,179 | 373,987 | 375,848 |
| Allocated equity, excluding AOCI | 269,158 | 275,088 | 261,156 | 267,712 | 271,007 |
| Other data: | | | | | |
| Number of direct contracts | 53,313 | 53,428 | 53,608 | 53,881 | 53,839 |
| Portfolio yield net of assumed defaults | 5.73% | 5.79% | 5.70% | 5.75% | 5.72% |
| Credited rate | 3.66 | 3.49 | 3.43 | 3.42 | 3.32 |
| Spread on direct fixed annuities at end of quarter (1) | 2.07% | 2.30% | 2.27% | 2.33% | 2.40% |
| Interest sensitive and index product reserve | | | | | |
| Individual deferred annuity reserve: | | | | | |
| Balance, beginning of period | \$ 1,896,788 | \$ 1,931,756 | \$ 1,974,661 | \$ 2,043,957 | \$2,102,447 |
| Deposits | 73,393 | 77,587 | 116,089 | 99,347 | 68,463 |
| Withdrawals, surrenders and death benefits | (40,404) | (33,865) | (41,443) | (37,930) | (28,773) |
| Net flows | 32,989 | 43,722 | 74,646 | 61,417 | 39,690 |
| Policyholder interest/index credits | 17,025 | 16,682 | 16,895 | 17,104 | 17,367 |
| Annuityizations and other | (15,046) | (17,499) | (22,245) | (20,031) | (16,126) |
| Balance, end of period | 1,931,756 | 1,974,661 | 2,043,957 | 2,102,447 | 2,143,378 |
| Other interest sensitive reserves | 586,992 | 606,639 | 629,112 | 644,227 | 639,850 |
| Total interest sensitive and index product reserves | \$ 2,518,748 | \$ 2,581,300 | \$ 2,673,069 | \$ 2,746,674 | \$2,783,228 |

(1) 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 Operating Income
Traditional Annuity - Independent Distribution Segment

| | Q3 2010 | Q4 2010 | Q1 2011 | Q2 2011 | Q3 2011 |
|---|--------------|-------------------------------|--------------|--------------|--------------|
| Pre-tax Operating Income | | (Dollars in thousands) | | | |
| Operating revenues: | | | | | |
| Interest sensitive and index product charges | \$ 5,510 | \$ 7,172 | \$ 6,302 | \$ 4,786 | \$ 3,590 |
| Net investment income | 99,051 | 97,359 | 100,335 | 99,184 | 98,708 |
| Derivative income: | | | | | |
| Proceeds from option settlements | 30,660 | 31,875 | 36,555 | 44,757 | 43,425 |
| Cost of money for call options | (21,122) | (20,570) | (20,474) | (20,471) | (20,423) |
| Total derivative income | 9,538 | 11,305 | 16,081 | 24,286 | 23,002 |
| Total operating revenues | 114,099 | 115,836 | 122,718 | 128,256 | 125,300 |
| Benefits and expenses: | | | | | |
| Interest sensitive and index product benefits: | | | | | |
| Fixed rate annuities: | | | | | |
| Interest credited and other | 35,411 | 35,422 | 34,660 | 34,707 | 34,464 |
| Amortization of deferred sales inducements | 773 | 1,344 | 1,014 | 432 | 136 |
| Total fixed annuity product benefits | 36,184 | 36,766 | 35,674 | 35,139 | 34,600 |
| Index annuities: | | | | | |
| Interest credited | 9,273 | 9,108 | 9,058 | 9,080 | 10,133 |
| Amortization of deferred sales inducements | 7,635 | 5,255 | 9,479 | 7,756 | 9,916 |
| Index credits | 29,896 | 32,426 | 33,359 | 42,322 | 40,373 |
| Total index product benefits | 46,804 | 46,789 | 51,896 | 59,158 | 60,422 |
| Total interest sensitive and index product benefits | 82,988 | 83,555 | 87,570 | 94,297 | 95,022 |
| Underwriting, acquisition and insurance expenses: | | | | | |
| Amortization of deferred policy acquisition costs | 14,590 | 13,830 | 17,910 | 9,034 | 10,867 |
| Other underwriting expenses | 4,875 | 4,825 | 4,047 | 4,410 | 4,005 |
| Total underwriting, acquisition and insurance expenses | 19,465 | 18,655 | 21,957 | 13,444 | 14,872 |
| Total benefits and expenses | 102,453 | 102,210 | 109,527 | 107,741 | 109,894 |
| Pre-tax operating income | \$ 11,646 | \$ 13,626 | \$ 13,191 | \$ 20,515 | \$ 15,406 |
| Selected balance sheet data, securities at cost: | | | | | |
| Assets: | | | | | |
| Investments | \$ 6,892,612 | \$ 6,908,184 | \$ 6,985,882 | \$ 7,031,955 | \$ 6,887,660 |
| Deferred policy acquisition costs | 426,675 | 403,036 | 403,016 | 418,607 | 421,528 |
| Deferred sales inducements | 263,351 | 247,428 | 247,943 | 257,374 | 258,681 |
| Liabilities and equity: | | | | | |
| Liabilities: | | | | | |
| Interest sensitive and index product reserves - direct | \$ 5,859,771 | \$ 5,924,051 | \$ 6,057,649 | \$ 6,155,133 | \$ 6,041,339 |
| Interest sensitive and index product reserves - assumed | 1,307,270 | 1,249,560 | 1,224,090 | 1,200,666 | 1,168,847 |
| Other insurance reserves | 158,381 | 156,386 | 151,956 | 152,573 | 148,455 |
| Allocated equity, excluding AOCI | 367,583 | 367,816 | 388,536 | 392,745 | 384,974 |

FBL Financial Group, Inc.
Statements of Pre-tax Operating Income
Traditional Annuity - Independent Distribution Segment (Continued)

| | Q3 2010 | Q4 2010 | Q1 2011 | Q2 2011 | Q3 2011 |
|---|-------------------------------|---------------------|---------------------|---------------------|--------------------|
| | (Dollars in thousands) | | | | |
| Other data: | | | | | |
| Number of direct contracts | 87,127 | 86,855 | 87,785 | 88,158 | 87,086 |
| Fixed rate annuities: | | | | | |
| Portfolio yield net of assumed defaults | 5.57% | 5.55% | 5.47% | 5.45% | 5.41% |
| Credited rate | 4.92 | 4.92 | 4.91 | 4.86 | 4.78 |
| Spread on direct fixed rate annuities at end of quarter (1) | 0.65% | 0.63% | 0.56% | 0.59% | 0.63% |
| Index annuities: | | | | | |
| Portfolio yield net of assumed defaults | 5.65% | 5.64% | 5.61% | 5.57% | 5.47% |
| Credited rate/option cost | 3.19 | 3.08 | 3.03 | 2.96 | 2.93 |
| Spread on direct index annuities at end of quarter (1) | 2.46% | 2.56% | 2.58% | 2.61% | 2.54% |
| Interest sensitive and index product reserve activity: | | | | | |
| Individual deferred annuity reserve: | | | | | |
| Balance, beginning of period | \$ 7,004,760 | \$ 7,037,713 | \$ 7,019,146 | \$ 7,126,978 | \$7,175,978 |
| Deposits | 100,770 | 144,152 | 179,410 | 177,206 | 132,820 |
| Withdrawals, surrenders and death benefits | (204,029) | (242,832) | (171,153) | (213,966) | (287,516) |
| Net flows | (103,259) | (98,680) | 8,257 | (36,760) | (154,696) |
| Policyholder interest/index credits | 79,472 | 84,732 | 87,176 | 96,169 | 96,731 |
| Derivative value change and other | 56,740 | (4,619) | 12,399 | (10,409) | (87,903) |
| Balance, end of period | 7,037,713 | 7,019,146 | 7,126,978 | 7,175,978 | 7,030,110 |
| Other interest sensitive reserves | 129,328 | 154,465 | 154,761 | 179,821 | 180,076 |
| Total interest sensitive and index product reserves | \$ 7,167,041 | \$ 7,173,611 | \$ 7,281,739 | \$ 7,355,799 | \$7,210,186 |

(1) 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 Operating Income
Traditional and Universal Life Insurance Segment

| | Q3 2010 | Q4 2010 | Q1 2011 | Q2 2011 | Q3 2011 |
|---|--------------|-------------------------------|--------------|--------------|--------------|
| Pre-tax Operating Income | | (Dollars in thousands) | | | |
| Operating revenues: | | | | | |
| Interest sensitive product charges | \$ 11,171 | \$ 11,922 | \$ 12,317 | \$ 12,838 | \$ 12,960 |
| Traditional life insurance premiums | 38,721 | 41,299 | 41,387 | 44,139 | 40,342 |
| Net investment income | 33,478 | 33,720 | 34,089 | 34,205 | 34,427 |
| Other income | 35 | 45 | 97 | 60 | 124 |
| Total operating revenues | 83,405 | 86,986 | 87,890 | 91,242 | 87,853 |
| Benefits and expenses: | | | | | |
| Interest sensitive and index product benefits: | | | | | |
| Interest credited and index credits | 7,301 | 7,519 | 7,895 | 7,454 | 7,465 |
| Death benefits | 6,151 | 7,351 | 7,486 | 8,025 | 9,321 |
| Total interest sensitive product benefits | 13,452 | 14,870 | 15,381 | 15,479 | 16,786 |
| Traditional life insurance benefits: | | | | | |
| Death benefits | 14,929 | 13,599 | 17,713 | 16,023 | 16,531 |
| Surrender and other benefits | 9,522 | 8,144 | 10,216 | 9,123 | 8,543 |
| Increase in traditional life future policy benefits | 10,791 | 11,666 | 8,669 | 12,571 | 10,524 |
| Total traditional life insurance benefits | 35,242 | 33,409 | 36,598 | 37,717 | 35,598 |
| Policyholder dividends | 4,193 | 4,318 | 4,300 | 4,356 | 4,109 |
| Underwriting, acquisition and insurance expenses: | | | | | |
| Commission expense, net of deferrals | 2,626 | 2,850 | 2,797 | 3,369 | 2,425 |
| Amortization of deferred policy acquisition costs | 6,306 | 4,882 | 7,934 | 5,415 | 7,151 |
| Amortization of value of insurance in force acquired | 498 | 1,059 | 510 | (6,489) | 965 |
| Other underwriting expenses | 8,722 | 8,490 | 8,878 | 9,368 | 9,171 |
| Total underwriting, acquisition and insurance expenses | 18,152 | 17,281 | 20,119 | 11,663 | 19,712 |
| Total benefits and expenses | 71,039 | 69,878 | 76,398 | 69,215 | 76,205 |
| Pre-tax operating income | \$ 12,366 | \$ 17,108 | \$ 11,492 | \$ 22,027 | \$ 11,648 |
| Selected balance sheet data, securities at cost: | | | | | |
| Assets: | | | | | |
| Investments | \$ 2,140,043 | \$ 2,140,593 | \$ 2,179,376 | \$ 2,214,276 | \$ 2,225,566 |
| Deferred policy acquisition costs | 243,756 | 250,688 | 252,763 | 258,903 | 261,619 |
| Deferred sales inducements | 7,091 | 7,885 | 8,375 | 9,065 | 9,657 |
| Value of insurance in force acquired | 22,335 | 21,262 | 20,751 | 27,241 | 26,275 |
| Liabilities and equity: | | | | | |
| Liabilities: | | | | | |
| Interest sensitive reserves | \$ 631,536 | \$ 636,199 | \$ 641,357 | \$ 651,805 | \$ 663,620 |
| Other insurance reserves | 1,468,895 | 1,489,858 | 1,502,695 | 1,516,521 | 1,533,024 |
| Allocated equity, excluding AOCI | 315,358 | 318,845 | 324,308 | 327,325 | 334,778 |

FBL Financial Group, Inc.
Statements of Pre-tax Operating Income
Traditional and Universal Life Insurance Segment (Continued)

| | Q3 2010 | Q4 2010 | Q1 2011 | Q2 2011 | Q3 2011 |
|---|--|-------------------|-------------------|-------------------|--------------------------|
| | (Dollars in thousands, except face amounts in millions) | | | | |
| Other data: | | | | | |
| Number of direct policies - traditional life | 346,548 | 349,009 | 348,942 | 350,219 | 350,372 |
| Number of direct policies - universal life | 56,129 | 56,935 | 57,384 | 57,701 | 57,816 |
| Direct face amounts - traditional life | \$ 35,469 | \$ 36,201 | \$ 36,475 | \$ 37,091 | \$ 37,586 |
| Direct face amounts - universal life | \$ 5,080 | \$ 5,212 | \$ 5,319 | \$ 5,410 | \$ 5,425 |
| Portfolio yield net of assumed defaults | 6.15% | 6.19% | 6.13% | 6.08% | 6.06% |
| Credited rate | 4.28 | 4.28 | 4.29 | 4.29 | 4.29 |
| Spread on direct universal life at end of quarter (1) | 1.87% | 1.91% | 1.84% | 1.79% | 1.77% |
| Interest sensitive reserve activity: | | | | | |
| Balance, beginning of period | \$ 630,016 | \$ 631,536 | \$ 636,199 | \$ 641,357 | \$ 651,805 |
| Deposits | 13,838 | 18,258 | 18,823 | 23,520 | 22,328 |
| Withdrawals and surrenders | (5,498) | (6,186) | (6,115) | (5,683) | (5,723) |
| Net flows | 8,340 | 12,072 | 12,708 | 17,837 | 16,605 |
| Policyholder interest/index credits | 6,554 | 6,522 | 6,526 | 6,486 | 6,663 |
| Policy charges | (11,638) | (12,290) | (12,634) | (13,396) | (13,320) |
| Benefits and other | (1,736) | (1,641) | (1,442) | (479) | 1,867 |
| Balance, end of period | <u>\$ 631,536</u> | <u>\$ 636,199</u> | <u>\$ 641,357</u> | <u>\$ 651,805</u> | <u>\$ 663,620</u> |

(1) 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 Operating Income (Loss)
Variable Segment

| | Q3 2010 | Q4 2010 | Q1 2011 | Q2 2011 | Q3 2011 |
|---|------------|---|------------|------------|------------|
| Pre-tax Operating Income (Loss) | | (Dollars in thousands, except face amounts in millions) | | | |
| Operating revenues: | | | | | |
| Interest sensitive product charges | \$ 11,549 | \$ 11,661 | \$ 12,006 | \$ 11,796 | \$ 12,136 |
| Net investment income | 4,167 | 4,273 | 4,555 | 4,400 | 4,474 |
| Other income | 881 | 1,074 | 1,403 | 1,008 | 1,395 |
| Total operating revenues | 16,597 | 17,008 | 17,964 | 17,204 | 18,005 |
| Benefits and expenses: | | | | | |
| Interest sensitive product benefits: | | | | | |
| Interest credited | 2,319 | 2,340 | 2,368 | 2,403 | 2,542 |
| Death benefits | 1,633 | 4,495 | 4,500 | 4,952 | 4,960 |
| Total interest sensitive product benefits | 3,952 | 6,835 | 6,868 | 7,355 | 7,502 |
| Underwriting, acquisition and insurance expenses: | | | | | |
| Commission expense, net of deferrals | 771 | 648 | 1,126 | 1,035 | 823 |
| Amortization of deferred policy acquisition costs | (1,032) | 190 | 1,420 | 3,122 | 6,458 |
| Other underwriting expenses | 3,073 | 2,879 | 2,854 | 3,152 | 2,955 |
| Total underwriting, acquisition and insurance expenses | 2,812 | 3,717 | 5,400 | 7,309 | 10,236 |
| Other expenses | 998 | 1,097 | 508 | 1,095 | 586 |
| Total benefits and expenses | 7,762 | 11,649 | 12,776 | 15,759 | 18,324 |
| Pre-tax operating income (loss) | \$ 8,835 | \$ 5,359 | \$ 5,188 | \$ 1,445 | \$ (319) |
| Selected balance sheet data, securities at cost: | | | | | |
| Assets: | | | | | |
| Investments | \$ 269,887 | \$ 272,908 | \$ 283,426 | \$ 287,907 | \$ 306,027 |
| Deferred policy acquisition costs | 149,024 | 150,109 | 149,999 | 147,371 | 142,389 |
| Deferred sales inducements | 2,557 | 2,538 | 2,552 | 2,531 | 2,517 |
| Separate account assets | 705,156 | 753,050 | 774,774 | 759,927 | 638,904 |
| Liabilities and equity: | | | | | |
| Liabilities: | | | | | |
| Interest sensitive reserves | \$ 250,644 | \$ 254,817 | \$ 257,953 | \$ 262,501 | \$ 277,215 |
| Other insurance reserves | 31,251 | 32,861 | 33,280 | 36,456 | 36,790 |
| Separate account liabilities | 705,156 | 753,050 | 774,774 | 759,927 | 638,904 |
| Allocated equity, excluding AOCI | 108,515 | 110,566 | 109,779 | 112,173 | 116,845 |
| Rollforward of separate account balances: | | | | | |
| Beginning separate account balance | \$ 658,820 | \$ 705,156 | \$ 753,050 | \$ 774,774 | \$ 759,927 |
| Net premiums | 5,166 | 6,599 | 9,630 | 9,790 | (3,407) |
| Net investment income (loss) | 64,559 | 62,085 | 36,119 | 2,010 | (94,692) |
| Charges, benefits and surrenders | (23,389) | (20,790) | (24,025) | (26,647) | (22,924) |
| Ending separate account balance | \$ 705,156 | \$ 753,050 | \$ 774,774 | \$ 759,927 | \$ 638,904 |
| Other data: | | | | | |
| Number of direct contracts - variable annuity | 18,963 | 18,603 | 18,199 | 17,805 | 17,442 |
| Number of direct policies - variable universal life | 56,253 | 55,484 | 54,667 | 53,897 | 53,119 |
| Direct face amounts - variable universal life | \$ 7,078 | \$ 6,982 | \$ 6,876 | \$ 6,763 | \$ 6,662 |

FBL Financial Group, Inc.
Statements of Pre-tax Operating Loss
Corporate and Other Segment

| | Q3 2010 | Q4 2010 | Q1 2011 | Q2 2011 | Q3 2011 |
|---|------------|-------------------------------|------------|------------|------------|
| Pre-tax Operating Loss | | (Dollars in thousands) | | | |
| Operating revenues: | | | | | |
| Net investment income | \$ 1,937 | \$ 2,456 | \$ 3,119 | \$ 3,213 | \$ 3,546 |
| Derivative loss | (498) | (33) | — | — | — |
| Other income | 2,645 | 2,654 | 3,499 | 2,911 | 3,337 |
| Total operating revenues | 4,084 | 5,077 | 6,618 | 6,124 | 6,883 |
| Benefits and expenses: | | | | | |
| Other underwriting and insurance expenses | 583 | 570 | 687 | 440 | 543 |
| Interest expense | 6,099 | 6,120 | 6,109 | 5,631 | 5,311 |
| Other expenses | 3,312 | 4,238 | 4,392 | 6,409 | 6,254 |
| Total benefits and expenses | 9,994 | 10,928 | 11,188 | 12,480 | 12,108 |
| | (5,910) | (5,851) | (4,570) | (6,356) | (5,225) |
| Net loss (income) attributable to noncontrolling interest | 26 | (1) | 2 | 18 | 1 |
| Equity income (loss), before tax | 3,008 | 1,821 | 2,153 | 622 | (400) |
| Pre-tax operating loss | \$ (2,876) | \$ (4,031) | \$ (2,415) | \$ (5,716) | \$ (5,624) |
| Selected balance sheet data, securities at cost: | | | | | |
| Assets: | | | | | |
| Investments | \$ 382,744 | \$ 567,331 | \$ 423,215 | \$ 334,341 | \$ 368,758 |
| Securities and indebtedness of related parties | 55,196 | 57,846 | 65,151 | 72,241 | 74,787 |
| Liabilities and equity: | | | | | |
| Liabilities: | | | | | |
| Insurance reserves | \$ 61,218 | \$ 61,040 | \$ 60,209 | \$ 60,161 | \$ 57,926 |
| Debt | 371,147 | 371,168 | 371,191 | 371,139 | 371,167 |
| Equity, excluding AOCI | (3,913) | 31,112 | 49,119 | 71,564 | 91,331 |

FBL Financial Group, Inc.
Discontinued Operations - EquiTrust Life Business

Pre-tax Operating Income by Segment

| | Q3 2010 | Q4 2010 | Q1 2011 | Q2 2011 | Q3 2011 |
|--|-------------------------------|------------------|------------------|------------------|------------------|
| | (Dollars in thousands) | | | | |
| Segment | | | | | |
| Traditional Annuity - Independent Distribution | \$ 11,646 | \$ 13,626 | \$ 13,191 | \$ 20,515 | \$ 15,406 |
| Traditional and Universal Life Insurance | 183 | 341 | 54 | 989 | 211 |
| Corporate and Other (1) | (1,416) | (1,632) | (1,098) | (2,680) | (3,256) |
| Total | \$ 10,413 | \$ 12,335 | \$ 12,147 | \$ 18,824 | \$ 12,361 |

(1) Includes investment income on excess capital related to EquiTrust Life Business, interest expense on our debt required to be redeemed and transaction costs incurred by the parent company. In addition, expenses were reduced for corporate overhead of approximately \$0.9 million per quarter, a portion of which were previously allocated to the Traditional Annuity - Independent Distribution segment. These expenses are expected to be absorbed by other segments after the sale.

Selected Balance Sheet Data
September 30, 2011

| | Traditional Annuity - Independent Distribution | Traditional and Universal Life Insurance | Variable | Corporate & Other | Total |
|--|---|--|----------|----------------------|--------------|
| | (Dollars in thousands) | | | | |
| Assets, securities at cost: | | | | | |
| Total investments | \$ 6,887,660 | \$ 12,629 | \$ — | \$ 202,210 | \$ 7,102,499 |
| Deferred policy acquisition costs | 421,528 | 3,908 | — | — | 425,436 |
| Deferred sales inducements | 258,681 | 1,403 | — | — | 260,084 |
| Assets held in separate accounts | — | — | 64,530 | — | 64,530 |
| Liabilities: | | | | | |
| Policy liabilities and accruals | \$ 7,358,641 | \$ 18,873 | \$ — | \$ — | \$ 7,377,514 |
| Liabilities related to separate accounts | — | — | 64,530 | — | 64,530 |

FBL Financial Group, Inc.
Deferred Policy Acquisition Costs/Deferred Sales Inducements by Segment

| | Q3 2010 | Q4 2010 | Q1 2011 | Q2 2011 | Q3 2011 |
|--|----------------|-------------------------------|----------------|----------------|----------------|
| | | (Dollars in thousands) | | | |
| Traditional Annuity - Exclusive Distribution | | | | | |
| Balance - beginning of period | \$ 93,888 | \$ 98,586 | \$ 98,896 | \$ 102,505 | \$ 104,610 |
| Capitalization: | | | | | |
| Commissions | 3,759 | 4,408 | 5,628 | 4,729 | 3,628 |
| Expenses | 952 | 777 | 1,002 | 947 | 773 |
| Total capitalization | 4,711 | 5,185 | 6,630 | 5,676 | 4,401 |
| Amortization - operating basis, before impact of unlocking | (935) | (2,969) | (2,501) | (3,326) | (3,230) |
| Amortization - unlocking, operating basis | 763 | — | — | — | 563 |
| Amortization - realized gains/losses on investments and unrealized gains/losses on derivatives | 159 | (1,906) | (520) | (245) | 192 |
| Balance - end of period | \$ 98,586 | \$ 98,896 | \$ 102,505 | \$ 104,610 | \$ 106,536 |
| Traditional Annuity - Independent Distribution | | | | | |
| Balance - beginning of period | \$ 668,449 | \$ 690,026 | \$ 650,464 | \$ 650,959 | \$ 675,981 |
| Impact of reclassification of realized losses to AOCI | 7,719 | — | — | — | — |
| Capitalization: | | | | | |
| Commissions | 10,512 | 14,546 | 17,337 | 16,348 | 12,892 |
| Expenses | 1,032 | 1,245 | 1,276 | 1,308 | 1,361 |
| Deferral of sales inducements | 7,369 | 10,442 | 12,745 | 12,993 | 11,002 |
| Total capitalization | 18,913 | 26,233 | 31,358 | 30,649 | 25,255 |
| Amortization - operating basis, before impact of unlocking | (26,049) | (26,360) | (28,403) | (19,925) | (24,423) |
| Amortization - unlocking, operating basis | 3,051 | 5,931 | — | 2,703 | 3,504 |
| Amortization - realized gains/losses on investments and unrealized gains/losses on derivatives | 17,943 | (45,366) | (2,460) | 11,595 | (108) |
| Balance - end of period | \$ 690,026 | \$ 650,464 | \$ 650,959 | \$ 675,981 | \$ 680,209 |
| Traditional & Universal Life Insurance | | | | | |
| Balance - beginning of period | \$ 249,778 | \$ 250,847 | \$ 258,573 | \$ 261,138 | \$ 267,968 |
| Capitalization: | | | | | |
| Commissions | 3,659 | 7,713 | 6,282 | 6,671 | 5,890 |
| Expenses | 3,604 | 4,608 | 4,039 | 4,598 | 3,954 |
| Deferral of sales inducements | 91 | 917 | 682 | 818 | 677 |
| Total capitalization | 7,354 | 13,238 | 11,003 | 12,087 | 10,521 |
| Amortization - operating basis, before impact of unlocking | (5,780) | (4,987) | (8,071) | (5,596) | (4,796) |
| Amortization - unlocking, operating basis | (586) | — | — | — | (2,440) |
| Amortization - realized gains/losses on investments and unrealized gains/losses on derivatives | 81 | (525) | (367) | 339 | 23 |
| Balance - end of period | \$ 250,847 | \$ 258,573 | \$ 261,138 | \$ 267,968 | \$ 271,276 |

FBL Financial Group, Inc.
Deferred Policy Acquisition Costs/Deferred Sales Inducements by Segment (Continued)

| | Q3 2010 | Q4 2010 | Q1 2011 | Q2 2011 | Q3 2011 |
|--|------------------------|--------------|--------------|--------------|--------------|
| | (Dollars in thousands) | | | | |
| Variable | | | | | |
| Balance - beginning of period | \$ 150,046 | \$ 151,581 | \$ 152,647 | \$ 152,551 | \$ 149,902 |
| Capitalization: | | | | | |
| Commissions | 766 | 935 | 961 | 700 | 561 |
| Expenses | 200 | 104 | 91 | 63 | 68 |
| Deferral of sales inducements | 12 | 14 | 36 | 4 | 2 |
| Total capitalization | 978 | 1,053 | 1,088 | 767 | 631 |
| Amortization - operating basis, before impact of unlocking | (342) | (220) | (1,441) | (1,792) | (7,605) |
| Amortization - unlocking, operating basis | 1,362 | — | — | (1,355) | 1,132 |
| Amortization - realized gains/losses on investments and unrealized gains/losses on derivatives | (463) | 233 | 257 | (269) | 846 |
| Balance - end of period | \$ 151,581 | \$ 152,647 | \$ 152,551 | \$ 149,902 | \$ 144,906 |
| Total | | | | | |
| Balance - beginning of period | \$ 1,162,161 | \$ 1,191,040 | \$ 1,160,580 | \$ 1,167,153 | \$ 1,198,461 |
| Impact of reclassification of realized losses to AOCI | 7,719 | — | — | — | — |
| Capitalization: | | | | | |
| Commissions | 18,696 | 27,602 | 30,208 | 28,448 | 22,971 |
| Expenses | 5,788 | 6,734 | 6,408 | 6,916 | 6,156 |
| Deferral of sales inducements | 7,472 | 11,373 | 13,463 | 13,815 | 11,681 |
| Total capitalization | 31,956 | 45,709 | 50,079 | 49,179 | 40,808 |
| Amortization - operating basis, before impact of unlocking | (33,106) | (34,536) | (40,416) | (30,639) | (40,054) |
| Amortization - unlocking, operating basis | 4,590 | 5,931 | — | 1,348 | 2,759 |
| Amortization - realized gains/losses on investments and unrealized gains/losses on derivatives | 17,720 | (47,564) | (3,090) | 11,420 | 953 |
| Balance - end of period | 1,191,040 | 1,160,580 | 1,167,153 | 1,198,461 | 1,202,927 |
| Impact of realized/unrealized gains/losses in AOCI | (284,139) | (89,407) | (142,717) | (222,729) | (404,839) |
| Deferred policy acquisition costs/deferred sales inducements | \$ 906,901 | \$ 1,071,173 | \$ 1,024,436 | \$ 975,732 | \$ 798,088 |

In September 2010, the FASB issued guidance related to accounting for costs associated with acquiring or renewing insurance contracts as discussed in Note 1 to the consolidated financial statements in our Form 10-Q. We plan to retrospectively adopt this guidance on January 1, 2012. We have conducted a preliminary analysis through September 30, 2011 to estimate the potential impact to our consolidated balance sheet upon adoption during 2012 as follows:

| | Deferred Policy Acquisition Costs as of September 30, 2011 | Expected % Decrease Upon Adoption |
|------------------------------------|--|-----------------------------------|
| | (Dollars in Thousands) | |
| Farm Bureau Life Insurance Company | \$ 336,492 | 29% to 33% |
| EquiTrust Life Insurance Company | 276,772 | 4% to 8% |
| FBL Financial Group, Inc. | \$ 613,264 | 17% to 21% |

The Company's net income since the beginning of 2010 is expected to be reduced by \$1.1 million to \$1.4 million per quarter upon retrospective adoption of the new guidance. The reduction to net income attributable to Farm Bureau Life is expected to be \$0.8 million to \$1.0 million per quarter. These amounts are estimates and the actual impact to future net income could vary materially based on future sales volumes and the emergence of profits from the underlying business.

FBL Financial Group, Inc.
Collected Premiums

| | Q3 2010 | Q4 2010 | Q1 2011 | Q2 2011 | Q3 2011 |
|--|------------|------------------------|------------|------------|------------|
| | | (Dollars in thousands) | | | |
| Traditional Annuity - Exclusive Distribution | | | | | |
| Individual: | | | | | |
| First year | \$ 41,926 | \$ 43,021 | \$ 73,715 | \$ 64,225 | \$ 39,907 |
| Renewal | 31,812 | 34,929 | 42,915 | 36,515 | 29,742 |
| Total individual | 73,738 | 77,950 | 116,630 | 100,740 | 69,649 |
| Group | 2,423 | 1,850 | 2,844 | 4,045 | 5,586 |
| Total Traditional Annuity - Exclusive Distribution | 76,161 | 79,800 | 119,474 | 104,785 | 75,235 |
| Traditional Annuity - Independent Distribution | | | | | |
| Direct: | | | | | |
| Fixed rate annuities | 16,150 | 18,022 | 25,143 | 28,611 | 10,394 |
| Index annuities | 90,733 | 129,609 | 157,306 | 154,856 | 125,627 |
| Total direct | 106,883 | 147,631 | 182,449 | 183,467 | 136,021 |
| Reinsurance | 373 | 397 | 328 | 657 | 398 |
| Total Traditional Annuity - Independent Distribution, net of reinsurance | 107,256 | 148,028 | 182,777 | 184,124 | 136,419 |
| Traditional and Universal Life Insurance | | | | | |
| Direct: | | | | | |
| Universal life: | | | | | |
| Exclusive distribution: | | | | | |
| First year | 2,117 | 2,391 | 2,711 | 4,015 | 4,526 |
| Renewal | 10,282 | 11,216 | 11,747 | 12,417 | 10,992 |
| Total exclusive distribution | 12,399 | 13,607 | 14,458 | 16,432 | 15,518 |
| Independent distribution | 1,434 | 3,882 | 3,751 | 6,504 | 6,010 |
| Total universal life | 13,833 | 17,489 | 18,209 | 22,936 | 21,528 |
| Participating whole life: | | | | | |
| First year | 2,396 | 3,275 | 2,839 | 3,300 | 2,461 |
| Renewal | 22,754 | 23,618 | 24,105 | 25,480 | 22,857 |
| Total participating whole life | 25,150 | 26,893 | 26,944 | 28,780 | 25,318 |
| Term life and other: | | | | | |
| First year | 3,084 | 2,971 | 2,688 | 2,970 | 2,694 |
| Renewal | 15,200 | 16,362 | 16,559 | 17,093 | 17,176 |
| Total term life and other | 18,284 | 19,333 | 19,247 | 20,063 | 19,870 |
| Total direct | 57,267 | 63,715 | 64,400 | 71,779 | 66,716 |
| Reinsurance | (4,578) | (5,016) | (5,311) | (5,095) | (4,901) |
| Total Traditional and Universal Life Insurance, net of reinsurance | 52,689 | 58,699 | 59,089 | 66,684 | 61,815 |
| Variable | | | | | |
| Variable annuities (1) | 10,514 | 10,241 | 12,617 | 9,918 | 8,287 |
| Variable universal life (1) | 11,303 | 11,110 | 11,270 | 11,415 | 10,667 |
| Total | 21,817 | 21,351 | 23,887 | 21,333 | 18,954 |
| Reinsurance | (241) | (218) | (65) | (887) | 497 |
| Total Variable, net of reinsurance | 21,576 | 21,133 | 23,822 | 20,446 | 19,451 |
| Corporate and Other | | | | | |
| Accident and health premiums collected, net of reinsurance | 36 | 261 | 69 | 34 | 39 |
| Total collected premiums, net of reinsurance | \$ 257,718 | \$ 307,921 | \$ 385,231 | \$ 376,073 | \$ 292,959 |

(1) Amounts are net of portion ceded to and include amounts assumed from alliance partners.

FBL Financial Group, Inc.
Parent Company Liquidity

| | January - September 2011 Actual | October - December 2011 Projected (5) | Total |
|--|---------------------------------------|---|-------------------|
| | (Dollars in thousands) | | |
| Total cash and invested assets, beginning of period | \$ 28,454 | \$ 27,984 | \$ 28,454 |
| Sources: | | | |
| Dividends from insurance subsidiaries | 15,000 | 9,600 | 24,600 |
| Dividends from non-insurance subsidiaries | 2,100 | 2,500 | 4,600 |
| Investment income | 295 | 137 | 432 |
| Management fees from subsidiaries and affiliates | 6,097 | 1,760 | 7,857 |
| Total sources | <u>23,492</u> | <u>13,997</u> | <u>37,489</u> |
| Uses: | | | |
| Interest expense | (17,366) | (4,931) | (22,297) |
| Stockholders' dividends (1) | (5,837) | (1,954) | (7,791) |
| General expenses | (10,613) | (1,828) | (12,441) |
| Total uses | <u>(33,816)</u> | <u>(8,713)</u> | <u>(42,529)</u> |
| Net proceeds from sale of EquiTrust Life (2) | — | 432,700 | 432,700 |
| Partial redemption of affiliate senior note payable | — | (50,000) | (50,000) |
| Other, net (3) | 9,854 | 1,410 | 11,264 |
| Total cash and invested assets, end of period (4) | <u>\$ 27,984</u> | <u>\$ 417,378</u> | <u>\$ 417,378</u> |

- (1) The projected dividends are based on quarterly rates of \$0.0075 per Series B redeemable preferred share and \$0.0625 per common share. The common stock dividend rate for the remainder of 2011 is pending quarterly Board of Directors approval.
- (2) Assumes proceeds of \$440.0 million for the sale of EquiTrust Life on 12/30/2011 and transaction costs of \$7.3 million. Sale price will change with final purchase price adjustment.
- (3) Other fluctuates from period to period primarily due the issuance of shares of company stock including option exercises and the timing of settlements of amounts due to/from affiliates and external parties.
- (4) Parent company cash flows do not include the impact of any stock repurchase activity pursuant to the Company's \$200.0 million stock repurchase plan.
- (5) Based on best estimates at September 30, 2011; actual results may differ materially.

FBL Financial Group, Inc.
Other Information

| | September 30, 2010 | December 31, 2010 | March 31, 2011 | June 30, 2011 | September 30, 2011 |
|---|-----------------------|---|---------------------|---------------------|-----------------------|
| | | (Dollars in thousands, except per share data) | | | |
| Capitalization (2): | | | | | |
| Senior notes with affiliates, due 2015 (1) | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 99,927 | \$ 99,932 |
| Senior notes, due 2014 | 75,213 | 75,199 | 75,185 | 75,171 | 75,156 |
| Senior notes, due 2017 | 98,934 | 98,969 | 99,006 | 99,041 | 99,079 |
| Trust preferred securities, due 2047 | 97,000 | 97,000 | 97,000 | 97,000 | 97,000 |
| Total debt | 371,147 | 371,168 | 371,191 | 371,139 | 371,167 |
| Preferred stock | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Common stockholders' equity, excluding AOCI | 1,050,974 | 1,103,427 | 1,132,898 | 1,171,519 | 1,198,934 |
| Total capitalization, excluding AOCI | 1,425,121 | 1,477,595 | 1,507,089 | 1,545,658 | 1,573,101 |
| Accumulated other comprehensive income | 116,453 | 39,895 | 54,194 | 105,403 | 200,539 |
| Total capitalization, including AOCI | <u>\$ 1,541,574</u> | <u>\$ 1,517,490</u> | <u>\$ 1,561,283</u> | <u>\$ 1,651,061</u> | <u>\$ 1,773,640</u> |
| Common shares outstanding | 30,865,606 | 30,942,058 | 31,134,662 | 31,206,396 | 31,237,734 |
| Book Value per Share: | | | | | |
| Excluding AOCI | \$ 34.05 | \$ 35.66 | \$ 36.39 | \$ 37.54 | \$ 38.38 |
| Including AOCI | 37.82 | 36.95 | 38.13 | 40.92 | 44.80 |
| Debt-to-Capital Ratio: | | | | | |
| Excluding AOCI | 26.0% | 25.1% | 24.6% | 24.0% | 23.6% |
| Including AOCI | 24.1 | 24.5 | 23.8 | 22.5 | 20.9 |
| Debt-to-Capital Ratio with 100% Credit for Trust Preferred Securities: | | | | | |
| Excluding AOCI | 19.2% | 18.6% | 18.2% | 17.7% | 17.4% |
| Including AOCI | 17.8 | 18.1 | 17.6 | 16.6 | 15.5 |
| Class A Common Ownership: | | | | | |
| Iowa Farm Bureau Federation | 51.9% | 51.7% | 51.4% | 51.3% | 51.3% |
| Other Farm Bureau entities | 7.4 | 7.4 | 7.3 | 7.3 | 7.3 |
| Public | 40.7 | 40.9 | 41.3 | 41.4 | 41.4 |
| | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> |

(1) Senior notes with affiliates originally due in November 2011 were refinanced with original holders in the second quarter of 2011.

(2) See Note 1 on the Table of Contents for expected capital management actions that will impact capitalization levels.

FBL Financial Group, Inc.
Other Information (Continued)

| | September 30, 2010 | December 31, 2010 | March 31, 2011 | June 30, 2011 | September 30, 2011 |
|---|-----------------------|----------------------|-------------------|------------------|-----------------------|
| Quality of Fixed Maturity Securities: | | | | | |
| AAA, AA, A | 61.8% | 62.8% | 62.4% | 63.3% | 64.6% |
| BBB | 33.0 | 31.0 | 30.9 | 30.4 | 29.6 |
| BB | 3.7 | 3.9 | 4.1 | 3.9 | 3.7 |
| <BB | 1.5 | 2.3 | 2.6 | 2.4 | 2.1 |
| | | | | | |
| Investment by Type: | | | | | |
| Fixed maturity securities | 60.5% | 58.5% | 59.9% | 60.6% | 61.1% |
| Residential mortgage-backed | 14.7 | 15.1 | 14.9 | 15.4 | 14.9 |
| Commercial mortgage-backed | 7.8 | 8.0 | 8.0 | 8.1 | 8.4 |
| Other asset-backed | 3.3 | 3.7 | 3.8 | 4.1 | 4.1 |
| Mortgage loans | 9.6 | 9.5 | 9.3 | 9.1 | 8.9 |
| Equity securities | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| Other | 3.5 | 4.6 | 3.5 | 2.1 | 2.0 |
| | | | | | |
| Agent Strength Totals: | | | | | |
| Farm Bureau Life channel: | | | | | |
| 8-state Farm Bureau Property & Casualty channel | 1,228 | 1,205 | 1,187 | 1,190 | 1,206 |
| 7 life-only states | 795 | 791 | 793 | 707 | 683 |
| Total Farm Bureau Life channel | 2,023 | 1,996 | 1,980 | 1,897 | 1,889 |
| | | | | | |
| EquiTrust Life channel: | | | | | |
| Independent agents | 18,077 | 17,316 | 15,322 | 14,709 | 14,631 |