

# Reconciliation of Audited Statutory Net Gain to Operating Earnings

The Operating Earnings management performance indicator is derived from audited Statutory Net Income.

<i>(in millions)</i>	2025	2024
<b>New York Life's Audited Net Income</b>	<b>\$ 329</b>	<b>\$ 470</b>
Add: Audited Net Income (Loss) of insurance subsidiaries:		
NYLIAC	367	275
LINA	548	438
GICNY	35	39
NYLAZ	(40)	(54)
Less: dividends from insurance subsidiaries	(28)	(918)
<b>Consolidated Statutory Net Income</b>	<b>\$ 1,211</b>	<b>\$ 250</b>
Removal of realized losses	379	466
<b>Consolidated Statutory Net Gain</b>	<b>\$ 1,591</b>	<b>\$ 716</b>
<b>Adjustments:</b>		
Consolidation of non-insurance subsidiaries (in excess of dividends declared)	(161)	491
Policyholder dividends supported by capital gains/BU support	1,660	1,561
Investment related adjustments (primarily private equity returns)	(349)	(280)
Deferred acquisition costs (capitalization net of amortization)	400	340
Reserve adjustments	200	273
Tax adjustments (primarily the inclusion of deferred taxes into net gain)	283	354
Other (primarily corporate adjustments)	(19)	(5)
<b>Total Adjustments</b>	<b>\$ 2,014</b>	<b>\$ 2,734</b>
<b>Total Operating Earnings After-Tax</b>	<b>\$ 3,604</b>	<b>\$ 3,450</b>

*Totals may not add due to rounding. Amounts are net of applicable tax offsets.*

# Statutory Net Gain to Earnings - Description of Adjustments

Consolidation of non-insurance subsidiaries (in excess of dividends declared) - Earnings from Non-insurance Subsidiaries are recognized in Statutory net investment income when dividends are declared. Undistributed earnings are reported as a component of unrealized gains/losses. This adjustment is to recognize these earnings when incurred, not distributed. This is accomplished by the elimination of dividend income from non-insurance subsidiaries, and reclassification from unrealized gains/losses into Operating Earnings.

Policyholder dividends supported by capital gains/BU support - The sources of dividends paid to policyholders include the investment portfolio (mainly fixed income and equities) supporting the participating policies, or the surplus of the Company, which includes earnings from non-participating lines of business. This adjustment is to exclude dividend expenses supported by capital gains (to provide a better match in Operating Earnings since these gains are also excluded) and dividend expense supported by surplus (which is akin to a public company's dividend to shareholders that are "below the line" of reported earnings).

Investment related adjustments - This adjustment is primarily related to private equity income. Statutory accounting for private equity investments is similar to Non-insurance Subsidiaries in that income is recognized in net investment income when a distribution is received. Therefore, this adjustment primarily represents recognizing income when it's incurred, not distributed, and reclassing the underlying current year income of the private equity (excluding capital gains) into Operating Earnings from unrealized gains.

Reserve adjustments - Statutory accounting uses prescribed assumptions and methodologies that are generally conservative in nature and can create significant upfront strain and volatility on the issuance of new business. For annuities, which comprises the majority of these adjustments, we adjust the prescribed interest rate with rates closer to our best estimate. For life, the adjustments are primarily related to exclusion of deficiency reserves and excess conservatism on term policies.

Deferred acquisition costs (capitalization net of amortization) - Statutory accounting does not defer the significant upfront acquisition costs such as commissions associated with selling products. This adjustment is similar to GAAP to provide better matching of revenues and expenses. This adjustment capitalizes acquisition related costs and amortizes over the expected run-off of the business.

Tax adjustments - Statutory accounting does not include deferred taxes in net gain from operations. This adjustment primarily reflects the reclass of deferred taxes related to income from surplus to Operating Earnings.

Other - Other primarily represents an adjustment for certain expenses related to other M&A activity and the timing of certain benefit plan related expenses.