

Non-GAAP Reconciliation – Net Operating Earnings

(\$000's)	Year ended December 31,				
	2019	2020	2021	2022	2023
Net income	\$63,316	\$88,419	\$152,659	\$159,114	\$308,093
Adjustments:					
Change in the fair value of equity securities, before taxes	(12,389)	(16,855)	(22,812)	27,723	(15,277)
Income tax expense (benefit) ⁽¹⁾	2,602	3,540	4,791	(5,822)	3,208
Change in the fair value of equity securities, after taxes	(9,787)	(13,315)	(18,021)	21,901	(12,069)
Net realized investment (gains) losses, before taxes	(359)	(3,533)	(2,828)	(1,191)	(6,040)
Income tax expense (benefit) ⁽¹⁾	75	742	594	250	1,268
Net realized investment (gains) losses, after taxes	(284)	(2,791)	(2,234)	(941)	(4,772)
Change in allowance for credit losses on investments, before taxes	-	-	-	366	187
Income tax benefit ⁽¹⁾	-	-	-	(77)	(39)
Change in allowance for credit losses on investments, after taxes	-	-	-	289	148
Net operating earnings	\$53,245	\$72,313	\$132,404	\$180,363	\$291,400
Average stockholders' equity	\$334,933	\$491,059	\$637,787	\$722,392	\$916,141
Operating return on equity ⁽²⁾	15.9%	14.7%	20.8%	25.0%	31.8%

¹ Income taxes on adjustments to reconcile net income to net operating earnings use an effective tax rate of 21%; ² Operating return on equity is net operating earnings expressed as a percentage of average beginning and ending stockholders' equity during the period.