



**Tim Demetres**  
Chief Financial Officer

# 2025 Mid-Year Financial Review

Since the start of the year, we experienced significant changes in fiscal policy with the election of our country's new president. Capital markets have become range bound as treasury rates decreased approximately 60 bps compared to rates at December 31, 2024. Rest assured, there has been significant volatility along the way. With much skepticism and concern surrounding tariff negotiations it has, so far, produced little negative impact on the equity markets. The U.S. economy remains resilient and stronger than ever. GCU, like many others in our industry, has also experienced significant volatility selling our products and retaining members. We manage and sustain our businesses with a long-term perspective closely adhering to rate discipline and providing excellent member service. Trust in GCU to be a Safe, Secure, and Stable community-based fraternal benefit society!

The highlights of the 2025 mid-year financial review are as follows:

GCU's total assets increased \$8.4 million to \$2.79 billion and surplus decreased \$7.9 million as of June 30, 2025 compared to December 31, 2024 mainly due to a \$4.8 million increase in the asset valuation reserve and a \$3.4 million decrease in unrealized gains.

Income (loss) before net realized capital gains (losses) totaled (\$1.30) million for the six months ended June 30,

2025 compared to a loss of (\$1.7) million in 2024. The net loss for the first quarter was primarily due to increasing annuity crediting rates and lower net investment income from outflows on annuity products. Net income after realized capital gains (loss) was \$732 thousand in 2025 compared to a net loss of (\$1.2) million in 2024. Net realized gains was \$2.0 million in 2025 compared to \$403 thousand in 2024.

Total Assets as of June 30, 2025 were \$2.790 billion compared to \$2.782 billion at the end of 2024. The moderate increase in total assets reflects net positive cash flows invested primarily in bonds.

Liabilities grew relative to new life and annuity sales, net of outflows from surrender activity and totaled \$2.591 billion at June 30, 2025 compared to \$2.575 billion at year-end 2024. The \$16 million increase in total liabilities is due primarily to the \$16 million increase in annuity reserves.

Total Income decreased \$36.6 million to \$194.2 million for the first six months compared to \$230.8 million in 2024 due to lower sales and exchanges of annuity products. Net investment income increased to \$2.4 million.

Operating expenses, before the increase in reserves, totaled \$185.6 million versus \$189.5 million in 2025, a decrease of \$3.9 million or -2%. GCU disbursed \$9 million more in annuity benefits for death claims, and for full and partial surrenders compared to the prior year. Annuity exchanges decreased \$11.4 million. General insurance expenses were \$1.2 million higher in 2025 when compared to 2024.

Partially offsetting the increase in annuity benefits paid, the change in reserves totaled \$9.7 million in 2025 compared to \$42.8 million in 2024. The change in reserves

## Summary of Financial Statistics

(000's omitted)	6/30/2025	6/30/2024	Change
Total Income	\$194,187	\$230,781	\$(36,594)
Total Expenses	195,319	232,283	(36,963)
Inc. Bef. Real. Gains (Losses)	(1,282)	(1,650)	368
Net Income (Loss)	732	(1,247)	1,979
<b>Balance Sheet Summary</b>	<b>6/30/2025</b>	<b>12/31/2024</b>	<b>Change</b>
Assets	\$2,790,289	\$2,781,889	\$8,400
Surplus (Net Worth)	199,085	206,976	(7,891)
Asset Valuation Reserve	42,604	37,761	4,843
Interest Maintenance Reserve	7,183	13,146	(5,962)
Total Adjusted Capital (TAC)	241,844	244,892	(3,048)
Solv. Ratio by Total Adj. Capital	109.5	109.7	(0.2)
Financial Strength Rating - KBRA	A-	A-	
Financial Strength Rating - AM Best	A-	A-	

## Change in Surplus

(000's omitted)	
Beginning Surplus - Dec. 31	\$206,976
Net Income	732
Change in Unrealized Gain/(Loss)	(3,400)
GCU Holding Company & Other	500
Change in Pension Asset/Liability	—
Changes in Non-Admitted Assets	(879)
Changes in Asset Valuation Reserve	(4,843)
Net Change in Surplus	(7,890)
<b>Ending Surplus - Current Period</b>	<b>\$199,086</b>

considers premiums received, death claims and annuity benefits paid and interest accumulation.

Surplus at June 30, 2025 decreased \$7.9 million to \$199.1 million from \$207 million year-end. The net decrease in surplus primarily reflects a decrease in net unrealized gains and an increase in the asset valuation reserve.

Total Adjusted Capital (TAC), a risk metric used by regulators and rating agencies, decreased slightly to \$241.8 million as of June 30, 2025, from \$244.9 million at December

31, 2024. TAC begins with \$199.1 million of surplus and adds back the asset valuation reserve of \$42.6 million and one-half the dividend liability of \$150,000. The solvency ratio based on TAC showed a minimal change at 109.5% as of June 30, 2025. The consistency of GCU's solvency ratio reflects its continued financial strength to meet the obligations to members and provide the foundation for future growth.

Wishing everyone an enjoyable summer, let the sun shine upon us all! Tim

## GCU INCOME STATEMENT

### Six Months 2025 vs. 2024

INCOME (000's omitted)	6/30/2025	6/30/2024	Change
Life Premium	\$ 3,002	\$ 4,763	\$ (1,761)
Annuity Premium	98,674	124,542	(25,868)
Annuity Premium Exchanges	29,058	40,459	(11,401)
Accident & Health	172	189	(16)
Subtotal	130,906	169,954	(39,047)
Net Investment Income	62,146	59,781	2,364
Amort. of Int. Maint. Resrv.	805	734	71
Commissions-Reinsurance	64	121	(57)
Other	266	191	75
<b>Total Income</b>	<b>\$194,187</b>	<b>\$230,782</b>	<b>\$(36,593)</b>
<b>EXPENSES</b>			
Death Benefits - Life Ins.	\$ 1,813	\$ 2,086	\$ (272)
Annuity Benefits Paid	140,779	131,754	9,026
Annuity Benefits Exchanges	29,058	40,459	(11,401)
Life Insurance Surrenders	905	341	564
Accident/Health Benefits Paid	152	175	(22)
Commissions	5,406	8,654	(3,248)
General Operating Expenses	6,662	5,504	1,159
Ins., Taxes, Bank & Audit Fees	293	206	87
Pension Expense	94	170	(75)
Int. on Contract & Dep. Accts.	452	176	276
Subtotal	185,617	189,524	(3,907)
Changes to Reserves	9,702	42,759	(33,056)
<b>Total Expenses</b>	<b>\$195,319</b>	<b>\$232,283</b>	<b>\$(36,963)</b>
<b>Net Gain/Loss Bef. Refunds</b>	<b>(1,132)</b>	<b>(1,501)</b>	<b>369</b>
<b>Refunds to members</b>	<b>150</b>	<b>148</b>	<b>2</b>
<b>Net Gain/Loss after Refunds</b>	<b>(1,282)</b>	<b>(1,649)</b>	<b>367</b>
<b>Net Realized Gains/(Losses)</b>	<b>2,014</b>	<b>403</b>	<b>1,611</b>
<b>Net Income</b>	<b>\$ 732</b>	<b>\$ (1,246)</b>	<b>\$ 1,978</b>

## BALANCE SHEETS

### June 30, 2025 vs. December 31, 2024

ASSETS (000's omitted)	6/30/2025	12/31/2024	Change
Bonds	\$2,581,035	\$2,567,927	\$13,108
Preferred Stocks	16,329	16,761	(432)
Common Stocks	28,669	27,230	1,439
Alternative Investments	79,840	77,363	2,477
Cash//Short Term Invest.	30,428	37,292	(6,864)
Mortgages	2,547	2,570	(24)
Certificate Loans	850	971	(120)
Derivatives	4,672	5,557	(885)
Real Estate	15,266	15,463	(197)
Inv. Income Due & Accrued	29,201	29,331	(130)
Other	1,452	1,424	28
<b>Total Assets</b>	<b>\$2,790,289</b>	<b>\$2,781,889</b>	<b>\$8,400</b>
<b>Total Change Year to Year</b>	<b>1%</b>		
<b>LIABILITIES</b>			
Life Reserve Fund	\$102,770	\$101,762	\$1,008
Annuity Reserve Fund	2,429,250	2,412,957	16,293
Accident Health Resrv. Fund	127	124	3
Employee Pension Fund	6,634	6,390	243
Adv. Prem. & Fut. Rfnd. Resrvs.	351	350	1
Pending Investment Trade	156	4	153
Accounts Payable	1,413	833	580
Refund Accum. and Other	714	1,587	(872)
Asset Valuation Resrv. - AVR	42,604	37,761	4,843
Interest Maint. Reserve - IMR	7,183	13,146	(5,962)
<b>Total Liabilities</b>	<b>\$2,591,204</b>	<b>\$2,574,913</b>	<b>\$16,291</b>
Surplus Fund	199,085	206,976	(7,891)
<b>Total Liabilities &amp; Surplus</b>	<b>\$2,790,289</b>	<b>\$2,781,889</b>	<b>\$8,400</b>
<b>Solvency Ratio</b>	<b>109.5%</b>	<b>109.7%</b>	<b>-0.2%</b>

\*Adds AVR + 1/2 of dividend liability to surplus.

Financial information is unaudited and presented on the statutory basis of accounting. Totals may vary slightly due to rounding.