

# 2017 Financial Summary



## Message from Our Chairman

*To Our Clients, Business Partners and Colleagues,*

Western & Southern Financial Group experienced its finest year ever in 2017.

We finished the year with record results in total revenue, life and health premiums, and net income. We achieved records in almost every measure on our balance sheet, including assets owned, total assets owned and managed, and net worth.

Our capital-to-asset ratio climbed to 19.2 percent at year-end, more than double that of the 15 largest U.S. publicly traded life insurers and an important indicator of our ability to fulfill our promises.

Western & Southern has grown strategically into a diversified financial services organization, from just under \$4 billion in total assets when we celebrated our 100th anniversary 30 years ago to nearly \$75 billion in assets owned and managed today.

The foundation of our success is the incredible corporate culture that guides our actions and drives us to meet the growing needs of our policyholders, clients and business partners.

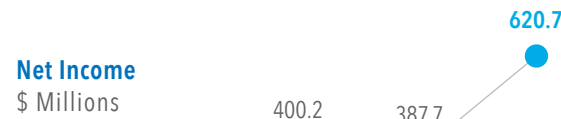
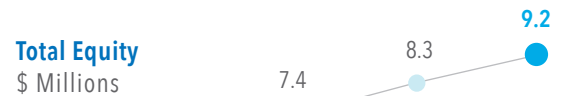
As we mark our 130th year, our company has never been financially stronger. We are honored to make good on our promises to you each and every day.

Sincerely,



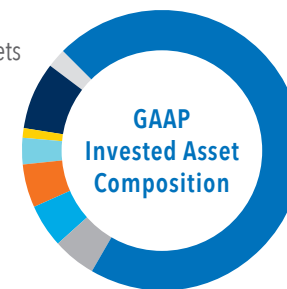
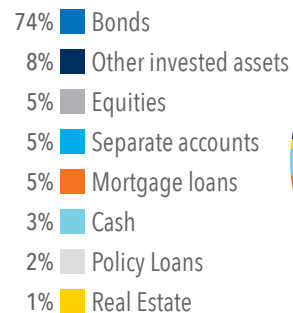
**John F. Barrett**

Chairman, President and  
Chief Executive Officer



\$ Thousands

Insurance and annuity benefits paid	\$ 3,305,518
Dividends paid to policyholders	\$ 124,315
Insurance in force	\$77,830,315



## Consolidated and Condensed GAAP Income Statement

\$ Thousands	Year Ended 12/31/2017
<b>Revenue</b>	
Insurance premiums, product charges	\$1,893,554
Net investment income	1,695,071
Commissions, fees, other income	250,363
<b>Total revenue</b>	<b>\$3,838,988</b>
<b>Benefits and expenses</b>	
Policyholder benefits	\$1,846,967
Interest credited to policyholder account balances	689,508
Other operating expenses	899,443
<b>Total benefits and expenses</b>	<b>3,435,918</b>
<b>Operating income*</b>	<b>403,070</b>
Investment gains, non-operating charges	95,814
Income tax expense (benefit)	(121,849)
<b>Net income</b>	<b>\$620,733</b>

## Consolidated and Condensed GAAP Balance Sheet

\$ Thousands	Year Ended 12/31/2017
<b>Assets</b>	
Debt securities	\$32,234,345
Equity securities	2,436,285
Other invested assets	8,709,467
Other general account assets	2,129,833
Assets held in separate accounts	2,363,476
<b>Total assets</b>	<b>\$47,873,406</b>
<b>Liabilities and equity</b>	
Future policy benefits, claims	\$32,885,774
Long-term debt	496,954
Other general account liabilities	2,941,674
Liabilities related to separate accounts	2,363,476
<b>Total liabilities</b>	<b>38,687,878</b>
<b>Total equity</b>	<b>9,185,528</b>
<b>Total liabilities and equity</b>	<b>\$47,873,406</b>

\*Operating income is defined as net income excluding income tax, net realized investment gains or losses, noncontrolling interest related to capital gains, one-time restructuring charges and discontinued operations.