

# Message from Our Chairman

---

## To Our Valued Clients, Friends and Colleagues,

Western & Southern Financial Group delivered solid financial results in 2022 despite significant economic challenges posed by high inflation, rapidly rising interest rates, a war in Europe, massive government spending, and the concurrent effects these had on the financial markets. By year-end, financial values were hit hard. The bond market lost 15% of its value while the stock market declined 18%.

We are pleased to report, however, that Western & Southern weathered the storm quite well. We achieved our second-best, full year of operating income of \$508.7 million, surpassed only by 2021's record of \$535.2 million. Customers seeking safety helped us achieve a record \$10.4 billion of life and health premiums and annuity deposits. Sharp declines in the market value of our company's investments drove our net income down, but our revenue reached a new high of \$6.2 billion.



What drives our continued strong *financial performance* and makes us a truly incredible company is our *corporate culture*.

Our company finished the year with record assets owned of \$67.5 billion. For the second year in a row, total assets owned and managed exceeded \$100 billion. While the industry saw declines in total net worth and capital-to-asset ratios, our capital-to-asset ratio (13.4%) remained more than double the average of the 15 largest publicly traded life insurers doing business in the U.S. We are one of the most well capitalized companies in the industry and are ideally positioned to weather any storm.

Our ability to consistently produce strong results regardless of interest rates or performance of

the investment markets is a testament to our diversified products, services and distribution channels. In fact, more than 50% of our premiums and profits are generated by sources new to our enterprise over the last five years. Another competitive differentiator is our ability to leverage technology, improve our processes and systems, increase efficiencies and expand our capacity to grow while prudently managing expenses.

What drives our strong financial performance and makes us a truly incredible company is our corporate culture. It guides our actions, and it keeps us focused on the long term. We operate with the highest level of respect, integrity and ethics. We are passionate about serving more than 6.5 million clients (and growing), while constantly innovating to deliver even more products, services and solutions to meet their needs. It also keeps us fully engaged and provides a compelling reason we are the best place for a career in financial services.

For 135 years, we have operated under the philosophy that when our company prospers, so too should our community. To help quantify our impact—and bring attention to the incredible potential the Greater Cincinnati region has to be even better—the University of Cincinnati Economics Center studied the economic, fiscal and community benefits of our community involvement.

The study found Western & Southern's total economic impact on the region from 2008 to 2022 was \$27.4 billion. Of that, more than \$100 million was philanthropic support directly benefiting 681 local community organizations, impacting 2,171 jobs and enabling those jobs to produce \$76.1 million in earnings. This does not include the economic impact of our sponsorship of the W&S Open tennis tournament. During 2022, it generated \$80.1 million in annual economic impact, 529 jobs, \$18.6 million in earnings, and \$3.1 million in tax revenue. The study helped assure us that we are doing good for Cincinnati, and we are helping fuel its potential.

Western & Southern's careful, long-term approach continues to be the right approach for the success of our company and the financial security of our policyholders and clients. We are serious about maintaining a great balance sheet, prudently measuring and managing risk, growing our various business lines and distribution channels, and employing tough expense management practices. We have lived by these tenets for many decades and do not plan to deviate, now or in the future.

We greatly appreciate your continued confidence in our company and look forward to serving you for generations to come.

Sincerely,



**John F. Barrett**

Chairman, President and Chief Executive Officer

## Company Highlights

### Columbus Life Insurance Company

New life insurance sales exceeded \$40 million while annuity sales climbed by more than 30%.

### Eagle Realty Group, LLC

Achieved record operating income of \$70.9 million from its real estate portfolio, an 81% increase over 2021.

### Fabric by Gerber Life

The digital platform acquired in 2022 achieved record sales and launched a new product to serve the middle market.

### Fort Washington Investment Advisors, Inc.

All of the firm's equity strategies exceeded their respective benchmarks despite a volatile 2022.

### Gerber Life Insurance Company

Insurance in force grew to \$63.9 billion, while the number of new customers served reached 226,000.

### The Lafayette Life Insurance Company

Achieved \$70.3 million in operating gain, a record high and the eighth consecutive year of growth.

### Touchstone Investments®

Introduced four Distinctively Active® exchange traded funds, a first.

### W&S Financial Group Distributors, Inc.

Annuity sales surged by nearly 124% over 2021.

### Western & Southern Life

Named a Military Friendly® Employer and Military Friendly® Spouse Employer for the 10th and eighth consecutive year, respectively.

Generally Accepted Accounting Principles (GAAP) as of Dec. 31, 2022, are used throughout this report unless noted. See back of report for footnotes and disclosures.