

QUARTERLY FINANCIAL DATA

Western & Southern Financial Group, Inc.

June 30, 2022 (unaudited)

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Table of Contents

Consolidated Balance Sheets	1
Consolidated Statements of Income	2
Consolidated Statement of Changes in Equity	3
Consolidated Statements of Cash Flows	4

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Western & Southern Financial Group, Inc.

Consolidated Balance Sheets

	June 30, 2022 <i>(unaudited)</i>	December 31, 2021
	<i>(In Thousands)</i>	
Assets		
Investments:		
Debt securities, available-for-sale at fair value	\$ 40,593,884	\$ 41,700,175
Equity securities	2,855,190	3,439,994
Debt trading securities, at fair value	3,053,401	3,457,555
Mortgage loans, net	5,591,558	4,880,678
Real estate	580,719	588,184
Policy loans	1,327,627	1,284,357
Short-term investments	1,437,884	1,490,173
Other invested assets	2,917,261	2,967,162
Total investments	58,357,524	59,808,278
Cash and cash equivalents	238,802	219,959
Accrued investment income	446,807	400,017
Deferred acquisition costs, net	2,120,617	1,208,209
Goodwill and other intangible assets	1,702,355	1,707,413
Deferred income tax asset, net	440,570	—
Other assets	654,229	694,712
Assets held in separate accounts	2,372,649	2,822,399
Total assets	\$ 66,333,553	\$ 66,860,987
Liabilities and equity		
Policy reserves	\$ 48,843,259	\$ 44,904,640
Policyholder dividend obligation	15,502	507,928
Total policy liabilities	48,858,761	45,412,568
Securities lending obligation	937,043	642,988
Deferred income tax liability, net	—	579,770
Nonrecourse trust and partnership obligations	992,251	1,044,302
Notes payable	1,480,913	1,480,584
Employee benefit liabilities	625,232	684,039
Other liabilities and accrued expenses	1,613,344	1,121,428
Liabilities related to separate accounts	2,372,649	2,822,399
Total liabilities	56,880,193	53,788,078
Equity:		
Paid-in capital	5,000	5,000
Accumulated other comprehensive income (loss):		
Net unrealized gains (losses) on securities not other-than-temporarily impaired	(1,534,480)	1,610,595
Net unrealized gains (losses) on other-than-temporarily impaired securities	4,118	16,660
Net derivatives qualifying as hedges	(56)	—
Net unrecognized postretirement benefit obligation	(319,651)	(152,061)
Net currency translation adjustment	939	939
Total accumulated other comprehensive income (loss)	(1,849,130)	1,476,133
Retained earnings	10,380,646	10,581,576
Total shareholders' equity attributable to Western & Southern Financial Group, Inc.	8,536,516	12,062,709
Noncontrolling interests	916,844	1,010,200
Total equity	9,453,360	13,072,909
Total liabilities and equity	\$ 66,333,553	\$ 66,860,987

Western & Southern Financial Group, Inc.
Consolidated Statements of Income

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
	<i>(unaudited) (In Thousands)</i>		<i>(unaudited) (In Thousands)</i>	
Revenue:				
Insurance premiums and other consideration	\$ 746,627	\$ 551,854	\$ 1,419,358	\$ 1,073,646
Universal life and investment-type product charges	40,654	37,117	80,752	73,906
Net investment income	530,253	589,641	1,056,216	1,105,840
Net investment gains (losses):				
Net investment gains (losses), excluding impairment losses	(601,037)	356,309	(648,619)	530,297
Other-than-temporary impairment losses	(6,461)	—	(6,461)	—
Portion of impairment losses on debt securities recognized in other comprehensive income	273	—	273	—
Net investment gains (losses)	(607,225)	356,309	(654,807)	530,297
Commissions, fees and other income	110,346	105,043	224,196	197,867
Total revenue	820,655	1,639,964	2,125,715	2,981,556
Benefits and expenses:				
Policy benefits	762,484	597,751	1,462,816	1,144,403
Interest credited to policyholder account balances	166,394	147,858	315,833	295,255
Dividends to policyholders	34,899	32,331	70,451	63,337
Amortization of policyholder related intangibles	66,610	56,395	130,532	112,431
Other operating expenses	253,442	292,601	532,613	567,359
Total benefits and expenses	1,283,829	1,126,936	2,512,245	2,182,785
Income before income tax expense (benefit)	(463,174)	513,028	(386,530)	798,771
Income tax expense (benefit)	(97,092)	91,189	(79,354)	147,077
Net income (loss)	(366,082)	421,839	(307,176)	651,694
Less net income (loss) attributable to noncontrolling interests	(53,550)	40,511	(106,246)	23,112
Net income (loss) attributable to Western & Southern Financial Group, Inc.	\$ (312,532)	\$ 381,328	\$ (200,930)	\$ 628,582

Western & Southern Financial Group, Inc.

Consolidated Statement of Changes in Equity

For The Six Months Ended June 30 2022

(unaudited)

	Western & Southern Financial Group, Inc.				
	Accumulated Other				
	Paid-in Capital	Comprehensive Income/(Loss)	Retained Earnings	Noncontrolling Interests	Total Equity
	<i>(In Thousands)</i>				
Equity, December 31, 2021	\$ 5,000	\$ 1,476,133	\$10,581,576	\$ 1,010,200	\$13,072,909
Change in noncontrolling interests' ownership	—	—	—	12,890	12,890
Dividend paid to parent	—	—	—	—	—
Comprehensive income/(loss):					
Net income	—	—	(200,930)	(106,246)	(307,176)
Change in net unrealized gains/(losses) on available-for-sale securities not other-than-temporarily impaired	—	(3,145,075)	—	—	(3,145,075)
Change in net unrealized gains/(losses) on available-for-sale securities other-than-temporarily impaired	—	(12,542)	—	—	(12,542)
Change in net gains/(losses) on cash-flow hedging instruments	—	(56)	—	—	(56)
Change in unrecognized postretirement benefit obligation, net of related income taxes	—	(167,590)	—	—	(167,590)
Change in currency translation adjustment	—	—	—	—	—
Comprehensive income/(loss)					(3,632,439)
Equity, June 30 2022	<u>\$ 5,000</u>	<u>\$ (1,849,130)</u>	<u>\$10,380,646</u>	<u>\$ 916,844</u>	<u>\$ 9,453,360</u>

Western & Southern Financial Group, Inc.

Consolidated Statements of Cash Flows

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	<i>(unaudited) (In Thousands)</i>		<i>(unaudited) (In Thousands)</i>	
Operating activities				
Net income	\$ (366,082)	\$ 421,839	\$ (307,176)	\$ 651,694
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Capitalization of acquisition costs	(124,519)	(81,564)	(213,694)	(154,627)
Amortization and depreciation	68,113	58,398	133,462	116,371
Net investment (gains) losses	607,225	(356,309)	654,807	(530,297)
Deferred federal income tax expense (benefit)	(147,962)	65,039	(137,404)	115,982
Purchases of debt trading securities, net of proceeds from sales	(16,750)	(99,173)	(42,231)	(100,658)
(Increase) decrease in other operating assets	63,633	81,592	66,225	(57,207)
Increase (decrease) in other operating liabilities and other policyholder balances	129,980	156,155	761,476	182,082
Net cash provided by (used in) operating activities	213,638	245,977	915,465	223,340
Investing activities				
Purchases:				
Debt securities, available-for-sale	(3,752,385)	(1,558,685)	(7,130,645)	(3,239,497)
Equity securities	(92,736)	(266,092)	(282,058)	(593,707)
Mortgage loans	(639,956)	(219,453)	(1,042,864)	(347,769)
Real estate and other invested assets	(200,851)	(286,278)	(340,241)	(365,410)
Proceeds from sales, call or maturities:				
Debt securities, available-for-sale				
Sales	1,017,349	167,001	1,315,840	658,263
Maturities, calls and pay downs	828,878	1,157,605	1,770,095	1,914,360
Equity securities	240,578	78,035	366,101	205,555
Mortgage loans	188,951	45,520	336,954	78,309
Real estate and other invested assets	204,534	364,512	360,050	479,319
(Increase) decrease in short-term investments	(594,900)	(879,643)	48,645	(763,729)
(Acquisitions) disposals of business, net of cash (acquired) sold	—	—	(20,590)	—
(Increase) decrease in cash collateral on derivatives contracts	812	(57,120)	812	—
Net cash used in investing activities	(2,799,726)	(1,454,598)	(4,617,901)	(1,974,306)
Financing activities				
Deposits and interest credited to universal life and investment-type product account balances	9,191,353	5,678,238	16,384,778	10,784,671
Withdrawals from universal life and investment-type product account balances	(6,504,671)	(5,102,630)	(12,672,275)	(9,743,809)
Other financing activities	5	582,430	8,776	584,742
Net cash provided by financing activities	2,686,687	1,158,038	3,721,279	1,625,604
Net increase (decrease) in cash and cash equivalents	100,599	(50,583)	18,843	(125,362)
Cash and cash equivalents (including restricted cash) at beginning of year	138,203	274,984	219,959	349,763
Cash and cash equivalents (including restricted cash) at end of year	\$ 238,802	\$ 224,401	\$ 238,802	\$ 224,401