

QUARTERLY FINANCIAL DATA

Western & Southern Financial Group, Inc.

September 30, 2022 (unaudited)

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Western & Southern Financial Group, Inc.

Consolidated Balance Sheets

	September 30, 2022 <i>(unaudited)</i>	December 31, 2021
	<i>(In Thousands)</i>	
Assets		
Investments:		
Debt securities, available-for-sale at fair value	\$ 39,409,482	\$ 41,700,175
Equity securities	2,772,931	3,439,994
Debt trading securities, at fair value	3,020,500	3,457,555
Mortgage loans, net	6,111,592	4,880,678
Real estate	582,153	588,184
Policy loans	1,364,083	1,284,357
Short-term investments	655,925	1,490,173
Other invested assets	3,216,143	2,967,162
Total investments	57,132,809	59,808,278
Cash and cash equivalents	307,167	219,959
Accrued investment income	491,541	400,017
Deferred acquisition costs, net	2,263,910	1,208,209
Goodwill and other intangible assets	1,697,079	1,707,413
Deferred income tax asset, net	870,674	—
Other assets	644,131	694,712
Assets held in separate accounts	2,223,261	2,822,399
Total assets	<u>\$ 65,630,572</u>	<u>\$ 66,860,987</u>
Liabilities and equity		
Policy reserves	\$ 50,043,800	\$ 44,904,640
Policyholder dividend obligation	—	507,928
Total policy liabilities	50,043,800	45,412,568
Securities lending obligation	953,370	642,988
Deferred income tax liability, net	—	579,770
Nonrecourse trust and partnership obligations	1,006,007	1,044,302
Notes payable	1,481,077	1,480,584
Employee benefit liabilities	614,038	684,039
Other liabilities and accrued expenses	1,214,938	1,121,428
Liabilities related to separate accounts	2,223,261	2,822,399
Total liabilities	57,536,491	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	(2,855,168)	1,610,595
Net unrealized gains (losses) on other-than-temporarily impaired securities	1,341	16,660
Net derivatives qualifying as hedges	—	—
Net unrecognized postretirement benefit obligation	(313,260)	(152,061)
Net currency translation adjustment	929	939
Total accumulated other comprehensive income (loss)	(3,166,158)	1,476,133
Retained earnings	10,319,715	10,581,576
Total shareholders' equity attributable to Western & Southern Financial Group, Inc.	7,158,557	12,062,709
Noncontrolling interests	935,524	1,010,200
Total equity	8,094,081	13,072,909
Total liabilities and equity	<u>\$ 65,630,572</u>	<u>\$ 66,860,987</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	<i>(unaudited) (In Thousands)</i>		<i>(unaudited) (In Thousands)</i>	
Revenue:				
Insurance premiums and other consideration	\$ 1,033,419	\$ 774,033	\$ 2,452,777	\$ 1,847,679
Universal life and investment-type product charges	41,194	38,707	121,946	112,613
Net investment income	592,234	616,097	1,648,450	1,721,937
Net investment gains (losses):				
Net investment gains (losses), excluding impairment losses	(237,735)	144,316	(886,354)	674,613
Other-than-temporary impairment losses	(5,623)	—	(12,084)	—
Portion of impairment losses on debt securities recognized in other comprehensive income	263	—	536	—
Net investment gains (losses)	(243,095)	144,316	(897,902)	674,613
Commissions, fees and other income	115,651	130,194	339,847	328,061
Total revenue	1,539,403	1,703,347	3,665,118	4,684,903
Benefits and expenses:				
Policy benefits	1,056,469	821,721	2,519,285	1,966,124
Interest credited to policyholder account balances	193,779	150,282	509,612	445,537
Dividends to policyholders	36,025	32,733	106,476	96,070
Amortization of policyholder related intangibles	69,274	59,178	199,806	171,609
Other operating expenses	314,261	333,553	846,874	900,912
Total benefits and expenses	1,669,808	1,397,467	4,182,053	3,580,252
Income before income tax expense (benefit)	(130,405)	305,880	(516,935)	1,104,651
Income tax expense (benefit)	(22,735)	44,125	(102,089)	191,202
Net income (loss)	(107,670)	261,755	(414,846)	913,449
Less net income (loss) attributable to noncontrolling interests	(46,739)	41,301	(152,985)	64,413
Net income (loss) attributable to Western & Southern Financial Group, Inc.	\$ (60,931)	\$ 220,454	\$ (261,861)	\$ 849,036

Western & Southern Financial Group, Inc.

Consolidated Statement of Changes in Equity

For The Nine Months Ended September 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	—	—	—	78,309	78,309
Dividend paid to parent	—	—	—	—	—
Comprehensive income/(loss):					
Net income	—	—	(261,861)	(152,985)	(414,846)
Change in net unrealized gains/(losses) on available-for-sale securities not other-than-temporarily impaired	—	(4,465,763)	—	—	(4,465,763)
Change in net unrealized gains/(losses) on available-for-sale securities other-than-temporarily impaired	—	(15,319)	—	—	(15,319)
Change in net gains/(losses) on cash-flow hedging instruments	—	—	—	—	—
Change in unrecognized postretirement benefit obligation, net of related income taxes	—	(161,199)	—	—	(161,199)
Change in currency translation adjustment	—	(10)	—	—	(10)
Comprehensive income/(loss)					(5,057,137)
Equity, September 30, 2022	<u>\$ 5,000</u>	<u>\$ (3,166,158)</u>	<u>\$10,319,715</u>	<u>\$ 935,524</u>	<u>\$ 8,094,081</u>

Western & Southern Financial Group, Inc.

Consolidated Statements of Cash Flows

	Three Months Ended September 30, 2022 2021		Nine Months Ended September 30, 2022 2021	
	<i>(unaudited) (In Thousands)</i>		<i>(unaudited) (In Thousands)</i>	
Operating activities				
Net income	\$ (107,670)	\$ 261,755	\$ (414,846)	\$ 913,449
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Capitalization of acquisition costs	(42,262)	(79,183)	(255,956)	(233,810)
Amortization and depreciation	25,835	61,054	159,297	177,425
Net investment (gains) losses	243,095	(144,316)	897,902	(674,613)
Deferred federal income tax expense (benefit)	(79,887)	(6)	(217,291)	115,976
Purchases of debt trading securities, net of proceeds from sales	(76,808)	(435,075)	(119,039)	(535,733)
(Increase) decrease in other operating assets	(29,576)	(105,000)	36,649	(162,207)
Increase (decrease) in other operating liabilities and other policyholder balances	389,404	482,873	1,150,880	664,955
Net cash provided by (used in) operating activities	322,131	42,102	1,237,596	265,442
Investing activities				
Purchases:				
Debt securities, available-for-sale	(2,598,811)	(2,974,384)	(9,729,456)	(6,213,881)
Equity securities	(200,657)	(176,435)	(482,715)	(770,142)
Mortgage loans	(616,841)	(431,959)	(1,659,705)	(779,728)
Real estate and other invested assets	(286,352)	(178,444)	(626,593)	(543,854)
Proceeds from sales, call or maturities:				
Debt securities, available-for-sale				
Sales	897,546	75,533	2,213,386	733,796
Maturities, calls and pay downs	773,065	1,365,121	2,543,160	3,279,481
Equity securities	126,106	323,844	492,207	529,399
Mortgage loans	96,752	142,537	433,706	220,846
Real estate and other invested assets	128,625	197,174	488,675	676,493
(Increase) decrease in short-term investments	781,959	737,776	830,604	(25,953)
(Acquisitions) disposals of business, net of cash (acquired) sold	—	(142,255)	(20,590)	(142,255)
(Increase) decrease in cash collateral on derivatives contracts	(812)	—	—	—
Net cash used in investing activities	(899,420)	(1,061,492)	(5,517,321)	(3,035,798)
Financing activities				
Deposits and interest credited to universal life and investment-type product account balances	7,780,268	6,009,261	24,165,046	16,793,932
Withdrawals from universal life and investment-type product account balances	(7,144,811)	(5,553,371)	(19,817,086)	(15,297,180)
Other financing activities	10,197	544,607	18,973	1,129,349
Net cash provided by financing activities	645,654	1,000,497	4,366,933	2,626,101
Net increase (decrease) in cash and cash equivalents	68,365	(18,893)	87,208	(144,255)
Cash and cash equivalents (including restricted cash) at beginning of year	238,802	224,401	219,959	349,763
Cash and cash equivalents (including restricted cash) at end of year	\$ 307,167	\$ 205,508	\$ 307,167	\$ 205,508