

QUARTERLY FINANCIAL DATA

Western & Southern Financial Group, Inc.

March 31, 2023 (unaudited)

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Western & Southern Financial Group, Inc.

Consolidated Balance Sheets

	March 31, 2023 <i>(unaudited)</i>	December 31, 2022
	<i>(In Thousands)</i>	
Assets		
Investments:		
Debt securities, available-for-sale at fair value	\$ 42,499,483	\$ 40,368,502
Equity securities	2,940,453	2,899,099
Debt trading securities, at fair value	3,241,534	3,130,396
Mortgage loans, net	6,393,201	6,235,340
Real estate	581,380	584,287
Policy loans	1,436,927	1,398,022
Short-term investments	747,809	1,112,366
Other invested assets	3,366,903	3,297,646
Total investments	61,207,690	59,025,658
Cash and cash equivalents	426,795	229,806
Accrued investment income	520,672	493,040
Deferred acquisition costs, net	2,180,870	2,210,603
Goodwill and other intangible assets	1,675,366	1,687,121
Deferred income tax asset, net	459,828	621,125
Other assets	891,909	863,741
Assets held in separate accounts	2,406,737	2,350,678
Total assets	\$ 69,769,867	\$ 67,481,772
Liabilities and equity		
Policy reserves	\$ 52,047,188	\$ 50,918,733
Policyholder dividend obligation	2,125	—
Total policy liabilities	52,049,313	50,918,733
Securities lending obligation	957,896	838,186
Nonrecourse trust and partnership obligations	1,063,463	1,036,319
Notes payable	1,482,902	1,482,766
Employee benefit liabilities	536,674	527,977
Other liabilities and accrued expenses	1,525,531	1,296,795
Liabilities related to separate accounts	2,406,737	2,350,678
Total liabilities	60,022,516	58,451,454
Equity:		
Paid-in capital	5,000	5,000
Accumulated other comprehensive income (loss):		
Net unrealized gains (losses) on securities not other-than-temporarily impaired	(2,007,152)	(2,580,542)
Net unrealized gains (losses) on other-than-temporarily impaired securities	1,416	2,473
Net unrecognized postretirement benefit obligation	37,364	15,156
Net currency translation adjustment	929	929
Total accumulated other comprehensive income (loss)	(1,967,443)	(2,561,984)
Retained earnings	10,717,600	10,640,884
Total shareholders' equity attributable to Western & Southern Financial Group, Inc.	8,755,157	8,083,900
Noncontrolling interests	992,194	946,418
Total equity	9,747,351	9,030,318
Total liabilities and equity	\$ 69,769,867	\$ 67,481,772

Western & Southern Financial Group, Inc.

Consolidated Statements of Income

	Three Months Ended March 31,	
	2023	2022
	<i>(unaudited) (In Thousands)</i>	
Revenue:		
Insurance premiums and other consideration	\$ 629,414	\$ 672,731
Universal life and investment-type product charges	41,901	40,098
Net investment income	690,995	525,963
Net investment gains (losses):		
Net investment gains (losses), excluding impairment losses	(3,372)	(47,582)
Other-than-temporary impairment losses	(6,520)	—
Portion of impairment losses on debt securities recognized in other comprehensive income	—	—
Net investment gains (losses)	(9,892)	(47,582)
Commissions, fees and other income	104,905	113,850
Total revenue	1,457,323	1,305,060
Benefits and expenses:		
Policy benefits	659,142	700,332
Interest credited to policyholder account balances	229,241	149,439
Dividends to policyholders	36,909	35,552
Amortization of policyholder related intangibles	69,154	63,922
Other operating expenses	326,845	279,171
Total benefits and expenses	1,321,291	1,228,416
Income (loss) before income tax expense (benefit)	136,032	76,644
Income tax expense (benefit)	15,063	17,738
Net income (loss)	120,969	58,906
Less net income (loss) attributable to noncontrolling interests	25,468	(52,696)
Net income attributable to Western & Southern Financial Group, Inc.	\$ 95,501	\$ 111,602

Western & Southern Financial Group, Inc.

Consolidated Statement of Changes in Equity

For The Three Months Ended March 31, 2023

(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, 2022	\$ 5,000	\$ (2,561,984)	\$10,640,884	\$ 946,418	\$ 9,030,318
Change in noncontrolling interests' ownership	—	—	—	20,308	20,308
Comprehensive income/(loss):					
Net income/(loss)	—	—	95,501	25,468	120,969
Change in net unrealized gains/(losses) on available-for-sale securities not other-than-temporarily impaired	—	573,390	—	—	573,390
Change in net unrealized gains/(losses) on available-for-sale securities other-than-temporarily impaired	—	(1,057)	—	—	(1,057)
Change in unrecognized postretirement benefit obligation, net of related income taxes	—	22,208	—	—	22,208
Cumulative effect of adoption of new accounting standard related to impairment of financial instruments	—	—	(18,785)	—	(18,785)
Comprehensive income/(loss)					696,725
Equity, March 31, 2023	<u>\$ 5,000</u>	<u>\$ (1,967,443)</u>	<u>\$10,717,600</u>	<u>\$ 992,194</u>	<u>\$ 9,747,351</u>

Western & Southern Financial Group, Inc.

Consolidated Statements of Cash Flows

	Three Months Ended March 31,	
	2023	2022
	<i>(unaudited) (In Thousands)</i>	
Operating activities		
Net income	\$ 120,969	\$ 58,906
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Capitalization of acquisition costs	(102,411)	(89,175)
Amortization and depreciation	70,646	65,349
Net investment (gains) losses	9,892	47,582
Deferred federal income tax expense (benefit)	10,782	10,558
Purchases of debt trading securities, net of proceeds from sales	(53,799)	(25,481)
(Increase) decrease in other operating assets	(75,318)	2,592
Increase (decrease) in other operating liabilities and other policyholder balances	421,877	631,496
Net cash provided by operating activities	402,638	701,827
Investing activities		
Purchases:		
Debt securities, available-for-sale	(2,376,213)	(3,378,260)
Equity securities	(117,622)	(189,322)
Mortgage loans	(265,598)	(402,908)
Real estate and other invested assets	(181,454)	(139,390)
Proceeds from sales, call or maturities:		
Debt securities, available-for-sale		
Sales	804,023	298,491
Maturities, calls and pay downs	571,792	941,217
Equity securities	103,691	125,523
Mortgage loans	83,901	148,003
Real estate and other invested assets	145,007	155,516
(Increase) decrease in short-term investments	364,557	643,545
(Acquisitions) disposals of business, net of cash (acquired) sold	—	(20,590)
(Increase) decrease in cash collateral on derivatives contracts	94	—
Net cash used in investing activities	(867,822)	(1,818,175)
Financing activities		
Deposits and interest credited to universal life and investment-type product account balances	7,898,511	7,193,425
Withdrawals from universal life and investment-type product account balances	(6,981,336)	(6,167,604)
Other financing activities	(255,002)	8,771
Net cash provided by financing activities	662,173	1,034,592
Net increase (decrease) in cash and cash equivalents	196,989	(81,756)
Cash and cash equivalents (including restricted cash) at beginning of year	229,806	219,959
Cash and cash equivalents (including restricted cash) at end of year	\$ 426,795	\$ 138,203