

QUARTERLY FINANCIAL DATA

Western & Southern Financial Group, Inc.

June 30, 2023 (unaudited)

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Western & Southern Financial Group, Inc.

Consolidated Balance Sheets

	June 30, 2023 <i>(unaudited)</i>	December 31, 2022
	<i>(In Thousands)</i>	
Assets		
Investments:		
Debt securities, available-for-sale at fair value	\$ 42,307,097	\$ 40,368,502
Equity securities	3,026,141	2,899,099
Debt trading securities, at fair value	3,233,658	3,130,396
Mortgage loans, net	6,648,563	6,235,340
Real estate	663,427	584,287
Policy loans	1,486,642	1,398,022
Short-term investments	577,310	1,112,366
Other invested assets	3,448,686	3,297,646
Total investments	61,391,524	59,025,658
Cash and cash equivalents	303,429	229,806
Accrued investment income	518,385	493,040
Deferred acquisition costs, net	2,252,447	2,210,603
Goodwill and other intangible assets	1,667,676	1,687,121
Deferred income tax asset, net	553,385	621,125
Other assets	929,143	863,741
Assets held in separate accounts	2,412,814	2,350,678
Total assets	\$ 70,028,803	\$ 67,481,772
Liabilities and equity		
Policy reserves	\$ 52,684,048	\$ 50,918,733
Securities lending obligation	985,312	838,186
Nonrecourse trust and partnership obligations	1,111,873	1,036,319
Notes payable	1,483,057	1,482,766
Employee benefit liabilities	545,644	527,977
Other liabilities and accrued expenses	1,190,098	1,296,795
Liabilities related to separate accounts	2,412,814	2,350,678
Total liabilities	60,412,846	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	(2,312,609)	(2,580,542)
Net unrealized gains (losses) on other-than-temporarily impaired securities	4,551	2,473
Net unrecognized postretirement benefit obligation	51,555	15,156
Net currency translation adjustment	929	929
Total accumulated other comprehensive income (loss)	(2,255,574)	(2,561,984)
Retained earnings	10,903,246	10,640,884
Total shareholders' equity attributable to Western & Southern Financial Group, Inc.	8,652,672	8,083,900
Noncontrolling interests	963,285	946,418
Total equity	9,615,957	9,030,318
Total liabilities and equity	\$ 70,028,803	\$ 67,481,772

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
	<i>(unaudited) (In Thousands)</i>		<i>(unaudited) (In Thousands)</i>	
Revenue:				
Insurance premiums and other consideration	\$ 885,371	\$ 746,627	\$ 1,514,785	\$ 1,419,358
Universal life and investment-type product charges	42,627	40,654	84,528	80,752
Net investment income	744,812	530,253	1,435,807	1,056,216
Net investment gains (losses):				
Net investment gains (losses), excluding impairment losses	47,769	(601,037)	44,397	(648,619)
Other-than-temporary impairment losses	(6,061)	(6,461)	(12,581)	(6,461)
Portion of impairment losses on debt securities recognized in other comprehensive income	921	273	921	273
Net investment gains (losses)	42,629	(607,225)	32,737	(654,807)
Commissions, fees and other income	108,049	110,346	212,954	224,196
Total revenue	1,823,488	820,655	3,280,811	2,125,715
Benefits and expenses:				
Policy benefits	905,742	762,484	1,564,884	1,462,816
Interest credited to policyholder account balances	245,141	166,394	474,382	315,833
Dividends to policyholders	37,844	34,899	74,753	70,451
Amortization of policyholder related intangibles	74,652	66,610	143,806	130,532
Other operating expenses	344,432	253,442	671,277	532,613
Total benefits and expenses	1,607,811	1,283,829	2,929,102	2,512,245
Income (loss) before income tax expense (benefit)	215,677	(463,174)	351,709	(386,530)
Income tax expense (benefit)	37,186	(97,092)	52,249	(79,354)
Net income (loss)	178,491	(366,082)	299,460	(307,176)
Less net income (loss) attributable to noncontrolling interests	(7,154)	(53,550)	18,314	(106,246)
Net income attributable to Western & Southern Financial Group, Inc.	\$ 185,645	\$ (312,532)	\$ 281,146	\$ (200,930)

Western & Southern Financial Group, Inc.

Consolidated Statement of Changes in Equity

For The Six Months Ended June 30, 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	—	—	—	(1,447)	(1,447)
Comprehensive income/(loss):					
Net income/(loss)	—	—	281,146	18,314	299,460
Change in net unrealized gains/(losses) on available-for-sale securities not other-than-temporarily impaired	—	267,933	—	—	267,933
Change in net unrealized gains/(losses) on available-for-sale securities other-than-temporarily impaired	—	2,078	—	—	2,078
Change in unrecognized postretirement benefit obligation, net of related income taxes	—	36,399	—	—	36,399
Cumulative effect of adoption of new accounting standard related to impairment of financial instruments	—	—	(18,784)	—	(18,784)
Comprehensive income/(loss)					587,086
Equity, June 30, 2023	<u>\$ 5,000</u>	<u>\$ (2,255,574)</u>	<u>\$10,903,246</u>	<u>\$ 963,285</u>	<u>\$ 9,615,957</u>

Western & Southern Financial Group, Inc.

Consolidated Statements of Cash Flows

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	<i>(unaudited) (In Thousands)</i>		<i>(unaudited) (In Thousands)</i>	
Operating activities				
Net income	\$ 178,491	\$ (366,082)	\$ 299,460	\$ (307,176)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Capitalization of acquisition costs	(78,691)	(124,519)	(181,102)	(213,694)
Amortization and depreciation	76,408	68,113	147,054	133,462
Net investment (gains) losses	(42,629)	607,225	(32,737)	654,807
Deferred federal income tax expense (benefit)	(19,277)	(147,962)	(8,495)	(137,404)
Purchases of debt trading securities, net of proceeds from sales	(22,475)	(16,750)	(76,274)	(42,231)
(Increase) decrease in other operating assets	(50,212)	63,633	(125,530)	66,225
Increase (decrease) in other operating liabilities and other policyholder balances	68,456	129,980	490,333	761,476
Net cash provided by operating activities	110,071	213,638	512,709	915,465
Investing activities				
Purchases:				
Debt securities, available-for-sale	(1,885,150)	(3,752,385)	(4,261,363)	(7,130,645)
Equity securities	(54,786)	(92,736)	(172,408)	(282,058)
Mortgage loans	(322,802)	(639,956)	(588,400)	(1,042,864)
Real estate and other invested assets	(155,841)	(200,851)	(337,295)	(340,241)
Proceeds from sales, call or maturities:				
Debt securities, available-for-sale				
Sales	788,015	1,017,349	1,592,038	1,315,840
Maturities, calls and pay downs	633,265	828,878	1,205,057	1,770,095
Equity securities	68,940	240,578	172,631	366,101
Mortgage loans	67,648	188,951	151,549	336,954
Real estate and other invested assets	159,674	204,534	304,681	360,050
(Increase) decrease in short-term investments	170,499	(594,900)	535,056	48,645
(Acquisitions) disposals of business, net of cash (acquired) sold	—	—	—	(20,590)
(Increase) decrease in cash collateral on derivatives contracts	(94)	812	—	812
Net cash used in investing activities	(530,632)	(2,799,726)	(1,398,454)	(4,617,901)
Financing activities				
Deposits and interest credited to universal life and investment-type product account balances	5,502,822	9,191,353	13,401,333	16,384,778
Withdrawals from universal life and investment-type product account balances	(5,283,132)	(6,504,671)	(12,264,468)	(12,672,275)
Other financing activities	77,505	5	(177,497)	8,776
Net cash provided by financing activities	297,195	2,686,687	959,368	3,721,279
Net increase (decrease) in cash and cash equivalents	(123,366)	100,599	73,623	18,843
Cash and cash equivalents (including restricted cash) at beginning of year	426,795	138,203	229,806	219,959
Cash and cash equivalents (including restricted cash) at end of year	\$ 303,429	\$ 238,802	\$ 303,429	\$ 238,802