

QUARTERLY FINANCIAL DATA

Western & Southern Financial Group, Inc.

September 30, 2023 (unaudited)

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Western & Southern Financial Group, Inc.

Consolidated Balance Sheets

	September 30, 2023 (unaudited)	December 31, 2022
	(In Thousands)	
Assets		
Investments:		
Debt securities, available-for-sale at fair value	\$ 42,896,013	\$ 40,368,502
Equity securities	2,967,618	2,899,099
Debt trading securities, at fair value	3,213,931	3,130,396
Mortgage loans, net	6,765,255	6,235,340
Real estate	662,119	584,287
Policy loans	1,545,427	1,398,022
Short-term investments	604,654	1,112,366
Other invested assets	3,433,903	3,297,646
Total investments	62,088,920	59,025,658
Cash and cash equivalents	377,407	229,806
Accrued investment income	551,392	493,040
Deferred acquisition costs, net	2,373,960	2,210,603
Goodwill and other intangible assets	1,661,773	1,687,121
Deferred income tax asset, net	789,780	621,125
Other assets	829,640	863,741
Assets held in separate accounts	2,234,092	2,350,678
Total assets	\$ 70,906,964	\$ 67,481,772
Liabilities and equity		
Policy reserves	\$ 54,254,381	\$ 50,918,733
Securities lending obligation	968,987	838,186
Nonrecourse trust and partnership obligations	1,130,501	1,036,319
Notes payable	1,483,213	1,482,766
Employee benefit liabilities	532,044	527,977
Other liabilities and accrued expenses	1,385,934	1,296,795
Liabilities related to separate accounts	2,234,092	2,350,678
Total liabilities	61,989,152	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	(2,988,393)	(2,580,542)
Net unrealized gains (losses) on other-than-temporarily impaired securities	2,123	2,473
Net unrecognized postretirement benefit obligation	7,306	15,156
Net currency translation adjustment	929	929
Total accumulated other comprehensive income (loss)	(2,978,035)	(2,561,984)
Retained earnings	10,960,870	10,640,884
Total shareholders' equity attributable to Western & Southern Financial Group, Inc.	7,987,835	8,083,900
Noncontrolling interests	929,977	946,418
Total equity	8,917,812	9,030,318
Total liabilities and equity	\$ 70,906,964	\$ 67,481,772

Western & Southern Financial Group, Inc.

Consolidated Statements of Income

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
	<i>(unaudited) (In Thousands)</i>		<i>(unaudited) (In Thousands)</i>	
Revenue:				
Insurance premiums and other consideration	\$ 814,569	\$ 1,033,419	\$ 2,329,354	\$ 2,452,777
Universal life and investment-type product charges	47,556	41,194	132,084	121,946
Net investment income	765,619	592,234	2,201,426	1,648,450
Net investment gains (losses):				
Net investment gains (losses), excluding impairment losses	(143,804)	(237,735)	(99,407)	(886,354)
Other-than-temporary impairment losses	(14,323)	(5,623)	(26,904)	(12,084)
Portion of impairment losses on debt securities recognized in other comprehensive income	84	263	1,005	536
Net investment gains (losses)	(158,043)	(243,095)	(125,306)	(897,902)
Commissions, fees and other income	119,004	115,651	331,958	339,847
Total revenue	1,588,705	1,539,403	4,869,516	3,665,118
Benefits and expenses:				
Policy benefits	809,095	1,056,469	2,373,979	2,519,285
Interest credited to policyholder account balances	259,220	193,779	733,602	509,612
Dividends to policyholders	36,070	36,025	110,823	106,476
Amortization of policyholder related intangibles	113,759	69,274	257,565	199,806
Other operating expenses	314,622	314,261	985,899	846,874
Total benefits and expenses	1,532,766	1,669,808	4,461,868	4,182,053
Income (loss) before income tax expense (benefit)	55,939	(130,405)	407,648	(516,935)
Income tax expense (benefit)	(1,477)	(22,735)	50,772	(102,089)
Net income (loss)	57,416	(107,670)	356,876	(414,846)
Less net income (loss) attributable to noncontrolling interests	(208)	(46,739)	18,106	(152,985)
Net income attributable to Western & Southern Financial Group, Inc.	\$ 57,624	\$ (60,931)	\$ 338,770	\$ (261,861)

Western & Southern Financial Group, Inc.

Consolidated Statement of Changes in Equity

For The Nine Months Ended September 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	—	—	—	(34,547)	(34,547)
Comprehensive income/(loss):					
Net income/(loss)	—	—	338,770	18,106	356,876
Change in net unrealized gains/(losses) on available-for-sale securities not other-than-temporarily impaired	—	(407,851)	—	—	(407,851)
Change in net unrealized gains/(losses) on available-for-sale securities other-than-temporarily impaired	—	(350)	—	—	(350)
Change in unrecognized postretirement benefit obligation, net of related income taxes	—	(7,850)	—	—	(7,850)
Cumulative effect of adoption of new accounting standard related to impairment of financial instruments	—	—	(18,784)	—	(18,784)
Comprehensive income/(loss)					(77,959)
Equity, September 30, 2023	<u>\$ 5,000</u>	<u>\$ (2,978,035)</u>	<u>\$10,960,870</u>	<u>\$ 929,977</u>	<u>\$ 8,917,812</u>

Western & Southern Financial Group, Inc.

Consolidated Statements of Cash Flows

	Three Months Ended September 30, 2023 2022		Nine Months Ended September 30, 2023 2022	
	<i>(unaudited) (In Thousands)</i>		<i>(unaudited) (In Thousands)</i>	
Operating activities				
Net income	\$ 57,416	\$ (107,670)	\$ 356,876	\$ (414,846)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Capitalization of acquisition costs	(96,020)	(42,262)	(277,122)	(255,956)
Amortization and depreciation	115,425	25,835	262,479	159,297
Net investment (gains) losses	158,043	243,095	125,306	897,902
Deferred federal income tax expense (benefit)	(44,194)	(79,887)	(52,689)	(217,291)
Purchases of debt trading securities, net of proceeds from sales	(22,166)	(76,808)	(98,440)	(119,039)
(Increase) decrease in other operating assets	(50,871)	(29,576)	(176,401)	36,649
Increase (decrease) in other operating liabilities and other policyholder balances	424,125	389,404	914,458	1,150,880
Net cash provided by operating activities	541,758	322,131	1,054,467	1,237,596
Investing activities				
Purchases:				
Debt securities, available-for-sale	(2,359,760)	(2,598,811)	(6,621,123)	(9,729,456)
Equity securities	(155,478)	(200,657)	(327,886)	(482,715)
Mortgage loans	(250,234)	(616,841)	(838,634)	(1,659,705)
Real estate and other invested assets	(203,192)	(286,352)	(540,487)	(626,593)
Proceeds from sales, call or maturities:				
Debt securities, available-for-sale				
Sales	348,503	897,546	1,940,541	2,213,386
Maturities, calls and pay downs	486,357	773,065	1,691,414	2,543,160
Equity securities	91,847	126,106	264,478	492,207
Mortgage loans	132,618	96,752	284,167	433,706
Real estate and other invested assets	176,288	128,625	480,969	488,675
(Increase) decrease in short-term investments	(27,344)	781,959	507,712	830,604
(Acquisitions) disposals of business, net of cash (acquired) sold	—	—	—	(20,590)
(Increase) decrease in cash collateral on derivatives contracts	—	(812)	—	—
Net cash used in investing activities	(1,760,395)	(899,420)	(3,158,849)	(5,517,321)
Financing activities				
Deposits and interest credited to universal life and investment-type product account balances	8,190,273	7,780,268	21,591,606	24,165,046
Withdrawals from universal life and investment-type product account balances	(6,895,467)	(7,144,811)	(19,159,935)	(19,817,086)
Other financing activities	(2,191)	10,197	(179,688)	18,973
Net cash provided by financing activities	1,292,615	645,654	2,251,983	4,366,933
Net increase (decrease) in cash and cash equivalents	73,978	68,365	147,601	87,208
Cash and cash equivalents (including restricted cash) at beginning of year	303,429	238,802	229,806	219,959
Cash and cash equivalents (including restricted cash) at end of year	\$ 377,407	\$ 307,167	\$ 377,407	\$ 307,167