

Message from Our Chairman

To Our Valued Friends and Colleagues,

Western & Southern Financial Group had its best year yet in 2021. We showed tremendous resilience and resolve to finish the year in the best financial position in our company's 133-year history.

Despite continuing challenges posed by the COVID-19 pandemic and the shift in policies at the federal level, we achieved record results in nearly every financial performance metric. We are incredibly well positioned to continue delivering strong results going forward.

For the year ended Dec. 31, 2021, we are pleased to report that we earned record net income of \$1.2 billion (up 228% over 2020) on record revenue. The company produced new highs in life insurance sales as life and health premiums reached \$2.1 billion, annuity sales increased to \$3.8 billion (up from \$3.5 billion), and mutual fund sales reached \$7.5 billion. Operating income, a key measure in managing our business and evaluating results, was also the highest ever at \$535.2 million (up from \$336.9 million).

We are serious about our commitment to helping our clients, business partners and associates enjoy *peace of mind about their financial future.*



We took full advantage of the favorable investment climate to end the year with our strongest balance sheet ever. With assets owned at \$66.9 billion and assets managed at \$44.7 billion (both records), our total assets owned and managed reached a record \$111.6 billion. This includes the acquisition of \$6.8 billion in mutual fund assets from AIG and a \$500 million surplus note issued in April.



Our capital-to-asset ratio, a true measure of a company's financial strength, was 19.6%, almost triple the 6.7% average of the 15 largest publicly traded life insurers doing business in the U.S. Our return on assets, an important measure of productivity, was 2.0%. Both are exceptionally high for our industry and translate to excellent financial strength and security for our clients and colleagues.

We continue to build what we believe to be one of the truly finest financial services companies in America. We are accomplishing this through organic growth, new distribution partnerships, and strategic acquisitions, including the purchase of certain AIG mutual funds and groundwork laid for the 2022 purchase of Fabric Technologies Inc. to expand our digital product delivery capabilities.

In addition to solid financial performance powered by the diversification of our member

companies, the key to Western & Southern's success and resilience continues to be the culture we have built and refined over the years.

Our culture defines who we are, what we value and how we operate. It is the foundation for our long-term focus and is reflected in the competencies central to our ability to succeed and grow—a consistently strong capital position, continuous improvement in cost efficiencies, rigorous risk-control procedures, and a relentless effort to get better at everything we do every single day.

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Unlike many others in our industry, our focus on the long-term strategic view has sustained our success and will continue to do so for years to come.

We are serious about our commitment to helping our clients, business partners and associates enjoy peace of mind about their financial future. We respect this responsibility and all that is entrusted to us.

Thank you for your interest in our company. We look forward to doing even more for you in the years ahead.

Sincerely,

A handwritten signature in blue ink that reads "John F. Barrett".

John F. Barrett

Chairman, President and Chief Executive Officer

Company Highlights

Columbus Life Insurance Company

Achieved record life insurance sales exceeding 2020 by over 54% with increased production and greater customer reach through new and existing agency relationships.

Eagle Realty Group, LLC

Funded a record \$1.4 billion in mortgage loans, pushing the mortgage loan portfolio to an all-time high of \$5.2 billion.

Fort Washington Investment Advisors, Inc.

Achieved record results in many categories, including revenue, net income, new assets under management, and total assets under management.

Gerber Life Insurance Company

Total revenue exceeded \$1 billion for the second time, fortifying the ability to help deliver protection to more individuals, parents, grandparents and families.

Institutional Markets

Introduced IncomeSense,¹ a life insurance policy to deliver mortgage payment and income replacement protection through a completely digital purchase process.

The Lafayette Life Insurance Company

Drove the third consecutive year of 20% growth in life insurance sales and achieved record operating gain results.

Touchstone Investments®

Completed the acquisition of certain assets of the AIG mutual funds business, totaling \$6.8 billion.

W&S Financial Group Distributors, Inc.

Annuity sales, which provide customers the opportunity for a lifetime income stream during retirement, reached a record \$3.4 billion.

Western & Southern Life

Began selling a new term product,² introduced a customer self-service portal, and set records in customer ease of doing business, target market sales and customer retention.

Generally Accepted Accounting Principles (GAAP) as of Dec. 31, 2021, are used throughout this report unless noted. See back of report for footnotes and disclosures.