



# Investor Overview

August 2023

# Important Legal Information

## Forward-Looking Statements

Certain statements made in this presentation should be considered forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These include statements about future results of operations and capital plans. We caution investors that these forward-looking statements are not guarantees of future performance, and actual results may differ materially. Investors should consider the important risks and uncertainties that may cause actual results to differ, including those included in our press release issued on July 31, 2023, our Quarterly Reports on Form 10-Q, our Annual Report on Form 10-K and other filings we make with the Securities and Exchange Commission. We assume no obligation to update this presentation, which speaks as of its date of publication unless an earlier date is indicated.

## Non-GAAP Measures

This presentation contains financial measures that differ from the comparable measures under Generally Accepted Accounting Principles (GAAP). Reconciliations between those non-GAAP measures and the comparable GAAP measures are included in the Appendix, or on the page such measure is presented.

While management believes the measures are useful to enhance understanding and comparability of our financial results, these non-GAAP measures should not be considered substitutes for the most directly comparable GAAP measures.

Additional information concerning non-GAAP measures is included in our periodic filings with the Securities and Exchange Commission that are available in the “Investors – Financials – SEC Filings” section of CNO’s website, CNOinc.com.

## Adoption of New Accounting Standard

Effective January 1, 2023, we adopted ASU 2018-12 related to targeted improvements to the accounting for long-duration insurance contracts. Concurrent with the adoption of the new guidance, we updated the method of determining non-operating earnings for our fixed indexed annuities to better identify the volatile non-economic accounting impacts of that line of business. As a result of the adoption of the new guidance and methodology, certain historical amounts have changed. Our quarterly financial supplement – 4Q22 as recast to reflect the new standard is available in the “Investors – Financials – Quarterly Earnings” section of CNO’s website, CNOinc.com.

# CNO Financial Group Overview

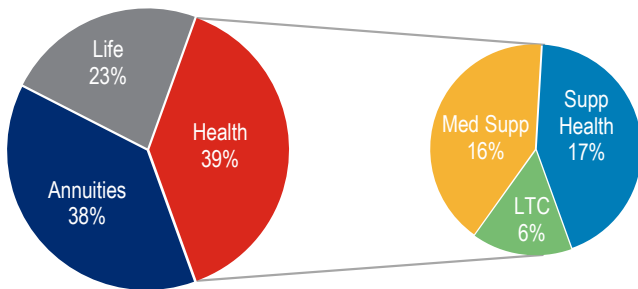
Focused on serving the protection needs of the fast-growing but underserved middle-income American market

- Manufactured products include life, fixed annuities, Medicare supplement, supplemental health and limited benefit duration long-term care (LTC)
- Distribution of third-party products, which primarily include Medicare Advantage and Prescription Drug Plans
- Demonstrated growth in premiums and third-party fees

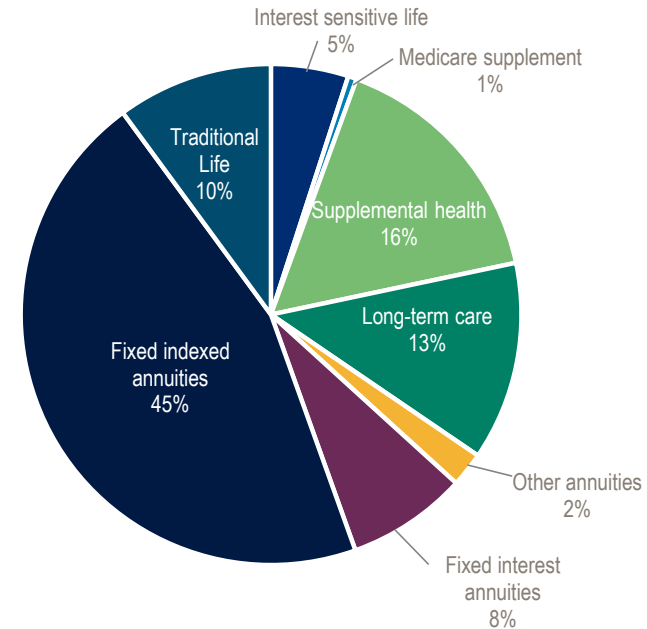
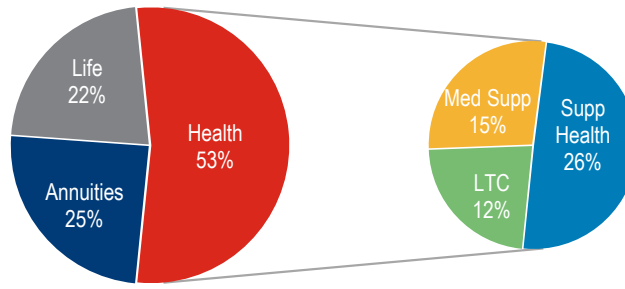
**\$4.1B in 2Q23 LTM Collected Premiums\***

**2Q23 Average Liabilities by Insurance Product\*\***

**2Q23 LTM Collected Premium by Product\***



**2Q23 LTM Insurance Margin by Product\***



\* Life, health and annuity products.

\*\* Net insurance liabilities are equal to: (i) policyholder account balances for annuity products; (ii) total reserves before the fair value adjustments reflected in accumulated other comprehensive income (loss), if applicable, for all other products; less (iii) amounts related to reinsurance business; (iv) deferred acquisition costs; (v) the present value of future profits; and (vi) the value of unexpired options credited to insurance liabilities.

## What Makes CNO Different

**Exclusive Focus on  
Middle-Income America**

**Our Diverse Distribution and  
Integrated Approach**

**Health and Wealth Solutions**

**Insurance and Securities  
Solutions**

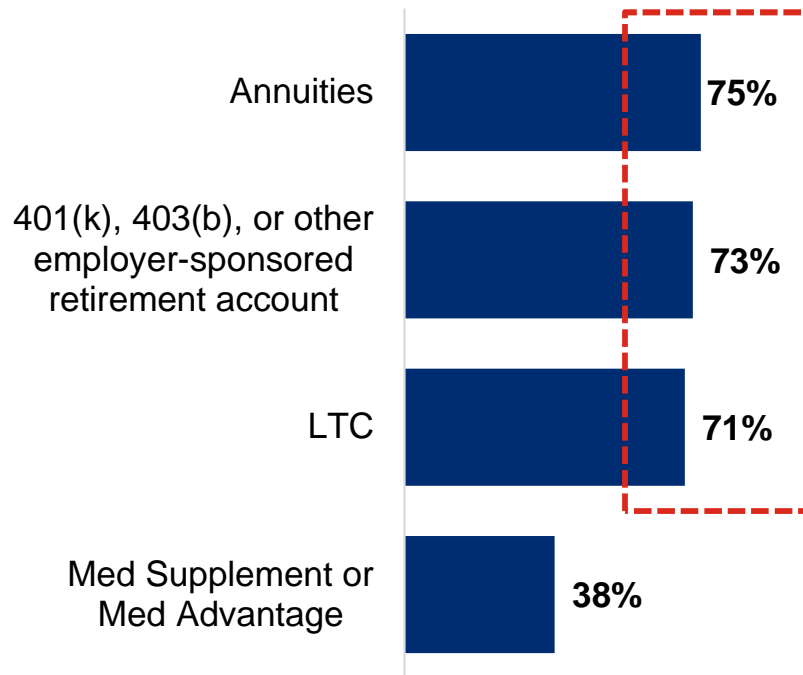
**Strong Cash Flow Generation**

# Well-Positioned in the Attractive Senior Middle Market

~45% of middle-income households have no life insurance<sup>1</sup>; ~55% of baby boomers lack financial advisors<sup>2</sup>

Percentage of Population Age 65+ without a Financial Product<sup>3,4</sup>

CNO Solutions



- Extensive experience and understanding of the middle market
- Differentiated with our market vs. product focus
- Diversification of products and distribution provides sustainable competitive advantage
- Positioned to help customers to address main concerns of outliving their assets and dealing with rising healthcare costs as they age

<sup>1</sup> LIMRA 2021 Barometer Study

<sup>2</sup> 2021 Forrester Analytics Technographics

<sup>3</sup> LIMRA 2021 Consumer Perspective on Long Term Care and Insurance; includes all age ranges, not just 65+

<sup>4</sup> Medicare Market Competition, Mark Farrah 2020, Year Over Year Medicare Supplement Market Snapshot and Plan Performance Insight, Mark Farrah 2021; includes people who are eligible for Medicare due to disability, not just 65+

# Unique Multi-Channel Operating Model

Leveraging products and brands across channels, completing the important “last mile” of sales and service delivery

## ▪ **Consumer Division**

- Strong exclusive agent franchise
  - Top distributor of health/wealth protection products through ~4,300 exclusive producing agents and financial representatives
  - Approximately 235 locations nationwide
  - Blend of “kitchen-table” and virtual sales model
- Broker-dealer and RIA offer investment and annuity products and support agent income

## ▪ **Worksite Division**

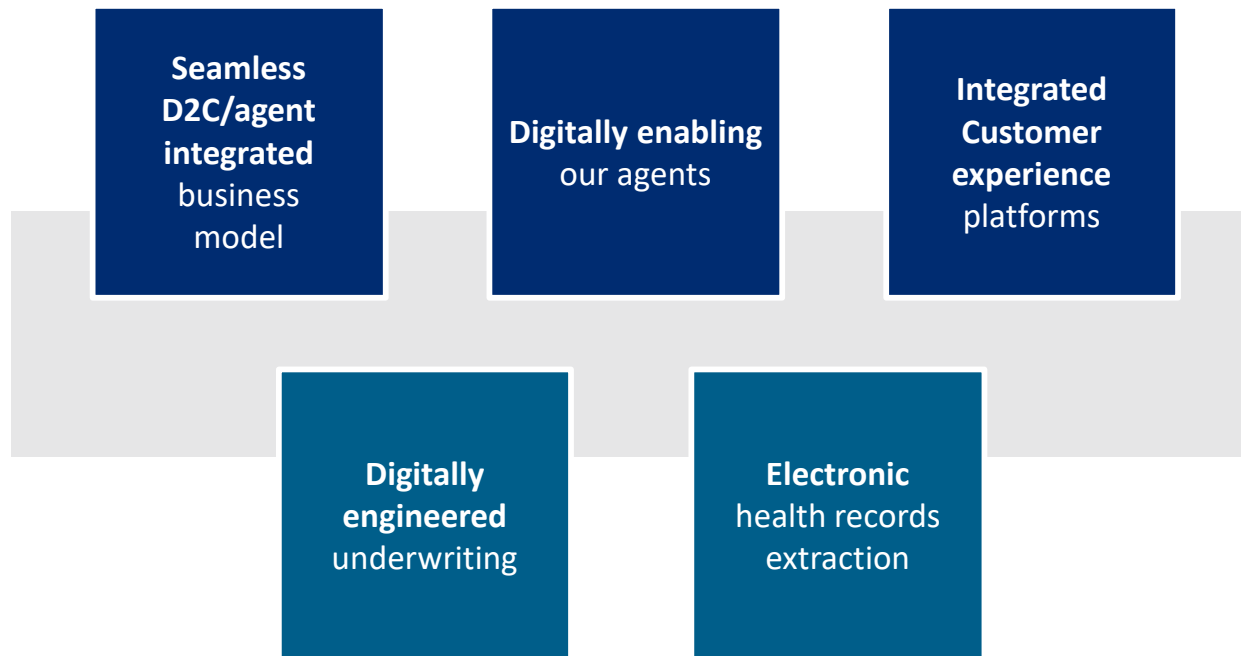
- Optavise offers employers and employees a unique combination of:
  - Expert guidance from our agents, benefits educators and healthcare advocates
  - Voluntary benefits
  - Year-round communications and advocacy services
  - Benefits administration technology

## ▪ **Multi-channel distribution transitioning to integrated delivery model**

- 2020 business transformation unlocking significant growth opportunities
- Capturing customers through direct engagement that leads to an integrated omnichannel buying experience
- Driving toward holistic relationships including protection & retirement planning; growth in assets & fees

# Evolving to a More Modern Experience

Using sophisticated digital platforms to create customer-centric experiences



## Enablers

- Robotics Process Automation (RPA)
- Business Process Automation (BPA)
- Cloud computing
- Low code / no code
- Artificial intelligence
- Agile framework

# Highly Diversified Product Mix

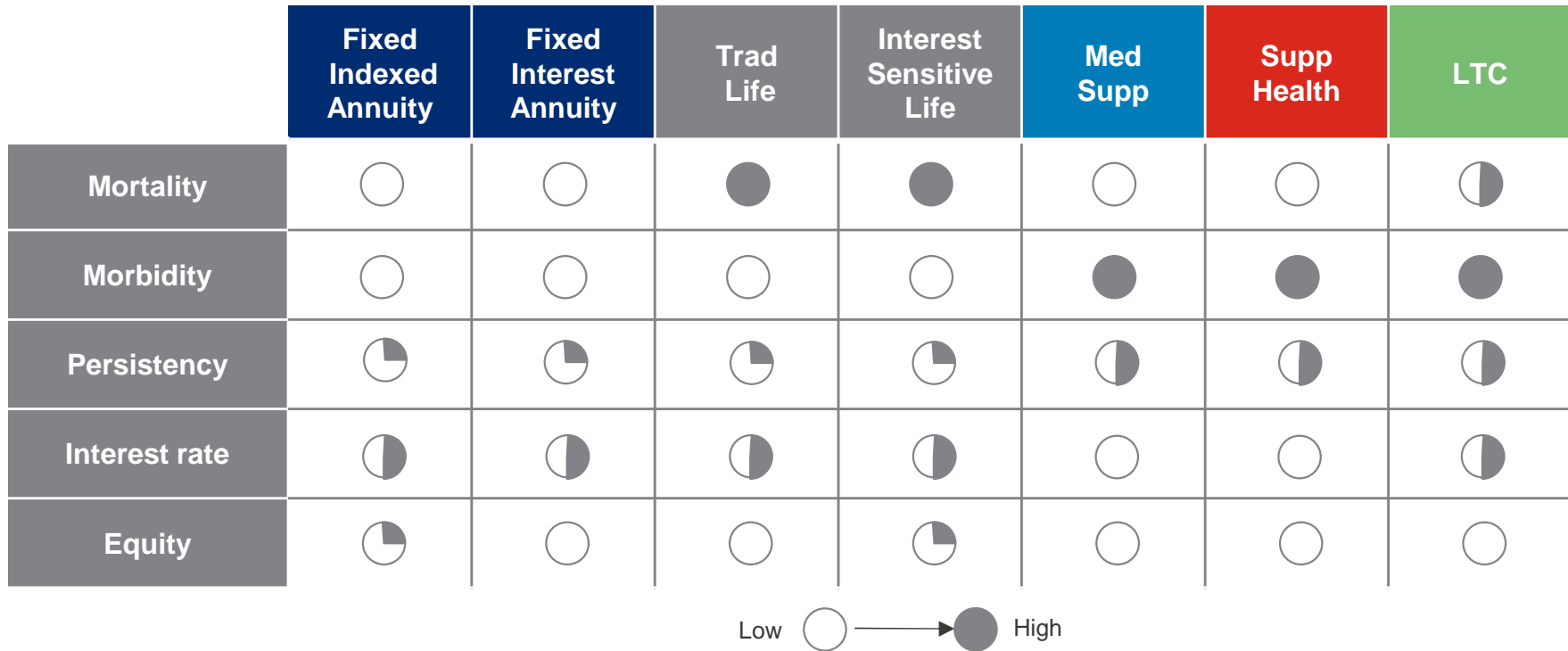
Broad & balanced portfolio focused on protection needs

Product Offering	Key Points
<b>1</b> Life Insurance	<ul style="list-style-type: none"><li>Protection-oriented products with low face amounts and few bells and whistles</li></ul>
<b>2</b> Annuities	<ul style="list-style-type: none"><li>Mix of protection and accumulation products to serve varied customer needs</li></ul>
<b>3</b> Medicare	<ul style="list-style-type: none"><li>Basic products that meet the insurance needs of the middle market</li></ul>
<b>4</b> Supplemental Health	<ul style="list-style-type: none"><li>Attractive and predictable return characteristics</li></ul>
<b>5</b> Long-Term Care	<ul style="list-style-type: none"><li>Low risk long-term care products with short-duration benefit period</li></ul>
<b>6</b> Third-Party Products / Services	<ul style="list-style-type: none"><li>Capital-light distribution-only fee revenue</li></ul>



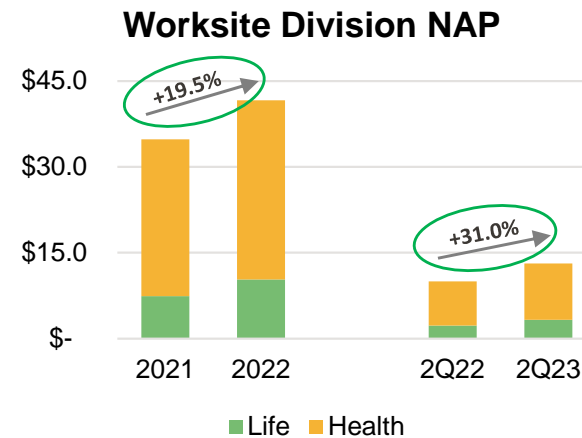
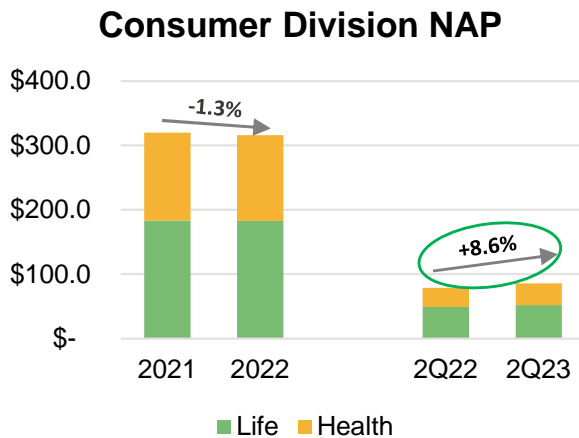
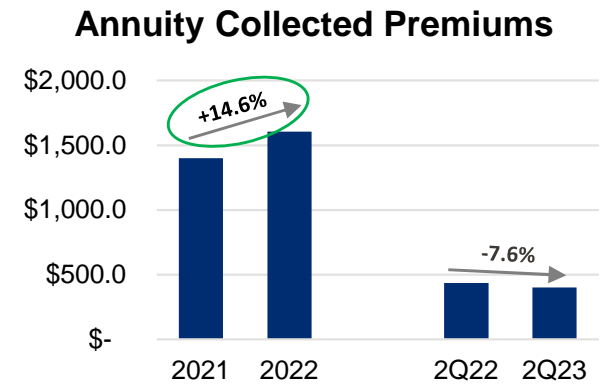
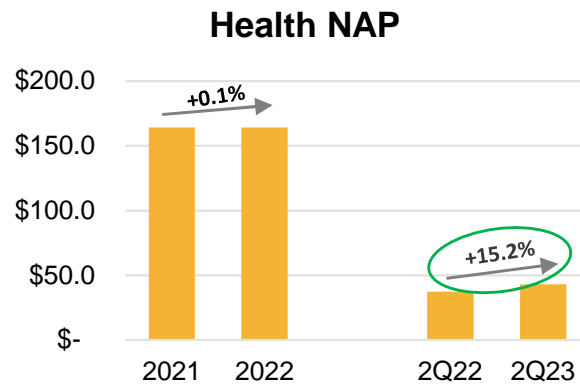
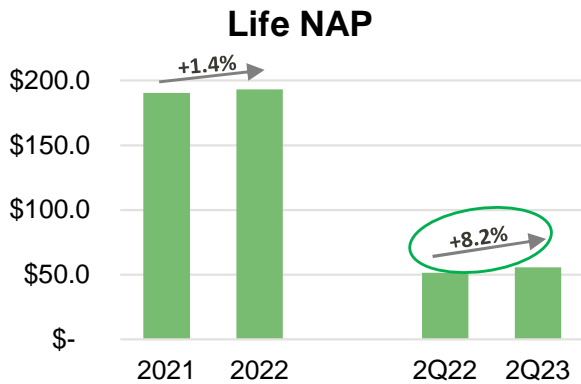
# Risk Management via Diversification and Natural Hedges

Relative degree of risk present (before mitigation) within each product



# Strategic Initiatives Successfully Reinvigorating Growth

(dollars in millions)

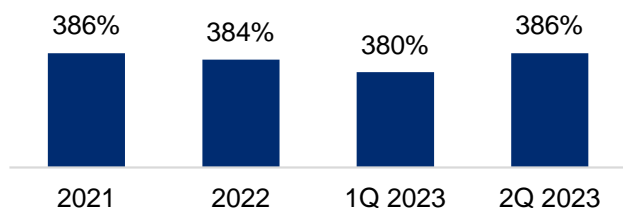


# Capital and Liquidity Overview

Capital and liquidity remain above target levels

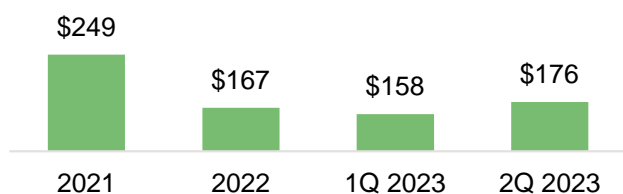
(dollars in millions)

## Consolidated Risk Based Capital (RBC) Ratio<sup>1</sup>



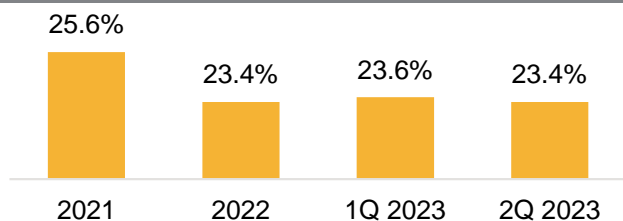
- Target consolidated RBC ratio of approximately 375%
- RBC variability expected in periods of market volatility

## Holding Company Liquidity



- Target minimum holding company liquidity of \$150 million
- Liquidity backstopped by \$250 million undrawn revolver
- No outstanding debt maturities until 2025

## Debt to Capital<sup>2</sup>



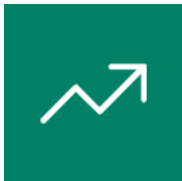
- Target leverage of 25 - 28%
- Debt covenant ceiling of 35%
- \$311 million in debt capacity to top of target leverage range

<sup>1</sup> The ratio of the combined capital of the insurance companies to the minimum amount of capital appropriate to support the overall business operations, as determined based on the methodology developed by the National Association of Insurance Commissioners.

<sup>2</sup> Excluding accumulated other comprehensive income (loss) (a non-GAAP measure). See the Appendix for a reconciliation to the corresponding GAAP measure.

# Excess Capital Allocation Strategy

Disciplined and opportunistic approach to maximize shareholder value



## Organic investments to sustain and grow the core businesses

- Agent pilots, technology-driven customer experience enhancements
- Hybrid distribution
- Worksite regional & national distribution and product enhancements
- Consistently refresh product portfolio



## Return capital to shareholders

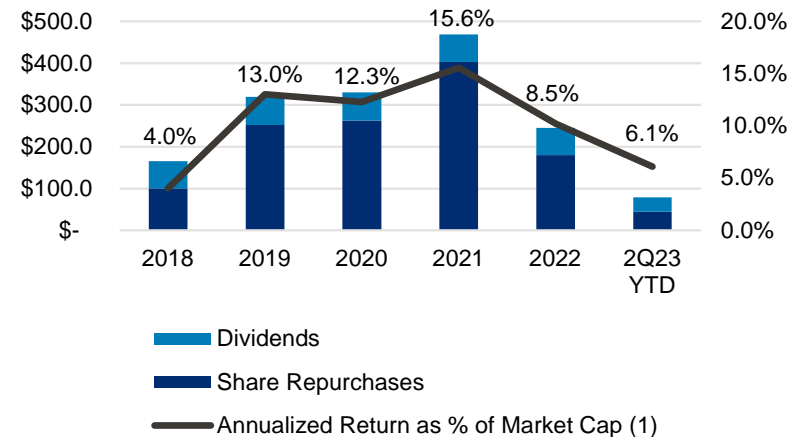
- Share repurchases: \$30 million in 2Q23
- Dividends: \$17 million in 2Q23



## Opportunistic transactions

- Highly selective M&A
- CNO Ventures: strategic minority investments largely in InsurTech
- LTC reinsurance (2018), Web Benefits Design<sup>3</sup> (2019), DirectPath<sup>4</sup> (2021)

**Capital Return as % of Market Capitalization**



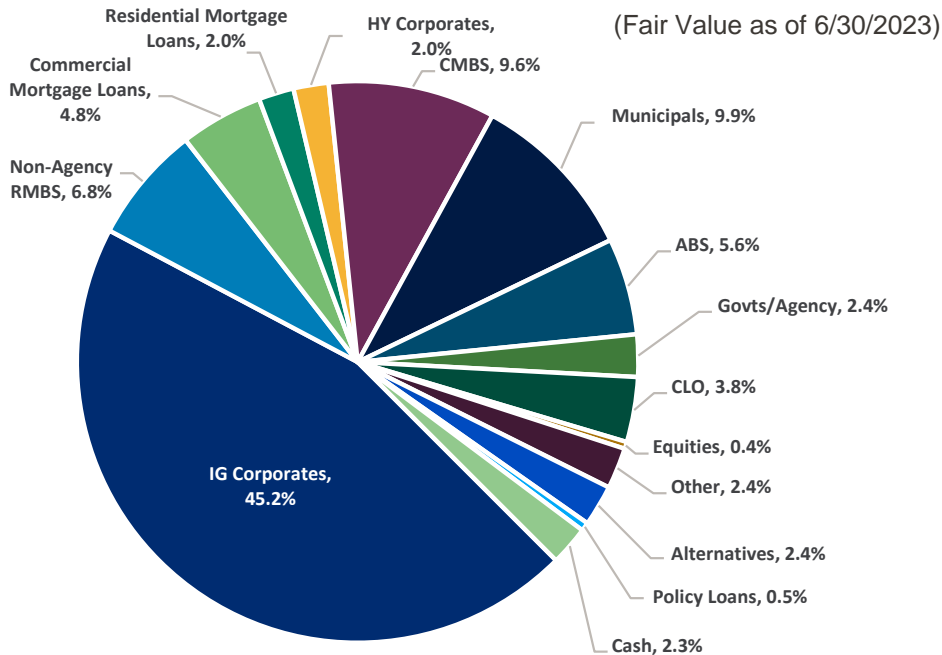
**Since 2018, returned \$1.4 billion, or 54% of current market capitalization<sup>2</sup>**

1 As of beginning of calendar year.  
 2 As of 6/30/2023.  
 3 Effective July 1, 2023, Web Benefits Design merged into Optavise.  
 4 Now known as Optavise, LLC subsequent to its name change in April 2022.

# Portfolio Composition

High-quality portfolio performing as expected, continued up-in-quality bias

## \$25 Billion of Invested Assets



## General Approach

- Positioned for relatively stable performance across credit cycles
- Focus on quality - margin against adverse development
- Calibrated allocation to risk asset categories – specific boundaries on the amount of high-risk assets we will own
- Low impairments through multiple cycles
- Embedded asset liability management
- Opportunistic investments protect/grow book yield and core earnings power

## Highlights

- High degree of liquidity: 60% of portfolio in corporate and government bonds
- Up-in-quality positioning over past 12 months
  - “BBB” allocation reduced by 330 bps in the last 12 months
  - “A” and better allocation increased by 470 bps in the last 12 months
- Strong credit risk profile
  - Capital efficient: 97% rated NAIC 1 or 2
  - Portfolio average rating A
  - Significant credit enhancement in structured products including CMBS
  - Diversified commercial and residential mortgage allocation. No commercial mortgage loan delinquencies
  - Alternative investments emphasizing consistent cash flows as a source of return

# 2023 Outlook<sup>1</sup>



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## Earnings

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- EPS range of \$2.65 - \$2.85
- 19.0 – 19.4% expense ratio
- 23.0 – 24.0% effective tax rate



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## Free Cash Flow / Excess Capital

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- 375% consolidated RBC ratio target
- Target leverage of 25.0% – 28.0%
- \$180mm – \$200mm of excess cash flow to holdco assuming current capital and reinsurance structure
- Bermuda captive discussions ongoing

<sup>1</sup>Excluding significant items.

# Environmental, Social and Governance



## Environmental

- Achieved goal to reduce GHG emissions by at least 25% by 2030, eight years ahead of target
- Funded \$300 million in new impact investments, exceeding our goal of \$100 million



## Social

- Introduced new corporate philanthropic donation of \$50,000 to support diverse, nonprofit community organizations
- Named as one of Forbes' Best Employers for Diversity for the third consecutive year



## Governance

- Analyzed and refreshed all policies and procedures with a focus on enhancing ethical and responsible business practices
- Welcomed two new directors to the Board in May 2023 as part of the regular refreshment cycle



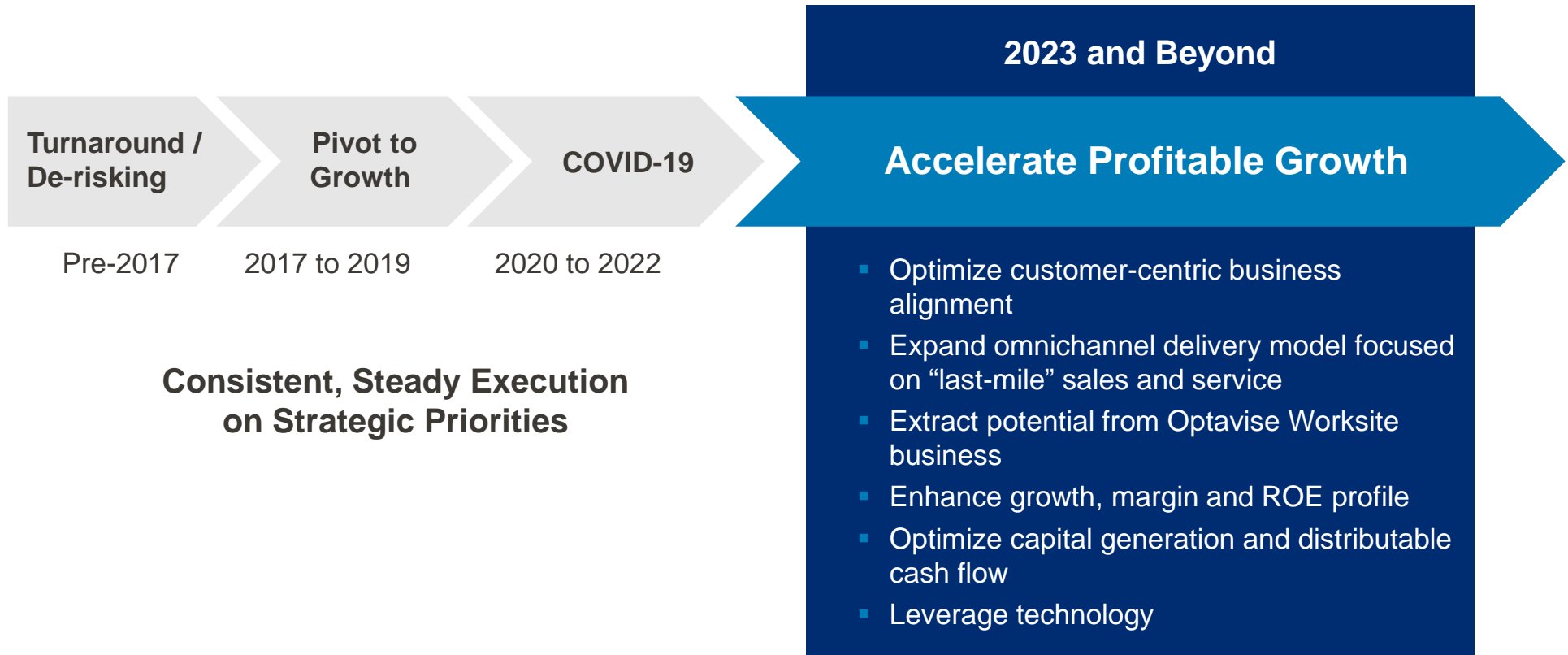
2023 WINNER



**HEALTHIEST EMPLOYERS®**



# Resuming Our Growth Momentum





## Why Invest in CNO



Exclusive focus  
on underserved  
middle market



Favorable  
demographic  
tailwinds



Diverse and integrated  
"last mile" virtual and  
in-person model



Sustainable  
growth initiatives  
in place



Strong balance sheet  
and solid free cash  
flow generation

# Appendix 1

## **Strong Operational Performance**

Experienced Management Team	Slide 19
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## **Building on Strong Track Record of Execution**

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## Experienced Management Team With a Proven Track Record

12-year average tenure; 26-year average service in the insurance sector

Name	Title	Years with CNO	Years in Insurance Sector	Age
<b>Gary C. Bhojwani</b>	Chief Executive Officer	7	34	55
<b>Paul H. McDonough</b>	Chief Financial Officer	4	22	58
<b>Eric R. Johnson</b>	Chief Investment Officer	26	27	62
<b>Mike E. Mead</b>	Chief Information Officer	4	33	57
<b>Jean L. Linnenbringer</b>	Chief Operations Officer	8	31	61
<b>Matthew J. Zimpfer</b>	General Counsel	25	31	55
<b>Yvonne K. Franzese</b>	Chief Human Resources Officer	5	34	64
<b>John R. Kline</b>	Chief Accounting Officer	33	44	65
<b>Rocco F. Tarasi</b>	Chief Marketing Officer	6	7	51
<b>Karen J. DeToro</b>	Chief Actuary	3	30	51
<b>Scott L. Goldberg</b>	President, Consumer Division	18	23	52
<b>Michael B. Byers</b>	President, Worksite Division	2	3	61

# The Optavise Solution: Educate and Protect Year Round

## VOLUNTARY BENEFITS

Optavise offers an insurance portfolio that protects employees

### OPTAVISE EDUCATION

One-on-one support for better benefits understanding of plan choices: in-person, virtual, or by phone.

### OPTAVISE COMMUNICATIONS

Year-round, targeted messaging for the multigenerational workforce.



### OPTAVISE BENEFITS ADMINISTRATION

A multimodule benefits system to enroll employees in the benefits process and provide system of record for employer.

### OPTAVISE ADVOCACY

Access to advocates to seek second opinions, find lowest cost procedures and resolve billing issues.

# Cash Flow Profile

(dollars in millions)

	For the Quarter		Trailing Twelve Months	
	2Q22	2Q23	2Q22	2Q23
Net Operating Income <sup>1</sup>	\$ 135.1	\$ 62.3	\$ 410.8	\$ 281.7
<b>Holding Company Cash Flows:</b>				
Dividends from Subsidiaries	\$ 31.7	\$ 59.0	\$ 260.7	\$ 148.6
Management Fees	29.0	29.6	120.7	121.6
Surplus Debenture Interest	12.1	16.6	55.4	67.2
Earnings on Corporate Investments	1.5	3.3	6.8	13.7
Other	9.4	12.5	(2.4)	3.7
<b>Holding Company Sources of Cash<sup>2</sup></b>	<b>83.7</b>	<b>121.0</b>	<b>441.2</b>	<b>354.8</b>
Holding Company Expenses and Other	(30.3)	(11.6)	(94.9)	(98.0)
Tax Payments	-	(15.3)	(36.4)	(29.9)
Interest Payments	(28.3)	(28.3)	(60.8)	(60.8)
<b>Excess Cash Flow to Holding Company<sup>2</sup></b>	<b>25.1</b>	<b>65.8</b>	<b>249.1</b>	<b>166.1</b>
Share Repurchases	(60.0)	(29.7)	(380.0)	(64.2)
Dividend Payments to Stockholders	(16.5)	(17.5)	(64.6)	(66.7)
<b>Net Change in Holding Company Cash and Investments</b>	<b>(51.4)</b>	<b>18.6</b>	<b>(195.5)</b>	<b>35.2</b>
Cash and Investments, Beginning of Period	192.3	157.5	336.4	140.9
<b>Cash and Investments, End of Period</b>	<b>\$ 140.9</b>	<b>\$ 176.1</b>	<b>\$ 140.9</b>	<b>\$ 176.1</b>

<sup>1</sup> A non-GAAP measure. See the Appendix for a reconciliation to the corresponding GAAP measure.

<sup>2</sup> Cash flows exclude acquisitions, dividend payments, stock repurchases, and financing transactions.

# Broker-Dealer/Registered Investment Advisor

Account values up 14% YoY; \$2.9 billion in client assets

(dollars in millions)

		2022			2023	
		2Q	3Q	4Q	1Q	2Q
<b>Net New Client Assets in Brokerage and Advisory<sup>1</sup></b>	Brokerage	\$ (10.5)	\$ (17.9)	\$ (9.2)	\$ 7.9	\$ (4.2)
	Advisory	24.2	32.9	31.8	54.2	41.8
	Total	\$ 13.7	\$ 15.0	\$ 22.6	\$ 62.1	\$ 37.6
<b>Client Assets in Brokerage and Advisory<sup>1</sup> at end of period</b>	Brokerage	\$ 1,492.2	\$ 1,412.8	\$ 1,495.5	\$ 1,563.5	\$ 1,626.1
	Advisory	1,069.9	1,040.5	1,141.2	1,046.6	1,302.0
	Total	\$ 2,562.1	\$ 2,453.3	\$ 2,636.7	\$ 2,610.1	\$ 2,928.1

<sup>1</sup> Client assets include cash and securities in brokerage, broker/dealer customer account assets custodied directly at fund companies and insurance carriers, and assets under management in advisory accounts. Prior periods have been restated to conform with current presentation.

Bankers Life is the marketing brand of various affiliated companies of CNO Financial Group including, Bankers Life and Casualty Company, Bankers Life Securities, Inc., and Bankers Life Advisory Services, Inc. Non-affiliated insurance products are offered through Bankers Life General Agency, Inc. (dba BL General Insurance Agency, Inc., AK, AL, CA, NV, PA). Agents who are financial advisors are registered with Bankers Life Securities, Inc.

Securities and variable annuity products and services are offered by Bankers Life Securities, Inc. Member FINRA/SIPC, (dba BL Securities, Inc., AL, GA, IA, IL, MI, NV, PA). Advisory products and services are offered by Bankers Life Advisory Services, Inc. SEC Registered Investment Adviser (dba BL Advisory Services, Inc., AL, GA, IA, MT, NV, PA). Home Office: 111 East Wacker Drive, Suite 1900, Chicago, IL 60601

## Exclusive Agent Counts

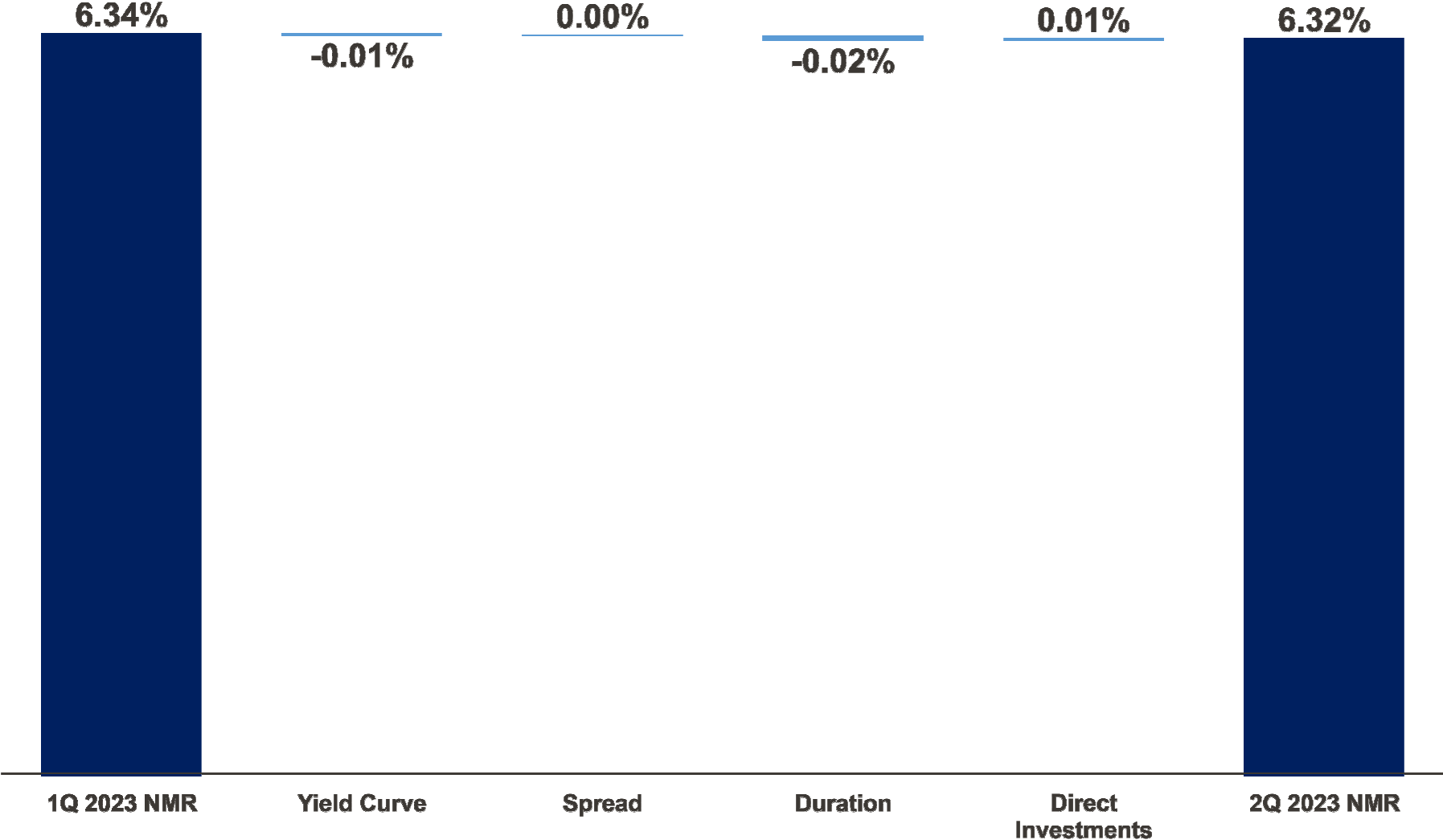
Producing agent count growth across both divisions a result of successful recruiting strategies and a softening labor market

	2022			2023		% Change	% Change
	2Q	3Q	4Q	1Q	2Q	vs. 1Q23	vs. 2Q22
<b><u>Consumer</u></b>							
Producing Field Agents <sup>1,3</sup>	3,968	3,913	3,882	3,985	4,279	7.4%	7.8%
Registered Agents <sup>2,3</sup>	676	688	695	695	695	0.0%	2.8%
<b><u>Worksite</u></b>							
Producing Field Agents <sup>1,3</sup>	234	258	275	288	310	7.6%	32.5%

- 1 Producing agents represent the monthly average of exclusive agents that have submitted at least one policy in the month.
- 2 Registered agents are dually licensed as insurance agents and financial representatives who can buy and sell securities for clients, and/or investment advisors who can provide ongoing investment advice for clients.
- 3 Agent and representative counts represent the average of the last 3 months.

# New Money Rate Walk

Flat NMR reflects peaking interest rates



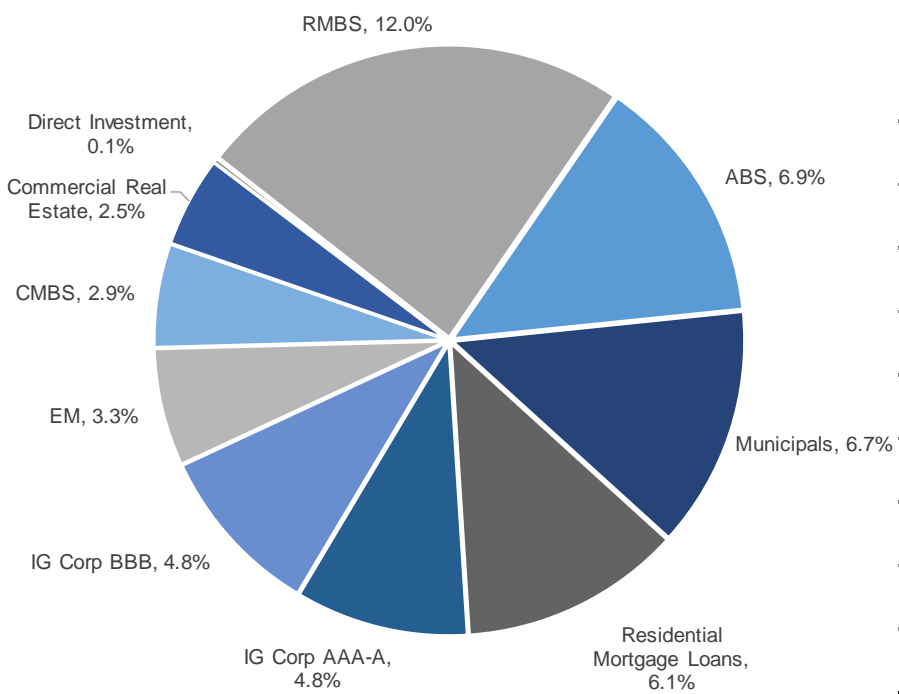


# New Money Summary

Strategically harvesting rising market yields, in the context of up-in-quality strategy

## 2Q General Account New Money Purchases

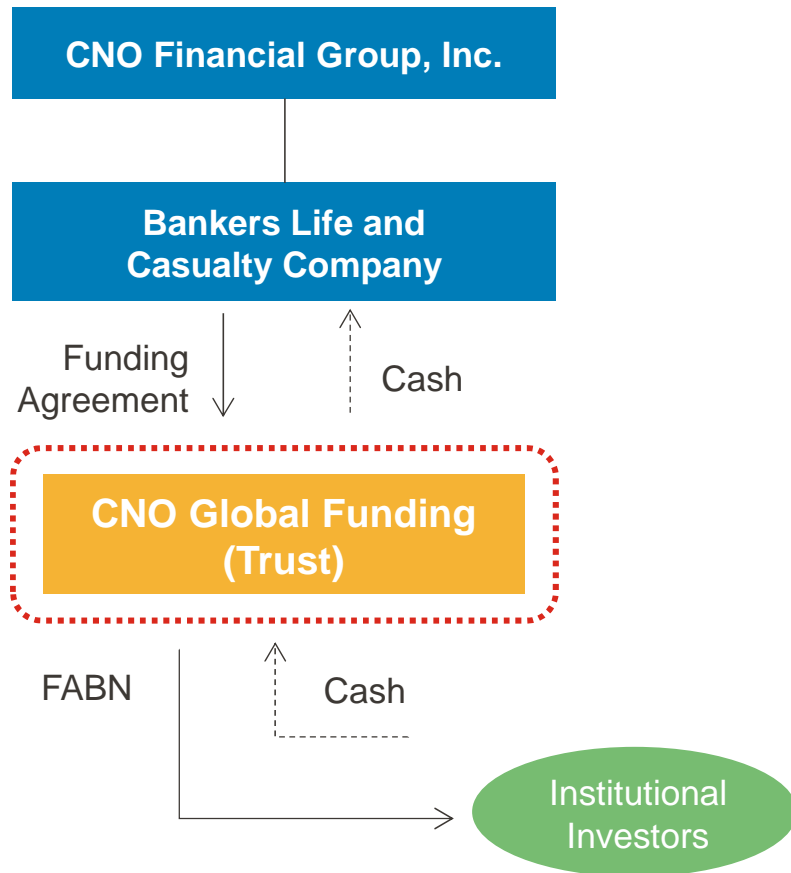
	\$	%	GAAP YTM	Duration
RMBS	141.7	24.0	5.63%	5.34
ABS	81.5	13.8	7.11%	3.75
Municipals	78.9	13.4	5.51%	12.02
Residential Mortgage Loans	72.3	12.2	7.00%	7.00
IG Corp AAA-A	56.5	9.6	6.14%	6.05
IG Corp BBB	56.2	9.5	6.09%	8.05
EM	38.4	6.5	5.57%	9.07
CMBS	33.8	5.7	6.05%	3.63
Commercial Real Estate	29.5	5.0	9.93%	1.82
Direct Investment	1.5	0.3	6.80%	7.54
<b>Total</b>	<b>590.2</b>	<b>100%</b>	<b>6.32%</b>	<b>6.52</b>



# Funding Agreement-Backed Notes (FABN) Program

Established in 3Q21 to leverage CNO's core investment competencies; generating incremental earnings at an attractive return on the underlying capital

## Legal Entity Overview



<b>Issuer</b>	<b>CNO Global Funding, a Delaware statutory trust</b>
<b>Funding Agreement Provider</b>	Bankers Life and Casualty Company
<b>Type</b>	Funding Agreement-backed Global Medium-Term Notes
<b>Format</b>	144A / Regulation S
<b>Program Size</b>	\$3b, \$500m issued in 4Q21; \$900m issued in 1Q22
<b>Note Ratings <sup>(1)</sup></b>	Moody's: A3 (Stable) S&P: A- (Stable) Fitch: A- (Positive)
<b>Listing</b>	Euronext Dublin

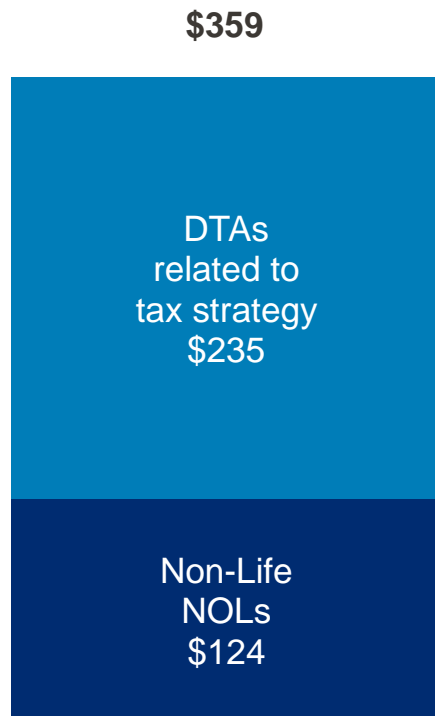
<sup>1</sup> Ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

# Tax Asset Summary as of June 30, 2023

\$359 million/\$3.11 per diluted share value of NOLs and DTAs related to tax strategy

## Value of NOLs and deferred tax assets (DTAs) related to tax strategy

(dollars in millions)



## Details

- Total estimated economic value of tax assets related to our NOLs and tax strategy of approximately \$216 million @ 10% discount rate (\$1.88 on a per share basis).
- Life NOLs have been fully utilized. Non-life NOLs are expected to offset 100% of non-life taxable income and 35% of life taxable income through 2023.

# Long-Term Care Insurance

Highly differentiated inforce block; prudently managed

## **New sales (~\$25 million annually) focused on short duration products**

- 98% of new sales for policies with 2 years or less in benefits
- Average benefit period of 11 months
- New business 25% reinsured since 2008

## **Reserve assumptions informed by historical experience**

- No morbidity improvement
- No mortality improvement
- Minimal future rate increases

## **Favorable economic profile**

- Total LTC is just 13.1% of overall CNO insurance liabilities
- Downside risk significantly reduced after 2018 reinsurance transaction
- Average maximum benefit at issuance is \$161 per day for inforce block

## **Block Highlights**

- Less than 25% of policies have inflation benefits
- 2.4% of policies have lifetime benefits and the average non-lifetime benefit period is ~1.5 years
- Average attained age is 74.7 years

# 2018 Transformative LTC Reinsurance Transaction

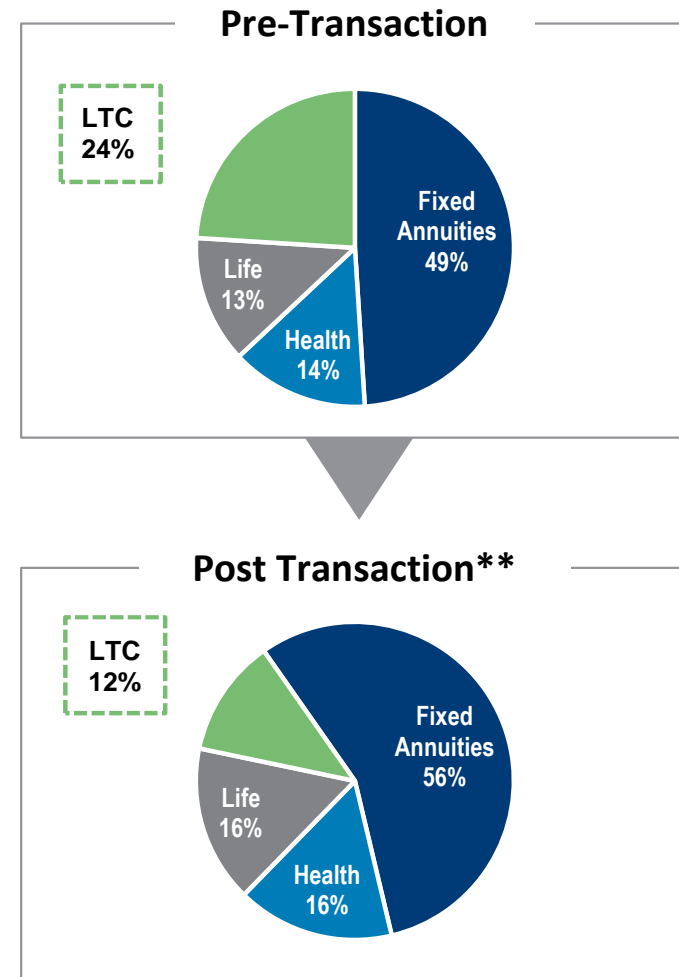
Divestiture of legacy LTC exposure significantly improves risk profile

- In September 2018, Bankers Life entered into an agreement with Wilton Re to **cede 100% of Bankers Life legacy (prior to 2003) comprehensive and nursing home long-term care reserves** through indemnity coinsurance
  - Culmination of multi-year exploration of strategic alternatives
  - Comprising 52% of CNO's statutory long-term care reserves
  - \$825mm ceding commission paid to Wilton Re, financed from existing capital resources
- **Significant risk reduction**, especially in severe stress scenarios; business ceded is the most volatile from an earnings and capital perspective
- **Domestic comfort trust established** to hold assets backing 100% of the statutory liabilities plus an additional \$500mm of over-collateralization
- Wilton Re is a **highly-rated** and **well-capitalized** counterparty
- Step forward in achieving **investment grade ratings**
- **Results in increased cash flow generation**

\* Reserve net of reinsurance

\*\* As of September 30, 2018

## Reserve Composition\*



## **Appendix 2: Financial Exhibits**

Non-GAAP Financial Measures

Slides 31 – 39

## 4Q22 Significant Items

The table below summarizes the financial impact of significant items on our 4Q22 net operating income. Management believes that identifying the impact of these items enhances the understanding of our operating results.

(dollars in millions, except per-share amounts)

	Three months ended December 31, 2022		
	Actual results	Significant items	Excluding significant items
Insurance product margin			
Annuity	\$ 50.8	\$ 3.2 (1)	\$ 54.0
Health	140.4	(18.3) (1)	122.1
Life	43.3	14.4 (1)	57.7
Total insurance product margin	234.5	(0.7)	233.8
Allocated expenses	(149.1)	-	(149.1)
Income from insurance products	85.4	(0.7)	84.7
Fee income	9.2	-	9.2
Investment income not allocated to product lines	25.2	-	25.2
Expenses not allocated to product lines	(12.8)	-	(12.8)
Operating earnings before taxes	107.0	(0.7)	106.3
Income tax expense on operating income	(24.1)	0.2	(23.9)
Net operating income (2)	<u>\$ 82.9</u>	<u>\$ (0.5)</u>	<u>82.4</u>
Net operating income per diluted share (2)	<u>\$ 0.71</u>	<u>\$ -</u>	<u>\$ 0.71</u>

(1) Adjustments arising from our comprehensive annual actuarial review of assumptions.

(2) A non-GAAP measure. See pages 35 and 37 for a reconciliation to the corresponding GAAP measure.

## 2Q22 Significant Items

The table below summarizes the financial impact of significant items on our 2Q22 net operating income. Management believes that identifying the impact of these items enhances the understanding of our operating results.

(dollars in millions, except per-share amounts)

	Three months ended June 30, 2022		
	Actual results	Significant items	Excluding significant items
Insurance product margin			
Annuity	\$ 60.1	\$ -	\$ 60.1
Health	125.4	-	125.4
Life	70.2	-	70.2
Total insurance product margin	255.7	-	255.7
Allocated expenses	(152.2)	-	(152.2)
Income from insurance products	103.5	-	103.5
Fee income	3.2	-	3.2
Investment income not allocated to product lines	64.6	-	64.6
Expenses not allocated to product lines	2.9	(22.5) (1)	(19.6)
Operating earnings before taxes	174.2	(22.5)	151.7
Income tax (expense) benefit on operating income	(39.1)	5.1	(34.0)
Net operating income (2)	<u>\$ 135.1</u>	<u>\$ (17.4)</u>	<u>117.7</u>
Net operating income per diluted share (2)	<u>\$ 1.15</u>	<u>\$ (0.15)</u>	<u>\$ 1.00</u>

(1) Comprised of an experience refund of \$22.5 million related to a reinsurance agreement.

(2) A non-GAAP measure. See pages 35 and 37 for a reconciliation to the corresponding GAAP measure.



## 4Q21 Significant Items

The table below summarizes the financial impact of significant items on our 4Q21 net operating income. Management believes that identifying the impact of these items enhances the understanding of our operating results.

(dollars in millions, except per-share amounts)

	Three months ended December 31, 2021		
	Actual results	Significant items	Excluding significant items
Insurance product margin			
Annuity	\$ 65.6	\$ 0.7 (1)	\$ 66.3
Health	126.2	(7.1) (1)	119.1
Life	53.4	3.4 (1)	56.8
Total insurance product margin	245.2	(3.0)	242.2
Allocated expenses	(143.3)	-	(143.3)
Income from insurance products	101.9	(3.0)	98.9
Fee income	2.9	-	2.9
Investment income not allocated to product lines	44.4	-	44.4
Expenses not allocated to product lines	(17.4)	-	(17.4)
Operating earnings before taxes	131.8	(3.0)	128.8
Income tax (expense) benefit on operating income	(28.7)	0.7	(28.0)
Net operating income (2)	<u>\$ 103.1</u>	<u>\$ (2.3)</u>	<u>100.8</u>
Net operating income per diluted share (2)	<u>\$ 0.83</u>	<u>\$ (0.02)</u>	<u>\$ 0.81</u>

(1) Adjustments arising from our comprehensive annual actuarial review of assumptions.

(2) A non-GAAP measure. See pages 35 and 37 for a reconciliation to the corresponding GAAP measure.

## 3Q21 Significant Items

The table below summarizes the financial impact of significant items on our 3Q21 net operating income. Management believes that identifying the impact of these items enhances the understanding of our operating results.

(dollars in millions, except per-share amounts)

	Three months ended September 30, 2021		
	Actual results	Significant items	Excluding significant items
Insurance product margin			
Annuity	\$ 58.5	\$ -	\$ 58.5
Health	122.8	-	122.8
Life	60.8	-	60.8
Total insurance product margin	242.1	-	242.1
Allocated expenses	(140.5)	-	(140.5)
Income from insurance products	101.6	-	101.6
Fee income	2.6	-	2.6
Investment income not allocated to product lines	51.9	-	51.9
Expenses not allocated to product lines	(17.3)	3.0 (1)	(14.3)
Operating earnings before taxes	138.8	3.0	141.8
Income tax expense on operating income	(30.7)	(0.7)	(31.4)
Net operating income (2)	<u>\$ 108.1</u>	<u>\$ 2.3</u>	<u>110.4</u>
Net operating income per diluted share (2)	<u>\$ 0.84</u>	<u>\$ 0.02</u>	<u>\$ 0.86</u>

(1) Comprised of \$3.0 million from legal and regulatory matters.

(2) A non-GAAP measure. See pages 35 and 37 for a reconciliation to the corresponding GAAP measure.

# Quarterly Earnings

(dollars in millions)

	2Q22	3Q22	4Q22	1Q23	2Q23
Insurance product margin					
Annuity	\$ 60.1	\$ 60.1	\$ 50.8	\$ 57.3	\$ 57.1
Health	125.4	123.3	140.4	116.5	108.2
Life	70.2	55.7	43.3	47.4	57.9
Total insurance product margin	255.7	239.1	234.5	221.2	223.2
Allocated expenses	(152.2)	(150.5)	(149.1)	(157.5)	(149.5)
Income from insurance products	103.5	88.6	85.4	63.7	73.7
Fee income	3.2	1.4	9.2	15.5	0.6
Investment income not allocated to product lines	64.6	27.1	25.2	15.5	28.0
Expenses not allocated to product lines	2.9	(16.1)	(12.8)	(18.3)	(21.1)
Operating earnings before taxes	174.2	101.0	107.0	76.4	81.2
Income tax expense on operating income	(39.1)	(23.1)	(24.1)	(17.8)	(18.9)
Net operating income*	135.1	77.9	82.9	58.6	62.3
Net realized investment gains (losses) from sales, impairments and change in allowance for credit losses	(27.1)	(0.7)	(27.2)	(12.7)	(31.3)
Net change in market value of investments recognized in earnings	(21.7)	(17.0)	(9.0)	(1.9)	(4.0)
Changes in fair value of embedded derivative liabilities and market risk benefits	160.6	130.6	(16.4)	(65.1)	50.4
Fair value changes related to agent deferred compensation plan	14.0	12.0	0.2	-	-
Other	(0.2)	2.0	(6.1)	2.3	(0.2)
Non-operating income (loss) before taxes	125.6	126.9	(58.5)	(77.4)	14.9
Income tax (expense) benefit on non-operating income (loss)	(27.4)	(28.9)	13.6	18.0	(3.5)
Net non-operating income (loss)	98.2	98.0	(44.9)	(59.4)	11.4
Net income (loss)	\$ 233.3	\$ 175.9	\$ 38.0	\$ (0.8)	\$ 73.7

\* Management believes that an analysis of Net income applicable to common stock before: (i) net realized investment gains or losses from sales, impairments and the change in allowance for credit losses, net of taxes; (ii) net change in market value of investments recognized in earnings, net of taxes; (iii) changes in fair value of embedded derivative liabilities and market risk benefits related to our fixed indexed annuities, net of taxes; (iv) fair value changes related to the agent deferred compensation plan, net of taxes; (v) loss on extinguishment of debt, net of taxes; (vi) changes in the valuation allowance for deferred tax assets and other tax items; and (vii) other non-operating items consisting primarily of earnings attributable to variable interest entities, net of taxes ("Net operating income," a non-GAAP financial measure) is important to evaluate the financial performance of the company, and is a key measure commonly used in the life insurance industry. Management uses this measure to evaluate performance because the items excluded from net operating income can be affected by events that are unrelated to the company's underlying fundamentals. A reconciliation of Net operating income to Net income applicable to common stock is provided in the above table.

## Information Related to Certain Non-GAAP Financial Measures

The following provides additional information regarding certain non-GAAP measures used in this presentation. A non-GAAP measure is a numerical measure of a company's performance, financial position, or cash flows that excludes or includes amounts that are normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. While management believes these measures are useful to enhance understanding and comparability of our financial results, these non-GAAP measures should not be considered as substitutes for the most directly comparable GAAP measures. Additional information concerning non-GAAP measures is included in our periodic filings with the Securities and Exchange Commission that are available in the "Investors – SEC Filings" section of CNO's website, [www.CNOinc.com](http://www.CNOinc.com).

### Operating earnings measures

Management believes that an analysis of net income applicable to common stock before net realized investment gains or losses from sales, impairments and change in allowance for credit losses, net change in market value of investments recognized in earnings, changes in fair value of embedded derivative liabilities and market risk benefits related to our fixed indexed annuities, fair value changes related to the agent deferred compensation plan, loss on extinguishment of debt, changes in the valuation allowance for deferred tax assets and other tax items and other non-operating items consisting primarily of earnings attributable to variable interest entities ("net operating income," a non-GAAP financial measure) is important to evaluate the financial performance of the Company and is a key measure commonly used in the life insurance industry. Management uses this measure to evaluate performance because the items excluded from net operating income can be affected by events that are unrelated to the Company's underlying fundamentals.

## Information Related to Certain Non-GAAP Financial Measures

A reconciliation of net income applicable to common stock to net operating income (and related per-share amounts) is as follows:

(dollars in millions, except per-share amounts)

	<u>2Q22</u>	<u>3Q22</u>	<u>4Q22</u>	<u>1Q23</u>	<u>2Q23</u>
<b>Net income (loss) applicable to common stock</b>	<b>\$ 233.3</b>	<b>\$ 175.9</b>	<b>\$ 38.0</b>	<b>\$ (0.8)</b>	<b>\$ 73.7</b>
Non-operating items:					
Net realized investment (gains) losses from sales and impairments	27.1	0.7	27.2	12.7	31.3
Net change in market value of investments recognized in earnings	21.7	17.0	9.0	1.9	4.0
Changes in fair value of embedded derivative liabilities and market risk benefits	(160.6)	(130.6)	16.4	65.1	(50.4)
Fair value changes related to the agent deferred compensation plan	(14.0)	(12.0)	(0.2)	-	-
Other	0.2	(2.0)	6.1	(2.3)	0.2
Non-operating (income) loss before taxes	(125.6)	(126.9)	58.5	77.4	(14.9)
Income tax expense (benefit) on non-operating income	27.4	28.9	(13.6)	(18.0)	3.5
Net non-operating (income) loss	(98.2)	(98.0)	44.9	59.4	(11.4)
<b>Net operating income (a non-GAAP financial measure)</b>	<b>\$ 135.1</b>	<b>\$ 77.9</b>	<b>\$ 82.9</b>	<b>\$ 58.6</b>	<b>\$ 62.3</b>
Per diluted share:					
<b>Net income (loss)</b>	<b>\$ 1.99</b>	<b>\$ 1.52</b>	<b>\$ 0.33</b>	<b>\$ (0.01)</b>	<b>\$ 0.64</b>
Net realized investment (gains) losses from sales and impairments (net of taxes)	0.18	-	0.18	0.09	0.21
Net change in market value of investments recognized in earnings (net of taxes)	0.14	0.11	0.06	0.01	0.02
Changes in fair value of embedded derivative liabilities and market risk benefits (net of taxes)	(1.07)	(0.87)	0.10	0.44	(0.33)
Fair value changes related to the agent deferred compensation plan (net of taxes)	(0.09)	(0.08)	-	-	-
Other	-	(0.01)	0.04	(0.02)	-
<b>Net operating income (a non-GAAP financial measure)</b>	<b>\$ 1.15</b>	<b>\$ 0.67</b>	<b>\$ 0.71</b>	<b>\$ 0.51</b>	<b>\$ 0.54</b>

## Information Related to Certain Non-GAAP Financial Measures

A reconciliation of operating income and shares used to calculate basic and diluted operating earnings per share is as follows:

(dollars in millions, except per-share amounts, and shares in thousands)

	<u>2Q22</u>	<u>3Q22</u>	<u>4Q22</u>	<u>1Q23<sup>(a)</sup></u>	<u>2Q23</u>
Operating income	<u>\$ 135.1</u>	<u>\$ 77.9</u>	<u>\$ 82.9</u>	<u>\$ 58.6</u>	<u>\$ 62.3</u>
Weighted average shares outstanding for basic earnings per share	115,533	114,354	114,422	114,545	114,273
Effect of dilutive securities on weighted average shares:					
Stock options, restricted stock and performance units	<u>1,753</u>	<u>1,574</u>	<u>2,231</u>	<u>-</u>	<u>1,377</u>
Weighted average shares outstanding for diluted earnings per share	<u>117,286</u>	<u>115,928</u>	<u>116,653</u>	<u>114,545</u>	<u>115,650</u>
Net operating income per diluted share	<u>\$ 1.15</u>	<u>\$ 0.67</u>	<u>\$ 0.71</u>	<u>\$ 0.51</u>	<u>\$ 0.54</u>

(a) Equivalent common shares of 2,182.5 were not included in the diluted weighted average shares outstanding due to the net loss recognized in 1Q23.

## Information Related to Certain Non-GAAP Financial Measures

### Debt to capital ratio, excluding accumulated other comprehensive income (loss)

The debt to capital ratio, excluding accumulated other comprehensive income (loss), differs from the debt to capital ratio because accumulated other comprehensive income (loss) has been excluded from the value of capital used to determine this measure. Management believes this non-GAAP financial measure is useful because it removes the volatility that arises from changes in accumulated other comprehensive income (loss). Such volatility is often caused by changes in the estimated fair value of our investment portfolio resulting from changes in general market interest rates rather than the business decisions made by management. A reconciliation of these ratios is as follows:

(dollars in millions)

	2021	2022	1Q23	2Q23
Corporate notes payable	\$ 1,137.3	\$ 1,138.8	\$ 1,139.2	\$ 1,139.7
Total shareholders' equity	3,684.7	1,768.8	2,031.8	1,995.8
Total capital	\$ 4,822.0	\$ 2,907.6	\$ 3,171.0	\$ 3,135.5
Corporate debt to capital	23.6%	39.2%	35.9%	36.3%
<hr/>				
Corporate notes payable	\$ 1,137.3	\$ 1,138.8	\$ 1,139.2	\$ 1,139.7
Total shareholders' equity	3,684.7	1,768.8	2,031.8	1,995.8
Less accumulated other comprehensive (income) loss	(373.7)	1,957.3	1,664.4	1,733.5
Total capital	\$ 4,448.3	\$ 4,864.9	\$ 4,835.4	\$ 4,869.0
Debt to total capital ratio, excluding AOCI (a non-GAAP financial measure)	25.6%	23.4%	23.6%	23.4%