



# Investor Overview

March 2021

# 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 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 today's date.

## *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 – SEC Filings” section of CNO’s website, CNOinc.com.

# CNO Financial Group Overview

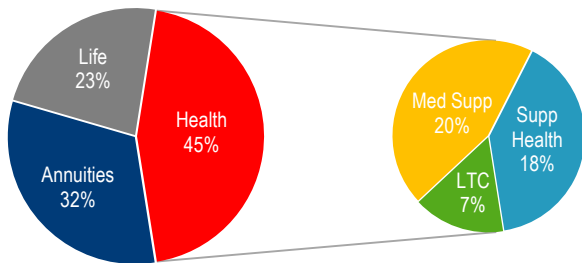
Focused on serving the protection needs of the fast-growing but underserved middle-income American market at or near retirement

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

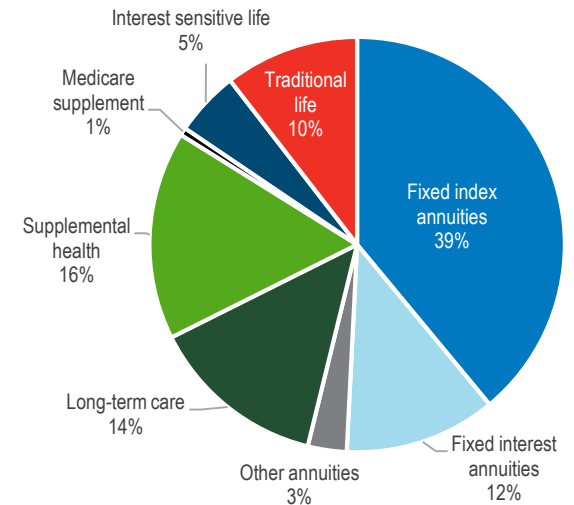
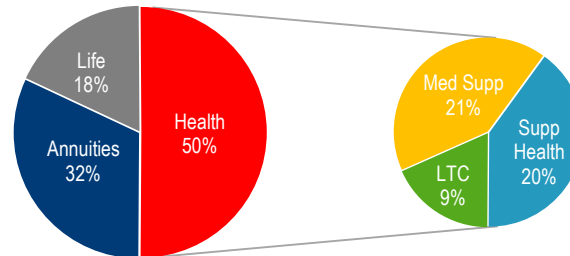
**Total: \$3.7B in 2020 Collected Premiums**

**2020 Average Liabilities by Insurance Product\***

2020 Collected Premium by Product



2020 Insurance Margin by Product



\*Net of reinsurance ceded

# What Makes CNO Different

**Exclusive Focus on Middle-Income America**

**Our Diverse Distribution & Integrated Approach**

**Health and Wealth Solutions**

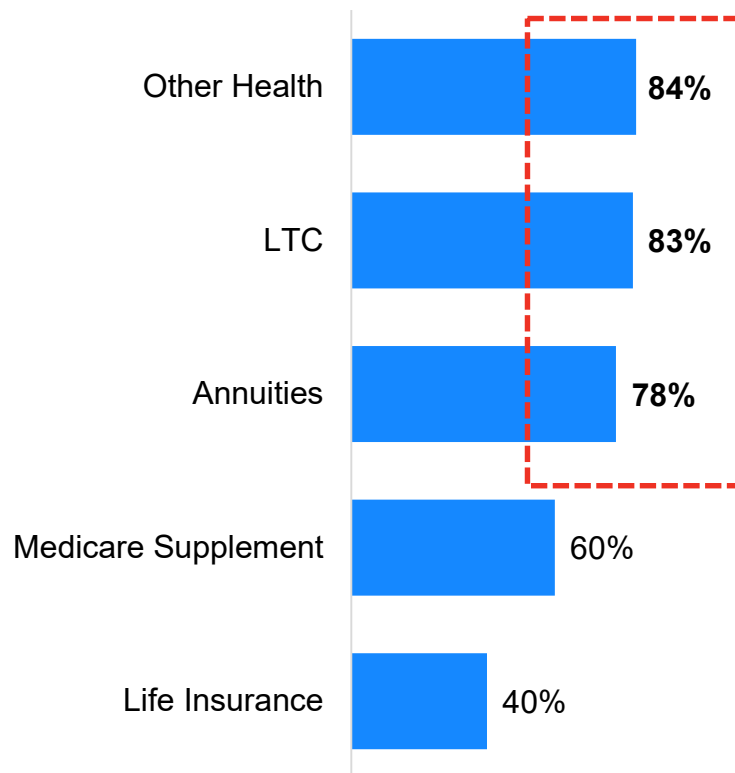
**Insurance and Securities Solutions**

**Strong Cash Flow Generation**

# Well-Positioned in the Attractive Senior Middle Market

63% of middle-income households are underinsured; ~60% of baby boomers lack financial advisors<sup>1</sup>

Percentage of Population Age 65+ without a Financial Product



## 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

(1) Bankers Life Center for a Secure Retirement 2017

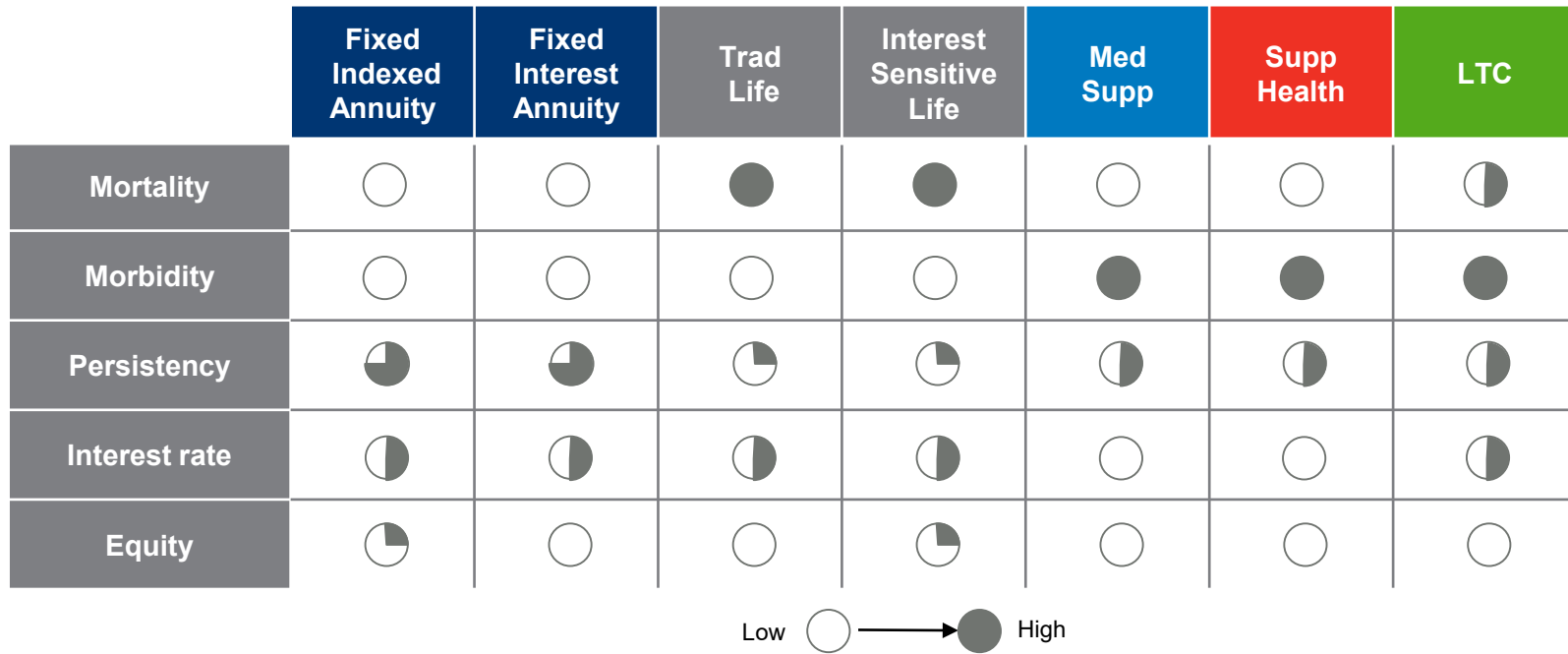
# Highly Diversified Product Mix

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



# Unique Multi-Channel Operating Model

Recent realignment removes barriers between brand and channels

## ▪ Consumer Division

- Strong exclusive agent franchise
  - Top distributor of health/wealth protection products through ~5,000 exclusive producing agents and financial representatives
  - More than 260 locations nationwide
  - “Kitchen-table” sales model
- Top 5 direct-to-consumer distribution
- Broker-dealer and RIA offer investment and annuity products and support agent income

## ▪ Worksite Division

- Wholly-owned distribution (PMA) & diverse network of independent marketing organizations and agencies
- Web Benefits Design (WBD) digital worksite enrollment platform/benefits administrator
- DirectPath employee benefits management services for employers and employees

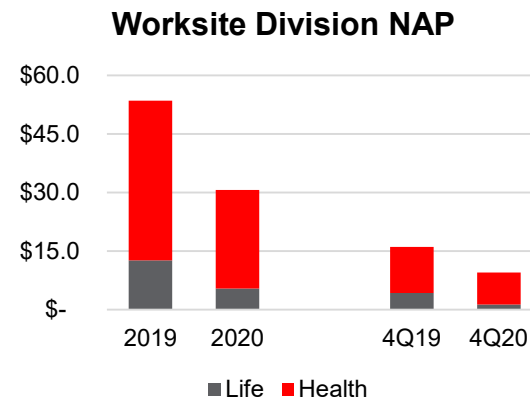
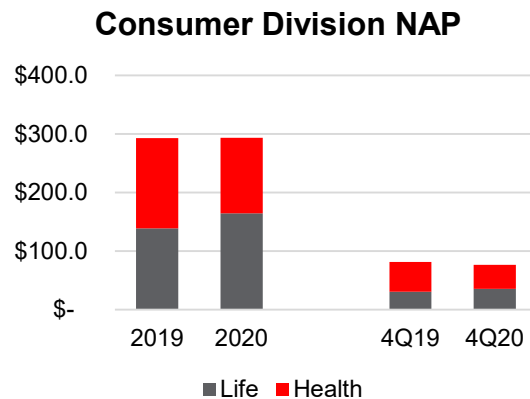
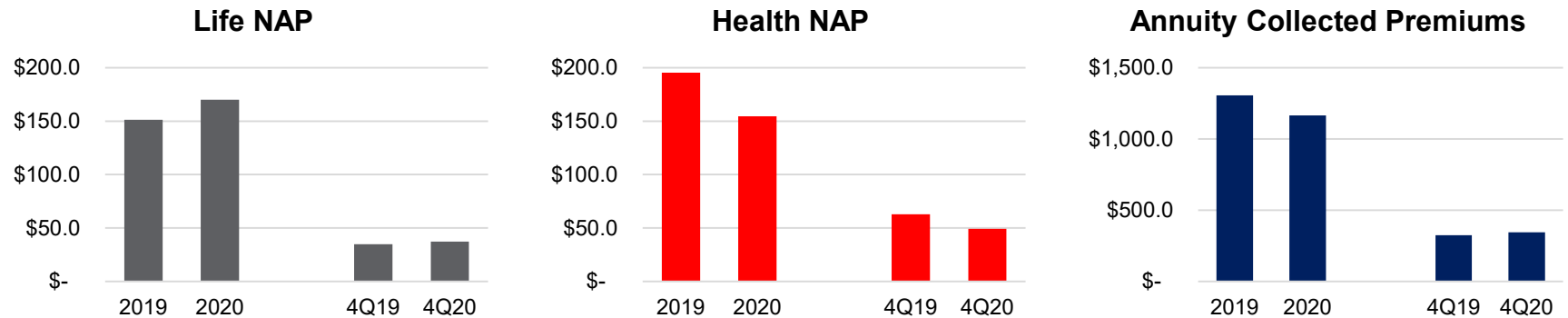
## ▪ Multi-channel distribution transitioning to integrated delivery model

- Recent business transformation unlocks significant growth opportunities
- Leverages products, brands, leads and fulfilment across channels
- Captures customers through direct engagement that leads to an integrated omnichannel buying experience
- Driving toward holistic relationships including protection & retirement planning; growth in assets & fees



# Strategic Initiatives Successfully Reinvigorating Growth; Momentum Sidelined Temporarily by COVID

(dollars in millions)

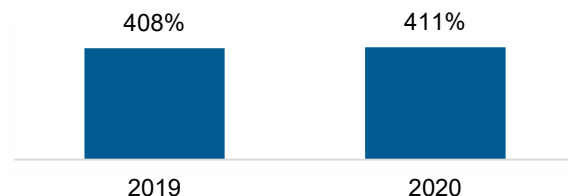


# Capital and Liquidity Overview

## Conservative approach to capital structure; strong liquidity

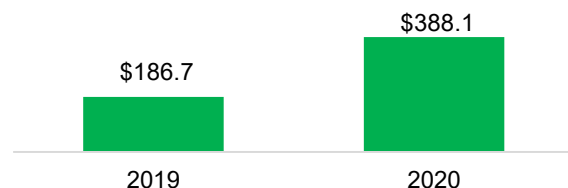
(dollars in millions)

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



- Targeted consolidated RBC ratio of 375-400%
- Excess due to intentional conservative positioning
- RBC variability can be expected in periods of market volatility

### Holding Company Liquidity



- Minimum targeted holding company liquidity of \$150 million
- Liquidity bolstered by \$250 million undrawn revolver
- No outstanding debt maturities until 2025

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



- Target leverage of 25.0 – 28.0%
- Debt covenant ceiling of 35%
- Debt capacity within limit of target leverage \$146 million

1 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.

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

# Cash Flow Profile

## Strong free cash flow generation and conversion

(dollars in millions)

|   | For the Quarter |                 | Trailing Twelve Months |                 |
|---|-----------------|-----------------|------------------------|-----------------|
|   | 4Q19            | 4Q20            | 4Q19                   | 4Q20            |
| Net Operating Income <sup>1</sup>                         | \$ 78.6         | \$ 86.0         | \$ 290.0               | \$ 362.3        |
| <b>Holding Company Cash Flows:</b>                        |                 |                 |                        |                 |
| Dividends from Subsidiaries                               | \$ 16.0         | \$ 123.9        | \$ 194.3               | \$ 339.8        |
| Management Fees   | 28.1            | 25.9            | 115.5                  | 111.7           |
| Surplus Debenture Interest                                | 12.3            | 12.2            | 59.9                   | 57.4            |
| Earnings on Corporate Investments                         | 2.2             | 2.2             | 13.6                   | 29.1            |
| Tax Refund  | -               | -               | 5.8                    | -               |
| Other   | 1.7             | 14.0            | 20.9                   | 34.4            |
| <b>Holding Company Sources of Cash<sup>2</sup></b>        | <b>60.3</b>     | <b>178.2</b>    | <b>410.0</b>           | <b>572.4</b>    |
| Holding Company Expenses and Other                        | (18.9)          | (14.7)          | (74.3)                 | (110.6)         |
| Tax Payments  | -               | (14.7)          | -                      | (21.8)          |
| Interest Payments   | (25.5)          | (26.4)          | (48.3)                 | (53.2)          |
| <b>Excess Cash Flow to Holding Company<sup>2</sup></b>    | <b>15.9</b>     | <b>122.4</b>    | <b>287.4</b>           | <b>386.8</b>    |
| Net Proceeds from New Debt                                | 0.0             | 146.4           | 64.9                   | 146.4           |
| Share Repurchases   | (73.2)          | (100.0)         | (250.5)                | (264.8)         |
| Dividend Payments to Stockholders                         | (16.4)          | (16.6)          | (67.0)                 | (67.0)          |
| Acquisition   | 0.0             | 0.0             | (68.8)                 | 0.0             |
| <b>Net Change in Holding Company Cash and Investments</b> | <b>(73.7)</b>   | <b>152.2</b>    | <b>(33.9)</b>          | <b>201.4</b>    |
| Non-Cash Changes in Investment Balances                   | -               | -               | 0.2                    | -               |
| Cash and Investments, Beginning of Period                 | 260.4           | 235.9           | 220.4                  | 186.7           |
| <b>Cash and Investments, End of Period</b>                | <b>\$ 186.7</b> | <b>\$ 388.1</b> | <b>\$ 186.7</b>        | <b>\$ 388.1</b> |

1 A non-GAAP measure. See the Appendix for a reconciliation to the corresponding GAAP measure.

2 Cash flows exclude capital contributions to insurance subsidiaries, acquisitions, dividend payments, stock repurchases, and financing transactions.

# Excess Capital Allocation Strategy

Disciplined and opportunistic approach to maximize shareholder value



Organic investments to sustain and grow the core businesses

- myHealthPolicy.com start up expenses
- Agent pilots, technology-driven customer experience investments



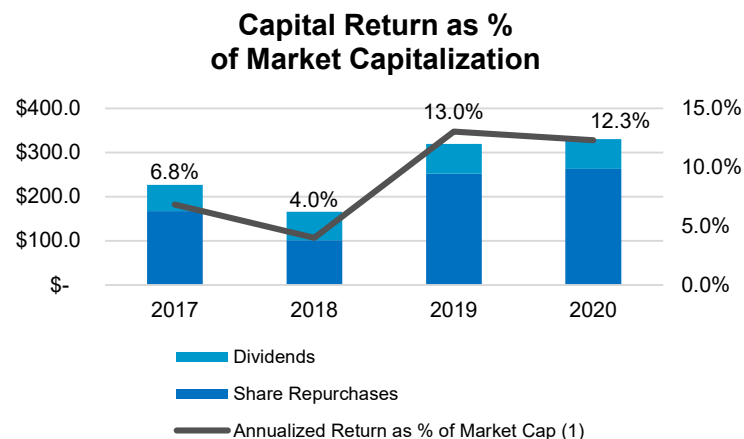
Return capital to shareholders

- \$100 million in share repurchases in 4Q20; \$263 million FY20
- Continued capacity to repurchase shares as conditions permit



Opportunistic transactions

- Highly selective M&A to expand productivity offerings or enhance distribution
- WBD, DirectPath



**Since 2017, returned \$1.04 billion, or 35% of current market capitalization<sup>2</sup>**

<sup>1</sup> As of beginning of calendar year.

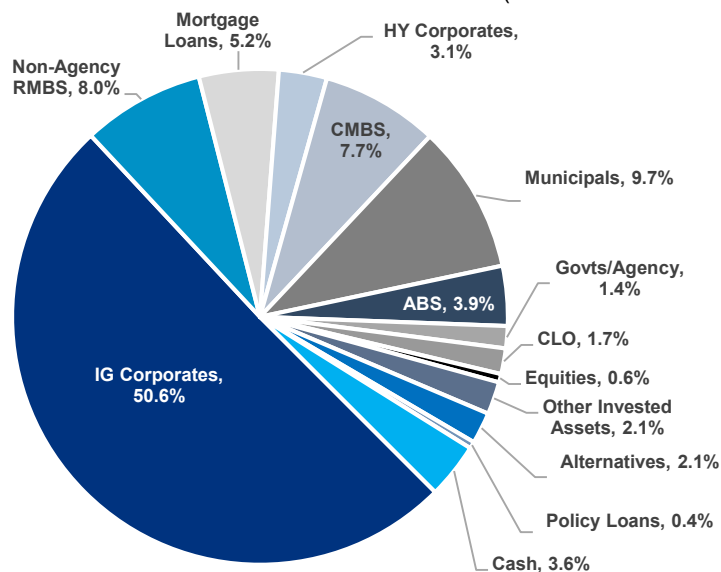
<sup>2</sup> As of 12/31/2020.

# Portfolio Composition

High quality; well-positioned for uncertain environment

\$27 billion of Invested Assets

(Fair Value as of 12/31/2020)



## General Approach

- Positioned for stable performance across credit cycles
- Emphasizing quality
- Lower than average allocation to most higher risk categories
- Low impairments through multiple cycles

Highlights

- **9% increase in invested assets**
- **65% of portfolio in corporate and government bonds**
  - 42% BBBs; up slightly from September 30
- **\$23.0 billion of assets with high degree of liquidity**
  - ~\$14.2 billion public corporate bonds
  - ~\$5.8 billion structured securities
  - ~\$3.0 billion municipal, political subdivisions, and US and foreign government bonds
- **Strong credit risk profile across portfolio**
  - 95% rated NAIC 1 / 2
  - Diversified commercial and residential mortgages with low LTVs
  - Significant credit enhancement in structured products
  - Alternative investments emphasizing current cash flows and comparatively predictable results

# 2021 Outlook

## Base Case<sup>1</sup>:

### Sales

- Continued positive momentum

### Earnings

- Headwinds
  - COVID-related
    - Diminished favorable impact from deferral of healthcare
    - Net mortality/morbidity impact modestly favorable in 1H21; unfavorable in 2H21; neutral FY21
    - Negative impact on insurance product margin from lower 2020 sales
  - Investment income
    - Not allocated to products: potential for lower contribution from alts, if returns revert to the mean; and lower contribution from opportunistic trading in the absence of extreme volatility
    - Allocated to products: flat due to reduction in yield offset by growth in assets
- Partial offset - slight decline in expenses in 2H21

### Free Cash Flow / Excess Capital

- Full utilization of Life NOL's in 2020 will pressure free cash flow conversion rate
- Expected share repurchase capacity to exceed 2020 actual

## Adverse Case<sup>2</sup>:

- Expect to maintain target RBC / holding company liquidity / leverage / dividends
- Modest share repurchase capacity

<sup>1</sup> Assumes approximately 360k COVID deaths in 2021 with pandemic trailing off through 2021; modest economic growth; investment portfolio assumptions market consistent and in-line with base case assumptions from rating agencies

<sup>2</sup> Assumes approximately 500k COVID deaths in 2021; vaccine insufficient to achieve herd immunity; recessionary economic conditions; investment portfolio assumptions in-line with downside assumptions from rating agencies and generally consistent with past financial crises

# DirectPath Transaction

## Acquisition enhances Worksite Division growth outlook

### DirectPath Description

- DirectPath is a leading national provider of year-round, technology-driven employee benefits management services to employers and employees
- DirectPath's personalized services help employers reduce healthcare and benefits administration costs and assist employees to make smart, well-informed and cost-effective benefits decisions
- Generates significant sales of voluntary supplemental health insurance

|                            |             |                           |        |
|----------------------------|-------------|---------------------------|--------|
| Number of clients:         | 400         | Average Group Size:       |        |
| Number of broker partners: | 7,000       | Education                 | 5,000  |
| Client employee base:      | 2.5 million | Advocacy and Transparency | 1,000  |
| Employee satisfaction:     | 95%         | Communications Compliance | 91,000 |

(as of 12/31/2020)

### Strategic Rationale

- Significant cross-sell opportunities; creates broader distribution for CNO/WBD products
- Builds unique capabilities, improves competitive positioning
  - Creates a one-stop-shop for employers, brokers, and groups
- Helps us get deeper in employer value chain; delivers strong employer ROI
- Enhances our enrollment capabilities
- Source of small group leads
- Diversifies revenues / enhances fee income / drives ROE

# CNO Ventures

Minority stakes with strong growth potential, strategic proximity to CNO

- Strong standalone merits
  - Clear vision, strong management
  - Access to capital, realistic valuation
- Leveraging balance sheet to engage, partner, and evolve
  - \$21 million invested in 5 companies
- Focus on businesses with strategic relevance
  - Customer access, wellness, technology solutions
- Opportunities for collaboration, leverage expertise
  - White label, lead share, cross-sell
  - Capability acceleration / speed to market
- Later round investments
  - Series B/C rounds; convertible debt, preferred or common equity minority investments
  - Multiple potential exit strategies

**Representative  
Portfolio Companies**

kindur

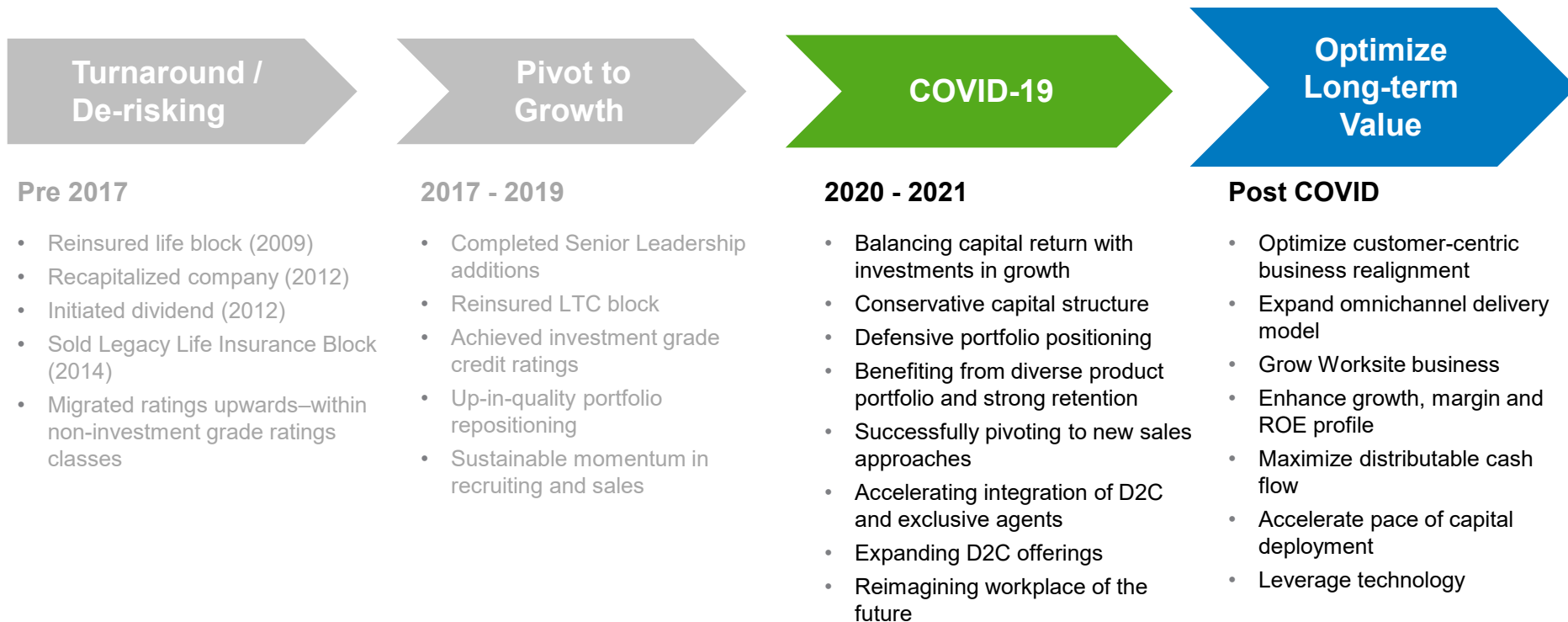
**HUMAN** API

 HealthCare.com



# Delivering On Our Commitments

## Pivoting to post COVID strategic priorities



# Appendix 1

## Strong Operational Performance

- Experienced Management Team Slide 19
- Exclusive Agent Counts Slide 20
- Broker-Dealer/Registered Investment Advisor Slide 21

## Building on Strong Track Record of Execution

- Portfolio Overview Slides 22-25
- New Money Summary Slide 26
- Tax Asset Summary Slide 27
- Transformative LTC Reinsurance Transaction Slide 28
- Retained LTC Insurance Slide 29

# Experienced Management Team With a Proven Track Record

10-year average tenure; 24-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                 | 4              | 31                        | 53  |
| <b>Paul H. McDonough</b>  | Chief Financial Officer                 | 1              | 19                        | 56  |
| <b>Eric R. Johnson</b>    | Chief Investment Officer                | 23             | 24                        | 60  |
| <b>Bruce K. Baude</b>     | Chief Operations and Technology Officer | 8              | 16                        | 56  |
| <b>Matthew J. Zimpfer</b> | General Counsel                         | 23             | 28                        | 53  |
| <b>Yvonne K. Franzese</b> | Chief Human Resources Officer           | 3              | 31                        | 62  |
| <b>John R. Kline</b>      | Chief Accounting Officer                | 30             | 41                        | 63  |
| <b>Rocco F. Tarasi</b>    | Chief Marketing Officer                 | 4              | 4                         | 49  |
| <b>Karen J. DeToro</b>    | Chief Actuary and Chief Risk Officer    | 1              | 27                        | 49  |
| <b>Scott L. Goldberg</b>  | President, Consumer Division            | 16             | 20                        | 50  |
| <b>Michael D. Heard</b>   | Co-President, Worksite Division         | 7              | 23                        | 55  |
| <b>Michael B. Byers</b>   | Co-President, Worksite Division         | <1*            | N/A                       | 59  |

\*Mr. Byers was appointed Co-President, Worksite Division effective February 9, 2021.

# Exclusive Agent Counts

|  | 2019  | 2020  |       |       |       | % Change |
|--|-------|-------|-------|-------|-------|----------|
|  | 4Q    | 1Q    | 2Q    | 3Q    | 4Q    | Q/Q      |
| <b><u>Consumer</u></b>                     |       |       |       |       |       |          |
| Producing Field Agents <sup>1,3</sup>      | 4,709 | 4,531 | 4,066 | 4,448 | 4,539 | -4%      |
| Producing Tele-Sales Agents <sup>1,3</sup> | 211   | 238   | 237   | 239   | 257   | 22%      |
| Total Producing Agents <sup>1,3</sup>      | 4,920 | 4,769 | 4,303 | 4,687 | 4,796 | -3%      |
| Financial Representatives <sup>2,3</sup>   | 596   | 591   | 585   | 588   | 601   | 1%       |
| <b><u>Worksite</u></b>                     |       |       |       |       |       |          |
| Producing Field Agents <sup>1,3</sup>      | 453   | 421   | 225   | 242   | 255   | -44%     |

1 Producing agents are exclusive agents that have submitted at least one policy in the month.

2 Financial representatives are exclusive agents who are licensed to sell certain securities brokerage products and services.

3 Agent and representative counts represent the average of the last 3 months.

# Broker-Dealer/Registered Investment Advisor

Account values up YoY; \$1.8 billion in client assets

(dollars in millions)

|   |           | 2019      | 2020      |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
|   |           | 4Q        | 1Q        | 2Q        | 3Q        | 4Q        |
| <b>Net New Client Assets in Brokerage and Advisory<sup>1</sup></b>          | Brokerage | \$ 17.4   | \$ 15.3   | \$ (26.7) | \$ (31.5) | \$ 3.0    |
|   | Advisory  | 45.4      | 65.7      | 38.6      | 23.5      | 43.9      |
|   | Total     | \$ 62.8   | \$ 81.0   | \$ 11.9   | \$ (8.0)  | \$ 46.9   |
| <b>Client Assets in Brokerage and Advisory<sup>1</sup> at end of period</b> | Brokerage | \$ 982.9  | \$ 842.3  | \$ 905.3  | \$ 918.4  | \$1,011.1 |
|   | Advisory  | 532.1     | 516.4     | 618.7     | 675.1     | 782.7     |
|   | Total     | \$1,515.0 | \$1,358.7 | \$1,524.0 | \$1,593.5 | \$1,793.8 |

<sup>1</sup> Client assets include cash and securities in brokerage and managed advisory accounts. Net new client assets includes total inflows of cash and securities into brokerage and managed advisory accounts less outflows. Inflows include interest and dividends and exclude changes due to market fluctuations.

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.

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# Portfolio Overview – Sector Breakdown

Positioning allows flexibility for opportunistic approach to changing conditions

(as of 12/31/2020; dollars in millions)

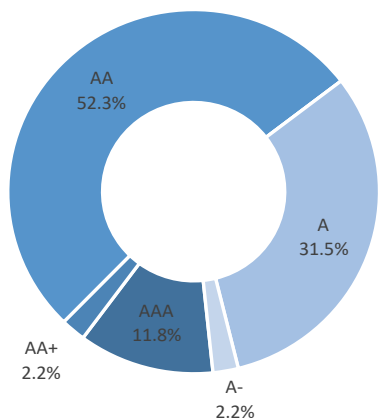
| Sector                         | Book Value | Market Value | Unrealized Gain Loss | Portfolio% | Average NAIC | Over Underweight |
|--------------------------------|------------|--------------|----------------------|------------|--------------|------------------|
| Airlines                       | 42.3       | 45.8         | 3.5                  | 0.17%      | 1.5          | Underweight      |
| Aircraft Lease Securitizations | 32.4       | 31.1         | (1.3)                | 0.11%      | 1.3          | Underweight      |
| Energy                         | 702.1      | 832.7        | 130.6                | 3.04%      | 1.9          | Underweight      |
| Gaming                         | 0.0        | -            | -                    | -          | -            | Underweight      |
| Hotels                         | 36.1       | 38.9         | 2.8                  | 0.14%      | 3.0          | Underweight      |
| Retail ex Grocery              | 86.7       | 109.9        | 23.1                 | 0.40%      | 1.9          | Underweight      |
| Restaurants                    | 19.1       | 24.0         | 4.9                  | 0.09%      | 2.8          | Underweight      |
| Whole Business Securitizations | 394.1      | 405.5        | 11.5                 | 1.48%      | 2.1          | Overweight       |
| CMBS                           | 1,986.7    | 2,103.6      | 117.0                | 7.68%      | 1.2          | Overweight       |

# Portfolio Overview: CLO Debt

## Significant cushion against stress scenarios

(as of 12/31/2020)

### Ratings Composition



**100%**  
AAA-A

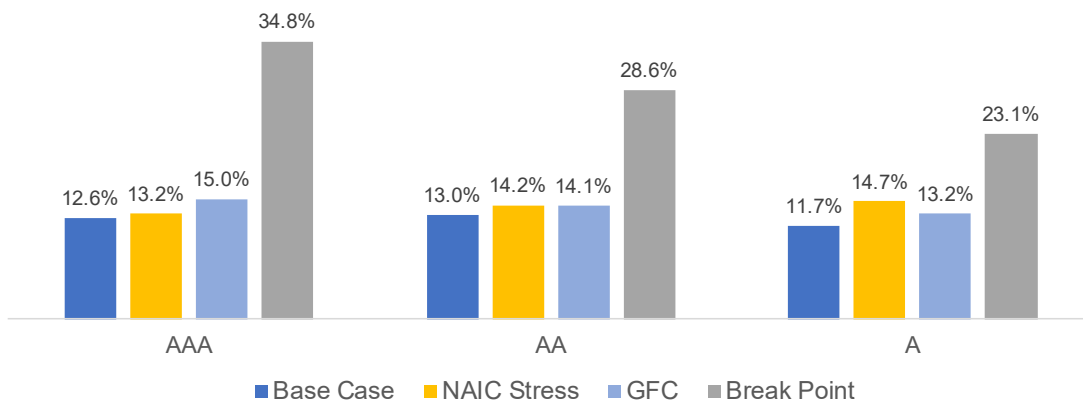
### % Downgraded from Original Ratings

|     | Portfolio | Portfolio | Index |
|-----|-----------|-----------|-------|
| AAA | 11.8%     | -         | -     |
| AA  | 54.5%     | -         | -     |
| A   | 33.7%     | -         | 0.5%  |
| BBB | -         | -         | 10.5% |
| BB  | -         | -         | 50.0% |

### Key Portfolio Metrics

|                        | AAA   | AA    | A     |
|------------------------|-------|-------|-------|
| <b>Credit Support</b>  |       |       |       |
| Portfolio              | 38%   | 25%   | 17%   |
| Market                 | 37%   | 24%   | 18%   |
| <b>WARF</b>            |       |       |       |
| Portfolio              | 3,099 | 3,092 | 3,127 |
| Market                 | 3,137 | 3,142 | 3,173 |
| <b>Diversity Score</b> |       |       |       |
| Portfolio              | 80.84 | 79.52 | 81.67 |
| Market                 | 78.77 | 77.76 | 76.80 |
| <b>WAPx</b>            |       |       |       |
| Portfolio              | 96.83 | 96.18 | 97.86 |
| Market                 | 98.08 | 97.98 | 97.75 |

### Cumulative loss scenarios versus Break Points



# Portfolio Overview: Commercial Mortgage Loans

Very conservatively underwritten; loss resistant, no COVID related delinquencies or forbearances

(as of 12/31/2020)

## Key Portfolio Facts

*\$1.3 billion of net invested assets*

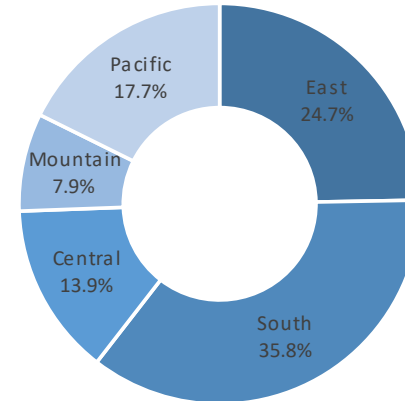
**100%**  
First  
Mortgage

**100%**  
Rated  
CM1-2

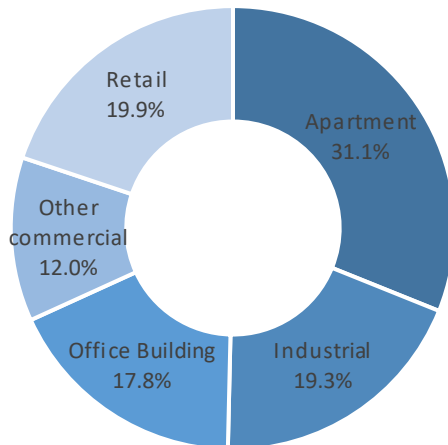
**49%**  
Weighted  
Avg LTV<sup>1</sup>

**2.06x**  
Weighted  
DSCR<sup>1</sup>

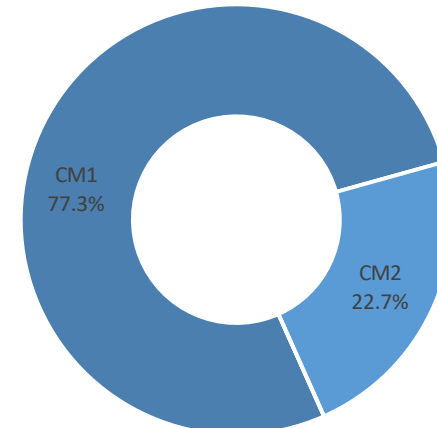
## Portfolio Geography



## Underlying Property Type



## Ratings Composition



<sup>1</sup> LTV and DSCR as of year 2019 operating statements



# Portfolio Overview: CMBS

Excess credit support to offset collateral losses beyond market consistent expectations

(as of 12/31/2020; dollars in millions)

## Key Portfolio Facts

**\$2.0 billion of net invested assets**

**82.0%**

Rated  
AAA-A

**59%**

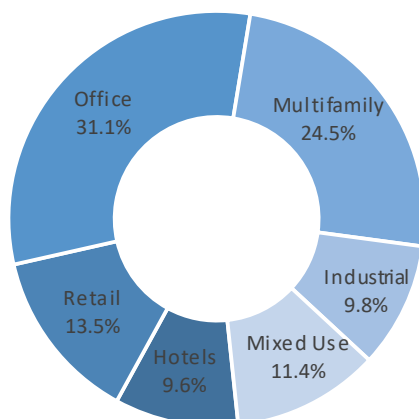
Weighted  
Avg LTV<sup>1</sup>

**2.12x**

Weighted  
DSCR<sup>1</sup>

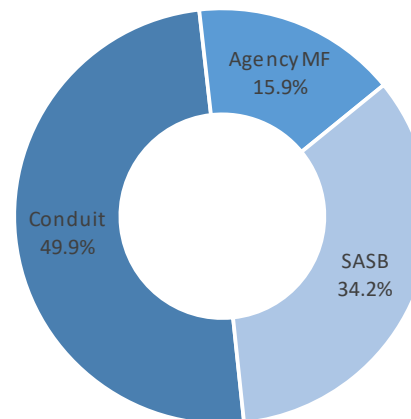
| Rating | Book Value | Market Value | Market/Book | Credit Support | Delinq. Rate | Hotel% | Retail% |
|--------|------------|--------------|-------------|----------------|--------------|--------|---------|
| AAA    | 555        | 591          | 107%        | 37.1%          | 6.8%         | 12.6%  | 20.4%   |
| AA     | 305        | 326          | 107%        | 28.8%          | 5.5%         | 8.9%   | 19.1%   |
| A      | 724        | 759          | 105%        | 24.2%          | 3.4%         | 11.4%  | 10.4%   |
| BBB    | 274        | 296          | 108%        | 18.2%          | 0.1%         | 1.2%   | 3.3%    |
| BB     | 84         | 85           | 102%        | 8.3%           | 0.9%         | 0.7%   | 3.1%    |
|        | 1,943      | 2,058        | 106%        | 27.0%          | 4.1%         | 9.5%   | 13.3%   |

## Underlying Property Type



## SASB versus Conduit

Zero forbearance or delinquencies in SASB portfolio



## SASB

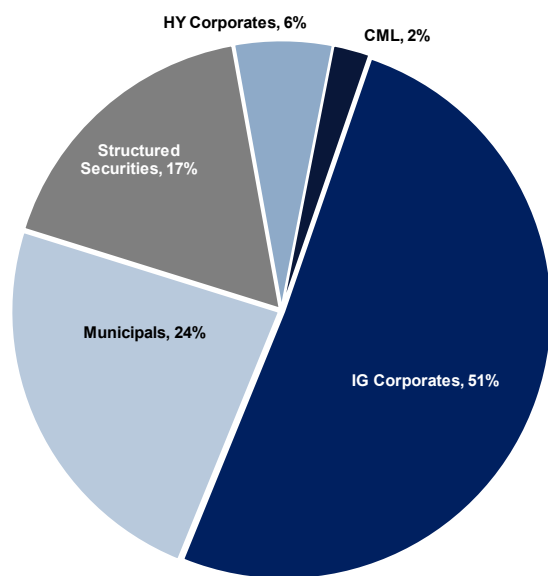
|          |      |
|----------|------|
| DSCR     | 2.54 |
| LTV      | 58%  |
| Hotel %  | 7.5% |
| Retail % | 2.9% |

<sup>1</sup> LTV based on appraisal at loan origination, DSCR as of year 2019 operating statements

# New Money Summary

## Traditional, high quality fixed income investments during fourth quarter

(as of 12/31/2020, dollars in millions)



94% Investment Grade Allocation

### Fourth Quarter Investments

|                       | Allocation \$ | Allocation% | Yield        | Average Rating | Average Duration |
|-----------------------|---------------|-------------|--------------|----------------|------------------|
| IG Corporates         | 452           | 50.9%       | 3.55%        | BBB+           | 13.3             |
| Municipals            | 210           | 23.7%       | 3.42%        | AA-            | 16.1             |
| Structured Securities | 154           | 17.3%       | 3.44%        | BBB            | 8.2              |
| HY Corporates         | 53            | 5.9%        | 4.88%        | BB             | 3.5              |
| CML                   | 20            | 2.2%        | 3.64%        | AA             | 9.0              |
| <b>Total</b>          | <b>888</b>    | <b>100%</b> | <b>3.58%</b> | <b>BBB+</b>    | <b>12.4</b>      |

# Tax Asset Summary

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

(as of 12/31/2020; dollars in millions)

\$445



## Details

- Total estimated economic value of NOLs and DTAs related to tax strategy of approximately \$380 million @ 10% discount rate (\$2.76 on 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 the remaining life taxable income not offset by life NOLs through 2023.

# 2018 Transformative LTC Reinsurance Transaction

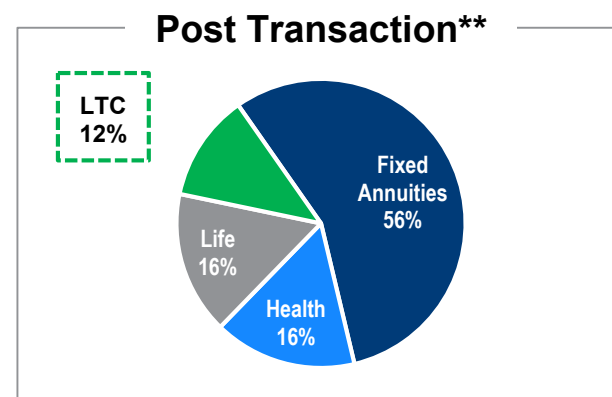
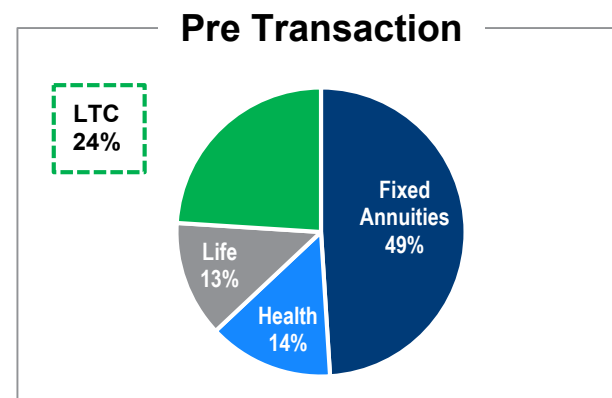
Divestiture of legacy LTC exposure significantly improves risk profile

- 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\*



# Retained Long-Term Care Insurance

Highly differentiated in-force 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
  - New money rates reflect a low for long environment with no mean reversion
- **Favorable economic profile**
  - 2020 Loss Recognition Testing margin increased to \$302 million or ~12% of Net GAAP Liabilities driven by margin from new business and favorable pre-COVID morbidity trends
  - Statutory reserves ~\$176 million higher than GAAP net liabilities
  - Total LTC is just 13% of overall CNO reserves
  - Potential adverse impact from severe stress scenarios is significantly reduced

## Appendix 2: Financial Exhibits

- Non-GAAP Financial Measures

Slides 31-39

# 4Q20 Significant Items

The table below summarizes the financial impact of significant items on our 4Q20 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<br>December 31, 2020 |                   |                                   |
|--|---|-------------------|-----------------------------------|
|  | Actual results                          | Significant items | Excluding<br>significant<br>items |
| Insurance product margin                         |   |                   |                                   |
| Annuity  | \$ 68.1                                 | \$ (16.1) (1)     | \$ 52.0                           |
| Health   | 125.2                                   | -                 | 125.2                             |
| Life   | 37.3                                    | 4.3 (1)           | 41.6                              |
| Total insurance product margin                   | 230.6                                   | (11.8)            | 218.8                             |
| Allocated expenses                               | (162.7)                                 | -                 | (162.7)                           |
| Income from insurance products                   | 67.9                                    | (11.8)            | 56.1                              |
| Fee income                                       | 2.9                                     | -                 | 2.9                               |
| Investment income not allocated to product lines | 57.8                                    | -                 | 57.8                              |
| Expenses not allocated to product lines          | (17.8)                                  | 3.7 (2)           | (14.1)                            |
| Operating earnings before taxes                  | 110.8                                   | (8.1)             | 102.7                             |
| Income tax expense on operating income           | (24.8)                                  | 1.7               | (23.1)                            |
| Net operating income (3)                         | <u>\$ 86.0</u>                          | <u>\$ (6.4)</u>   | <u>\$ 79.6</u>                    |
| <br>   |   |                   |                                   |
| Net operating income per diluted share (3)       | <u>\$ 0.61</u>                          | <u>\$ (0.04)</u>  | <u>\$ 0.57</u>                    |

- (1) Adjustments arising from our comprehensive annual actuarial review of assumptions.
- (2) Unfavorable impact related to asset impairments.
- (3) A non-GAAP measure. See pages 35 and 37 for a reconciliation to the corresponding GAAP measure.

## 2Q20 Significant Items

The table below summarizes the financial impact of significant items on our 2Q20 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<br>June 30, 2020 |                   |                                   |
|--|-------------------------------------|-------------------|-----------------------------------|
|  | Actual results                      | Significant items | Excluding<br>significant<br>items |
| Insurance product margin                         |                                     |                   |                                   |
| Annuity  | \$ 123.8                            | \$ 40.0 (1)       | \$ 72.3                           |
|  |                                     | (91.5) (1)        |                                   |
| Health   | 95.5                                | -                 | 95.5                              |
| Life   | 36.1                                | 5.6 (1)           | 41.7                              |
| Total insurance product margin                   | 255.4                               | (45.9)            | 209.5                             |
| Allocated expenses                               | (128.1)                             | -                 | (128.1)                           |
| Income from insurance products                   | 127.3                               | (45.9)            | 81.4                              |
| Fee income                                       | 5.2                                 | -                 | 5.2                               |
| Investment income not allocated to product lines | 8.2                                 | -                 | 8.2                               |
| Expenses not allocated to product lines          | (38.5)                              | 23.5 (2)          | (15.0)                            |
| Operating earnings before taxes                  | 102.2                               | (22.4)            | 79.8                              |
| Income tax expense on operating income           | (22.8)                              | 4.7               | (18.1)                            |
| Net operating income (3)                         | <u>\$ 79.4</u>                      | <u>\$ (17.7)</u>  | <u>\$ 61.7</u>                    |
| Net operating income per diluted share (3)       | <u>\$ 0.55</u>                      | <u>\$ (0.12)</u>  | <u>\$ 0.43</u>                    |

The footnotes to the above table are on the following page.



## 2Q20 Significant Items

(Continued from the previous page)

- (1) Given our expectation that interest rates will remain low for the long-term, we performed an actuarial unlocking exercise in the second quarter of 2020 to reflect our assumption that average new money rates will remain flat at 4 percent forever. This change and the related impacts to persistency assumptions had a \$45.6 million unfavorable impact on pre-tax earnings. As part of the actuarial unlocking exercise, we also changed our assumptions related to the future option costs we incur in providing benefits on fixed index annuities which had a favorable impact on pre-tax earnings of \$91.5 million. The impact of these changes in assumptions is summarized below (dollars in millions):

|   | Line of business        |                          |                         | Total     |
|---|-------------------------|--------------------------|-------------------------|-----------|
|   | Fixed index annuities   | Fixed interest annuities | Interest-sensitive life |           |
|   | Favorable (unfavorable) |                          |                         |           |
| <u>Impacts of an average new money rate assumption of 4 percent</u> |                         |                          |                         |           |
| Insurance policy benefits   | \$ (5.0)                | \$ —                     | \$ (7.4)                | \$ (12.4) |
| Amortization  | (25.6)                  | (9.4)                    | 1.8                     | (33.2)    |
| Subtotal  | (30.6)                  | (9.4)                    | (5.6)                   | (45.6)    |
| <u>Impacts of changes in future option costs</u>                    |                         |                          |                         |           |
| Insurance policy benefits   | 104.8                   | —                        | —                       | 104.8     |
| Amortization  | (13.3)                  | —                        | —                       | (13.3)    |
| Subtotal  | 91.5                    | —                        | —                       | 91.5      |
| Impact on pre-tax income  | \$ 60.9                 | \$ (9.4)                 | \$ (5.6)                | \$ 45.9   |

This actuarial unlocking exercise does not replace our comprehensive annual review of all assumptions for our insurance products, which we we plan to complete in the fourth quarter of this year. Additional adjustments may be identified based on the results of the comprehensive annual review.

- (2) We increased our liability for claims and interest pursuant to the previously disclosed Global Resolution Agreement entered into in November 2018. Pursuant to this agreement, a third-party auditor is acting on behalf of 41 states and the District of Columbia for the purpose of identifying deceased insureds and contract holders where benefits are payable pursuant to unclaimed property laws. The third-party auditor has provided information that we have processed and verified allowing us to more accurately estimate the ultimate liability pursuant to this agreement.
- (3) A non-GAAP measure. See pages 35 and 37 for a reconciliation to the corresponding GAAP measure.

# 4Q19 Significant Items

The table below summarizes the financial impact of significant items on our 4Q19 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<br>December 31, 2019 |                   |                                   |
|--|---|-------------------|-----------------------------------|
|  | Actual results                          | Significant items | Excluding<br>significant<br>items |
| Insurance product margin                         |   |                   |                                   |
| Annuity  | \$ 60.5                                 | \$ 0.3 (1)        | \$ 60.8                           |
| Health   | 93.0                                    | -                 | 93.0                              |
| Life   | 46.7                                    | 9.7 (1)           | 56.4                              |
| Total insurance product margin                   | 200.2                                   | 10.0              | 210.2                             |
| Allocated expenses                               | (140.6)                                 | -                 | (140.6)                           |
| Income from insurance products                   | 59.6                                    | 10.0              | 69.6                              |
| Fee income                                       | 11.7                                    | -                 | 11.7                              |
| Investment income not allocated to product lines | 26.2                                    | -                 | 26.2                              |
| Expenses not allocated to product lines          | 2.8                                     | (20.0) (2)        | (17.2)                            |
| Operating earnings before taxes                  | 100.3                                   | (10.0)            | 90.3                              |
| Income tax expense on operating income           | (21.7)                                  | 2.1               | (19.6)                            |
| Net operating income (3)                         | <u>\$ 78.6</u>                          | <u>\$ (7.9)</u>   | <u>\$ 70.7</u>                    |
| <br>   |   |                   |                                   |
| Net operating income per diluted share (3)       | <u>\$ 0.52</u>                          | <u>\$ (0.05)</u>  | <u>\$ 0.47</u>                    |

- (1) Adjustments arising from our comprehensive annual actuarial review of assumptions.
- (2) \$20.0 million of the net favorable impact from legal and regulatory matters.
- (3) A non-GAAP measure. See pages 35 and 37 for a reconciliation to the corresponding GAAP measure.

# Quarterly Earnings

(dollars in millions)

|  | 4Q19     | 1Q20      | 2Q20     | 3Q20     | 4Q20     |
|--|----------|-----------|----------|----------|----------|
| Insurance product margin   |          |           |          |          |          |
| Annuity  | \$ 60.5  | \$ 59.5   | \$ 123.8 | \$ 45.3  | \$ 68.1  |
| Health   | 93.0     | 86.9      | 95.5     | 152.2    | 125.2    |
| Life   | 46.7     | 44.3      | 36.1     | 47.3     | 37.3     |
| Total insurance product margin   | 200.2    | 190.7     | 255.4    | 244.8    | 230.6    |
| Allocated expenses   | (140.6)  | (136.6)   | (128.1)  | (130.3)  | (162.7)  |
| Income from insurance products   | 59.6     | 54.1      | 127.3    | 114.5    | 67.9     |
| Fee income   | 11.7     | 7.8       | 5.2      | 0.8      | 2.9      |
| Investment income not allocated to product lines   | 26.2     | 57.4      | 8.2      | 43.7     | 57.8     |
| Expenses not allocated to product lines  | 2.8      | (13.8)    | (38.5)   | (13.7)   | (17.8)   |
| Operating earnings before taxes  | 100.3    | 105.5     | 102.2    | 145.3    | 110.8    |
| Income tax expense on operating income   | (21.7)   | (21.2)    | (22.8)   | (32.7)   | (24.8)   |
| Net operating income *   | 78.6     | 84.3      | 79.4     | 112.6    | 86.0     |
| Net realized investment gains (losses) from sales, impairments and change in allowance for credit losses (net of related amortization) | 7.1      | (63.7)    | 12.3     | 7.7      | 12.6     |
| Net change in market value of investments recognized in earnings   | (2.6)    | (48.4)    | 31.2     | 8.5      | 6.0      |
| Fair value changes in embedded derivative liabilities (net of related amortization)  | 13.4     | (66.7)    | (27.1)   | (1.6)    | (3.1)    |
| Fair value changes related to agent deferred compensation plan   | 2.5      | -         | (13.2)   | -        | 16.3     |
| Other  | (13.3)   | 2.3       | -        | 6.5      | 0.9      |
| Non-operating income (loss) before taxes   | 7.1      | (176.5)   | 3.2      | 21.1     | 32.7     |
| Income tax expense (benefit):  |          |           |          |          |          |
| On non-operating income (loss)   | 1.4      | (37.0)    | 0.6      | 4.5      | 6.9      |
| Valuation allowance for deferred tax assets and other tax items  | (193.7)  | (34.0)    | -        | -        | -        |
| Net non-operating income (loss)  | 199.4    | (105.5)   | 2.6      | 16.6     | 25.8     |
| Net income (loss)  | \$ 278.0 | \$ (21.2) | \$ 82.0  | \$ 129.2 | \$ 111.8 |

\* 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 related amortization and taxes; (ii) net change in market value of investments recognized in earnings, net of taxes; (iii) fair value changes due to fluctuations in the interest rates used to discount embedded derivative liabilities related to our fixed index annuities, net of related amortization and 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, fair value changes due to fluctuations in the interest rates used to discount embedded derivative liabilities related to our fixed index 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 (loss) applicable to common stock to net operating income (and related per-share amounts) is as follows:

(dollars in millions, except per-share amounts)

|   | 4Q19            | 1Q20             | 2Q20           | 3Q20            | 4Q20            |
|---|-----------------|------------------|----------------|-----------------|-----------------|
| <b>Net income (loss) applicable to common stock</b>   | <b>\$ 278.0</b> | <b>\$ (21.2)</b> | <b>\$ 82.0</b> | <b>\$ 129.2</b> | <b>\$ 111.8</b> |
| Non-operating items:  |                 |                  |                |                 |                 |
| Net realized investment (gains) losses from sales and impairments, net of related amortization            | (7.1)           | 63.7             | (12.3)         | (7.7)           | (12.6)          |
| Net change in market value of investments recognized in earnings  | 2.6             | 48.4             | (31.2)         | (8.5)           | (6.0)           |
| Fair value changes in embedded derivative liabilities, net of related amortization                        | (13.4)          | 66.7             | 27.1           | 1.6             | (16.3)          |
| Fair value changes related to the agent deferred compensation plan  | (2.5)           | -                | 13.2           | -               | 3.1             |
| Other   | 13.3            | (2.3)            | -              | (6.5)           | (0.9)           |
| Non-operating (income) loss before taxes  | (7.1)           | 176.5            | (3.2)          | (21.1)          | (32.7)          |
| Income tax (expense) benefit  |                 |                  |                |                 |                 |
| On non-operating (income) loss  | (1.4)           | 37.0             | (0.6)          | (4.5)           | (6.9)           |
| Valuation allowance for deferred tax assets and other tax items   | 193.7           | 34.0             | -              | -               | -               |
| Net non-operating (income) loss   | (199.4)         | 105.5            | (2.6)          | (16.6)          | (25.8)          |
| <b>Net operating income (a non-GAAP financial measure)</b>  | <b>\$ 78.6</b>  | <b>\$ 84.3</b>   | <b>\$ 79.4</b> | <b>\$ 112.6</b> | <b>\$ 86.0</b>  |
| <b>Per diluted share:</b>   |                 |                  |                |                 |                 |
| <b>Net income (loss)</b>  | <b>\$ 1.84</b>  | <b>\$ (0.15)</b> | <b>\$ 0.57</b> | <b>\$ 0.91</b>  | <b>\$ 0.80</b>  |
| Net realized investment (gains) losses from sales and impairments (net of related amortization and taxes) | (0.04)          | 0.35             | (0.07)         | (0.04)          | (0.07)          |
| Net change in market value of investments recognized in earnings (net of taxes)                           | 0.01            | 0.26             | (0.17)         | (0.05)          | (0.04)          |
| Fair value changes in embedded derivative liabilities (net of related amortization and taxes)             | (0.07)          | 0.36             | 0.15           | 0.01            | (0.09)          |
| Fair value changes related to the agent deferred compensation plan (net of taxes)                         | (0.01)          | -                | 0.07           | -               | 0.02            |
| Valuation allowance for deferred tax assets and other tax items   | (1.28)          | (0.23)           | -              | -               | -               |
| Other   | 0.07            | (0.01)           | -              | (0.04)          | (0.01)          |
| <b>Net operating income (a non-GAAP financial measure)</b>  | <b>\$ 0.52</b>  | <b>\$ 0.58</b>   | <b>\$ 0.55</b> | <b>\$ 0.79</b>  | <b>\$ 0.61</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>4Q19</u>    | <u>1Q20 (a)</u> | <u>2Q20</u>    | <u>3Q20</u>     | <u>4Q20</u>    |
|--|----------------|-----------------|----------------|-----------------|----------------|
| Operating income   | <u>\$ 78.6</u> | <u>\$ 84.3</u>  | <u>\$ 79.4</u> | <u>\$ 112.6</u> | <u>\$ 86.0</u> |
| Weighted average shares outstanding for basic earnings per share   | 150,138        | 145,829         | 143,422        | 140,900         | 138,232        |
| Effect of dilutive securities on weighted average shares:          |                |                 |                |                 |                |
| Stock options, restricted stock and performance units              | <u>1,269</u>   | <u>-</u>        | <u>519</u>     | <u>830</u>      | <u>2,155</u>   |
| Weighted average shares outstanding for diluted earnings per share | <u>151,407</u> | <u>145,829</u>  | <u>143,941</u> | <u>141,730</u>  | <u>140,387</u> |
| Net operating income per diluted share                             | <u>\$ 0.52</u> | <u>\$ 0.58</u>  | <u>\$ 0.55</u> | <u>\$ 0.79</u>  | <u>\$ 0.61</u> |

(a) Equivalent common shares of 768 were not included in the diluted weighted average shares outstanding due to the net less recognized in 1Q20.

# 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)

|  | 4Q18      | 4Q19      | 1Q20      | 2Q20      | 3Q20      | 4Q20       |
|--|-----------|-----------|-----------|-----------|-----------|------------|
| Corporate notes payable  | \$ 916.8  | \$ 989.1  | \$ 989.4  | \$ 989.7  | \$ 990.1  | \$ 1,136.2 |
| Total shareholders' equity   | 3,370.9   | 4,677.0   | 3,765.8   | 4,731.2   | 5,083.9   | 5,484.2    |
| Total capital  | \$4,287.7 | \$5,666.1 | \$4,755.2 | \$5,720.9 | \$6,074.0 | \$6,620.4  |
| Corporate debt to capital  | 21.4%     | 17.5%     | 20.8%     | 17.3%     | 16.3%     | 17.2%      |
| Corporate notes payable  | \$ 916.8  | \$ 989.1  | \$ 989.4  | \$ 989.7  | \$ 990.1  | \$ 1,136.2 |
| Total shareholders' equity   | 3,370.9   | 4,677.0   | 3,765.8   | 4,731.2   | 5,083.9   | 5,484.2    |
| Less accumulated other comprehensive income                                | (177.7)   | (1,372.5) | (595.2)   | (1,520.2) | (1,801.6) | (2,186.1)  |
| Total capital  | \$4,110.0 | \$4,293.6 | \$4,160.0 | \$4,200.7 | \$4,272.4 | \$4,434.3  |
| Debt to total capital ratio, excluding AOCI (a non-GAAP financial measure) | 22.3%     | 23.0%     | 23.8%     | 23.6%     | 23.2%     | 25.6%      |