

The Lafayette Life Insurance Company

Consolidated and Condensed GAAP Balance Sheet

\$ Thousands | December 31, 2017

Assets

Debt securities	\$3,957,089
Equity securities	113,878
Other invested assets	1,341,297
Total invested assets	5,412,264
Other assets	366,683
Total assets	\$5,778,947

Liabilities and equity

Future policy benefits and claims	\$4,811,350
Long-term debt	0
Other liabilities	323,374
Total liabilities	5,134,724
Total equity	644,223
Total liabilities and equity	\$5,778,947

Consolidated and Condensed GAAP Income Statement

\$ Thousands | Year ended December 31, 2017

Revenue

Insurance premiums and product charges	\$413,718
Net investment income	217,305
Net realized investment gains (losses)	(23,475)
Commissions, fees and other income	994
Total revenue	608,542

Benefits and expenses

Policyholder benefits, interest credited and dividends to policyholders	483,362
Other operating expenses	104,007
Total benefits and expenses	587,369

Income before income tax expense	21,173
Income tax expense (benefit)	(24,639)
Net income	\$ 45,812

Additional statements of income performance measures

Operating earnings*	\$ 44,648
---------------------	-----------

Western & Southern Financial Group

Consolidated and Condensed GAAP Balance Sheet

\$ Thousands | December 31, 2017

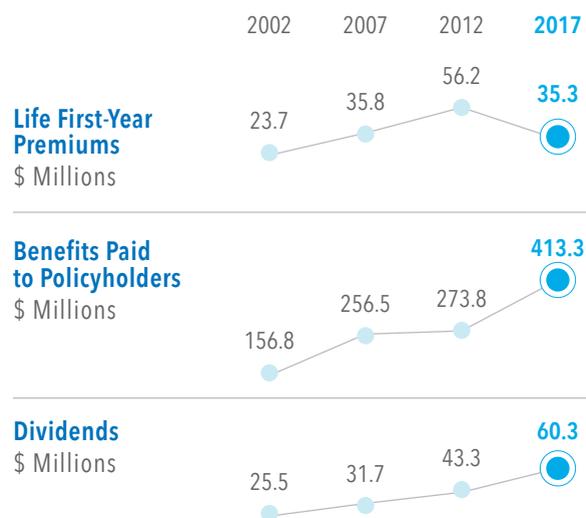
Assets

Debt securities	\$32,234,345
Equity securities	2,436,285
Other invested assets	8,709,467
Other general account assets	2,129,833
Assets held in separate accounts	2,363,476
Total assets	\$47,873,406

Liabilities and equity

Future policy benefits and claims	\$32,885,774
Long-term debt	496,954
Other general account liabilities	2,941,674
Liabilities related to separate accounts	2,363,476
Total liabilities	38,687,878
Total equity	9,185,528
Total liabilities and equity	\$47,873,406

Lafayette Life 2017 Financial Highlights



* Operating earnings are defined as net income excluding income tax and net realized investment gains or losses.

Outstanding Strength

A+

Superior *A.M. Best*

Superior ability to meet ongoing insurance obligations (second highest of 16 ratings; rating held since June 2009)

AA

Very Strong *Standard & Poor's*

Very strong financial security characteristics (third highest of 21 ratings; rating held since July 2013)

AA

Very Strong *Fitch*

Very strong capacity to meet policyholder and contract obligations on a timely basis (third highest of 21 ratings; rating held since June 2009)

96

Out of 100 *Comdex*

The Comdex Ranking is a composite of all the ratings a company has received from the major rating agencies. It ranks insurers on a scale of 1 to 100 (where 1 is the lowest) in an effort to reduce confusion over ratings because each rating agency uses a different scale.*



SECURING FINANCIAL FUTURES

2017 FINANCIAL SUMMARY

Lafayette Life Insurance Company

A member of Western & Southern Financial Group

This may contain information obtained from third parties, including ratings from credit ratings agencies such as Standard & Poor's. Reproduction and distribution of third-party content in any form is prohibited except with the prior written permission of the related third party. Third-party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. THIRD-PARTY CONTENT PROVIDERS GIVE NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. THIRD-PARTY CONTENT PROVIDERS SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, EXEMPLARY, COMPENSATORY, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, COSTS, EXPENSES, LEGAL FEES, OR LOSSES (INCLUDING LOST INCOME OR PROFITS AND OPPORTUNITY COSTS OR LOSSES CAUSED BY NEGLIGENCE) IN CONNECTION WITH ANY USE OF THEIR CONTENT, INCLUDING RATINGS. Credit ratings are statements of opinion and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice.

The ratings are current as of June 8, 2018, and are subject to change. Ratings refer to the claims-paying ability of the insurance company and do not reflect the performance or safety of any investment product. The rating agencies listed above are independent of each other and use proprietary evaluation criteria and rating scales. *The Lafayette Life Insurance Company is not rated by Moody's.

Securing Financial Futures

THE PRESIDENT'S MESSAGE

The Lafayette Life Insurance Company continues to build on its solid financial strength to help secure financial futures through first-class products, services and solutions.

Lafayette Life achieved solid financial results in 2017 despite regulatory challenges that faced the life insurance industry. GAAP assets reached a record \$5.8 billion, up 11 percent over 2016. Pre-tax operating income also hit a record high of \$49.1 million, continuing several consecutive years of record earnings.

Lafayette Life's life insurance premium increased to \$402 million. However, its annuity sales of \$171 million mirrored the slight declines others experienced across the industry.

Meeting Retirement Needs

Lafayette Life continued its efforts as an indispensable partner to independent producers seeking to serve clients planning for or in retirement.

The company's Retirement Services team delivers producers more than 30 years of experience in customizing retirement plans that provide employees retirement income while maximizing tax advantages for them and their employers.¹

Since 2009, the team's popular Pension School has helped prepare independent producers



appointed with Lafayette Life to serve clients with qualified retirement plans. In 2017, the curriculum was expanded to include an advanced course that goes in depth on the intricate details and nuances of qualified retirement plans.

As a result of Lafayette Life's educational and collaborative approach with producers, the team sold a record 130 qualified retirement plans and generated a total of \$2.1 million of life premium.

Enhancing Service, Products, Technology

Lafayette Life continued to emphasize first-class service for independent producers with the introduction of the Internal Wholesaler Desk.

This team, formerly the Sales Development Center, is fully dedicated to proactive outreach that directly supports and enhances independent producers' sales and marketing efforts.

The company made several product enhancements during the year, including increasing premium limits on its whole life products and adding allocation options to its Marquis® SP single premium deferred fixed indexed annuity using a proprietary index from JP Morgan.

Marquis® SP and Centennial series annuities were added to the eApplication system to increase the speed of processing business for producers and their clients. New features on LLIC.com provide policyowners broader 24/7 access to their annuity account activity and transaction history.

Looking ahead to 2018, the company plans to introduce electronic policy delivery and policyowner website enhancements. Lafayette Life will continue to help both producers and policyowners better prepare for a financially secure and successful future.

A blue ink signature of Bryan C. Dunn, written in a cursive style.

Bryan C. Dunn, CLU, ChFC
President and Chief Executive Officer
The Lafayette Life Insurance Company

Generally accepted accounting principles (GAAP) are used unless noted.

¹ Information provided is for educational purposes only. Lafayette Life does not provide tax or legal advice. Contact a tax or legal advisor.

Lafayette Life Board of Directors

John F. Barrett

Chairman, President and CEO, Western & Southern Financial Group

Bryan C. Dunn

President and CEO, The Lafayette Life Insurance Company

J. J. Miller

President and CEO, Columbus Life Insurance Company

Jill T. McGruder

Senior Vice President and Enterprise Chief Marketing Officer,
Western & Southern Financial Group

Jonathan D. Niemeyer

Senior Vice President, Chief Administrative Officer and General Counsel,
Western & Southern Financial Group

Lafayette Life Senior Management

Bryan C. Dunn

President and Chief Executive Officer

Lawrence R. Silverstein

Senior Vice President and Chief Marketing Officer

Michael F. Donahue

Vice President, Marketing Services

Daniel E. Haneline

Vice President and Chief Financial Officer

Cheryl A. Jorgenson

Vice President, Retirement Services

Have a question? Wish to contact us? Visit our website at www.llic.com or call our home office toll-free at 1.800.243.6631. Lafayette Life is an Equal Opportunity Employer.



**Lafayette Life
Insurance Company**

A member of Western & Southern Financial Group

The Lafayette Life Insurance Company
400 Broadway • Cincinnati, OH 45202-3341
www.llic.com