

# **CUNA Mutual Holding Company and Subsidiaries**

**Consolidated Financial Results, Unaudited**

**As of June 30, 2021 and December 31, 2020 and**

**For the six months ended June 30, 2021 and 2020**



**CUNA Mutual Holding Company and Subsidiaries**

Consolidated Balance Sheets, unaudited

June 30, 2021 and December 31, 2020

(000s omitted)

<b>Assets</b>	June 30, 2021	December 31, 2020
<b>Cash and investments</b>		
Debt securities, available for sale, at fair value, net	\$ 17,008,808	\$ 17,083,827
Debt securities, trading, at fair value	45,966	48,047
Equity securities	468,160	329,607
Mortgage loans, net	2,935,979	2,695,359
Policy loans	105,847	108,540
Limited partnerships	1,803,625	1,497,509
Securities lending assets	593,519	526,493
Derivative assets, at fair value	1,054,644	1,056,719
Other invested assets	181,557	158,784
<b>Total investments</b>	<b>24,198,105</b>	<b>23,504,885</b>
Cash and cash equivalents	227,632	348,589
<b>Total cash and investments</b>	<b>24,425,737</b>	<b>23,853,474</b>
Accrued investment income	140,328	139,588
Premiums receivable, net	319,928	315,961
Reinsurance recoverables, net	221,300	217,692
Net federal income taxes recoverable	101,993	158,214
Deferred policy acquisition costs	734,619	675,303
Office properties, equipment and computer software at cost, net	216,632	197,432
Goodwill, net	146,405	146,448
Intangible assets, net	36,539	38,992
Other assets and receivables	516,121	411,625
Separate account assets	2,388,322	2,336,122
<b>Total assets</b>	<b>\$ 29,247,924</b>	<b>\$ 28,490,851</b>

**CUNA Mutual Holding Company and Subsidiaries**

Consolidated Statements of Operations and Comprehensive Income (Loss), unaudited

Six Months Ended June 30, 2021 and 2020

(000s omitted)

	June 30,	December 31,
	2021	2020
<b>Liabilities and Policyholders' Surplus</b>		
<b>Liabilities</b>		
Policyholder account balances	\$ 11,768,857	\$ 11,086,793
Claim and policy benefit reserves - life and health	6,273,163	6,135,615
Loss and loss adjustment expense reserves - property and casualty	470,661	457,470
Unearned premiums	679,061	615,861
Notes and interest payable	266,655	644,257
Dividends payable to policyholders	28,251	28,324
Reinsurance payable	85,278	85,401
Net deferred tax liability	171,816	241,765
Accrued pension and postretirement benefit liability	133,953	138,189
Derivative liabilities, at fair value	735,418	766,207
Accounts payable and other liabilities	878,824	760,956
Payable for securities lending	593,519	526,493
Separate account liabilities	2,388,322	2,336,122
<b>Total liabilities</b>	<b>24,473,778</b>	<b>23,823,453</b>
<b>Policyholders' surplus</b>		
Retained earnings	4,233,175	3,867,748
Accumulated other comprehensive income, net	540,971	799,650
<b>Total policyholders' surplus</b>	<b>4,774,146</b>	<b>4,667,398</b>
<b>Total liabilities and policyholders' surplus</b>	<b>\$ 29,247,924</b>	<b>\$ 28,490,851</b>

**CUNA Mutual Holding Company and Subsidiaries**

Consolidated Statements of Operations and Comprehensive Income (Loss), unaudited

Six Months Ended June 30, 2021 and 2020

(000s omitted)

	June 30, 2021	June 30, 2020
<b>Revenues</b>		
Life and health premiums, net	\$ 898,607	\$ 1,049,488
Contract charges	35,775	33,472
Property and casualty premiums, net	475,189	453,854
Net investment income	654,233	264,481
Net realized investment gains (losses)	59,790	(76,106)
Commission and fee income	206,671	181,704
Other income	22,761	19,028
<b>Total revenues</b>	<b>2,353,026</b>	<b>1,925,921</b>
<b>Benefits and expenses</b>		
Life and health insurance claims and benefits, net	660,145	811,013
Property and casualty insurance loss and loss adjustment expenses, net	292,405	305,930
Interest credited to policyholder account balances	117,543	97,579
Policyholder dividends	12,744	16,391
Operating and other expenses	820,410	766,416
<b>Total benefits and expenses</b>	<b>1,903,247</b>	<b>1,997,329</b>
<b>Income (loss) from operations before income taxes and equity of unconsolidated affiliates</b>	<b>449,779</b>	<b>(71,408)</b>
Income tax expense (benefit)	84,352	(19,793)
<b>Income (loss) from operations before equity of unconsolidated affiliates</b>	<b>365,427</b>	<b>(51,615)</b>
Equity in (loss) of unconsolidated affiliates, net of tax	-	(3,850)
<b>Net income (loss)</b>	<b>365,427</b>	<b>(55,465)</b>
Foreign currency translation adjustment, net of tax	(1,192)	695
Change in unrealized gains (losses), net of tax	(269,459)	360,158
Change in shadow adjustments, net of tax	4,025	(93,742)
Change in pension liability, net of tax	7,947	4,775
<b>Other comprehensive income (loss)</b>	<b>(258,679)</b>	<b>271,886</b>
<b>Total comprehensive income</b>	<b>\$ 106,748</b>	<b>\$ 216,421</b>

**CUNA Mutual Holding Company and Subsidiaries**

Consolidated Statement of Policyholders' Surplus, unaudited

Six Months Ended June 30, 2021

(000s omitted)

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	Retained earnings	Accumulated other comprehensive income, net	Total policyholders' surplus
<b>Balance, December 31, 2020</b>	<b>\$ 3,867,748</b>	<b>\$ 799,650</b>	<b>\$ 4,667,398</b>
Net income	365,427	-	365,427
Other comprehensive (loss)	-	(258,679)	(258,679)
<b>Balance, June 30, 2021</b>	<b>\$ 4,233,175</b>	<b>\$ 540,971</b>	<b>\$ 4,774,146</b>

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**CUNA Mutual Holding Company and Subsidiaries**

Consolidated Statements of Cash Flows, unaudited

Six Months Ended June 30, 2021 and 2020

(000s omitted)

	June 30, 2021	June 30, 2020
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ 365,427	\$ (55,465)
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Undistributed (gains) losses of limited partnerships	(234,258)	101,686
Net realized investment (gains) losses	(59,790)	76,106
Undistributed losses of unconsolidated subsidiaries	-	3,850
Amortization of deferred policy acquisition costs	164,529	170,475
Policy acquisition costs deferred	(228,618)	(199,138)
Depreciation of office properties, equipment, computer software and real estate	23,025	25,661
Amortization of intangible assets	2,453	3,020
Amortization of premium and discount and low income housing tax credits	609	9,494
Deferred income taxes	(1,321)	(72)
Policyholder charges on investment-type contracts	(16,247)	(17,125)
Interest credited to policyholder account balances	117,543	97,579
Impairment of intangible assets	-	8,117
Changes in other assets and liabilities		
Accrued investment income	(793)	(1,971)
Premiums receivable	(3,996)	(11,665)
Reinsurance recoverables	(3,607)	1,195
Net federal income taxes	56,283	(27,925)
Other assets and receivables	(2,492)	1,912
Insurance reserves	160,844	373,287
Unearned premiums	63,204	39,467
Reinsurance payable	(115)	(6,267)
Accounts payable and other liabilities	21,608	1,941
<b>Net cash provided by operating activities</b>	<b>424,288</b>	<b>594,162</b>

**CUNA Mutual Holding Company and Subsidiaries**

Consolidated Statements of Cash Flows, unaudited - continued

Six Months Ended June 30, 2021 and 2020

(000s omitted)

	June 30, 2021	June 30, 2020
<b>Cash flows from investing activities</b>		
Purchases of investments		
Debt securities	\$ (1,428,845)	\$ (1,524,530)
Equity securities	(57,645)	(63,302)
Mortgage loans	(423,996)	(232,966)
Limited partnerships	(152,566)	(111,438)
Derivative financial instruments	(912,113)	(358,614)
Other invested assets	(388,490)	(1,265,736)
Proceeds on sale or maturity of investments		
Debt securities	1,206,966	795,219
Equity securities	36,481	30,041
Mortgage loans	182,975	156,814
Limited partnerships	80,707	26,269
Derivative financial instruments	1,031,138	351,899
Other invested assets	417,583	1,146,811
Purchases of office properties, equipment, and software, net	(42,584)	(19,606)
Net change in collateral under securities lending	(67,795)	27,293
Net change in payable for collateral under securities lending	67,795	(27,293)
Change in policy loans	2,497	922
<b>Net cash used in investing activities</b>	<b>(447,892)</b>	<b>(1,068,217)</b>
<b>Cash flows from financing activities</b>		
Policyholder account deposits	1,714,959	1,533,570
Policyholder account withdrawals	(1,345,866)	(837,509)
Assets on deposit, net	(89,238)	-
Notes payable - borrowings	1,255,000	2,695,000
Notes payable - repayments	(1,632,223)	(2,812,100)
Change in bank overdrafts	-	(9,413)
<b>Net cash (used in) provided by financing activities</b>	<b>(97,368)</b>	<b>569,548</b>
<b>Change in cash and cash equivalents</b>	<b>(120,972)</b>	<b>95,493</b>
<b>Effect of foreign exchange rate on cash</b>	<b>15</b>	<b>1,456</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>348,589</b>	<b>192,223</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 227,632</b>	<b>\$ 289,172</b>