



National Life Group®

September 30, 2020 – Financials at a Glance

# Financial Strength IN THE FACE OF CHALLENGES

## Results and balance sheet strength show financial resilience

Nine months into 2020, our business is showing resilience in challenging times. Our year-to-date results are consistent with the prior year period, despite some quarterly volatility from mortality and asset market values. Our balance sheet continues to provide a foundation of financial strength with a high quality investment portfolio, ample liquidity and strong statutory capital. Our full suite of life products continue to meet the growing needs of Middle America, with application volumes that are outpacing prior year, and our life face amount in-force reached \$200 billion, doubling since 2016.

**TOTAL ASSETS<sup>1</sup>**  
**\$36 BILLION**

Up 5% from December 31, 2019.



In our bond portfolio, 55% of our fixed income securities are rated NAIC 1, the highest quality category, and 40% are high quality NAIC 2.

**TOTAL LIABILITIES<sup>1</sup>**  
**\$34 BILLION**

**Q3 YTD PREMIUMS  
and DEPOSITS<sup>2</sup>**  
**\$2.4 BILLION**

Provides a foundation  
for strong cash flows.

**Q3 YTD SALES<sup>4</sup>**



Life  
**\$242 MILLION**



Flow Annuity  
**\$109 MILLION**



SPDA Annuity  
**\$549 MILLION**

**STATUTORY CAPITAL<sup>3</sup>**  
**\$2.6 BILLION**

Up from \$2.5 billion  
at December 31, 2019.

**Q3 YTD CORE EARNINGS<sup>5</sup>**  
**\$212 MILLION**

Year-to-date results show  
growth in our core businesses  
and disciplined spending.

**Q3 YTD BENEFITS PAID<sup>6</sup>**  
**\$1.3 BILLION**

Up 10% over 2019.  
Our promises kept.

National Life Group® is a trade name of National Life Insurance Company, Montpelier, VT, Life Insurance Company of the Southwest, Addison, TX and their affiliates. Each company of National Life Group is solely responsible for its own financial condition and contractual obligations. Life Insurance Company of the Southwest is not an authorized insurer in New York and does not conduct insurance business in New York.

TC118071(1120)1

- 
1. Based on the consolidated financial position as of September 30, 2020 stated on the basis of U.S. Generally Accepting Accounting Principles (“GAAP”) of NLV Financial Corporation (“NLVF”) and its subsidiaries and affiliates, including National Life Insurance Company (“NLIC”) and Life Insurance Company of the Southwest (“LSW”). NLVF and its subsidiaries and affiliates operate as a unified organization under the trade name of National Life Group (“NLG”). Total assets exclude bond unrealized gains and losses. Statutory basis financial figures as of September 30, 2020: NLG consolidated admitted assets were \$37.1B and liabilities were \$34.5B. NLIC admitted assets were \$10.0B and liabilities were \$7.7B.
  2. Based on the consolidated financial results of NLVF for the nine months ended September 30, 2020, premiums and deposits include premiums on a GAAP basis plus policyholders’ deposits from the GAAP basis statement of cash flows. Premiums on a statutory basis of accounting for the nine months ended September 30, 2020 for NLIC were \$255 million.
  3. Statutory total adjusted capital (“TAC”) as of September 30, 2020 for NLIC. TAC is an industry measure used by state regulators to measure a life insurer’s risk-based capital adequacy, and includes statutory capital and surplus adjusted for certain reserves.
  4. Life sales include total weighted new annualized premium (“WNAP”) for NLIC and LSW. Flow annuity and single premium deferred annuity (“SPDA”) sales include total deposits for NLIC and LSW. For the nine months ended September 30, 2020, NLIC life insurance WNAP were \$33M, flow annuity total deposits were \$5M, and SPDA total deposits were \$1M.
  5. Core Earnings is a group only non-GAAP, pre-tax measure we use to evaluate our financial performance. It excludes capital gains/losses and accounting volatility related to our indexed life and annuity products. We believe Core Earnings is a useful measure to analyze our results and trends because it excludes such short-term volatility and is more consistent with the economics and long-term performance of our indexed products. For additional information, refer to our quarterly financial statements by visiting: <https://www.NationalLife.com/OurStory-Financials>.
  6. Statutory basis benefits paid based on consolidated results of NLIC and LSW for the nine months ended September 30, 2020. NLIC benefits paid were \$202M.