



National Life Group

INVESTOR UPDATE

June 9, 2021

here for the long haul

National Life Group has thrived over the past 12 months and is well positioned for the future



Since 1848, our financial foundation was built to last, with disciplined pricing and underwriting, high quality invested assets, and strong liquidity and capital



In 2020, we transitioned seamlessly to virtual work, leveraging our digital capabilities with enhanced tools, processes and strategies to facilitate remote sales and digital customer engagement



While rating agencies have generally held a negative to neutral view of the insurance industry, in 2021 **both A.M. Best Co. and Moody's** have **upgraded** our financial strength rating to **A+ (Superior)** and **A1 (Good)**, respectively



Our strong 2020 results showed the resilience of our business with steady sales, core earnings growth, and stable capital levels

responding to the pandemic swiftly and effectively



demonstrating resilience in 2020

\$38.1B Assets¹

\$35.9B Liabilities¹

\$289M Core Earnings²

\$4.6B Statutory Revenue³

\$2.0B Total Recurring Premium³



a **standout** in the industry

A.M. Best / A+ (Superior)

- Second highest of 16
- Outlook: **Stable**

UPGRADED

Standard & Poor's / A+ (Strong)

- Fifth highest of 21
- Outlook: **Stable**

Moody's / A1 (Good)

- Fifth highest of 21
- Outlook: **Stable**

UPGRADED

Financial strength ratings for NLIC and LSW as of 6/2/21. Ratings are subject to change.

Upgraded in 2021

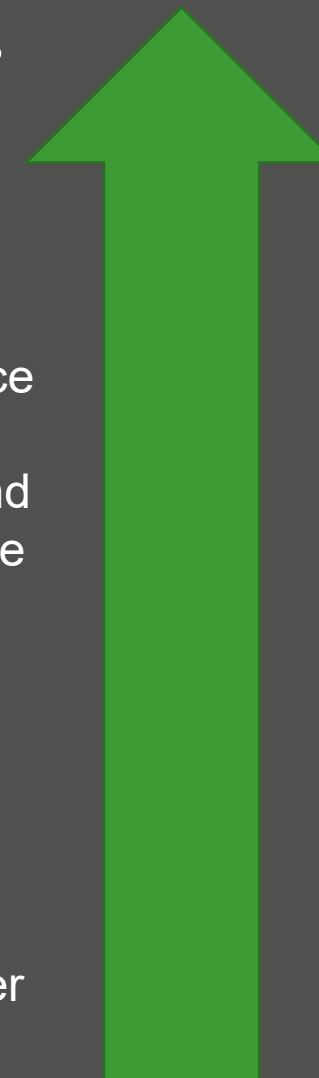
following a year of challenges

A.M. Best

upgraded National Life to A+ (Superior) citing balance sheet strength, strong operating performance, and a favorable business profile

Moody's

upgraded National Life to A1 (Good) citing rising market position, strong financial flexibility and commitment to policyholder value



here for middle America

Customer-focused products

For protection, retirement and investment

Households with income of \$75,000-
\$150,000

Solutions for small business owners



achieving top rankings

#1

Provider of Fixed Indexed Annuities in Employer Sponsored Plans⁴
and Longest Standing Issuer⁴

#2

for Indexed Universal Life Insurance Sales⁵
Up from #4 in 2014

#11

for individual life insurance sales⁶
Up from #19 in 2014

our distribution model is unique

Independent and affiliated agents focused on our customers' needs

Recruiting younger and more diversified distribution

Building a strong presence in multicultural markets

Women are the majority of our customers

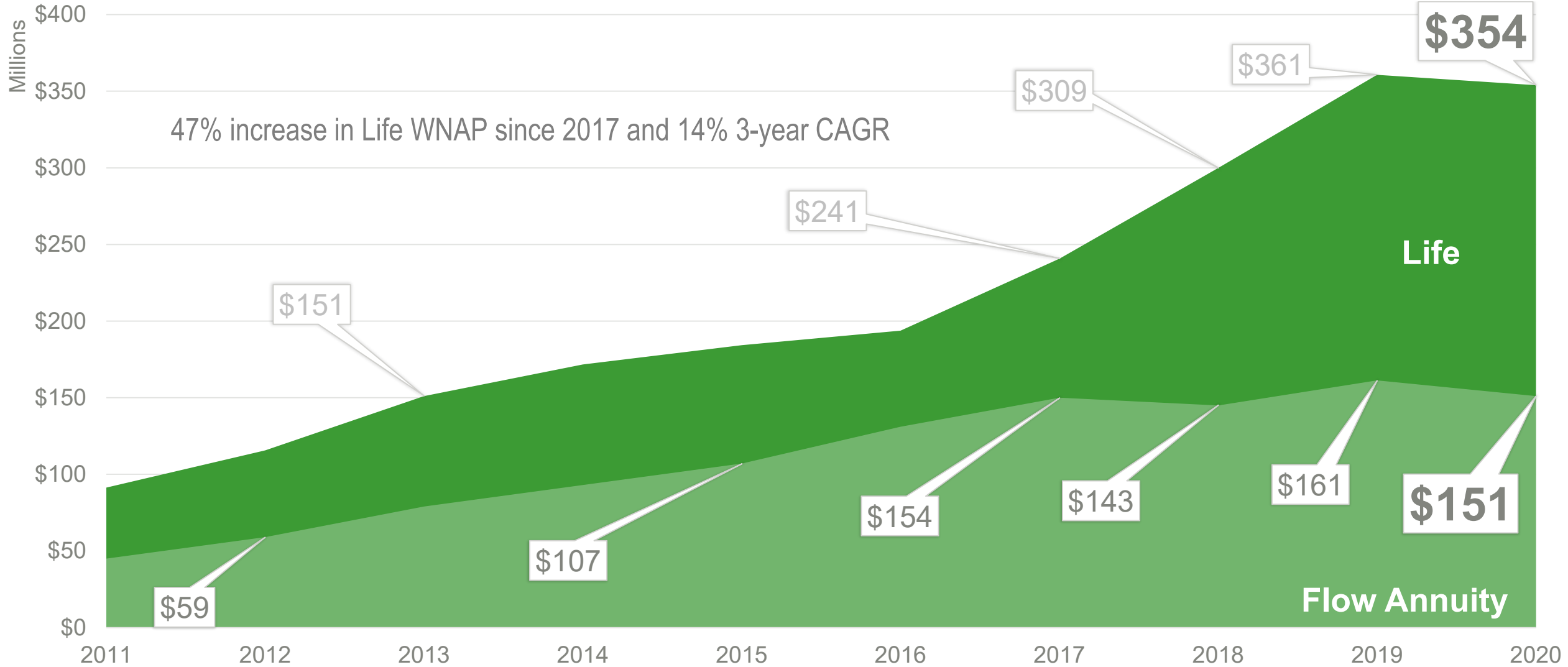
Long term loyalty of our independent channel provides career-like benefits

Whatever the Language... Simple Sells



Policies and contracts are only available in English.

disciplined growth focused on sustainability



delivering results

\$354M Life WNAP⁷

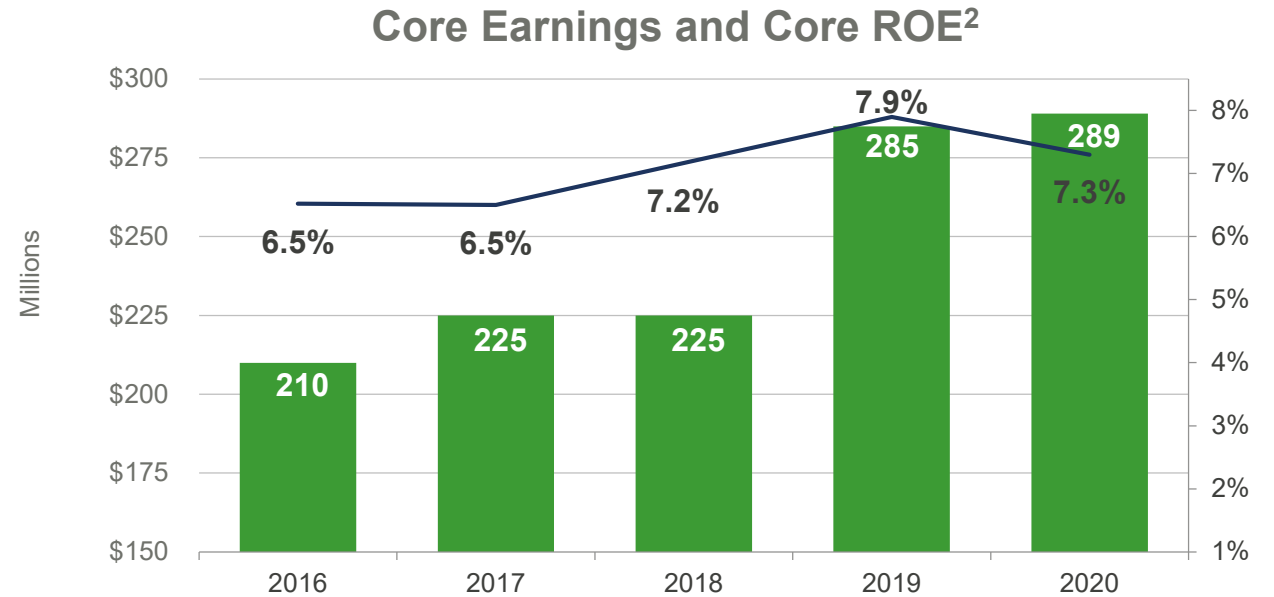
\$151M Annuity Flow⁷

\$786M SPDA Premium⁷





core earnings performance

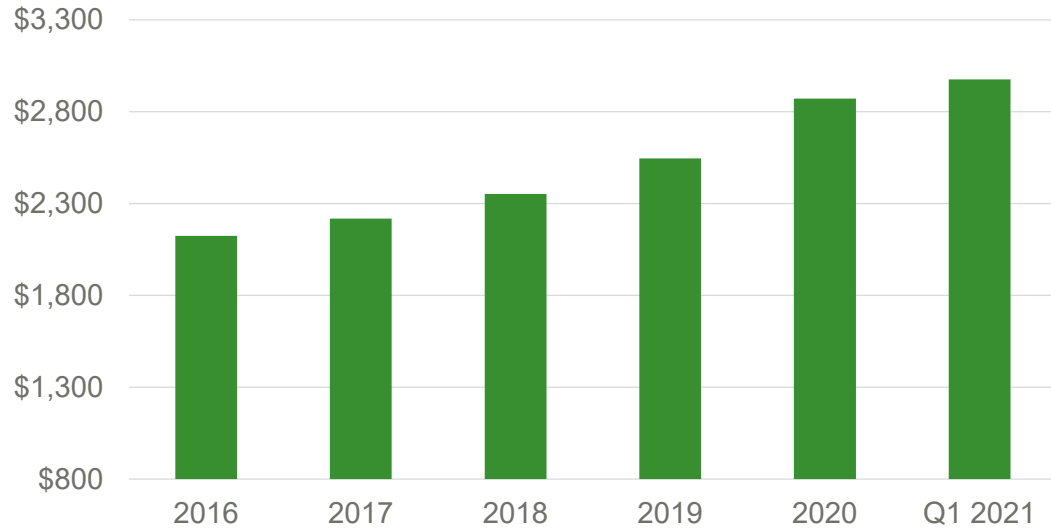


2020 Core Earnings² reflect balanced growth and investment performance:

- Strong life margins during pandemic and increased mortality
- Stable annuity results despite low interest rate environment
- Outstanding performance from alternative investment portfolio
- Thoughtful expense management

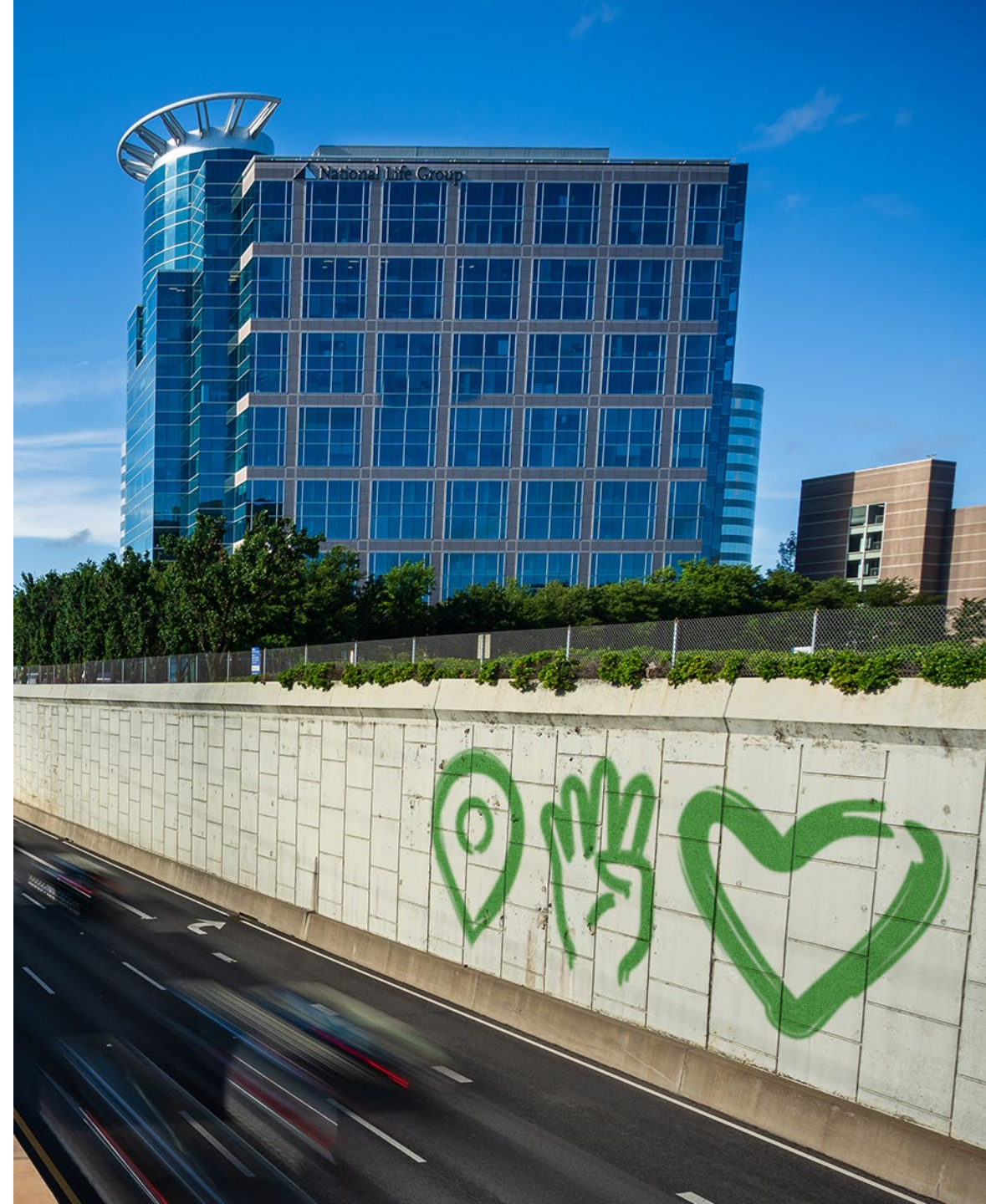
maintaining capital while supporting growth

Statutory Total Adjusted Capital⁸



TAC of \$3.0 billion at March 31, 2021 is up 40% since 2016

Capital levels remain strong while growing Life sales at 14% CAGR since 2017



off to a **strong start** in 2021

Q1 2021 Results

\$157M Life & Annuity Sales⁷

Life sales topped \$100M for highest first quarter ever

\$91M Core Earnings²

- Up \$30M from 1Q 2020; 3rd highest quarter ever
- 14% growth in Life fee revenues
- Annuity results stable despite rate environment
- Strong returns on alternative investments

Maintaining expense discipline

Spending down throughout the organization while continuing to invest in our digital platforms to support customers and agents

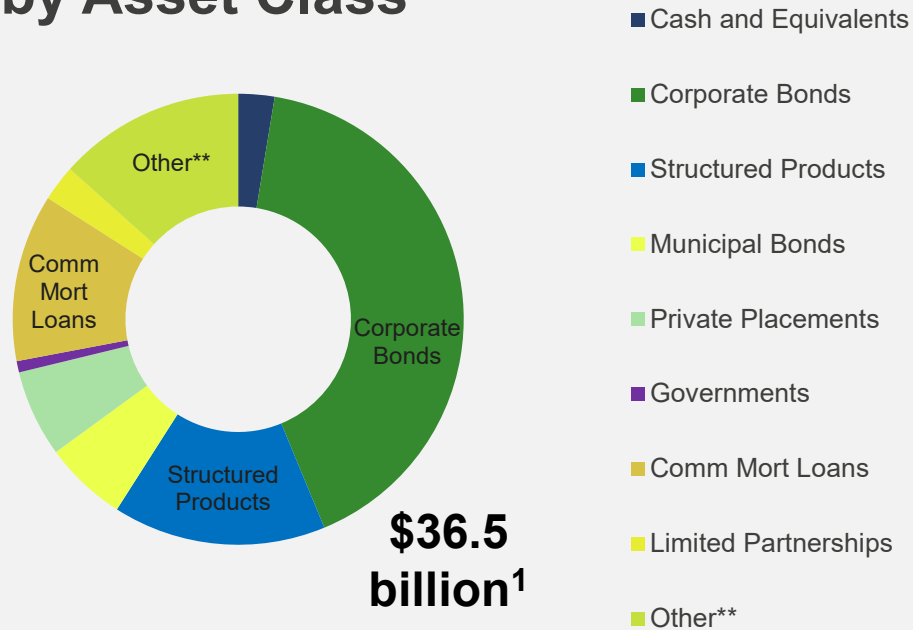
\$3.0B Statutory Capital⁸

Maintaining strong capital while growing our business

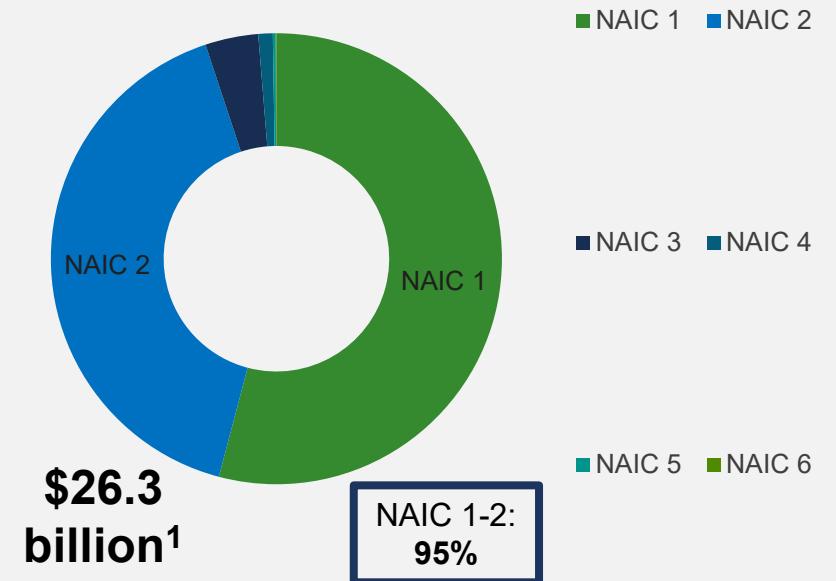


quality investment portfolio built to endure

Cash and Invested Assets by Asset Class



Available-for-sale Debt Securities by Rating



We've diversified and de-risked our high quality portfolio of primarily corporate bonds, mortgage-backed securities and commercial mortgage loans

¹ ** Other includes Housing Credits, Policy Loans, Unaffiliated Corporate Stock, Derivatives, and Real Estate Owned.

National Life Group in summary

An industry leading life insurer

- #2 in Indexed Universal Life⁶ with 14% CAGR in Life sales in the past 3 years

Balance sheet strength

- Strong, stable financial strength ratings
- Access to ample liquidity through Federal Home Loan Bank membership
- Strong capital levels while supporting outstanding top-line growth

Robust growth with financial discipline

- Focus on quality of business and long-term distribution relationships
- Products that perform for policyholders and for the company across a range of economic scenarios
- Highly effective hedging strategy

Thriving through the pandemic

- Seamlessly moved to remote work strategy with sustained high service levels
- Enhanced processes to better facilitate remote sales and interactions
- Effectively reached out to provide distributors with tools and strategies for digital customer engagement



¹ Based on the consolidated financial position as of 12/31/20 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 12/31/20: NLG consolidated admitted assets were \$38.9B, cash and invested assets were \$34.4B, bonds were \$23.2B, and liabilities were \$36.2B. NLIC admitted assets were \$10.5B, cash and invested assets were \$9.0B, bonds were \$5.7B, and liabilities were \$8.0B.

² Core Earnings and Core Return on Equity (“ROE”) are group only non-GAAP measures. Core Earnings is a non-GAAP, pre-tax measure we use to evaluate our financial performance. It excludes investment 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. Core ROE is tax effected at the statutory tax rate. For additional information, refer to our quarterly financial statements by visiting: <https://www.NationalLife.com/OurStory-Financials>.

³ Statutory revenues and recurring premiums are based on consolidated results of NLIC and LSW for the year ended 12/31/2020. NLIC statutory revenues were \$690M and recurring premiums were \$416M.

⁴ LIMRA US Individual Annuity Industry Sales Report, 4Q2020; Longest standing issuer - Insurance News Net, FIAs at Age 20, 2015.

⁵ Wink’s Sales and Market Report, 4Q2020 and 4Q2014.

⁶ LIMRA Sales Rankings, 4Q2020 and 4Q2014.

⁷ 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 year ended 12/31/20 NLIC life insurance WNAP were \$52M, flow annuity total deposits were \$7M, and SPDA total deposits were \$2M. For the three months ended 3/31/21 NLIC life insurance WNAP were \$12M and flow annuity total deposits were \$1M. There were no SPDA deposits during the period.

⁸ Statutory total adjusted capital (“TAC”) as of 3/31/21 for National Life Insurance Company. 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 liabilities.

This presentation may include forward-looking statements, which are not guarantees of future performance, and undue reliance should not be placed on them. Such forward-looking statements involve risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance, or any result expressed or implied by such forward-looking statements. Although any forward-looking statements contained in this presentation are based on assumptions that management of the Company believes are reasonable, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. National Life Group undertakes no obligation to update forward-looking statements if circumstances or management’s estimates or opinions should change, except as required by applicable securities laws.