National Life Group was Prepared to meet the challenges of COVID-19

Our financial foundation was built to last, with disciplined pricing and underwriting, high quality invested assets, and strong liquidity and capital.

We transitioned seamlessly to virtual work, acting quickly to leverage our digital capabilities with enhanced tools and processes to facilitate remote sales and interactions.

We proactively reached out to provide our distribution partners with tools and strategies for digital customer engagement.

Our strong Q1 2020 results showed the resilience of our core earnings with Life fee revenue growth, stable Annuity earnings, highly effective hedging, and lower expenses.
Over 170 years of keeping our promises

Our Mission
Keeping Our Promises

Our Vision
Bring Peace of Mind to Everyone We Touch

Our Values
Do Good. Be Good. Make Good.
Meeting the Needs of Middle America

Customer-focused products
For protection, retirement and investment

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

Solutions for small business owners
Our Mission-Driven Approach Has Led to Market Prominence

One of the fastest growing U.S. individual life insurance companies

Provider of Indexed Annuities in Employer Plans and Longest Standing Issuer

#1 Provider of Indexed Annuities in Employer Plans and Longest Standing Issuer

#2 in IUL Sales
Up from #4 in 2014

#9 in Life Sales
Up from #19 in 2014

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Our Distribution Model is Unique

Whatever the Language… Simple Sells

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

Policies and contracts are only available in English.
Our Refreshed Product Portfolio is Comprehensive and Current

Term Life
June 2018

TotalSecure Whole Life
March 2019

FIT Retirement Series (FRS)
August 2018

FlexLife & PeakLife Indexed UL
October 2019

Refreshed products offer increased EZ underwriting limits, new crediting options and an enhanced and simplified illustration experience
Our Disciplined Growth is Focused on Sustainability

5 Year Life Sales growth of 110% (CAGR of 16%) compared to industry growth of 13%\(^3\) in 5 years
We’ve Maintained Capital Strength While Supporting Significant Growth

Statutory Total Adjusted Capital

- TAC of $2.55 billion at December 31, 2019 is up 30% since 2015
- Capital levels remain strong while growing Life sales at 16% CAGR
- Capital initiatives support our growing book of business
  - Reinsurance transactions
  - $500M of surplus notes due 2068 issued in 2018-2019
Our Quality Investment Portfolio is Purpose-Built to Endure

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

Cash and Invested Assets by Asset Class

- Cash and Equivalents
- Corporate Bonds
- Emerging Markets
- Structured Products
- Municipal Bonds
- Private Placements
- Governments
- Comm Mort Loans
- Limited Partnerships
- Other**

$31.8* billion

Available-for-sale Debt Securities by Rating

- NAIC 1
- NAIC 2
- NAIC 3
- NAIC 4
- NAIC 5
- NAIC 6

NAIC 1-2: 96.4%

$23.7* billion

* Based on consolidated results of NLV Financial Corporation and Subsidiaries, which include National Life Group (NLG) companies as of 12/31/19, and stated on a GAAP accounting basis. Statutory basis financial figures for National Life Insurance Company only as of 12/31/19: Cash and Invested Assets $8.7B; Bonds $5.5B

** Other includes Housing Credits, Policy Loans, Unaffiliated Corporate Stock, Derivatives, and Real Estate Owned.
Disciplined Growth Delivers Results
Performance and Capital Strength in 2019

- **$34B** Assets\(^6\) (excluding bond unrealized gains/losses)
- **$32B** Liabilities\(^6\)
- **$285M** Core Earnings\(^8\)
- **$2.55B** Statutory Capital\(^5\)
- **$4.9B** Statutory Revenue\(^7\)
- **$1.69B** Total Recurring Premium\(^7\)
- **$1.69B** Total Recurring Premium\(^7\)
Core Earnings Performance
Strong Results Across Our Business Lines

2019 Core Earnings reflect balanced growth and investment performance:

- Life policy fee revenue growth of 18% over 2018
- Stable annuity results despite low interest rate environment
- Increasing contribution from FHLB funding agreement program
- Outstanding performance from alternative investment portfolio
Our Strength and Performance Continues to be Recognized

In May 2020, A.M. Best affirmed National Life’s ratings and our positive outlook

- Financial Strength ratings for National Life Insurance Company and Life Insurance Company of the Southwest
- Ratings are current as of May 27, 2020
### Key Process Changes in Response to COVID-19

#### APPLICATION & UNDERWRITING
- ✓ Launched Rapid Response Center to support agents with education and updates
- ✓ Expanded limits for EZ Underwriting
- ✓ Enabled eSignature for illustrations
- ✓ Enabled DocuSign for submission of forms
- ✓ No reductions in reinsurance capacity

#### ISSUE & DELIVERY
- ✓ Customers can make their first policy payment online
- ✓ Enabled direct-to-customer FedEx delivery in certain states
- ✓ Launched eDelivery capabilities for policy delivery
- ✓ Require statement of good health on delivery

#### IN-FORCE
- ✓ Maintaining high service levels while working remotely
- ✓ Introduced the Client Intelligence Dashboard
- ✓ Launched the COVID-19 Client Engagement eKit
- ✓ Educating policyholders on options to avoid lapses and surrenders
- ✓ Offering 90 day grace period
Our Digital Capabilities
Were Ready for the Challenge

Customer and Agent Mobile Apps
Launched in 2018 Drive Self-Service

Since Q3 2018, we processed over 260,000 self-service transactions on our customer portal and mobile app.

In Q1 2020, agent engagement increased across all digital platforms:

- Blog views increased 64%
- New agent mobile app users up 69%
- Overall agent app users improved 62%
First Quarter 2020 Results Reflect our Strong Foundation

$130M Life & Annuity Sales$\textsuperscript{9}
Weighted new annualized premium basis

$61M Core Earnings$\textsuperscript{8} in 1Q 2020
- Up $22M from 1Q 2019
- Highly effective hedging of indexed products
- 13% growth in Life fee revenues
- Annuity results stable despite rate environment
- Strong returns on alternative investments

Strong Cash Position and Access to Liquidity through FHLB

$2.4B Statutory Capital at 3/31/20$\textsuperscript{5}
Strong despite 1Q 2020 equity market decline
National Life Group in Summary

An industry leading life insurer
- #2 in Indexed Universal Life with 16% CAGR in Life sales in the past 5 years

Balance sheet strength
- High quality investment portfolio that has been diversified and de-risked
- Strong, stable financial strength ratings
- Access to ample liquidity through Federal Home Loan Bank membership
- Strong statutory 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 in the virtual work environment
- Seamlessly moved to remote work strategy with sustained high service levels
- Enhanced our processes to better facilitate remote sales and interactions
- Proactively reached out to provide distributors with tools and strategies for digital customer engagement
Notes to Financial Update


2 LIMRA US Retail Individual Life Insurance Sales Participant Report, 4Q2019

3 Among all reporting life insurance companies from 2014 – 2019 with individual life sales of at least $50 mm in 2014 – LIMRA Sales Reporting, 2014 and 2019

4 NL Term Life, form series 20521(0518)/ICC18-20521(0518), NL TotalSecure Whole Life, form series 20536(0918)/ICC18-20536(0918), NL PeakLife and NL FlexLife Indexed Universal Life, form series 20607/ICC19-20607(0119) and all associated riders are issued by National Life Insurance Company. LSW Term Life, form series 20522(0518)/ICC18-20522(0518), LSW TotalSecure Whole Life, form series 20537(0918)/ICC18-20537(0918), LSW PeakLife and LSW FlexLife Indexed Universal Life, form series 20608/ICC19-20608(0119), the FIT Series fixed indexed annuities, form series 20375(0418)/ICC18-20375(0418) and all associated riders are issued by Life Insurance Company of the Southwest.

5 Total Adjusted Capital for National Life Insurance Company as of 12/31/19 and 3/31/2020, respectively. Total Adjusted Capital (TAC) includes statutory capital and surplus, plus statutory valuation reserves (AVR) and ½ dividends apportioned for payment.

6 Based on consolidated results of NLV Financial Corporation and Subsidiaries, which include National Life Group (NLG) companies as of 12/31/19, and stated on a GAAP accounting basis excluding bond unrealized gains and losses. Statutory basis financial figures for National Life Insurance Company only as of 12/31/19: Assets $10.1B, Liabilities $7.8B, Reserves $3.5B, and Surplus $2.3B.

7 Total 2019 revenue and life and annuity direct renewal premiums on a statutory basis, including National Life Insurance Company (NLIC) and Life Insurance Company of the Southwest (LSW). Results for NLIC separately for 2019: Total revenues $692M and Life and Annuity Recurring Premium $388M.

8 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 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.

9 Life sales include total weighted new annualized premium (“WNAP”) for NLIC and LSW. Annuity sales include total deposits for NLIC and LSW. For the year ended December 31, 2019, NLIC life insurance WNAP sales were $53M and annuity total deposits were $10M. For the quarter ended March 31, 2020, NLIC life insurance WNAP sales were $11M and annuity total deposits were $2M.