

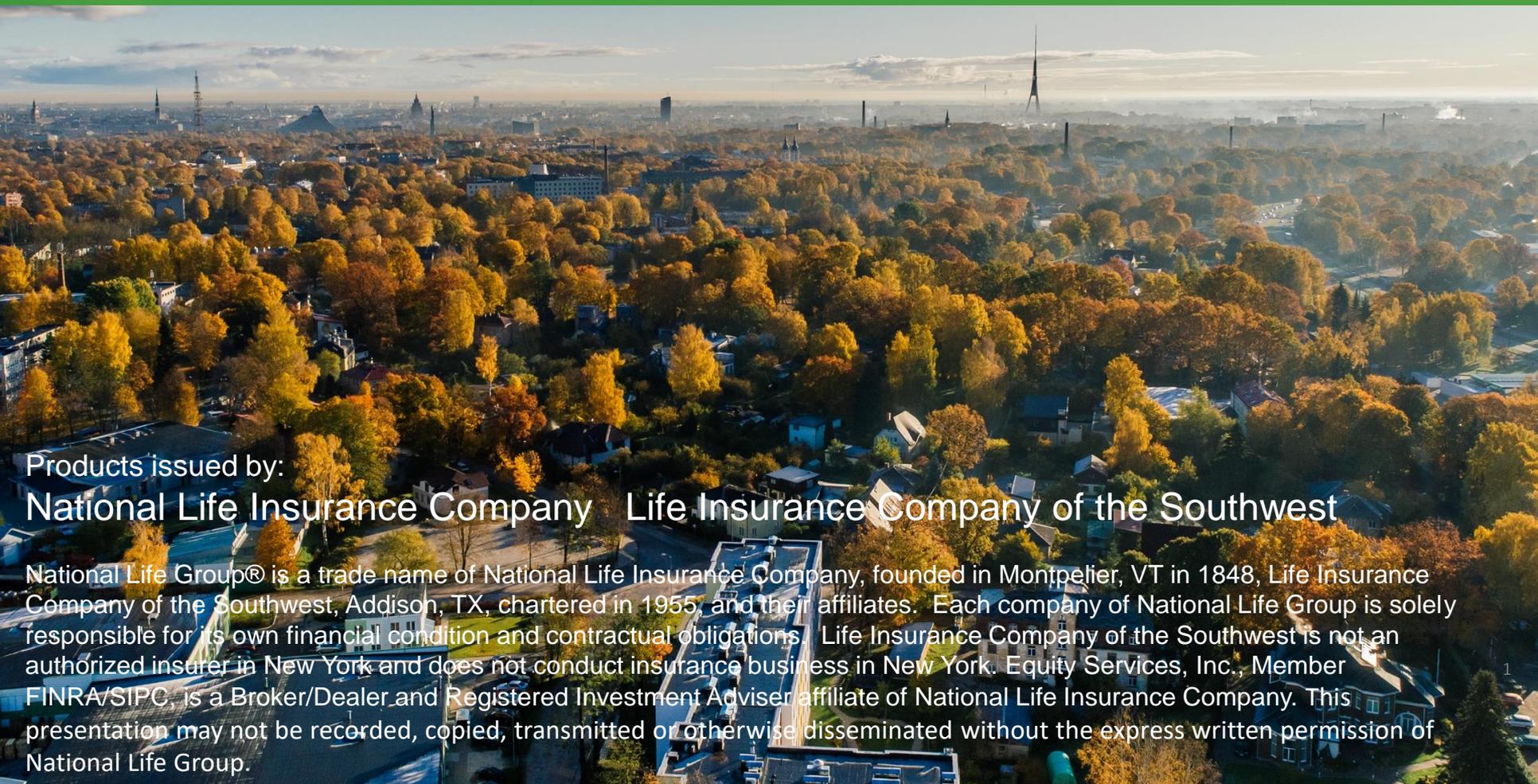


National Life
Group®

Experience Life®

FINANCIAL UPDATE

May 28, 2020



Products issued by:

National Life Insurance Company Life Insurance Company of the Southwest

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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 companies³



Provider of Indexed Annuities in Employer Plans and Longest Standing Issuer¹



in IUL Sales²
Up from #4 in 2014



in Life Sales²
Up from #19 in 2014

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

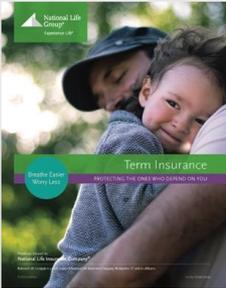
Building a strong presence in multicultural markets

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

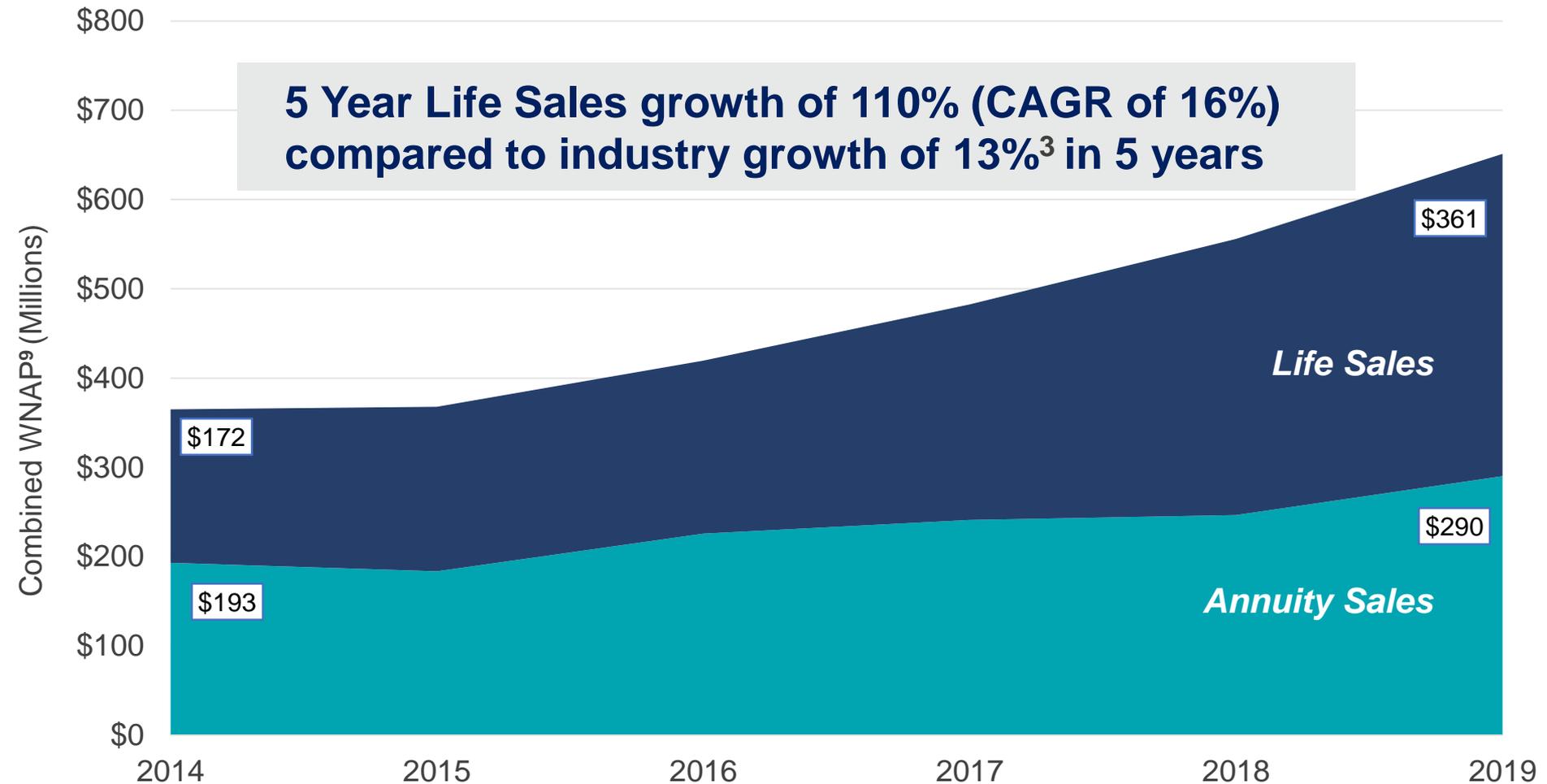


FlexLife & PeakLife Indexed UL October 2019



Refreshed products ⁴ offer increased EZ underwriting limits, new crediting options and an enhanced and simplified illustration experience

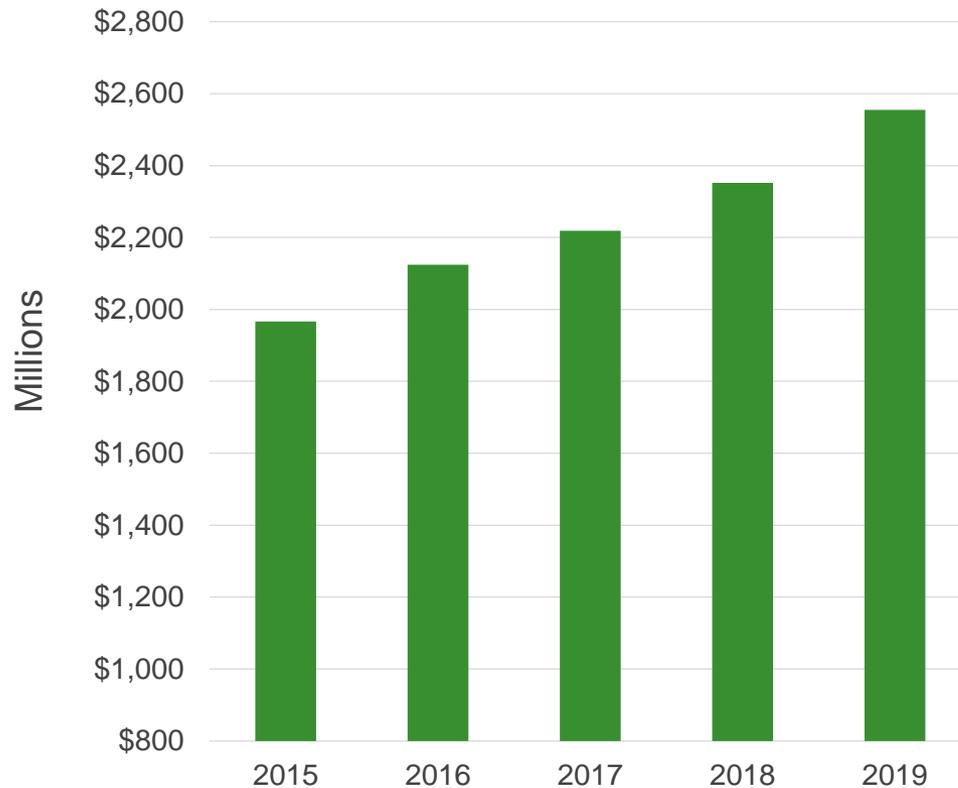
Our Disciplined Growth is Focused on Sustainability



We've Maintained Capital Strength While Supporting Significant Growth



Statutory Total Adjusted Capital⁵



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

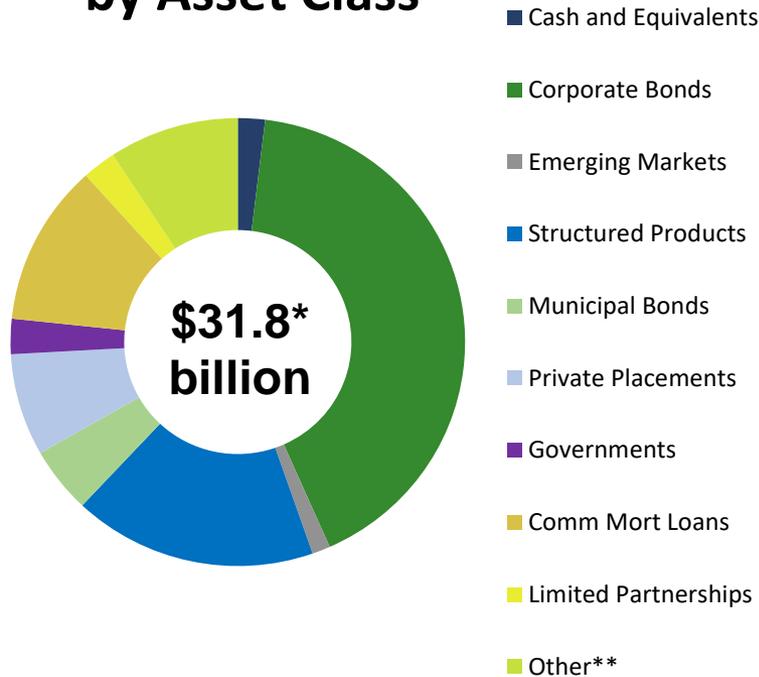
Capital initiatives support our growing book of business

- Reinsurance transactions
- \$500M of surplus notes due 2068 issued in 2018-2019

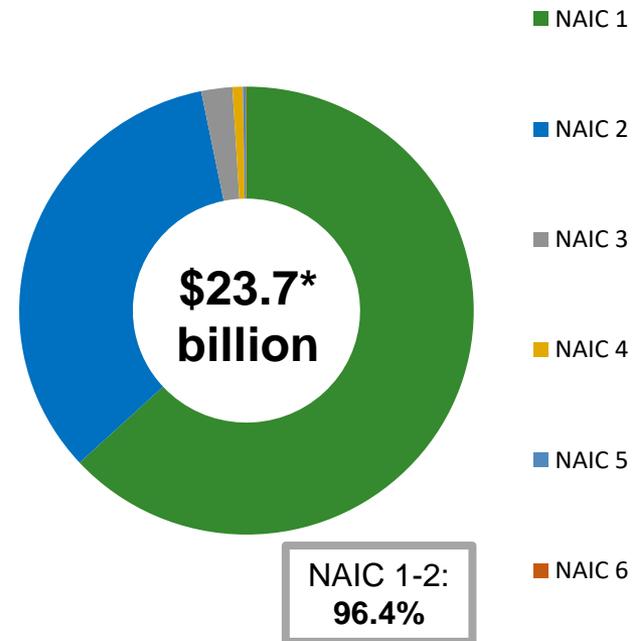
Our Quality Investment Portfolio is Purpose-Built to Endure

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



Available-for-sale Debt Securities by Rating



* 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



UP 13%
over 2018

\$34B
Assets⁶
(excluding bond unrealized gains/losses)

UP 16%
over 2018

\$32B
Liabilities⁶

UP 27%
over 2018

\$285M
Core Earnings⁸

UP 39%
over 2018

\$4.9B
Statutory Revenue⁷

UP 8%
over 2018

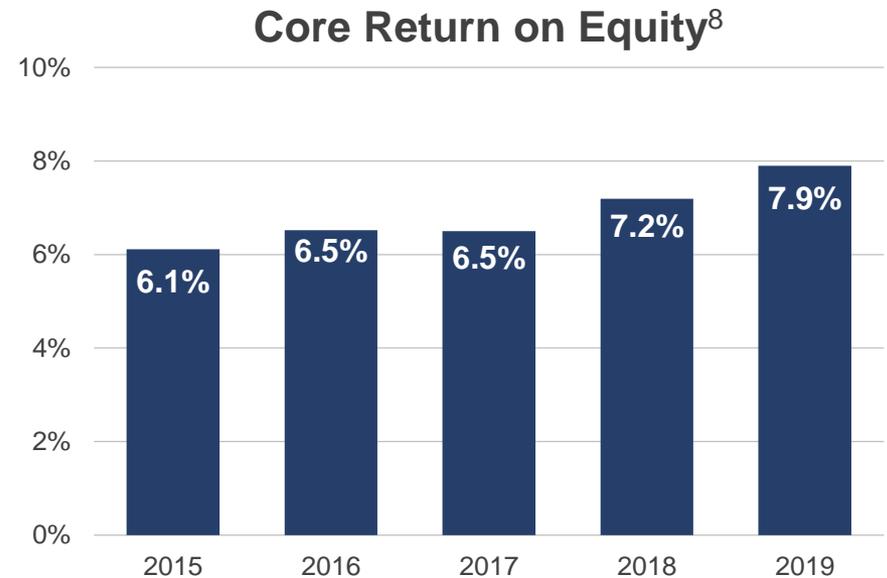
\$2.55B
Statutory Capital⁵

UP 10%
over 2018

\$1.69B
Total Recurring Premium⁷

Core Earnings Performance

Strong Results Across Our Business Lines



2019 Core Earnings⁸ 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



A.M. Best
3rd highest out
of 16 rankings



**Standard
& Poor's**
5th highest out
of 21 rankings



Moody's
6th highest out
of 21 rankings

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

We Adapted Quickly and Proactively to the New Environment

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

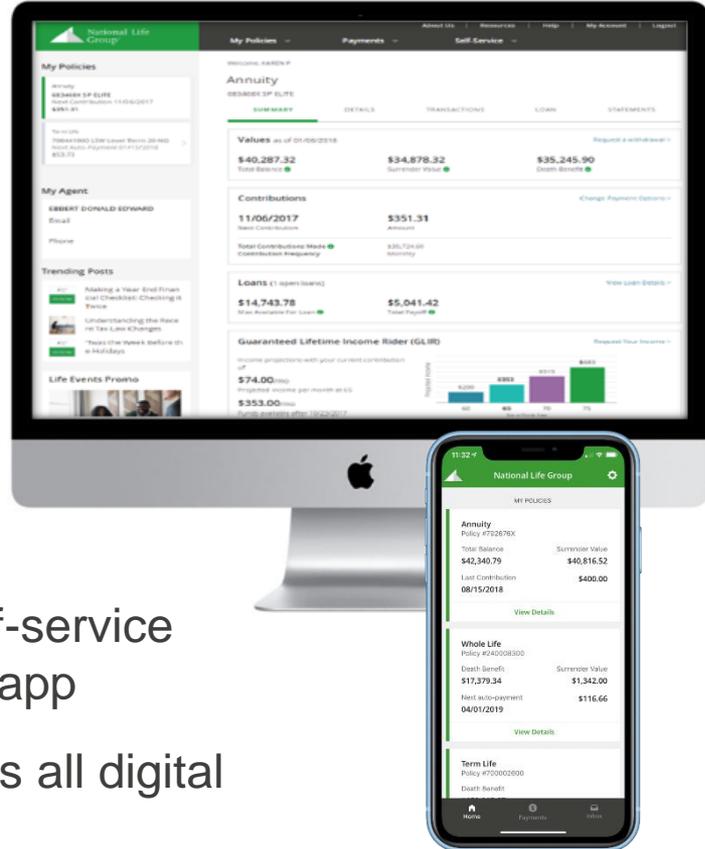
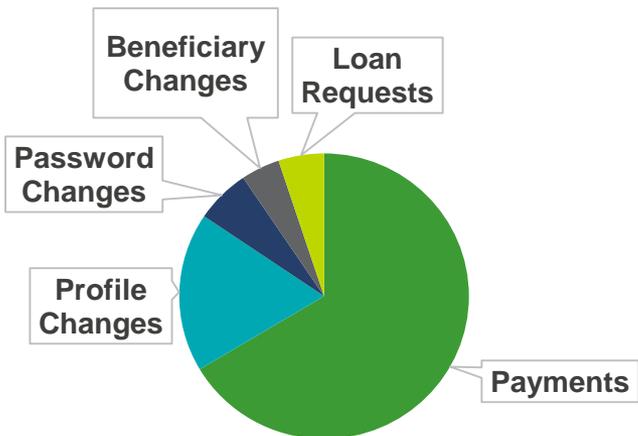
IN-FORCE

- ✓ **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 Sales⁹

Weighted new annualized premium basis



\$61M Core Earnings⁸ 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 3/31/20⁵

Strong despite 1Q 2020 equity market decline

National Life Group in Summary



An industry leading life insurer

- #2 in Indexed Universal Life² 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



¹ LIMRA US Individual Annuity Industry Sales Report, 4Q2018; Longest standing issuer - Insurance News Net, FIAs at Age 20, 2015

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.