

IT IS MY PLEASURE TO present to you the financial statements of National Mutual Benefit for the year 2003. The year was one of many challenges for our economy, in general, as we all had to deal with the effects of the war in Iraq and the uncertainties that have followed. Despite these things, National Mutual Benefit continued to perform very well financially this past year and, at this time, I would like to highlight several key areas of this performance.

Continuing a long trend, National Mutual Benefit's total assets grew again this past year as we reached a new all-time high of more than \$221 million. Our premium income, which is one of the primary sources of income for the Society, was up 11 percent for the year and totaled more than \$25 million. In addition, NMB issued over \$152 million of new life insurance for the year, and total life insurance in force for the Society is now over \$1.25 billion.

The management of National Mutual Benefit has an established business plan. One of the plan's primary goals is to guide insurance sales in a manner that not only promotes sales growth, but also enables the Society to monitor and control the costs associated with acquiring these new sales. I'm pleased to report that we have been able to accomplish this, and we remain committed to this goal.

The investment portfolio of National Mutual Benefit continues to be a stable source of income for the Society. Fixed income investments are over 99 percent



Meeting Member Needs Now and in the Future

investment grade, and no mortgage loans were in default or under foreclosure at year-end. The equity portfolio, being only 3.4 percent of total assets, performed very well in 2003 and provided the degree of diversity that continues to be so important today.

An important measure of an insurance organization's financial strength is the amount of unassigned surplus and special reserves. At year-end, that figure amounted to \$24,595,455. This strong position provides an added level of security for our members in case of poor investment performance, lower than expected product sales, or higher than expected mortality and expense.

The A.M. Best Company, an indepen-

dent analyst that rates the financial strength and performance of life insurers, has again reaffirmed our A- (Excellent) rating. This rating reflects the Society's excellent financial position, the overall high quality of our asset portfolio, and our strong fraternal program.

In regards to our fraternal programs, we continue to be committed to helping our nation's youth become strong leaders and caring, productive adults. Along with special events such as JOIN HANDS DAY, our local branches have put a strong emphasis on involving junior members and youth of all ages in community service projects. These same branches disbursed more than \$250,000 in connection with the Society's Matching Fund and Community Outreach grant programs, which directly help

people in need and improve their communities. We are very proud of what our member volunteers accomplish through these programs and activities.

Our long tradition of providing competitive insurance products and meaningful fraternal benefits and programs for members is as strong today as ever before. I look forward to the year 2004 with great enthusiasm as National Mutual Benefit continues to meet the changing needs of our members both now and in the future.

George F. Yanna
President