



Keeping Our Promises

OVER 106 YEARS AGO, National Mutual Benefit's founders promised to provide members with the financial security of life insurance. That promise and our mission of *people helping people in time of need* continue today as I present to you the financial statements and fraternal summary for the year 2007.

I am pleased to report that National Mutual Benefit remains financially strong. Our trend of financial growth and stability is evident in such categories as total assets, life insurance in force, and surplus, which is the most important measure of strength and security for our members. The Society has also experienced growth in its fraternal programs, which not only provide valuable benefits for members, but also help others and improve communities where we live.

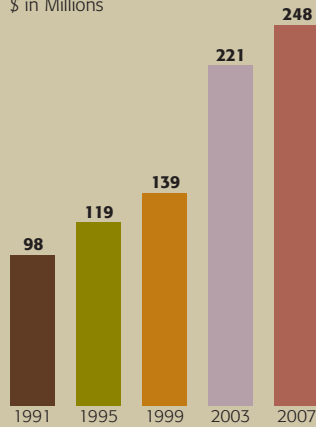
National Mutual Benefit's directors, officers, and staff will work diligently to ensure that our promises to members—both now and in the future—are kept.

George F. Yanna
President

Financial Highlights

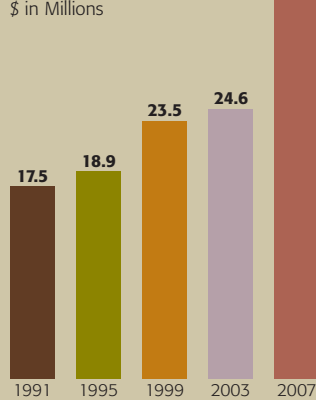
Assets

\$ in Millions



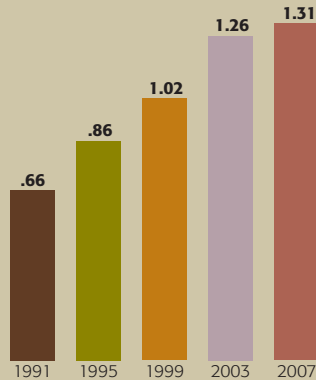
Surplus and Special Reserves

\$ in Millions



Life Insurance In Force

\$ in Billions



Statement of Financial Position

ASSETS	12/31/07	12/31/06
Bonds	\$170,128,751	\$167,594,813
Mortgage loans	35,194,600	32,704,974
Real estate	1,203,260	1,264,783
Policy loans	4,438,184	4,317,022
Common stock	12,627,306	11,594,179
Preferred stock	484,775	311,965
Cash and short term investments	6,374,788	5,526,796
Other invested assets	13,854,140	13,912,148
Investment income due and accrued	2,926,969	2,886,969
Data processing equipment	71,407	81,078
Premiums and reinsurance due and accrued	<u>662,942</u>	<u>678,012</u>
Total assets	\$247,967,122	\$240,872,739
LIABILITIES AND SURPLUS		
Future benefit reserves	\$196,593,207	\$192,204,830
Policy claim reserves	712,337	756,168
Premiums received in advance	19,802	19,048
Deposit contracts	10,271,118	10,738,397
Dividends allocated for following year	471,000	462,500
Other liabilities	4,681,502	3,953,397
Taxes and general expenses due	664,160	653,436
Surplus and special reserves	<u>34,553,996</u>	<u>32,084,963</u>
Total liabilities and unassigned funds	\$247,967,122	\$240,872,739

Statement of Operations

INCOME	2007	2006
Life and health premium	\$11,431,734	\$10,983,942
Annuity premium	6,045,553	4,660,051
Investment income	14,058,845	13,677,492
Miscellaneous income	<u>782,703</u>	<u>519,439</u>
Total income	\$32,318,835	\$29,840,924
MEMBER BENEFITS		
Death benefits	\$ 3,582,843	\$ 3,385,146
Life and annuity benefits	13,712,707	13,303,733
Health and accident benefits	106,584	113,130
Direct fraternal benefits to members	877,330	900,039
Future benefit reserve increases	4,388,377	2,493,075
OPERATING EXPENSES		
Commissions	\$ 1,320,122	\$ 1,249,441
Operating expenses	<u>6,733,159</u>	<u>6,816,669</u>
Total benefits and expenses	\$30,721,122	\$28,261,233
Net gain from operations	\$1,597,713	\$1,579,691
Dividends to members	<u>456,346</u>	<u>448,529</u>
Net gain after dividends	1,141,367	1,131,162
Capital gains	<u>968,889</u>	<u>812,727</u>
Net income	\$2,110,256	\$1,943,889

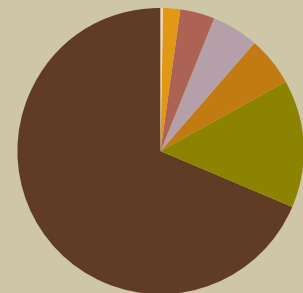
Investment Report

The National Mutual Benefit investment portfolio is a mix of government and top grade corporate bonds, collateralized mortgage obligations, well-secured real estate mortgages, and a small portfolio of equity products. Mortgages consist of first liens on single-family residential and small commercial properties. To provide a strong, secure investment portfolio, only mortgages with a maximum 75 percent loan-to-value ratio are made by the Society.

As of December 31, 2007, the bond and mortgage loan portfolios totaled \$170,128,751 and \$35,194,600, respectively. Of the \$170.1 million in our bond portfolio, \$155.8 million is in the highest rating class, according to the latest NAIC valuation. National Mutual Benefit does not purchase non-investment grade bonds. The Society owned \$13,112,081 in stocks as of year-end 2007.

Our Investment Portfolio

Total Assets: \$247,967,122



Bonds	68.6%
Mortgage Loans	14.2%
Other Invested Assets	5.6%
Stocks	5.3%
Cash/Income Receivable/Other	4.0%
Policy Loans	1.8%
Real Estate	.5%

Fraternal Service

Through its diverse fraternal programs, activities, and events, National Mutual Benefit continues to promote family togetherness, support for local communities, and pride in our country. The following statistics from the 2007 year-end fraternal financial report illustrate the impact NMB's fraternal and volunteer action programs have on the lives of both members and nonmembers, and the communities where they live and work.



PROTECTING AND STRENGTHENING FAMILIES

Local chapters, called branches, sponsor activities that bring families together and promote positive family life. National Mutual Benefit's Fraternal Bonus Program provides added security in times of adversity. *The Benefit News* member magazine, which is mailed to every NMB member's home, features timely articles on health, family matters, and finances.

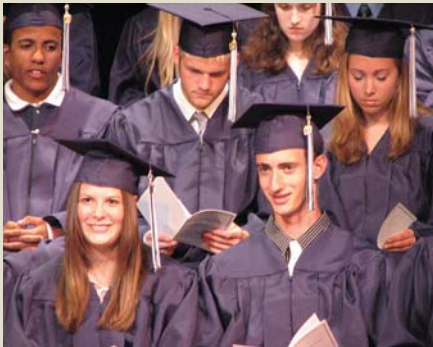
Volunteer Hours: 8,547 **Financial Impact:** \$130,562



DEVELOPING MEMBER VOLUNTEERS AND LOCAL BRANCHES

Leadership seminars are held each year to develop both adult and youth leadership skills through education and training. A strong effort to partner adult branch volunteers with local youth groups is also in place to mentor young people to become resourceful, caring leaders who give back to their local communities.

Volunteer Hours: 20,299 **Financial Impact:** \$125,008



FOSTERING HIGHER EDUCATION

NMB offers a national scholarship program for young adult members who are pursuing an undergraduate degree and are actively involved in service to others. Fraternal branches also sponsor their own local scholarship programs.

Financial Impact: \$41,690

IMPROVING COMMUNITIES

Members organize service projects to assist individuals and families in need of basic necessities, to improve something in their community, and to promote respect for America and the U.S. flag. Financial support and in-kind services are provided for the promotion and upkeep of Stony Hill School, Fredonia, Wisconsin, the birthplace of National Flag Day. The Society's Caring Cube program subsidizes food drives held by partnering organizations.

Volunteer Hours: 106,039 **Financial Impact:** \$654,642



FRATERNAL SERVICES SUPPORT

National Mutual Benefit provides human and material resources to implement and oversee its fraternal programs, benefits, and services.

Financial Impact: \$120,192

Total Volunteer Hours 134,885

Total Fraternal Expenditures \$1,072,094