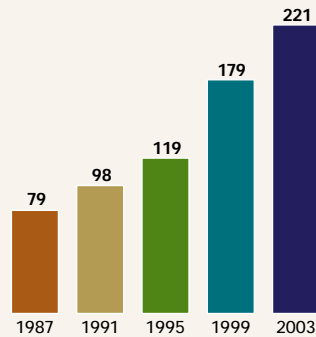


## Financial Highlights

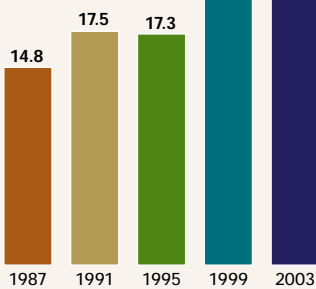
### Assets

\$ in Millions



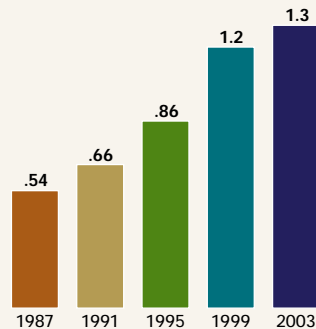
### Surplus and Special Reserves

\$ in Millions



### Life Insurance In Force

\$ in Billions



## Statement of Financial Position

	12/31/03	12/31/02
<b>ASSETS</b>		
Bonds	\$166,633,284	\$138,542,396
Mortgage loans	32,570,228	37,937,489
Real estate	1,450,385	1,512,284
Policy loans	4,674,360	4,700,470
Common stock	7,608,392	4,825,032
Cash and short term investments	5,229,192	12,849,025
Investment income due and accrued	2,677,513	2,431,527
Data processing equipment	128,351	169,048
Premiums due and accrued	407,689	602,626
<b>Total assets</b>	<b>\$221,379,394</b>	<b>\$203,569,897</b>
<b>LIABILITIES AND SURPLUS</b>		
Future benefit reserves	\$180,607,200	\$165,115,815
Policy claim reserves	380,501	332,965
Premiums received in advance	32,060	26,018
Deposit contracts	11,313,830	11,616,830
Dividends allocated for following year	520,000	456,001
Other liabilities	3,397,502	3,056,682
Taxes and general expenses due	532,846	499,770
Surplus and Special Reserves	24,595,455	22,465,816
<b>Total liabilities and unassigned funds</b>	<b>\$221,379,394</b>	<b>\$203,569,897</b>

## Statement of Operations

■ INCOME	2003	2002
Life and health premium	\$11,155,327	\$10,137,953
Annuity premium	14,018,256	12,468,289
Investment income	12,703,000	12,873,439
Miscellaneous income	<u>507,517</u>	<u>525,761</u>
<b>Total income</b>	<b><u>\$38,384,100</u></b>	<b><u>\$36,005,442</u></b>
■ MEMBER BENEFITS		
Death benefits	\$ 3,024,433	\$ 2,802,325
Life and annuity benefits	9,619,655	8,532,187
Health and accident benefits	77,571	124,047
Direct fraternal benefits to members	802,454	786,425
Future benefit reserve increases	15,491,385	14,107,088
■ OPERATING EXPENSES		
Commissions	\$ 2,174,594	\$ 1,958,428
Operating expenses	<u>6,557,148</u>	<u>6,491,564</u>
<b>Total benefits and expenses</b>	<b><u>\$37,747,240</u></b>	<b><u>\$34,802,064</u></b>
<b>Net gain from operations</b>	<b>\$636,860</b>	<b>\$1,203,378</b>
<b>Dividends to members</b>	<b><u>501,895</u></b>	<b><u>466,673</u></b>
<b>Net gain after dividends</b>	<b>134,965</b>	<b>736,705</b>
<b>Capital gains</b>	<b><u>(104,095)</u></b>	<b><u>(520,644)</u></b>
<b>Net income</b>	<b><u>\$ 30,870</u></b>	<b><u>\$ 216,061</u></b>

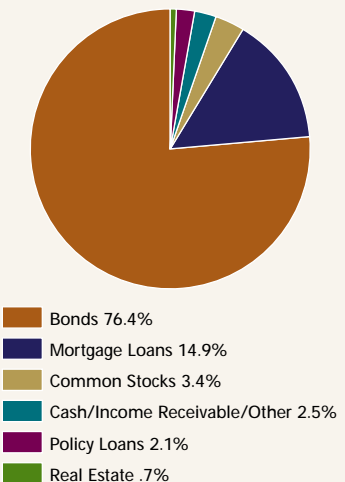
## Investment Report

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. The mortgage portfolio consists of first liens on single-family residential and small commercial properties. In order 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, 2003, the bond and mortgage loan portfolios totaled \$166,633,284 and \$32,570,228, respectively. Of the 166.6 million in our bond portfolio, 151.9 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 \$7,608,392 of common stock as of year-end 2003.

### Our Investment Portfolio

Total Assets: \$221,379,394



## Fraternal Support

Through the wide variety of people-oriented programs, activities, and events that National Mutual Benefit sponsors each year, it is clear that our goal is ultimately caring for people of all ages. Not only do we provide financial security through our life insurance programs, we also try to make a difference through ongoing benevolent, educational, and patriotic efforts. National Mutual Benefit's national and local branch programs made a positive impact on individuals, families, and communities in 2003.



### *Financial Impact*

#### ■ COMMUNITY DISBURSEMENTS

**\$223,666**

Community service projects organized, sponsored, or under the auspices of National Mutual Benefit branches assist needy individuals and improve communities at large. The dollars spent on these projects include money raised through fund-raising efforts. Over 98,000 volunteer hours were contributed to community service projects by NMB branch members in 2003.

#### ■ YOUTH EDUCATION PROGRAMS

**\$ 18,537**

Branch programs specifically geared to benefit young people ages 0 to 18 included educational seminars, school programs, JOIN HANDS DAY events, and leadership training.

#### ■ SCHOLARSHIPS

**\$ 44,600**

The Society continues its mission to assist young adults who are pursuing their education after high school. Funding in 2003 was disbursed through national and local branch scholarship programs.

#### ■ FAMILY ACTIVITIES

**\$ 34,275**

Branch-sponsored activities that bring families together have a positive impact on both families and communities.

#### ■ PATRIOTIC EVENTS

**\$ 12,020**

The Society is proud of its ongoing programs that honor the U.S. Flag and our country and promote patriotism among members and in communities where active branches are located.

#### ■ VOLUNTEER LEADERSHIP TRAINING

**\$ 81,827**

Leadership training seminars are held annually for adult and youth branch leaders who carry out the Society's fraternal programs in their local communities.

#### ■ THE BENEFIT NEWS MEMBER MAGAZINE

**\$ 74,838**

Members received three issues of National Mutual Benefit's official publication in 2003. In addition to Society news, the magazine features timely articles on health, family, and financial issues.