



Moving Forward ON A STRONG FOUNDATION

I AM PLEASED TO PRESENT the financial statements of National Mutual Benefit for the year ending December 31, 2006, as well as a summary of our fraternal activities and expenditures.

The Society is moving forward on a strong foundation. Our trend of financial growth and stability is evident in the new records reached in many significant categories, including total assets, life insurance in force, and the most important measure of strength and security for our members—surplus. National Mutual Benefit is also moving forward in both our volunteer and fraternal programs, continuing our mission as a fraternal benefit society and directing our resources to the needs of members and the communities where they live.

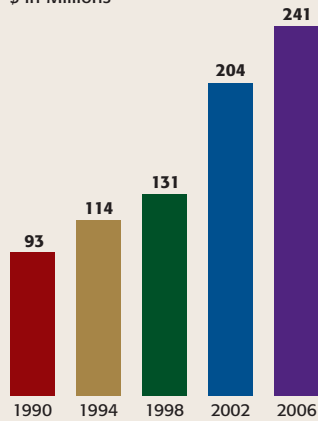
As we have been for the past 105 years, National Mutual Benefit is very proud to serve you, our members, in every way possible. Providing quality service remains a top priority.

George F. Yanna
President

Financial Highlights

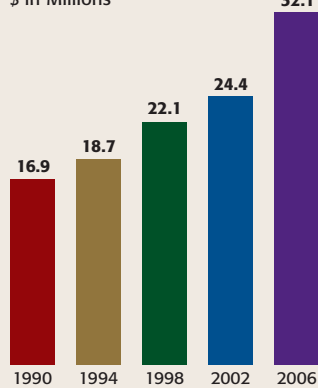
Assets

\$ in Millions



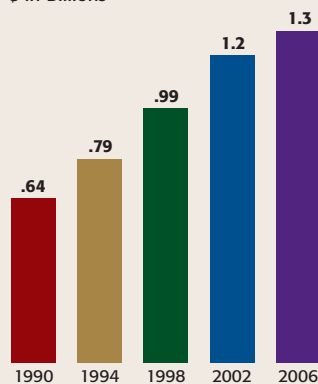
Surplus and Special Reserves

\$ in Millions



Life Insurance In Force

\$ in Billions



Statement of Financial Position

	12/31/06	12/31/05
ASSETS		
Bonds	\$167,594,813	\$164,752,686
Mortgage loans	32,704,974	32,223,263
Real estate	1,264,783	1,326,307
Policy loans	4,317,022	4,560,989
Common stock	11,594,179	10,037,668
Preferred stock	311,965	150,064
Cash and short term investments	5,526,796	4,481,357
Other invested assets	13,912,148	13,966,688
Investment income due and accrued	2,886,969	2,869,105
Data processing equipment	81,078	68,533
Premiums due and accrued	<u>678,012</u>	<u>523,048</u>
Total assets	<u>\$240,872,739</u>	<u>\$234,959,708</u>
LIABILITIES AND SURPLUS		
Future benefit reserves	\$192,204,830	\$189,711,755
Policy claim reserves	756,168	728,955
Premiums received in advance	19,048	23,983
Deposit contracts	10,738,397	10,928,707
Dividends allocated for following year	462,500	452,000
Other liabilities	3,953,397	3,423,222
Taxes and general expenses due	653,436	579,053
Surplus and special reserves	<u>32,084,963</u>	<u>29,112,033</u>
Total liabilities and unassigned funds	<u>\$240,872,739</u>	<u>\$234,959,708</u>

Statement of Operations

■ INCOME	2006	2005
Life and health premium	\$10,983,942	\$11,156,810
Annuity premium	4,660,051	3,178,098
Investment income	13,677,492	13,192,358
Miscellaneous income	<u>519,439</u>	<u>554,398</u>
Total income	<u>\$29,840,924</u>	<u>\$28,081,664</u>
■ MEMBER BENEFITS		
Death benefits	\$ 3,385,146	\$ 3,018,731
Life and annuity benefits	13,303,733	11,433,345
Health and accident benefits	113,130	142,297
Direct fraternal benefits to members	900,039	785,183
Future benefit reserve increases	2,493,075	3,035,790
■ OPERATING EXPENSES		
Commissions	\$ 1,249,441	\$ 1,340,718
Operating expenses	<u>6,816,669</u>	<u>6,369,191</u>
Total benefits and expenses	<u>\$28,261,233</u>	<u>\$26,125,255</u>
Net gain from operations	\$1,579,691	\$1,956,409
Dividends to members	<u>448,529</u>	<u>436,329</u>
Net gain after dividends	1,131,162	1,520,080
Capital gains	<u>812,727</u>	<u>461,949</u>
Net income	<u>\$1,943,890</u>	<u>\$1,982,029</u>

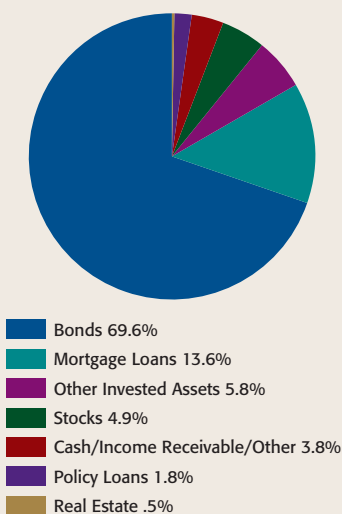
Investment Report

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, 2006, the bond and mortgage loan portfolios totaled \$167,594,813 and \$32,704,794, respectively. Of the \$167.6 million in our bond portfolio, \$149.9 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 \$11,906,144 in stocks as of year-end 2006.

Our Investment Portfolio

Total Assets: \$240,872,739



Fraternal Service

Through its diverse fraternal programs, activities, and events, National Mutual Benefit promotes family togetherness, support for local communities, and pride in our country. The following statistics from the 2006 year-end fraternal financial report illustrate the impact NMB's fraternal and volunteer action programs have on the lives of its members and the communities where they live and work.



FAMILY

BUILDING STRONG FAMILIES

Local chapters, called branches, sponsor activities that bring families together and promote positive family life. National Mutual Benefit's Special Fraternal Bonus Program provides member families with 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: 17,620 *Financial Impact:* \$211,311

DEVELOPING FUTURE LEADERS & VOLUNTEERS

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 leaders 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: 17,869 *Financial Impact:* \$76,531



COMMUNITY

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: \$42,050

IMPROVING COMMUNITIES

Members organize service projects to assist individuals and families in need of basic necessities, to improve something in their neighborhood or 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: 56,027 *Financial Impact:* \$223,936



COUNTRY

FRATERNAL SERVICES SUPPORT

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

Financial Impact: \$565,126

Total Volunteer Hours 91,516

Total Fraternal Expenditures \$1,118,954