Growing Consumer Demand Drives Northwestern Mutual's Strong 2016 Business Results

Celebrating its 160th anniversary, company on path to transform how clients experience and achieve financial security

MILWAUKEE, Feb. 15, 2017 /PRNewswire/ -- Northwestern Mutual delivered another year of strong performance in 2016, despite industry-wide pressure posed by an unprecedented low interest rate environment. The company outpaced 2015 results on multiple fronts, including total revenues, assets and surplus, and expects to pay a total dividend of \$5.2 billion to policyowners in 2017. It also maintained the highest financial strength ratings awarded to any U.S. life insurer by all four of the major rating agencies. 2

The cornerstone of the company's success is its commitment to providing clients with a comprehensive approach to financial security, encompassing financial guidance coupled with both risk and investment solutions designed to protect and grow wealth. Consumer appetite for Northwestern Mutual's approach and product value was proven by the following milestones in 2016:

Total risk premium sales topped \$1 billion

Record total premium revenue of \$17.9 billion for insurance and annuity products

Surpassed \$100 billion of client assets under management for investment products and services – up 13 percent from 2015

"Our 2016 business results underscore that our long-term, 'whole picture' approach to financial security is working for clients," said John E. Schlifske, chairman and CEO. "People are seeking guidance and simplicity. They increasingly value our distinctive combination of a deep, trusted relationship with our financial representatives and advisors, our superior products and solutions, and industry-leading financial strength."

In addition to strong demand for its financial security solutions, Northwestern Mutual's diversified investment strategy also bolstered its financial strength. The general account investment portfolio grew to \$213.6 billion as of Dec. 31, 2016, an increase of \$10.1 billion since year-end 2015.

Building for the Future

Northwestern Mutual continues to make substantial investments in a distinctive client experience that combines a trusted relationship with a financial professional and cutting-edge digital tools, which is attracting new generations of consumers.

"Our enhanced digital capabilities are enriching the experience of our clients as well as our financial representatives and advisors. It's notable that all four ratings agencies in their most recent industry reports have cited digital strategies as a key differentiator in the industry in the near-term," continued Schlifske. "We view our digital experience as an opportunity for our financial professionals to supercharge their relationships with clients by giving them a full range of tools and resources to simplify their financial lives."

Additional Financial Performance Highlights

Other notable 2016 business results included:

Record total revenue, \$28.2 billion, and total assets, \$250.4 billion.

\$9.8 billion in benefits paid to policyowners and their beneficiaries.

Total surplus and asset valuation reserve at an all-time high of\$23.7 billion, an increase of\$453 million from 2015. This represented 12.8 percent of general account insurance reserves. Capitalization remains at a very strong level as evidenced by the financial strength ratings.

About 85 percent of dividends paid to traditional permanent life insurance, with expected record dividends on products including individual disability insurance (\$360 million); term life insurance (\$165 million); and annuities (\$60 million). For more information, see the company's news release about the 2017 Dividend Announcement.

About Northwestern Mutual

Northwestern Mutual has been helping families and businesses achieve financial security for 160 years. Our financial representatives build relationships with clients through a distinctive planning approach that integrates risk management with wealth accumulation, preservation and distribution. With \$250.4 billion in assets, \$28.2 billion in revenues, and more than \$1.6 trillion worth of life insurance protection in force, Northwestern Mutual delivers financial security to more than 4.4 million people who rely on us for insurance and investment solutions, including life, disability income and long-term care insurance; annuities;

trust services; mutual funds; and investment advisory products and services. Northwestern Mutual ranks 100 on the 2016 FORTUNE 500, and is recognized by FORTUNE® as one of the "World's Most Admired" life insurance companies in 2016.

Northwestern Mutual is the marketing name for The Northwestern Mutual Life Insurance Company, Milwaukee, WI (life and disability insurance, annuities, and life insurance with long-term care benefits) and its subsidiaries. Northwestern Mutual and its subsidiaries offer a comprehensive approach to financial security solutions including: life insurance, long-term care insurance, disability income insurance, annuities, life insurance with long-term care benefits, investment products, and advisory products and services. Subsidiaries include **Northwestern Mutual Investment Services, LLC** (NMIS) (securities), broker-dealer, registered investment adviser, member FINRA and SIPC; the Northwestern Mutual Wealth Management Company (NMWMC) (fiduciary and fee-based financial planning services), federal savings bank; and Northwestern Long Term Care Insurance Company (NLTC) (long-term care insurance).

1 Decisions with respect to the determination and allocation of divisible surplus as dividends each year are left to the discretion and sound business judgment of the company's Board of Trustees. There is no guaranteed specific method or formula for the determination or allocation of divisible surplus. Accordingly, the company's approach is subject to change. Neither the existence nor the amount of a dividend is guaranteed on any policy in any given policy year.

2 Ratings are for The Northwestern Mutual Life Insurance Company and Northwestern Long Term Care Insurance Company, as of the most recent review and report by each rating agency. Northwestern Mutual's ratings: A.M. Best Company A++ (highest), 5/2016; Fitch Ratings AAA (highest), 11/2016; Moody's Investors Service Aaa (highest), 7/2016; and S&P Global Ratings AA+ (second highest), 6/2016. Ratings are subject to change.

Summary of Operations

(Consolidated statutory basis, in millions)

Years ended December 31:	2016	2015
Premiums	\$17,915	\$17,788
Net investment income	9,607	9,467
Other income	636	625
Total revenue	28,158	27,880
Policyowner benefits paid	9,799	9,043
Increase in benefit services	9,166	9,502
Commissions and expenses	3,136	2,932
Total benefits and expenses	22,101	21,477
Gain before dividends and taxes	6,057	6,403
Policyowner dividends	5,205	5,609

Gain before taxes	852	794
Income tax benefit	(176)	(53)
Net gain from operations	1,028	847
Net realized capital losses	(210)	(32)
Net income	\$818	\$815

The summarized financial statement above was prepared on the statutory basis of accounting. Financial statements prepared on the statutory basis of accounting differ materially from financial statements prepared in accordance with generally accepted accounting principles ("GAAP").

Summary of Financial Position

(Consolidated statutory basis, in millions)

	December 31,	December 31,
	2016	2015
Bonds	\$139,859	\$133,449
Mortgage loans	34,175	32,236
Policy loans	17,150	17,146
Common and preferred stocks	4,173	3,886
Real estate	2,468	1,999
Other investments	13,463	13,292
Cash and short-term investments	2,306	1,460
Total investments	213,594	203,468
Other assets	8,288	8,273
Separate account assets	28,559	26,731
Total assets	\$250,441	\$238,472
Policy benefit reserves	\$186,489	\$176,928
Policyowner dividends payable	5,205	5,610

Total liabilities and surplus	\$250,441	\$238,472
Surplus and AVR	23,673	23,220
Surplus	20,226	19,656
Asset valuation reserve (AVR)	3,447	3,564
Liabilities (excluding AVR)	226,768	215,252
Separate account liabilities	28,559	26,731
Other liabilities	6,515	5,983

The summarized financial statement above was prepared on the statutory basis of accounting. Financial statements prepared on the statutory basis of accounting differ materially from financial statements prepared in accordance with generally accepted accounting principles ("GAAP").

SOURCE Northwestern Mutual

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