

Thrivent Financial for Lutherans

Statutory-Basis Financial Statements and Other Financial Information

For the Years Ended December 31, 2021, 2020 and 2019



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Report of Independent Auditors

To the Board of Directors of Thrivent Financial for Lutherans

Opinions

We have audited the accompanying statutory-basis financial statements of Thrivent Financial for Lutherans (the “Company”), which comprise the statutory statements of assets, liabilities and surplus as of December 31, 2021 and 2020, and the related statutory statements of operations, surplus and of cash flows for each of the three years in the period ended December 31, 2021, including the related notes (collectively referred to as the “financial statements”).

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets, liabilities and surplus of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in accordance with the accounting practices prescribed or permitted by the State of Wisconsin Office of the Commissioner of Insurance described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2021 and 2020, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statements, the financial statements are prepared by the Company on the basis of the accounting practices prescribed or permitted by the State of Wisconsin Office of the Commissioner of Insurance, which is a basis of accounting other than accounting principles generally accepted in the United States of America.



The effects on the financial statements of the variances between the statutory basis of accounting described in Note 13 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices prescribed or permitted by the State of Wisconsin Office of the Commissioner of Insurance. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PricewaterhouseCoopers LLP

Minneapolis, MN
February 10, 2022

Thrivent Financial for Lutherans
Statutory-Basis Statements of Assets, Liabilities and Surplus
As of December 31, 2021 and 2020
(in millions)

	2021	2020
Admitted Assets		
Bonds	\$ 48,723	\$ 48,054
Stocks	2,271	2,156
Mortgage loans	10,272	9,645
Real estate	45	49
Real estate held-for-sale	5	125
Cash, cash equivalents and short-term investments	2,295	3,461
Contract loans	1,064	1,120
Receivables for securities	310	250
Limited partnerships	7,693	5,602
Other invested assets	314	362
Total cash and invested assets	72,992	70,824
Accrued investment income	418	437
Due premiums and considerations	118	121
Other assets	61	49
Assets held in separate accounts	41,953	37,894
Total Admitted Assets	\$ 115,542	\$ 109,325
Liabilities		
Aggregate reserves for life, annuity and health contracts	\$ 50,041	\$ 49,813
Deposit liabilities	4,519	4,195
Contract claims	572	594
Member dividends payable	293	288
Interest maintenance reserve	629	540
Asset valuation reserve	2,384	1,971
Transfers due from separate accounts, net	(637)	(577)
Payable for securities	1,119	2,843
Securities lending obligation	337	265
Other liabilities	735	900
Liabilities related to separate accounts	41,855	37,794
Total Liabilities	\$ 101,847	\$ 98,626
Surplus		
Unassigned funds	\$ 13,695	\$ 10,698
Other surplus	-	1
Total Surplus	\$ 13,695	\$ 10,699
Total Liabilities and Surplus	\$ 115,542	\$ 109,325

The accompanying notes are an integral part of these statutory-basis financial statements.

Thrivent Financial for Lutherans
Statutory-Basis Statements of Operations
For the Years Ended December 31, 2021, 2020 and 2019
(in millions)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues			
Premiums	\$ 5,182	\$ 4,630	\$ 4,967
Considerations for supplementary contracts with life contingencies	94	107	170
Net investment income	4,098	2,951	3,050
Separate account fees	832	718	706
Amortization of interest maintenance reserve	103	95	105
Other revenues	37	35	35
Total Revenues	<u>\$ 10,346</u>	<u>\$ 8,536</u>	<u>\$ 9,033</u>
Benefits and Expenses			
Death benefits	\$ 1,373	\$ 1,334	\$ 1,123
Surrender benefits	3,650	3,138	3,263
Change in reserves	228	826	975
Other benefits	1,989	1,938	1,931
Total benefits	<u>7,240</u>	<u>7,236</u>	<u>7,292</u>
Commissions	305	261	264
General insurance expenses	821	685	764
Fraternal benefits and expenses	236	233	200
Transfers to separate accounts, net	(812)	(861)	(782)
Total expenses and net transfers	<u>550</u>	<u>318</u>	<u>446</u>
Total Benefits and Expenses	<u>\$ 7,790</u>	<u>\$ 7,554</u>	<u>\$ 7,738</u>
Gain from Operations before Dividends and Capital Gains and Losses	<u>\$ 2,556</u>	<u>\$ 982</u>	<u>\$ 1,295</u>
Dividends	292	286	329
Other	-	(1)	-
Gain from Operations before Capital Gains and Losses	<u>\$ 2,264</u>	<u>\$ 697</u>	<u>\$ 966</u>
Realized capital gains (losses), net	298	(40)	24
Net Income	<u><u>\$ 2,562</u></u>	<u><u>\$ 657</u></u>	<u><u>\$ 990</u></u>

The accompanying notes are an integral part of these statutory-basis financial statements.

Thrivent Financial for Lutherans
Statutory-Basis Statements of Surplus
For the Years Ended December 31, 2021, 2020 and 2019
(in millions)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Surplus, Beginning of Year	\$ 10,699	\$ 10,065	\$ 9,130
Net income	2,562	657	990
Change in unrealized investment gains and losses	722	134	423
Change in non-admitted assets	(25)	(97)	(20)
Change in asset valuation reserve	(413)	(135)	(449)
Change in reserve valuation reserve	-	42	-
Change in surplus of separate account	(2)	26	33
Corporate home office building sale	-	(22)	(19)
Pension liability adjustment	152	29	(19)
Other	-	-	(4)
Surplus, End of Year	<u>\$ 13,695</u>	<u>\$ 10,699</u>	<u>\$ 10,065</u>

The accompanying notes are an integral part of these statutory-basis financial statements.

Thrivent Financial for Lutherans
Statutory-Basis Statements of Cash Flow
For the Years Ended December 31, 2021, 2020 and 2019
(in millions)

	2021	2020	2019
Cash from Operations			
Premiums	\$ 5,269	\$ 4,730	\$ 5,133
Net investment income	2,536	2,583	2,526
Other revenues	869	753	741
	8,674	8,066	8,400
Benefit and loss-related payments	(7,047)	(6,091)	(6,149)
Transfers to/from separate account, net	752	798	756
Commissions and expenses	(1,355)	(1,139)	(1,172)
Dividends	(286)	(329)	(324)
Other	(9)	(7)	4
Net Cash from Operations	\$ 729	\$ 1,298	\$ 1,515
Cash from Investments			
Proceeds from investments sold, matured or repaid:			
Bonds	\$ 12,421	\$ 10,274	\$ 10,721
Stocks	1,404	1,943	1,427
Mortgage loans	1,038	764	822
Other	2,291	3,154	1,543
	17,154	16,135	14,513
Cost of investments acquired or originated:			
Bonds	(14,827)	(9,956)	(11,201)
Stocks	(1,062)	(1,350)	(1,323)
Mortgage loans	(1,664)	(911)	(1,329)
Other	(1,995)	(1,628)	(1,494)
	(19,548)	(13,845)	(15,347)
Transactions under mortgage dollar roll program, net	1,758	(1,871)	(468)
Change in net amounts due to/from broker	(1,784)	(140)	(25)
Change in collateral held for securities lending	72	(214)	228
Change in contract loans	56	44	8
Net Cash from Investments	\$ (2,292)	\$ 109	\$ (1,091)
Cash from Financing and Miscellaneous Sources			
Net deposits (payments) on deposit-type contracts	\$ 325	\$ 146	\$ 115
Other	72	(146)	44
Net Cash from Financing and Miscellaneous Sources	\$ 397	\$ -	\$ 159
Net Change in Cash, Cash Equivalents and Short-Term Investments	\$ (1,166)	\$ 1,407	\$ 583
Cash, Cash Equivalents and Short-Term Investments, Beginning of Year	\$ 3,461	\$ 2,054	\$ 1,471
Cash, Cash Equivalents and Short-Term Investments, End of Year	\$ 2,295	\$ 3,461	\$ 2,054
Supplemental Information:			
<u>Non-cash investing activities not included above</u>			
Mortgage Loans	\$ 141	\$ 161	\$ 114

The accompanying notes are an integral part of these statutory-basis financial statements.

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements
For the Years Ended December 31, 2021, 2020 and 2019

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Thrivent Financial for Lutherans (“Thrivent”) is a fraternal benefit society that provides life insurance, retirement products, disability income, long-term care insurance and Medicare supplement insurance to members. Thrivent is licensed to conduct business throughout the United States and distributes products to members primarily through a network of career financial representatives. Thrivent’s members are offered additional financial products and services, such as investment funds and trust services, through subsidiaries and affiliates.

Significant Accounting Policies

The accompanying statutory-basis financial statements have been prepared in accordance with statutory accounting practices (“SAP”) prescribed by the State of Wisconsin Office of the Commissioner of Insurance.

Use of Estimates

The preparation of statutory-basis financial statements in conformity with SAP requires management to make estimates and assumptions that affect the amounts reported in the statutory-basis financial statements and accompanying notes. The more significant estimates relate to fair values of investments, reserves for life, health and annuity contracts and pension and other retirement benefit liabilities. Actual results could differ from those estimates.

The COVID-19 pandemic developed rapidly in 2020 and measures taken by various governments to contain the virus have affected economic activity. Thrivent has taken measures to monitor and mitigate the effects of COVID-19. As of December 31, 2021, the impact on the business and results has not been significant, but uncertainty remains on what impacts COVID-19 may have on global economics, markets and the business in the future. Thrivent will continue to monitor the various government policies and the impacts of COVID-19.

The significant accounting practices used in preparation of the statutory-basis financial statements are summarized as follows:

Investments

Bonds: Bonds are generally carried at amortized cost, depending on the nature of the security and as prescribed by National Association of Insurance Commissioners (“NAIC”) guidelines. Discounts or premiums on bonds are amortized over the term of the securities using the modified scientific method. Discounts or premiums on loan-backed and structured securities are amortized over the term of the securities using the modified scientific method, adjusted to reflect anticipated pre-payment patterns. Interest income is recognized when earned. Bond exchange traded funds (“ETFs”) on the SVO-Identified Funds list are stated using the fair value measurement method.

Thrivent uses a mortgage dollar roll program to enhance the yield on the mortgage-backed security (“MBS”) portfolio. MBS dollar rolls are transactions whereby Thrivent sells an MBS to a counterparty and subsequently enters into a commitment to purchase another MBS security at a later date. Thrivent’s mortgage dollar roll program generally includes a series of MBS dollar rolls extending for more than a year. Thrivent had \$834 million and \$2.6 billion in the mortgage dollar roll program as of December 31, 2021 and 2020, respectively.

Stocks: Preferred stocks are carried at market value or amortized cost depending on the preferred stock’s convertible characteristics and NAIC subgroup. Issues rated not in good standing are reported at lower of amortized cost or fair market value. Preferred stock that is perpetual or redeemable, has conversion data, is a mandatory convertible or does not have a mandatory conversion date is reported at fair market value. Preferred stock that is redeemable and has a mandatory conversion date is reported at amortized cost. Common stocks of unaffiliated companies are stated at fair value. Common stocks of unconsolidated subsidiaries and affiliates are carried at the stock’s prescribed equity basis. Investments in affiliated mutual funds are carried at net asset value (“NAV”).

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Mortgage Loans: Mortgage loans are generally carried at unpaid principal balances less valuation adjustments. Interest income is accrued on the unpaid principal balance using the loan's contractual interest rate. Discounts or premiums are amortized over the term of the loans using the effective interest method. Interest income and amortization of premiums and discounts are recorded as a component of net investment income along with prepayment fees and mortgage loan fees.

Real Estate: Home office real estate is valued at original cost, plus capital expenditures less accumulated depreciation and encumbrances. Depreciation expense is determined using the straight-line method over the estimated useful life of the properties. Real estate expected to be disposed is carried at the lower of cost or fair value, less estimated costs to sell.

Cash, Cash equivalents and Short-term Investments: Cash and cash equivalents include demand deposits, highly liquid investments purchased with an original maturity of three months or less and investments in money market mutual funds. Demand deposits and highly liquid investments are carried at amortized cost while investments in money market mutual funds are carried at fair value. Short-term investments have contractual maturities of one year or less at the time of acquisition. Included in short-term investments are commercial paper and agency notes, which are carried at amortized cost.

Contract Loans: Contract loans are generally carried at the loans' aggregate unpaid balances. Contract loans are collateralized by the cash surrender value of the associated insurance contracts.

Limited Partnerships: Limited partnerships consist primarily of equity limited partnerships, which are valued on the underlying audited U.S. generally accepted accounting principles ("GAAP") equity of the investee. Income is recognized on distributions received that are not in excess of undistributed earnings.

Other Invested Assets: Other invested assets include derivative instruments, real estate joint ventures and surplus notes. Derivatives are primarily carried at fair value. Real estate joint ventures are valued on the underlying audited equity of the investee. Surplus notes are carried at amortized cost.

Securities Lending: Securities loaned under Thrivent's securities lending agreement are carried in the Statutory-Basis Statements of Assets, Liabilities and Surplus at amortized cost or fair value, depending on the nature of the security and as prescribed by NAIC guidelines. Thrivent generally receives cash collateral in an amount that is in excess of the market value of the securities loaned, and the cash collateral is invested in highly-liquid, highly rated securities which are included in bonds and cash, cash equivalents and short-term investments. A liability is also recognized for the amount of the collateral. Market values of securities loaned and corresponding collateral are monitored daily, and additional collateral is obtained as necessary. Thrivent requires a minimum level of collateral to be held for loaned securities.

Offsetting Assets and Liabilities: Thrivent presents securities lending agreements and derivatives on a gross basis in the statutory-basis financial statements.

Unrealized Investment Gains and Losses: Unrealized investment gains and losses include changes in fair value of bonds, unaffiliated stocks, affiliated common stocks, affiliated mutual funds, limited partnerships and other invested assets are reported as a direct increase or decrease to surplus.

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Realized Capital Gains and Losses: Realized capital gains and losses on sales of investments are determined using the specific identification method for bonds and average cost method for stocks.

Thrivent's security portfolios are periodically reviewed, and those securities are evaluated where the current fair value is less than amortized cost for indicators that show the decline in value is other-than-temporary. The review includes an evaluation of each security issuer's creditworthiness, such as the ability to generate operating cash flow while remaining current on all debt obligations, and any changes in credit ratings from third party agencies. Other factors include the severity and duration of the impairment, Thrivent's ability to collect all amounts due according to the contractual terms of the debt security and Thrivent's ability and intent to hold the security for a period of time sufficient to allow for any anticipated recovery in the market.

The potential need to sell securities in an unrealized loss position which have no other indications of other-than-temporary impairment is evaluated based on the current market environment, near-term and long-term asset liability management strategies and target allocation strategies for various asset classes. Generally, Thrivent has the ability and intent to hold securities in an unrealized loss position for a period of time sufficient for the security to recover in value. Investments that are determined to be other-than-temporarily impaired are written down, primarily to fair value, and the write-down is included in realized capital gains and losses in the Statutory-Basis Statements of Operations. If, in response to changed conditions in the capital markets, Thrivent decides to sell a security in an unrealized loss position, a realized loss is recognized in the period that the decision is made to sell that security.

Certain realized capital gains and losses on bonds sold prior to maturity are transferred to the interest maintenance reserve.

Interest Maintenance Reserve: Thrivent is required by the NAIC to maintain an interest maintenance reserve ("IMR"). The IMR is primarily used to defer certain realized capital gains and losses on fixed income investments. Net realized capital gains and losses deferred to IMR are amortized into investment income over the estimated remaining term to maturity of the investment sold.

Fair Value of Financial Instruments: In estimating the fair values for financial instruments, the amount of observable and unobservable inputs used to determine fair value is taken into consideration. Each of the financial instruments has been classified into one of three categories based on the evaluation. A Level 1 financial instrument is valued using quoted prices for identical assets in active markets that are accessible. A Level 2 financial instrument is valued based on quoted prices for similar instruments in active markets that are accessible, quoted prices for identical or similar instruments in markets that are not active, or model-derived valuations where the significant value driver inputs are observable. A Level 3 financial instrument is valued using significant value driver inputs that are unobservable.

Separate Accounts

Separate account assets and liabilities reported in the accompanying Statutory-Basis Statements of Assets, Liabilities and Surplus represent funds that are separately administered for variable annuity and variable life contracts, for which the contractholder, rather than Thrivent bears the investment risk. Fees charged on separate account contractholder account value, include mortality and expense charges, rider fees, and advisor fees are recognized when due. Separate account assets, which consist of investment funds, are carried at fair value based on published market prices. Separate account liability values are not guaranteed to the contractholder; however, general account reserves include provisions for the guaranteed minimum death and living benefits contained in the contracts. Reserve assumptions for these benefits are discussed in the Aggregate Reserves for Life, Annuity and Health Contracts section.

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Aggregate Reserves for Life, Annuity and Health Contracts

Reserves for life contracts issued prior to 2020 are calculated primarily using the Commissioners' Reserve Valuation Method generally based upon the 1941, 1958, 1980, 2001, and 2017 Commissioners' Standard Ordinary and American Experience Mortality Tables with assumed interest rates ranging from 2.5% to 5.5%. Reserves on contracts issued on a substandard basis are valued using the valuation mortality rates for the substandard rating. Reserves for life contracts issued in 2020 and later are calculated using the Principles-Based Reserve (PBR) approach described in VM-20.

Reserves for fixed annuities, supplementary contracts with life contingencies and other benefits are computed using recognized and accepted mortality tables and methods, which equal or exceed the minimum reserves calculated under the Commissioners' Annuity Reserve Valuation Method. Fixed indexed annuity reserves are calculated according to the Black-Scholes Projection Method described in Actuarial Guideline 35. Reserves for variable annuities are computed using the methods and assumptions specified in VM-21, including assumptions for guaranteed minimum death benefits and living benefits.

Accident and health contract reserves are generally calculated using the two-year preliminary term, one-year preliminary term and the net level premium methods based upon various morbidity tables. In addition, for long-term care ("LTC") and disability income products, a premium deficiency reserve is held to the extent future premiums and current reserves are less than the value of future expected claim payments and expenses.

The reserve assumptions inherent in these approaches are designed to be sufficient to provide for all contractual benefits. Thrivent waives deduction of deferred fractional premiums upon the death of insureds and returns any portion of the final premium beyond the date of death. Surrender values are not promised in excess of the legally computed reserves.

Deposit Liabilities

Deposit liabilities have been established on certain annuity and supplemental contracts that do not subject Thrivent to mortality and morbidity risk. Changes in future benefits on these deposit-type contracts are classified as deposit-type transactions and thereby excluded from net additions to contract reserves.

Contract Claims Liabilities

Claim liabilities are established in amounts estimated to cover incurred claims. These liabilities are based on individual case estimates for reported claims and estimates of unreported claims based on past experience.

Asset Valuation Reserve

Thrivent is required to maintain an asset valuation reserve ("AVR"), which is a liability calculated using a formula prescribed by the NAIC. The AVR is a general provision for future potential losses in the value of investments, unrelated to changes in interest rates. Increases or decreases in the AVR are reported as direct adjustments to surplus in the Statutory-Basis Statements of Surplus.

Premiums and Considerations

Traditional life insurance premiums are recognized as revenue when due. Variable life, universal life, annuity premiums and considerations of supplemental contracts with life contingencies are recognized when received. Health insurance premiums are earned pro rata over the terms of the policies.

Thrivent Financial for Lutherans

Notes to Statutory-Basis Financial Statements, continued

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fraternal Benefits and Expenses

Fraternal benefits and expenses include all fraternal activities and expenses incurred to provide or administer fraternal benefits and programs related to Thrivent's fraternal character. This includes activities and costs necessary to maintain Thrivent's fraternal lodge system. Thrivent conducts fraternal activities primarily through a lodge system where members participate in locally sponsored fraternal activities. Lodge activities are designed to create an opportunity for impact via social, intellectual, educational, charitable, benevolent, moral fraternal, patriotic or religious purposes for the benefit of members and the public and are supported through a variety of lodge programs and services.

Dividends to Members

Thrivent's insurance products are participating in nature. Dividends on these policies to be paid to members in the subsequent 12 months are reflected in the Statutory-Basis Statements of Operations for the current year. The majority of life insurance contracts receive dividends. Dividends are not currently being paid on most health insurance and annuity contracts. Dividend scales are approved annually by Thrivent's Board of Directors.

Income Taxes

Thrivent, as a fraternal benefit society, qualifies as a tax-exempt organization under the Internal Revenue Code. Accordingly, income earned by Thrivent is generally exempt from taxation; therefore, no provision for income taxes has been recorded.

New Accounting Guidance

In 2021, Thrivent adopted modifications to SSAP No. 32R (*Preferred Stock*). The key revisions include adding preferred stock definitions and adopting GAAP guidance for classifying preferred stock as redeemable or perpetual and revising the measurement guidance to provide consistent measurement based on the type of preferred stock held and the terms of the preferred stock. Additional disclosure was added in Note 1, Note 2 and Note 8. The guidance is effective beginning January 1, 2021 and did not have a material impact on Thrivent's financial statements.

In 2021, Thrivent adopted modifications to SSAP No. 26R (*Bonds*). The revisions clarify that perpetual bonds with an effective call option are recorded at amortized cost using the yield-to-worst concept with all other perpetual bonds recorded at fair value. Additional disclosure was added to Note 1. The guidance is effective beginning January 1, 2021 and did not have a material impact on Thrivent's financial statements.

In 2021, Thrivent adopted changes to SSAP No. 92 (*Postretirement Plans Other Than Pensions*) and SSAP No. 102 (*Pensions*). The guidance requires explanation for significant gains and losses related to changes in the benefit obligation for the period. Additional disclosure was added to Note 9. This guidance did not have a material impact on Thrivent's financial statements.

In 2020, Thrivent adopted modifications to SSAP Nos. 15 (*Debt and Holding Company Obligations*), 22R (*Leases*) and 86 (*Derivatives*). These revisions apply only to contracts, hedging relationships, and other transactions that reference London Inter-Bank Offered Rate (LIBOR) to be discontinued due to reference rate reform. The guidance is effective through December 31, 2022. This guidance did not have a material impact on Thrivent's financial statements.

In 2020, Thrivent adopted modifications to SSAP No. 36 (*Troubled Debt Restructuring*). This guidance clarifies a mortgage loan or bank loan modification due COVID-19 will not automatically be categorized as a troubled debt restructuring (TDR). This guidance did not have a material impact on Thrivent's financial statements.

In 2020, Thrivent adopted changes to SSAP No. 26R (*Bonds*) which clarified the existing guidance that all prepayment penalty and acceleration fees be used for called and tendered bonds. This guidance was early adopted beginning January 1, 2020 and additional disclosure was added to Note 2.

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

New Accounting Guidance, continued

In 2020, Thrivent began following the prescribed life product valuation standard VM-20 for newly issued business. Life product reserves issued on or after January 1, 2020, are now set to be the greatest of a formulaic floor and two model-based calculations. This guidance did not have a material impact on Thrivent's financial statements.

In 2020, Thrivent switched from using the Actuarial Guideline 43 (AG43) approach for calculating variable annuity reserves to the prescribed variable annuity valuation standard VM-21 requiring variable annuity reserves to be determined by stochastic modeling across numerous interest rate and equity return scenarios. The impact as of January 1, 2020 was a reduction in variable annuity reserves of \$42 million and has been recorded as a direct adjustment to surplus as a change in reserve valuation basis.

Subsequent Events

Thrivent evaluated events or transactions that may have occurred after the Statutory-Basis Statements of Assets, Liabilities and Surplus date for potential recognition or disclosure through February 10, 2022, the date the statutory-basis financial statements were available to be issued. There were no subsequent events or transactions which required recognition or disclosure.

2. INVESTMENTS

Bonds

The admitted value and fair value of Thrivent's investment in bonds are summarized below (in millions):

	Admitted Value	Gross Unrealized		Fair Value
		Gains	Losses	
December 31, 2021				
U.S. government and agency securities	\$ 2,551	\$ 145	\$ 3	\$ 2,693
U.S. state and political subdivision securities	98	51	-	149
Securities issued by foreign governments	83	4	-	87
Corporate debt securities	37,185	3,970	127	41,028
Residential mortgage-backed securities	4,976	104	15	5,065
Commercial mortgage-backed securities	2,105	67	6	2,166
Collateralized debt obligations	2	9	-	11
Other debt obligations	940	12	4	948
Affiliated Bonds	783	-	-	783
Total bonds	<u>\$ 48,723</u>	<u>\$ 4,362</u>	<u>\$ 155</u>	<u>\$ 52,930</u>
December 31, 2020				
U.S. government and agency securities	\$ 2,264	\$ 235	\$ -	\$ 2,499
U.S. state and political subdivision securities	98	57	-	155
Securities issued by foreign governments	80	8	-	88
Corporate debt securities	35,203	5,543	37	40,709
Residential mortgage-backed securities	6,921	221	5	7,137
Commercial mortgage-backed securities	2,104	147	1	2,250
Collateralized debt obligations	3	11	-	14
Other debt obligations	707	21	2	726
Affiliated Bonds	674	-	1	673
Total bonds	<u>\$ 48,054</u>	<u>\$ 6,243</u>	<u>\$ 46</u>	<u>\$ 54,251</u>

The admitted value of corporate debt securities issued in foreign currencies was \$678 million and \$694 million as of December 31, 2021 and 2020, respectively.

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

2. INVESTMENTS, CONTINUED

The admitted value and fair value of bonds, short-term investments and certain cash equivalents by contractual maturity are shown below (in millions). Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	<u>Admitted Value</u>	<u>Fair Value</u>
December 31, 2021		
Due in 1 year or less	\$ 4,591	\$ 4,624
Due after 1 year through 5 years	11,077	11,742
Due after 5 years through 10 years	14,489	15,396
Due after 10 years through 20 years	7,990	9,541
Due after 20 years	<u>12,695</u>	<u>13,746</u>
Total	<u>\$ 50,842</u>	<u>\$ 55,049</u>

The following table shows the fair value and gross unrealized losses aggregated by investment category and length of time that individual bonds have been in a continuous unrealized loss position (dollars in millions).

	<u>Less than 12 Months</u>			<u>12 Months or More</u>		
	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses
December 31, 2021						
U.S. government and agency securities	11	\$ 994	\$ 2	-	\$ -	\$ -
Corporate debt securities	461	3,730	109	45	417	19
Residential mortgage-backed securities	43	1,957	13	9	21	2
Commercial mortgage-backed securities	24	217	4	5	41	2
Collateralized debt obligations	-	-	-	-	-	-
Other debt obligations	107	578	5	1	13	-
Total bonds	<u>646</u>	<u>\$ 7,476</u>	<u>\$ 133</u>	<u>60</u>	<u>\$ 492</u>	<u>\$ 23</u>
December 31, 2020						
U.S. government and agency securities	1	\$ 75	\$ -	-	\$ -	\$ -
Corporate debt securities	123	894	22	24	204	15
Residential mortgage-backed securities	5	18	-	11	28	5
Commercial mortgage-backed securities	13	78	1	-	-	-
Collateralized debt obligations	-	-	-	-	-	-
Other debt obligations	10	100	1	1	4	1
Affiliated bonds	1	674	1	-	-	-
Total bonds	<u>153</u>	<u>\$ 1,839</u>	<u>\$ 25</u>	<u>36</u>	<u>\$ 236</u>	<u>\$ 21</u>

Based on Thrivent's current evaluation in accordance with Thrivent's impairment policy, a determination was made that the declines in the securities summarized above are temporary in nature and Thrivent has the ability and intent to hold securities in an unrealized loss position for a period of time sufficient for the security to recover in value.

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

2. INVESTMENTS, CONTINUED

Stocks

The cost and fair value of Thrivent's investment in stocks as of December 31 are presented below (in millions).

	<u>2021</u>	<u>2020</u>
Unaffiliated Preferred Stocks:		
Cost	\$ 476	\$ 348
Gross unrealized gains	79	50
Gross unrealized losses	(7)	(3)
Fair value	<u>\$ 548</u>	<u>\$ 395</u>
Statement value	<u>546</u>	<u>348</u>
Unaffiliated Common Stocks:		
Cost	\$ 922	\$ 987
Gross unrealized gains	451	364
Gross unrealized losses	(14)	(22)
Fair value/statement value	<u>\$ 1,359</u>	<u>\$ 1,329</u>
Affiliated Common Stocks:		
Cost	\$ 126	\$ 99
Gross unrealized gains	31	50
Gross unrealized losses	(38)	(10)
Fair value/statement value	<u>\$ 119</u>	<u>\$ 139</u>
Affiliated Mutual Funds:		
Cost	\$ 217	\$ 305
Gross unrealized gains	30	35
Gross unrealized losses	-	-
Fair value/statement value	<u>\$ 247</u>	<u>\$ 340</u>
Total statement value	<u>\$ 2,271</u>	<u>\$ 2,156</u>

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

2. INVESTMENTS, CONTINUED

Mortgage Loans

Thrivent invests in mortgage loans that principally involve commercial real estate consisting of first mortgage liens on completed income-producing properties. The carrying value of mortgage loans was \$10.3 billion and \$9.6 billion for the years ended December 31, 2021 and 2020. There was no allowance for credit losses as of December 31, 2021 or 2020.

Thrivent requires that all properties subject to mortgage loans have fire insurance at least equal to the value of the property.

The carrying values of mortgage loans by credit quality as of December 31 are presented below where restructured loans, in good standing, represent loans with reduced principal or interest rates below market (dollars in millions):

	<u>2021</u>	<u>2020</u>
In good standing	\$ 10,238	\$ 9,614
Restructured loans, in good standing	34	31
Delinquent	-	-
In process of foreclosure	-	-
Total mortgage loans	<u>\$ 10,272</u>	<u>\$ 9,645</u>
	<u>2021</u>	<u>2020</u>
Loans with Interest Rates Reduced During the Year:		
Weighted average interest rate reduction	0.8%	0.9%
Total principal	\$ 101	\$ 81
Number of loans	80	81
Interest Rates for Loans Issued During the Year:		
Maximum	4.8%	6.5%
Minimum	2.0%	2.2%
Maximum loan-to-value ratio for loans issued during the year, exclusive of purchase money mortgages	67%	71%

The age analysis of mortgage loans as of December 31 are presented below (in millions):

	<u>2021</u>	<u>2020</u>
Current	\$ 10,272	\$ 9,644
30 – 59 days past due	-	1
60 – 89 days past due	-	-
90 – 179 days past due	-	-
180+ days past due	-	-
Total mortgage loans	<u>\$ 10,272</u>	<u>\$ 9,645</u>
180+ Days Past Due and Accruing Interest:		
Investment	\$ -	\$ -
Interest accrued	-	-
90 -179 Days Past Due and Accruing Interest:		
Investment	\$ -	\$ -
Interest accrued	-	-

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

2. INVESTMENTS, CONTINUED

The distribution of Thrivent's mortgage loans among various geographic regions of the United States as of December 31 are presented below:

	2021	2020
Geographic Region:		
Pacific	32%	32%
South Atlantic	19	19
East North Central	7	8
West North Central	11	12
Mountain	8	9
Mid-Atlantic	9	9
West South Central	9	7
Other	5	4
Total	100%	100%

The distribution of Thrivent's mortgage loans among various property types as of December 31 are presented below:

	2021	2020
Property Type:		
Industrial	23%	23%
Retail	19	21
Office	15	16
Church	9	10
Apartments	27	23
Other	7	7
Total	100%	100%

Impaired loans

A loan is determined to be impaired when considered probable that the principal and interest will not be collected according to the contractual terms of the loan agreement. For both years ended December 31, 2021 and 2020, Thrivent held impaired loans with a carrying value of \$22 million and an unpaid principal balance of \$22 million for which there was no related allowance for credit losses recorded.

Any payments received on impaired loans are either applied against the principal or reported as net investment income, based on an assessment as to the collectability of the principal. Interest income on impaired loans is recognized upon receipt.

After loans become 180 days delinquent on principal or interest payments, or if the loans have been determined to be impaired, any accrued but uncollectible interest on the mortgage loans is non-admitted and charged to surplus in the period in which the loans are determined to be impaired. Generally, only after the loans become less than 180 days delinquent from the contractual due date will accrued interest be returned to admitted status. The amount of impairments included in realized capital losses due to debt restructuring was less than \$1 million, \$8 million and less than \$1 million for the years ended December 31, 2021, 2020 and 2019, respectively. The average recorded investment in impaired mortgage loans was \$7 million for both years ended December 31, 2021 and 2020. Interest income recognized on impaired mortgage loans was \$1 million for the year ended December 31, 2021 and less than \$1 million for the years ended December 31, 2020 and 2019.

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

2. INVESTMENTS, CONTINUED

In certain circumstances, Thrivent may restructure the terms of a loan to maximize the collection of amounts due. During the years ended December 31, 2021 and 2020, Thrivent did not restructure any loans under these circumstances.

As of both December 31, 2021 and 2020, Thrivent held 3 mortgage loans totaling \$22 million and \$22 million, respectively, where loan modifications had occurred. During the years ended December 31, 2021 and 2020, there were no modified mortgage loans with a payment default.

During the years ended December 31, 2021 and 2020, no mortgage loans were derecognized as a result of foreclosure.

Real Estate

The components of real estate investments as of December 31 were as follows (in millions):

	2021	2020
Home office properties	\$ 139	\$ 141
Held-for-sale	5	125
Total before accumulated depreciation	144	266
Accumulated depreciation	(94)	(92)
Total real estate	\$ 50	\$ 174

In August 2018, Thrivent sold a corporate home office property for a cash payment of \$55 million. In conjunction with the sale, Thrivent entered into an agreement with the purchaser to lease the property. A \$48 million gain on the sale of the property was deferred and reported in other surplus funds. The gain was amortized over the remaining life of the lease and was fully recognized as of December 31, 2020.

In February 2021, Thrivent sold a newly constructed corporate home office property that was completed in 2020 for a cash payment of \$128 million. Thrivent entered into an agreement with the purchaser to lease the property for 20 years. An \$11 million gain on the sale of the property was recognized in 2021.

Derivative Financial Instruments

Thrivent uses derivative financial instruments in the normal course of business to manage investment risks, to reduce interest rate and duration imbalances determined in asset/liability analyses and to offset risks associated with the guaranteed living benefits features of certain variable annuity products.

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

2. INVESTMENTS, CONTINUED

The following table summarizes the carrying values, which primarily equal fair values, included in other invested assets or other liabilities on the Statutory-Basis Statements of Assets, Liabilities and Surplus, and the notional amounts of Thrivent's derivative financial instruments (in millions):

	Carrying Value	Notional Amount	Realized Gain/(Loss)
As of and for the year ended December 31, 2021			
Assets:			
Call spread options	\$ 118	\$ 849	\$ 197
Futures	-	434	(20)
Foreign currency swaps	35	550	10
Interest rate swaps	-	-	(1)
Covered written call options	-	-	-
Total assets	\$ 153	\$ 1,833	\$ 186
Liabilities:			
Call spread options	\$ (91)	\$ 885	\$ (187)
Futures	-	258	-
Foreign currency swaps	(9)	126	1
Covered written call options	(2)	-	10
Total liabilities	\$ (102)	\$ 1,269	\$ (176)
As of and for the year ended December 31, 2020			
Assets:			
Call spread options	\$ 163	\$ 782	\$ 33
Futures	-	282	(200)
Foreign currency swaps	21	311	6
Interest rate swaps	-	-	1
Covered written call options	-	-	-
Total assets	\$ 184	\$ 1,375	\$ (160)
Liabilities:			
Call spread options	\$ (136)	\$ 815	\$ (27)
Foreign currency swaps	(27)	349	4
Covered written call options	(2)	-	7
Total liabilities	\$ (165)	\$ 1,164	\$ (16)

All gains and losses on derivatives are reflected in realized capital gains and losses in the statutory-basis financial statements except foreign currency swaps which are reflected in net investment income. Notional amounts do not represent amounts exchanged by the parties and therefore are not a measure of Thrivent's exposure. The amounts exchanged are calculated based on the notional amounts and the other terms of the instruments, such as interest rates, exchange rates, security prices or financial and other indices.

Call Spread Options

Thrivent uses over-the-counter S&P 500 index call spread options (i.e. buying call options and selling cap call options) to manage risks associated with fixed indexed annuities. Purchased call spread options are reported at fair value in other invested assets and written call spread options are reported at fair value in other liabilities. The changes in the fair value of the call spread options are recorded in unrealized gains and losses.

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

2. INVESTMENTS, CONTINUED

Covered Written Call Options

Thrivent sells covered written call option contracts to enhance the return on residential mortgage-backed “to be announced” collateral that Thrivent owns. The premium received for these call options is recorded in other liabilities at book value at each reporting period. All positions in these contracts are settled at month end. Upon disposition of the options, the gains are recorded as a component of realized capital gains and losses. During the years ended December 31, 2021, 2020 and 2019, \$16 million, \$9 million and \$8 million, respectively, was received in call premium.

Futures

Thrivent utilizes futures contracts to manage a portion of the risks associated with the guaranteed minimum accumulation benefit feature of variable annuity products and to manage foreign equity risk. Cash paid for the futures contracts is recorded in other invested assets. The futures contracts are valued at fair value at each reporting period. The daily change in fair value from the contracts variation margin is recognized in unrealized gains and losses until the contract is closed and/or otherwise expired. Realized gains and losses are recognized when the contract is closed and/or otherwise expired.

Foreign Currency Swaps

Thrivent utilizes foreign currency swaps to manage the risk associated with changes in the exchange rate of foreign currency to U.S. dollar payments for foreign denominated bonds. The swaps are reported at fair value with the change in the fair value recognized in unrealized gains and losses. Realized gains and losses are recognized upon settlement of the swap. No cash is exchanged at the outset of the swaps, and interest payments received are recorded as a component of net investment income.

Securities Lending

Elements of the securities lending program as of December 31 are presented below (in millions).

	2021	2020
Loaned Securities:		
Carrying value	\$ 290	\$ 240
Fair value	330	260
Cash Collateral Reinvested:		
Open	\$ 156	\$ 81
30 days or less	64	131
31 - 60 days	61	-
61 - 90 days	26	-
91 - 120 days	-	5
121 - 180 days	3	5
181 - 365 days	-	36
1 - 2 years	27	3
2 - 3 years	-	-
Greater than 3 years	-	4
Total	\$ 337	\$ 265
Cash collateral liabilities	\$ 337	\$ 265

The maturity dates of the cash collateral liabilities generally match the maturity dates of the invested assets.

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

2. INVESTMENTS, CONTINUED

Collateral Received

Elements of reinvested collateral received in the securities lending program as of December 31 are presented below (in millions):

	2021	2020
Bonds:		
Carrying value	\$ 36	\$ 54
Fair value	36	54
Short-term Investments:		
Carrying value	\$ 51	\$ 9
Fair value	51	9
Cash Equivalents:		
Carrying value	\$ 250	\$ 202
Fair value	250	202
Common Stocks:		
Carrying value	\$ -	\$ -
Fair Value	-	-

All collateral received is less than 1% of total admitted assets.

Wash Sales

In the normal course of Thrivent's investment management activities, securities are periodically sold and repurchased within 30 days of the sale date to enhance total return on the investment portfolio. At December 31, 2021, Thrivent sold 449 non-investment grade securities with a book value totaling \$6 million where the cost to repurchase within 30 days totaled \$10 million. The net gain for securities sold and later repurchased totaled \$4 million. At December 31, 2020, Thrivent sold 119 non-investment grade securities with a book value totaling \$4 million where the cost to repurchase within 30 days totaled \$6 million. The net gain for securities sold and later repurchased totaled \$2 million.

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

2. INVESTMENTS, CONTINUED

Reverse Repurchase Agreements

Thrivent has a tri-party reverse repurchase agreement (“repo”) to purchase and resell short-term securities. The securities are classified as a NAIC 1 designation and the maturity of the securities is 3 months to 1 year with a carrying value and fair value of \$0 million and \$15 million as of December 31, 2021 and 2020, respectively. Thrivent is not permitted to sell or repledge these securities. The purchased securities are included in cash, cash equivalents and short-term investments in the accompany Statutory-Basis Statements of Assets, Liabilities and Surplus. Thrivent received cash as collateral, having a fair value at least equal to 102% of the purchase price paid for the securities and Thrivent’s designated custodian takes possession of the collateral. The collateral is not recorded in Thrivent’s financial statements.

The fair value of the securities for the repo transactions accounted for each reporting period presented below (in millions):

December 31, 2021

	Maximum	Ending Balance
Bonds:		
1 st quarter	\$ 425	\$ 425
2 nd quarter	450	50
3 rd quarter	50	-
4 th quarter	-	-

December 31, 2020

	Maximum	Ending Balance
Bonds:		
1 st quarter	\$ 450	\$ 319
2 nd quarter	360	160
3 rd quarter	115	-
4 th quarter	115	15

The fair value of the cash collateral under the repo borrowing transactions for each reporting period by remaining contractual maturity presented below (in millions):

December 31, 2021

	Maximum	Ending Balance
Overnight and Continuous:		
1 st quarter	\$ 425	\$ 425
2 nd quarter	450	50
3 rd quarter	50	-
4 th quarter	-	-

December 31, 2020

	Maximum	Ending Balance
Overnight and Continuous:		
1 st quarter	\$ 545	\$ 385
2 nd quarter	430	188
3 rd quarter	143	143
4 th quarter	143	15

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

2. INVESTMENTS, CONTINUED

Federal Home Loan Bank Agreements

During the fourth quarter of 2021, Thrivent became a member of the Federal Home Loan Bank of Chicago (“FHLB”). This FHLB membership required a purchase of membership stock and gives Thrivent access to low-cost funding. Thrivent’s strategy is to utilize these funds to optimize liquidity or spread investment purposes. Additional FHLB activity-based stock purchases will be required based upon the amount of funds borrowed from the FHLB. Thrivent is required to post acceptable forms of collateral for any borrowings from the FHLB. In the event of default, the FHLB’s recovery on the collateral is limited to the amount of Thrivent’s outstanding liability to the FHLB. FHLB activity will be limited to the general account.

As of the date hereof, Thrivent has an internally approved maximum borrowing capacity for the FHLB of \$4.0 billion. Thrivent established this limit in accordance with its overall risk management process.

The following tables indicate the amounts of FHLB capital and activity-based stock, collateral pledged, and assets and liabilities related to Thrivent’s agreement with FHLB as of December 31, 2021 and 2020. On January 5, 2022 Thrivent received its first cash advance of \$100 million.

The amount of FHLB capital stock held at December 31, 2021 and 2020 (in millions):

	<u>2021</u>	<u>2020</u>
Membership Stock – Class B par value	\$ 5	\$ -
Activity Stock	-	-
Aggregate Total	\$ 5	\$ -

The amount of collateral pledged to FHLB at December 31, 2021 and 2020 (in millions):

	<u>2021</u>			<u>2020</u>		
	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Aggregate Total Borrowing</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Aggregate Total Borrowing</u>
Total Collateral Pledged	\$ 659	\$ 617	\$ -	\$ -	\$ -	\$ -

The maximum amount of collateral pledged to FHLB during the reporting period (in millions):

	<u>2021</u>			<u>2020</u>		
	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Aggregate Total Borrowing</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Aggregate Total Borrowing</u>
Total Maximum Collateral Pledged	\$ 659	\$ 617	\$ -	\$ -	\$ -	\$ -

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

2. INVESTMENTS, CONTINUED

Pledged and Restricted Assets

Thrivent owns assets which are pledged to others as collateral or are otherwise restricted totaling \$1.0 billion and \$328 million at December 31, 2021 and 2020, respectively. Total pledged and restricted assets, which primarily include collateral held under futures transactions, securities lending agreements, FHLB and reverse repurchase agreements are less than 1% of total admitted assets. Securities on deposit with state insurance departments were \$2 million and \$3 million for the years ended December 31, 2021 and 2020, respectively.

Net Investment Income

Investment income by type of investment for the years ended December 31 is presented below (in millions):

	2021	2020	2019
Bonds	\$ 1,792	\$ 1,797	\$ 1,818
Preferred stock	21	19	15
Unaffiliated common stocks	22	27	29
Affiliated common stocks	101	94	60
Mortgage loans	423	439	433
Real estate	13	17	14
Contract loans	78	82	86
Cash, cash equivalents and short-term investments	5	19	52
Limited partnerships	1,680	489	584
Other invested assets	31	32	17
	4,166	3,015	3,108
Investment expenses	(63)	(57)	(53)
Depreciation on real estate	(5)	(7)	(5)
Net investment income	\$ 4,098	\$ 2,951	\$ 3,050

Net investment income includes bonds sold or redeemed with a callable bond or tender feature. During 2021, there were 515 securities with a callable or tender feature sold or redeemed totaling \$124 million. During 2020, there were 436 securities with a callable or tender feature sold or redeemed totaling \$78 million.

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

2. INVESTMENTS, CONTINUED

Realized Capital Gains and Losses

Realized capital gains and losses for the years ended December 31 is presented below (in millions):

	2021	2020	2019
Net Gains (Losses) on Sales:			
Bonds:			
Gross gains	\$ 302	\$ 293	\$ 209
Gross losses	(122)	(211)	(89)
Stocks:			
Gross gains	348	316	174
Gross losses	(18)	(86)	(60)
Futures	(20)	(200)	(90)
Other	5	11	8
Net gains (losses) on sales	495	123	152
Provisions for Losses:			
Bonds	(5)	(44)	(15)
Stocks	-	(1)	-
Other	-	14	19
Total provisions for losses	(5)	(31)	4
Realized capital gains (losses)	490	92	156
Transfers to interest maintenance reserve	(192)	(132)	(132)
Realized capital gains (losses), net	\$ 298	\$ (40)	\$ 24

Proceeds from the sale of investments in bonds, net of mortgage dollar roll transactions, were \$11.8 billion, \$9.7 billion and \$10.1 billion for the years ended December 31, 2021, 2020 and 2019, respectively.

Thrivent recognized other-than-temporary impairments during the year ended December 31, 2021 on the following loan-backed and structured securities where the present value of cash flows expected to be collected was less than the amortized cost basis of the security (in millions). As shown in table below, no individual impairment recognized exceeded \$1 million.

CUSIP	Book Value Before Impairment	Impairment Recognized	Amortized Cost After Impairment	Fair Value as of Date Impaired
12667GGD9	\$ 6	\$ -	\$ 6	\$ 6
12668BQA4	3	-	3	3
16165TAE3	4	-	4	5
46629QAD8	5	-	5	5
576434V92	4	-	4	4
02660YAX0	2	1	1	1
40431KAD2	4	1	3	3
75971EAE6	3	1	2	2
75971EAJ5	4	1	3	3
Total	\$ 35	\$ 4	\$ 31	\$ 32

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

3. POLICYHOLDER LIABILITIES

Many of the contracts issued by Thrivent, primarily annuities, do not subject Thrivent to mortality or morbidity risk. These contracts may have certain limitations placed upon the amount of funds that can be withdrawn without penalties. The following table summarizes liabilities by withdrawal characteristics of individual annuities (dollars in millions):

	General Account	Separate Account Guaranteed	Separate Account Nonguaranteed	Total	% of Total
December 31, 2021					
Subject to Discretionary Withdrawal:					
With market value adjustment	\$ -	\$ 162	\$ -	\$ 162	1%
At book value less a surrender charge of 5% or more	1,475	-	-	1,475	2
At fair value	-	-	38,723	38,723	67
Total with market value adjustment or at fair value	1,475	162	38,723	40,360	70
At book value without adjustment	15,436	-	-	15,436	27
Not subject to discretionary withdrawal	1,534	-	60	1,594	3
Total	<u>\$ 18,445</u>	<u>\$ 162</u>	<u>\$ 38,783</u>	<u>\$ 57,390</u>	<u>100%</u>
Amount to Move in Subject to Discretionary Withdrawal in the Year After the Statement Date:	<u>\$ 557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 557</u>	

	General Account	Separate Account Guaranteed	Separate Account Nonguaranteed	Total	% of Total
December 31, 2020					
Subject to Discretionary Withdrawal:					
With market value adjustment	\$ -	\$ 183	\$ -	\$ 183	1%
At book value less a surrender charge of 5% or more	1,763	-	-	1,763	3
At fair value	-	-	35,097	35,097	65
Total with market value adjustment or at fair value	1,763	183	35,097	37,043	69
At book value without adjustment	15,171	-	-	15,171	28
Not subject to discretionary withdrawal	1,549	-	54	1,603	3
Total	<u>\$ 18,483</u>	<u>\$ 183</u>	<u>\$ 35,151</u>	<u>\$ 53,817</u>	<u>100%</u>
Amount to Move in Subject to Discretionary Withdrawal in the Year After the Statement Date:	<u>\$ 485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 485</u>	

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

3. POLICYHOLDER LIABILITIES, CONTINUED

The following table summarizes liabilities by withdrawal characteristics of deposit type contracts with no life contingencies (dollars in millions):

	General Account	Separate Account Guaranteed	Separate Account Nonguaranteed	Total	% of Total
December 31, 2021					
Subject to Discretionary Withdrawal:					
At book value less a surrender charge of 5% or more	\$ 4,037	\$ -	\$ -	\$ 4,037	89%
Total with market value adjustment or at fair value	4,037	-	-	4,037	89
At book value without adjustment	418	-	-	418	9
Not subject to discretionary withdrawal	64	-	21	85	2
Total	<u>\$ 4,519</u>	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ 4,540</u>	<u>100%</u>

	General Account	Separate Account Guaranteed	Separate Account Nonguaranteed	Total	% of Total
December 31, 2020					
Subject to Discretionary Withdrawal:					
At book value less a surrender charge of 5% or more	\$ 3,767	\$ -	\$ -	\$ 3,767	89%
Total with market value adjustment or at fair value	3,767	-	-	3,767	89
At book value without adjustment	365	-	-	365	9
Not subject to discretionary withdrawal	63	-	23	86	2
Total	<u>\$ 4,195</u>	<u>\$ -</u>	<u>\$ 23</u>	<u>\$ 4,218</u>	<u>100%</u>

The above policyholder liabilities are recorded as partial components within the following captions of the Statutory-Basis Statements of Assets, Liabilities and Surplus as of December 31 (in millions):

	2021	2020
Aggregate reserves for life, annuity and health contracts	\$ 18,445	\$ 18,483
Deposit liabilities	4,519	4,195
Liabilities related to separate accounts	38,966	35,357
Total	<u>\$ 61,930</u>	<u>\$ 58,035</u>

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

3. POLICYHOLDER LIABILITIES, CONTINUED

The following table summarizes the analysis of life actuarial reserves by withdrawal characteristics (dollars in millions):

	General Account			Separate Account Nonguaranteed		
	Account Value	Cash Value	Reserve	Account Value	Cash Value	Reserve
December 31, 2021						
Subject to Discretionary Withdrawal, Surrender Values, or Policy Loans:						
Universal life	\$ 10,368	\$ 10,355	\$ 10,386	\$ -	\$ -	\$ -
Universal life with secondary guarantees	1,347	1,211	1,464	1,250	1,136	1,153
Other permanent cash value life insurance	-	11,881	12,767	-	-	-
Variable universal life	42	42	55	1,097	1,094	1,100
Miscellaneous reserves	-	-	2	-	-	-
Not Subject to Discretionary Withdrawals or No Cash Values:						
Term policies without cash value	XXX	XXX	1,039	XXX	XXX	-
Accidental death benefits	XXX	XXX	15	XXX	XXX	-
Disability death benefits	XXX	XXX	-	XXX	XXX	-
Disability – active lives	XXX	XXX	107	XXX	XXX	-
Disability – disable lives	XXX	XXX	360	XXX	XXX	-
Miscellaneous reserves	XXX	XXX	-	XXX	XXX	-
Subtotal	<u>\$ 11,757</u>	<u>\$ 23,489</u>	<u>\$ 26,195</u>	<u>\$ 2,347</u>	<u>\$ 2,230</u>	<u>\$ 2,253</u>
Reinsurance ceded	478	591	847	-	-	-
Total	<u>\$ 11,279</u>	<u>\$ 22,898</u>	<u>\$ 25,348</u>	<u>\$ 2,347</u>	<u>\$ 2,230</u>	<u>\$ 2,253</u>

	General Account			Separate Account Nonguaranteed		
	Account Value	Cash Value	Reserve	Account Value	Cash Value	Reserve
December 31, 2020						
Subject to Discretionary Withdrawal, Surrender Values, or Policy Loans:						
Universal life	\$ 10,385	\$ 10,372	\$ 10,407	\$ -	\$ -	\$ -
Universal life with secondary guarantees	1,254	1,116	1,350	984	890	910
Other permanent cash value life insurance	-	11,606	12,432	-	-	-
Variable universal life	43	43	56	937	935	950
Miscellaneous reserves	-	-	2	-	-	-
Not Subject to Discretionary Withdrawals or No Cash Values:						
Term policies without cash value	XXX	XXX	1,029	XXX	XXX	-
Accidental death benefits	XXX	XXX	16	XXX	XXX	-
Disability death benefits	XXX	XXX	-	XXX	XXX	-
Disability – active lives	XXX	XXX	116	XXX	XXX	-
Disability – disable lives	XXX	XXX	370	XXX	XXX	-
Miscellaneous reserves	XXX	XXX	-	XXX	XXX	-
Subtotal	<u>\$ 11,682</u>	<u>\$ 23,137</u>	<u>\$ 25,778</u>	<u>\$ 1,921</u>	<u>\$ 1,825</u>	<u>\$ 1,860</u>
Reinsurance ceded	653	697	846	-	-	-
Total	<u>\$ 11,029</u>	<u>\$ 22,440</u>	<u>\$ 24,932</u>	<u>\$ 1,921</u>	<u>\$ 1,825</u>	<u>\$ 1,860</u>

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

3. POLICYHOLDER LIABILITIES, CONTINUED

Thrivent calculates premium deficiency reserves (PDR) for long-term care insurance policies. The PDR was \$0 million and \$230 million as of December 31, 2021 and 2020, respectively. During 2021, Thrivent updated the claim incidence and claim termination assumptions for the closed block and updated net earned rate assumption to now include a 10% equity allocation to the asset portfolio for both the closed and new business blocks. These updated assumptions, along with a decrease in the number of long-term care insurance policies in force, were the primary drivers of the \$230 million decrease in PDR for the year ended December 31, 2021.

Thrivent has insurance in force as of December 31, 2021 and 2020, totaling \$8.5 billion and \$10.7 billion, respectively, where the gross premiums are less than the net premiums according to the standard valuation requirements set by the State of Wisconsin Office of the Commissioner of Insurance. Reserves associated with these policies as of December 31, 2021 and 2020, totaled \$30 million and \$38 million, respectively.

Deferred and uncollected life insurance premiums and annuity considerations were as follows (in millions):

	<u>Gross</u>	<u>Net of Loading</u>
December 31, 2021		
Ordinary new business	\$ 12	\$ 1
Ordinary renewal	64	103
Total	<u>\$ 76</u>	<u>\$ 104</u>
December 31, 2020		
Ordinary new business	\$ 12	\$ 6
Ordinary renewal	56	102
Total	<u>\$ 68</u>	<u>\$ 108</u>

4. SEPARATE ACCOUNTS

Thrivent administers and invests funds segregated into separate accounts for the exclusive benefit of variable annuity, variable immediate annuity and variable universal life contractholders. Variable life and variable annuity separate accounts of Thrivent are non-guaranteed, while Thrivent's multi-year guarantee separate account is a non-indexed guaranteed account. Within the non-guaranteed separate account, all variable deferred annuity contracts contain guaranteed death benefits and some contain guaranteed living benefits. The following table presents the explicit risk charges paid by separate account contract holders for these guarantees and the amounts paid for guaranteed death benefits for the years ended December 31 (in millions):

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Risk charge paid	\$ 119	\$ 102	\$ 104	\$ 108	\$ 107
Payments for guaranteed benefits	6	7	5	4	4

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

4. SEPARATE ACCOUNTS, CONTINUED

The distribution of investments in the separate account assets as of December 31 were as follows:

	<u>2021</u>	<u>2020</u>
Equity funds	68%	64%
Bond funds	23	26
Balanced funds	7	7
Other	<u>2</u>	<u>3</u>
Total separate account assets	<u>100%</u>	<u>100%</u>

The following tables summarize information for the separate accounts (in millions):

	<u>Non-Indexed Guarantee</u>	<u>Non- Guaranteed</u>	<u>Total</u>
December 31, 2021			
Reserves:			
For accounts with assets at fair value	<u>\$ 162</u>	<u>\$ 41,057</u>	<u>\$ 41,219</u>
By Withdrawal Characteristics:			
Subject to Discretionary Withdrawal:			
With market value adjustment	\$ 162	\$ -	\$ 162
At fair value	-	40,976	40,976
Not subject to discretionary withdrawal	-	81	81
Total	<u>\$ 162</u>	<u>\$ 41,057</u>	<u>\$ 41,219</u>

December 31, 2020

Reserves:			
For accounts with assets at fair value	<u>\$ 183</u>	<u>\$ 37,034</u>	<u>\$ 37,217</u>
By Withdrawal Characteristics:			
Subject to Discretionary Withdrawal:			
With market value adjustment	\$ 183	\$ -	\$ 183
At fair value	-	36,956	36,956
Not subject to discretionary withdrawal	-	77	77
Total	<u>\$ 183</u>	<u>\$ 37,033</u>	<u>\$ 37,216</u>

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Premiums, Considerations and Deposits:			
Non-indexed guarantee	\$ -	\$ 1	\$ -
Non-guaranteed	<u>2,531</u>	<u>1,849</u>	<u>1,712</u>
Total	<u>\$ 2,531</u>	<u>\$ 1,850</u>	<u>\$ 1,712</u>

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Transfers to separate accounts	\$ 2,531	\$ 1,849	\$ 1,709
Transfers from separate accounts	(3,335)	(2,712)	(2,490)
Other items	<u>(8)</u>	<u>2</u>	<u>(1)</u>
Transfers to separate accounts, net	<u>\$ (812)</u>	<u>\$ (861)</u>	<u>\$ (782)</u>

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

5. CLAIMS LIABILITIES

Activity in the liabilities for accident and health, long-term care and disability benefits, included in aggregate reserves for life, annuity, and health contracts and contract claims, as presented below (in millions):

	<u>2021</u>	<u>2020</u>
Net balance at January 1	\$ 1,097	\$ 1,203
Incurred Related to:		
Current year	515	464
Prior years	<u>(172)</u>	<u>(150)</u>
Total incurred	343	314
Paid Related to:		
Current year	128	116
Prior years	<u>276</u>	<u>304</u>
Total paid	<u>404</u>	<u>420</u>
Net balance at December 31	<u>\$ 1,036</u>	<u>\$ 1,097</u>

Thrivent uses estimates for determining the liability for accident and health, long-term care and disability benefits, which are based on historical claim payment patterns, and attempts to provide for potential adverse changes in claim patterns and severity. Thrivent annually reviews the claim payment experience to evaluate the methodology and assumptions that are used in determining Thrivent's estimate of ultimate claims experience.

6. REINSURANCE

Thrivent participates in reinsurance in order to limit maximum losses and to diversify exposures. Life and accident and health reinsurance is accomplished through various plans of reinsurance, primarily coinsurance and yearly renewable term. Generally, Thrivent retains a maximum of \$3 million of single and \$3 million of joint life coverage for any single mortality risk.

Ceded balances would represent a liability of Thrivent in the event the reinsurers were unable to meet the obligations under the terms of the reinsurance agreements. Reinsurance contracts do not relieve an insurer from the contract's primary obligation to policyholders.

Reinsurance premiums, commissions, expense reimbursements, benefits and reserves related to reinsured long-duration contracts are accounted for over the life of the underlying reinsured contracts using assumptions consistent with those used to account for the underlying contracts. The cost of reinsurance related to short-duration contracts is accounted for over the reinsurance contract period. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liabilities and policy benefits associated with the reinsured policies.

Reinsurance amounts included in the Statutory-Basis Statements of Operations for the years ended December 31 were as follows (in millions):

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Direct premiums	\$ 5,289	\$ 4,736	\$ 5,073
Reinsurance ceded	<u>(107)</u>	<u>(106)</u>	<u>(106)</u>
Net premiums	<u>\$ 5,182</u>	<u>\$ 4,630</u>	<u>\$ 4,967</u>
Reinsurance claims recovered	<u>\$ 131</u>	<u>\$ 89</u>	<u>\$ 81</u>

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

6. REINSURANCE, CONTINUED

Aggregate reserves and contract claim liabilities in the Statutory-Basis Statements of Assets, Liabilities and Surplus for the years ended December 31 were reduced by reinsurance ceded amounts as presented below (in millions):

	2021	2020
Life insurance	\$ 847	\$ 846
Accident-and-health	-	-
Total	\$ 847	\$ 846

The financial condition of Thrivent’s reinsurers and amounts recoverable are periodically reviewed in order to evaluate the financial strength of the companies supporting the recoverable balances. One reinsurer accounts for approximately 42% of the reinsurance recoverable as of December 31, 2021.

Thrivent has no covered policies where certain term life and universal life insurance policies (XXX/AXXX risks) are ceded in accordance with Actuarial Guideline 48 (Actuarial Opinion and Memorandum Requirements for the Reinsurance of Policies to be Valued Under Sections 6 and 7 of the NAIC Valuation of Life Insurance Policies Model Regulation).

Thrivent has no reinsurance contracts with features that are subject to the disclosure requirements within SSAP No. 61R related to reinsurance credits.

7. SURPLUS

Thrivent is subject to certain risk-based capital (“RBC”) requirements as specified by the NAIC. Under those requirements, the amount of surplus maintained by a fraternal benefit society is to be determined based on the various risk factors. Thrivent exceeds the RBC requirements as of December 31, 2021 and 2020.

Unassigned funds as of December 31 includes adjustments related to the following items (in millions):

	2021	2020
Unrealized gains and (losses)	\$ 1,412	\$ 691
Non-admitted assets	(252)	(227)
Separate account business	99	101
Asset valuation reserve	(2,384)	(1,971)

Thrivent also holds special surplus funds which include a special surplus balance related to the separate accounts. The deferred gain from the 2018 sale of the corporate home office property was included in a special surplus balance as of December 31, 2019. The remaining amount was fully recognized as of December 31, 2020, and therefore is no longer included in special surplus funds as of December 31, 2020.

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The financial instruments of Thrivent have been classified, for disclosure purposes, into categories based on the evaluation of the amount of observable and unobservable inputs used to determine fair value.

Fair Value Descriptions

Level 1 Financial Instruments

Level 1 financial instruments reported at fair value include certain bonds, certain unaffiliated common stocks and certain cash equivalents. Bonds and unaffiliated common stocks are primarily valued using quoted prices in active markets. Cash equivalents consist of money market mutual funds whose fair value is based on the quoted daily net asset values of the invested funds.

Level 1 financial instruments not reported at fair value include certain bonds, which are priced based on quoted market prices, and include primarily U.S. Treasury bonds.

Level 2 Financial Instruments

Level 2 financial instruments reported at fair value include certain unaffiliated common stocks and other invested assets. Unaffiliated common stocks and other invested assets, primarily derivatives, are valued based on market quotes where the financial instruments are not considered actively traded. The fair values for separate account assets are based on published daily net asset values of the funds in which the separate accounts are invested.

Level 2 financial instruments not reported at fair value includes certain bonds, unaffiliated preferred stocks, cash, cash equivalents and short-term investments, other invested assets, liabilities related to separate accounts and other liabilities.

Bonds not reported at fair value are priced using a third-party pricing vendor and include certain corporate debt securities and asset-backed securities. Pricing from a third-party pricing vendor varies by asset class but generally includes inputs such as estimated cash flows, benchmark yields, reported trades, issuer spreads, bids, offers, credit quality, industry events and economic events. If Thrivent is unable to obtain a price from a third-party pricing vendor, management may obtain broker quotes or utilize an internal pricing model specific to the asset. The internal pricing models apply practices that are standard among the industry and utilize observable market data.

Fair values of unaffiliated preferred stocks not reported at fair value are based on market quotes where these securities are not considered actively traded.

Cash and cash equivalents not reported at fair value consist of demand deposit and highly liquid investments purchased with an original maturity date of three months or less. Short-term investments not reported at fair value consist of investments in commercial paper and agency notes with contractual maturities of one year or less at the time of acquisition. The carrying amounts for cash, cash equivalents and short-term investments approximate the fair values.

Other invested assets not reported at fair value include investments in surplus notes in which the fair values are based on quoted market prices.

The carrying amounts of liabilities related to separate accounts reflect the amounts in the separate account assets and approximate the fair values.

Other liabilities include certain derivatives. Derivative fair values are derived from broker quotes.

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

8. FAIR VALUE OF FINANCIAL INSTRUMENTS, CONTINUED

Level 3 Financial Instruments

Level 3 financial instruments reported at fair value include other invested assets, which consist of certain derivatives. The fair value is determined using independent broker quotes.

Level 3 financial instruments not reported at fair value include certain bonds, unaffiliated preferred stocks, mortgage loans, real estate, contract loans, limited partnerships, other invested assets, deferred annuities, other deposit contracts and other liabilities.

Level 3 bonds not reported at fair value include private placement debt securities and convertible bonds. Private placement debt securities are valued using internal pricing models specific to the assets using unobservable inputs such as issuer spreads, estimated cash flows, internal credit ratings and volatility adjustments. Market comparable discount rates ranging from 0% to 12% are used as the base rate in the discounted cash flows used to determine the fair value of certain assets. Increases or decreases in the credit spreads on the comparable assets could cause the fair value of assets to significantly decrease or increase, respectively. Additionally, Thrivent may adjust the base discount rate or the modeled price by applying an illiquidity premium of 25 basis points, given the highly structured nature of certain assets. Convertible bonds are valued using third party broker quotes to determine fair value.

Unaffiliated preferred stocks are valued using third-party broker quotes to determine fair value.

The fair values for mortgage loans are estimated using discounted cash flow analyses based on interest rates currently being offered for similar loans to borrowers with similar credit ratings. Loans with similar characteristics are aggregated for purposes of the calculations.

The fair value of real estate properties held-for-sale is based on current market price assessments, current purchase agreements or market appraisals.

The carrying amounts for contract loans approximate the fair values.

Limited partnerships include private equity investments. The fair values of private equity investments are estimated based on assumptions in the absence of observable market data. In determining fair value, the following valuation techniques are generally used: most recent capital balance adjusted for current cash flows; internal valuation methodologies designed for specific asset classes, primarily sponsor valuations or net asset value; discounted cash flow models; or applying current market multiples to earnings before interest, taxes, depreciation and amortization (EBITDA).

Other invested assets primarily include real estate joint ventures, which the fair value is derived using GAAP audited financial statements.

Other liabilities primarily include deferred annuities, other deposit contracts and certain derivatives. The fair values for deferred annuities and other deposit contracts, which include supplementary contracts without life contingencies, deferred income settlement options and refunds on deposit are estimated to be the cash surrender value payable upon immediate withdrawal. Derivatives fair values are derived from broker quotes.

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

8. FAIR VALUE OF FINANCIAL INSTRUMENTS, CONTINUED

Financial Instruments Carried at Fair Value

The fair values of Thrivent's financial instruments measured and reported at fair value are presented below (in millions).

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2021				
Assets:				
Bonds	\$ 164	\$ -	\$ -	\$ 164
Unaffiliated preferred stocks	-	398	-	398
Unaffiliated common stocks	1,353	6	-	1,359
Cash, cash equivalents and short-term investments	570	-	-	570
Assets held in Separate account assets	-	41,953	-	41,953
Other invested assets	-	35	118	153
Total	<u>\$ 2,087</u>	<u>\$ 42,392</u>	<u>\$ 118</u>	<u>\$ 44,597</u>
Liabilities:				
Other liabilities	\$ -	\$ 9	\$ 91	\$ 100
December 31, 2020				
Assets:				
Bonds	\$ 298	\$ -	\$ -	\$ 298
Unaffiliated common stocks	1,329	-	-	1,329
Cash, cash equivalents and short-term investments	805	-	-	805
Assets held in Separate account assets	-	37,894	-	37,894
Other invested assets	-	21	163	184
Total	<u>\$ 2,432</u>	<u>\$ 37,915</u>	<u>\$ 163</u>	<u>\$ 40,510</u>
Liabilities:				
Other liabilities	\$ -	\$ 27	\$ 136	\$ 163

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

8. FAIR VALUE OF FINANCIAL INSTRUMENTS, CONTINUED

Additional Information on Level 3 Financial Instruments carried at Fair Value

The following table shows the changes in fair values for the investments categorized as Level 3 (in millions).

	2021	2020
Assets:		
Balance, January 1	\$ 163	\$ 91
Purchases	59	68
Sales	(468)	(111)
Realized gains and (losses) net income	200	32
Unrealized gains and (losses) surplus	164	83
Balance, December 31	<u>\$ 118</u>	<u>\$ 163</u>
Liabilities:		
Balance, January 1	\$ 136	\$ 67
Purchases	40	49
Sales	(49)	(28)
Realized gains and (losses) net income	(186)	(25)
Unrealized gains and (losses) surplus	150	75
Balance, December 31	<u>\$ 91</u>	<u>\$ 136</u>

Transfers

During 2021, Thrivent had transfers of \$190 million into Level 2 from Level 3 and transfers of less than \$1 million into Level 3 from Level 2 for bonds which are not held at fair value. During 2020, Thrivent had transfers of \$38 million into Level 2 from Level 3 and transfers of \$123 million into Level 3 from Level 2 for bonds which are not held at fair value. There were no transfers between fair value levels for assets held at fair value. Transfers between fair value hierarchy levels are recognized at the end of the reporting period.

Valuation Assumptions

The results of the valuation methods presented in this footnote are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. As a result, the derived fair value estimates, in many cases, could not be realized in immediate settlement of the financial instruments. These fair values are for certain financial instruments of Thrivent; accordingly, the aggregate fair value amounts presented do not represent the underlying value of Thrivent.

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

8. FAIR VALUE OF FINANCIAL INSTRUMENTS, CONTINUED

Fair Value of All Financial Instruments

The carrying values and fair values of all financial instruments are presented below (in millions).

	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
December 31, 2021					
Financial Assets:					
Bonds	\$ 48,723	\$ 2,627	\$ 36,594	\$ 13,709	\$ 52,930
Unaffiliated preferred stocks	546	-	398	150	548
Unaffiliated common stocks	1,359	1,353	6	-	1,359
Affiliated common stock	119	-	119	-	119
Affiliated mutual funds	247	120	127	-	247
Mortgage loans	10,272	-	-	11,007	11,007
Contract loans	1,064	-	-	1,064	1,064
Cash, cash equivalents and short-term investments	2,295	570	1,725	-	2,295
Limited partnerships	7,693	-	-	7,693	7,693
Real estate – held-for-sale	5	-	-	8	8
Assets held in separate accounts	41,953	-	41,953	-	41,953
Other invested assets	314	-	144	199	343
Financial Liabilities:					
Deferred annuities	\$ 16,152	\$ -	\$ -	\$ 15,797	\$ 15,797
Other deposit contracts	1,068	-	-	1,068	1,068
Other liabilities	102	-	9	91	100
Liabilities related to separate accounts	41,855	-	41,855	-	41,855
December 31, 2020					
Financial Assets:					
Bonds	\$ 48,054	\$ 2,293	\$ 38,594	\$ 13,364	\$ 54,251
Unaffiliated preferred stocks	348	-	225	170	395
Unaffiliated common stocks	1,329	1,329	-	-	1,329
Affiliated common stock	139	-	139	-	139
Affiliated mutual funds	340	117	223	-	340
Mortgage loans	9,645	-	-	10,848	10,848
Contract loans	1,120	-	-	1,120	1,120
Cash, cash equivalents and short-term investments	3,461	805	2,656	-	3,461
Limited partnerships	5,602	-	-	5,602	5,602
Real estate – held-for-sale	125	-	-	127	127
Assets held in separate accounts	37,894	-	37,894	-	37,894
Other invested assets	362	-	135	260	395
Financial Liabilities:					
Deferred annuities	\$ 16,053	\$ -	\$ -	\$ 15,772	\$ 15,772
Other deposit contracts	1,078	-	-	1,078	1,078
Other liabilities	165	-	27	136	163
Liabilities related to separate accounts	37,794	-	37,794	-	37,794

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

9. BENEFIT PLANS

Pension and Other Postretirement Benefits

Thrivent has a qualified noncontributory defined benefit retirement plan that provides benefits to substantially all home office and field employees upon retirement. Thrivent also provides certain health care and life insurance benefits for substantially all retired home office and field personnel. Thrivent uses a measurement date of December 31 in the benefit plan disclosures.

The components of net periodic pension expense for Thrivent's qualified retirement and other plans for the years ended December 31 were as follows (in millions):

	Retirement Plan			Other Plans		
	2021	2020	2019	2021	2020	2019
Service cost	\$ 21	\$ 21	\$ 23	\$ 2	\$ 2	\$ 2
Interest cost	33	39	47	3	4	5
Expected return on plan assets	(78)	(79)	(71)	-	-	-
Other	13	18	19	-	-	(1)
Net periodic cost	\$ (11)	\$ (1)	\$ 18	\$ 5	\$ 6	\$ 6

The plans' amounts recognized in the statutory-basis financial statements as of December 31 were as follows (in millions):

	Retirement Plan		Other Plans	
	2021	2020	2021	2020
Change in Projected Benefit Obligation:				
Benefit obligation, beginning of year	\$ 1,316	\$ 1,246	\$ 127	\$ 124
Service cost	21	21	2	2
Interest cost	33	39	3	3
Actuarial (gain) loss	(27)	66	-	6
Transfers from defined contribution plan	1	2	-	-
Benefits paid	(60)	(58)	(12)	(8)
Plan changes	-	-	(11)	-
Benefit obligation, end of year	\$ 1,284	\$ 1,316	\$ 109	\$ 127
Change in Plan Assets:				
Fair value of plan assets, beginning of year	\$ 1,235	\$ 1,110	\$ -	\$ -
Actual return on plan assets	180	161	-	-
Employer contribution	-	20	12	8
Transfers from defined contribution plan	1	2	-	-
Benefits paid	(60)	(58)	(12)	(8)
Fair value of plan assets, end of year	\$ 1,356	\$ 1,235	\$ -	\$ -

The significant changes in actuarial gain of the 2021 projected benefit obligation primarily relates to an increased discount rate, partially offset by experience and assumption changes. For 2020, the significant changes in the actuarial loss consists primarily of a decreased discount rate.

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

9. BENEFIT PLANS, CONTINUED

The plans' amounts recognized in the statutory-basis financial statements funding statuses and accumulated benefit obligation as of December 31 were as follows (in millions):

	Retirement Plan		Other Plans	
	2021	2020	2021	2020
Funded Status:				
Accrued benefit costs	\$ -	\$ -	\$ (116)	\$ (123)
Asset (Liability) for pension benefits	72	(81)	7	(4)
Total overfunded (unfunded) liabilities	\$ 72	\$ (81)	\$ (109)	\$ (127)
Deferred Items:				
Net (losses) gains	\$ 125	\$ 267	\$ 15	\$ 4
Net prior service cost	-	-	(11)	-
Accumulated amounts recognized in periodic pension expenses	\$ 197	\$ 186	\$ (105)	\$ (123)
Accumulated benefit obligation	\$ 1,249	\$ 1,274	\$ 109	\$ 127

The overfunded or unfunded liabilities for the retirement plan and other postretirement plans at December 31, 2021 and 2020, are included in other liabilities in the Statutory-Basis Statement of Assets, Liabilities and Surplus.

A summary of the deferred items in the Statutory-Basis Statement of Operations as of December 31 is as follows (in millions):

	Retirement Plan			Other Plans		
	Net Prior Service Cost	Net Recognized Gains (Losses)	Total	Net Prior Service Cost	Net Recognized Gains (Losses)	Total
Balance,						
January 1, 2020	\$ -	\$ 301	\$ 301	\$ -	\$ (2)	\$ (2)
Net prior service cost recognized	-	-		-	-	-
Net gain (loss) arising during the period	-	(16)	(16)	-	6	6
Net gain (loss) recognized	-	(18)	(18)	-	-	-
Balance,						
December 31, 2020	\$ -	\$ 267	\$ 267	\$ -	\$ 4	\$ 4
Net prior service cost recognized	-	-		(11)	-	(11)
Net gain (loss) arising during the period	-	(128)	(128)	-	-	-
Net gain (loss) recognized	-	(14)	(14)	-	-	-
Balance,						
December 31, 2021	\$ -	\$ 125	\$ 125	\$ (11)	\$ 4	\$ (7)

The amounts in unassigned funds expected as of December 31 to be recognized in the next fiscal year as components of periodic benefit cost were as follows (in millions):

	Retirement Plan		Other Plans	
	2021	2020	2021	2020
Net prior service cost	\$ -	\$ -	\$ -	\$ -
Net recognized gains/(losses)	-	-	-	-

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

9. BENEFIT PLANS, CONTINUED

Pension and Other Postretirement Benefit Factors

Thrivent periodically evaluates the long-term earned rate assumptions, taking into consideration historical performance of the plans' assets as well as current asset diversification and investment strategy in determining the rate of return assumptions used in calculating the plans' benefit expenses and obligation. Those assumptions are summarized in the table below.

	Retirement Plan		Other Plans	
	2021	2020	2021	2020
Weighted Average Assumptions:				
Discount rate	2.9%	2.6%	2.9%	2.6%
Expected return on plan assets	6.5	7.3	N/A	N/A
Rate of compensation increase	4.3	4.3	N/A	N/A
Interest crediting rate	1.6	1.0	N/A	N/A

The assumed health care cost trend rate used in measuring the postretirement health care benefit obligation was 5.9 % and 6.0% in 2021 for pre-65 participants and post-65 participants, respectively, trending down to 4.5% in 2031. The assumed health care cost trend rates can have a significant impact on the amounts reported. The Medicare Prescription Drug, Improvement and Modernization Act of 2003 includes a federal subsidy to sponsors of retirement health care plans that provide a prescription benefit that is at least actuarially equivalent to Medicare Part D. Thrivent's Medicare prescription plan is fully insured and therefore the plan's insurer receives the federal subsidy. The interest crediting rates are used for cash balance plans.

Estimated pension benefit payments for the next ten years are as follows: 2022 – \$67 million; 2023 – \$70 million; 2024 – \$71 million; 2025 – \$73 million; 2026 – \$74 million; and 2027 to 2031 – \$384 million.

Estimated other post-retirement benefit payments for the next ten years are as follows: 2022 – \$10 million; 2023 – \$10 million; 2024 – \$9 million; 2025 – \$8 million; 2026 – \$8 million; and 2027 to 2031 – \$34 million.

The minimum pension contribution required for 2021 under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") guidelines will be determined in the first quarter of 2022.

Pension Assets

The assets of Thrivent's qualified defined benefit plan are held in the Thrivent Defined Benefit Plan Trust. Thrivent has a benefit plan investment committee that sets investment guidelines, which are established based on market conditions, risk tolerance, funding requirements and expected benefit payments. A third party oversees the investment allocation process and monitors asset performance. As pension liabilities are long term in nature, Thrivent employs a long-term total return approach to maximize the long-term rate of return on plan assets for a prudent level of risk.

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

9. BENEFIT PLANS, CONTINUED

The investment portfolio contains a diversified portfolio of investment categories, including equities and fixed income securities. Allocations for plan assets for the years ended December 31 were as follows:

	Target Allocation	Actual Allocation	
		2021	2020
Equity securities	71%	76%	70%
Fixed income and other securities	29	24	30
Total	100%	100%	100%

Securities are also diversified in terms of domestic and international securities, short- and long-term securities, growth and value styles, large-cap and small-cap stocks, active and passive management and derivative-based styles. With prudent risk tolerance and asset diversification, the plan is expected to meet the pension obligations in the future.

The fair values of the defined benefit plan assets by asset category are presented below (in millions):

	Level 1	Level 2	Level 3	Total
December 31, 2021				
Fixed Maturity Securities:				
U.S. government and agency securities	\$ 94	\$ 10	\$ -	\$ 104
Corporate debt securities	-	141	-	141
Residential mortgage-backed securities	-	75	2	77
Commercial mortgage-backed securities	-	3	-	3
Other debt obligations	-	20	-	20
Common stocks	593	-	-	593
Affiliated mutual funds – equity funds	-	133	-	133
Short-term investments	129	65	1	195
Limited partnerships	-	-	169	169
Total	<u>\$ 816</u>	<u>\$ 447</u>	<u>\$ 172</u>	<u>\$ 1,435</u>
December 31, 2020				
Fixed Maturity Securities:				
U.S. government and agency securities	\$ 99	\$ -	\$ -	\$ 99
Corporate debt securities	-	171	-	171
Residential mortgage-backed securities	-	99	-	99
Commercial mortgage-backed securities	-	2	-	2
Other debt obligations	-	9	1	10
Common stocks	484	-	-	484
Affiliated mutual funds – equity funds	-	161	-	161
Short-term investments	26	106	1	133
Limited partnerships	-	-	129	129
Total	<u>\$ 609</u>	<u>\$ 548</u>	<u>\$ 131</u>	<u>\$ 1,288</u>

The fair value of defined benefit plan assets as presented in the table above does not include net accrued liabilities of \$79 million and \$53 million as of December 31, 2021 and 2020, respectively.

There were no transfers of defined benefit plan Level 1 and Level 2 fair value measurements during 2021 or 2020. Transfers between fair value hierarchy levels are recognized at the end of the reporting period.

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

9. BENEFIT PLANS, CONTINUED

Defined Contribution Plans

Thrivent also provides contributory and noncontributory defined contribution retirement benefits that cover substantially all home office and field employees. Eligible participants in the 401(k) plan may elect to contribute a percentage of their eligible earnings, and Thrivent will match participant contributions up to 6% of eligible earnings. In addition, Thrivent will contribute a percentage of eligible earnings for participants in a noncontributory plan for field employees. For the years ended December 31, 2021, 2020 and 2019, Thrivent contributed \$41 million, \$35 million and \$34 million, respectively, to these plans.

As of December 31, 2021 and 2020, \$69 million and \$72 million of the assets of the defined contribution plans were respectively invested in a deposit administration contract issued by Thrivent.

10. COMMITMENTS AND CONTINGENT LIABILITIES

Litigation and Other Proceedings

Thrivent is involved in various lawsuits, contractual matters and other contingencies that have arisen in the normal course of business. Thrivent assesses exposure to these matters periodically and adjusts provision accordingly. As of December 31, 2021, Thrivent believes adequate provision has been made for any losses that may result from these matters.

Financial Instruments

Thrivent is a party to financial instruments with on and off-balance sheet risk in the normal course of business. These instruments involve, to varying degrees, elements of credit, interest rate, equity price or liquidity risk in excess of the amount recognized in the Statutory-Basis Statements of Assets, Liabilities and Surplus. Thrivent's exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit and financial guarantees is limited to the contractual amount of these instruments.

Commitments to Extend Credit

Thrivent has commitments to extend credit for mortgage loans and other lines of credit of \$71 million and \$270 million as of December 31, 2021 and 2020, respectively. Commitments to purchase limited partnerships, private placement bonds and other invested assets were \$6.9 billion and \$4.1 billion as of December 31, 2021 and 2020, respectively.

Financial Guarantees

Thrivent has entered into an agreement to purchase certain debt obligations of a third-party civic organization, totaling \$37 million, in the event certain conditions occur, as defined in the agreement. This agreement is secured by the assets of the third party.

Thrivent has guaranteed to maintain the capital and surplus of the trust affiliate above certain levels required by the primary regulator of each company.

Leases

Thrivent has operating leases for certain office equipment and real estate. Rental expense for these items totaled \$17 million, \$14 million and \$17 million for each of the years ended December 31, 2021, 2020 and 2019 respectively. Future minimum rental commitments, in aggregate, as of December 31, 2021 were \$182 million for operating leases. The future minimum rental payments for the five succeeding years were as follows: 2022 – \$16 million; 2023 – \$15 million; 2024 – \$13 million; 2025 – \$13 million and thereafter – \$125 million.

Leasing is not a significant part of Thrivent's business activities as lessor.

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

11. RELATED PARTY TRANSACTIONS

Investments in Subsidiaries and Affiliated Entities

Thrivent's directly-owned subsidiary, Thrivent Holdings, Inc. ("Holdings"), is valued in accordance with SSAP No. 97. Annually, Thrivent files a "Form Sub-2" with the NAIC in support of the valuation of Holdings. The filing in support of the December 31, 2020, values was completed on August 5, 2021 and Thrivent received a response from the NAIC that did not disallow the valuation method.

The admitted values were \$119 million and \$139 million related to Holdings for the years ended December 31, 2021 and 2020, respectively. Non-admitted values related to Holdings were \$32 million and \$26 million for the years ended December 31, 2021 and 2020, respectively.

Other Related Party Transactions

Thrivent has invested \$247 million and \$340 million in various Thrivent mutual funds as of December 31, 2021 and 2020, respectively.

Thrivent subsidiaries are provided administrative services from Thrivent in accordance with intercompany service agreements. The total value of services provided under these agreements totaled \$108 million, \$85 million and \$87 million for the years ended December 31, 2021, 2020 and 2019, respectively. The net receivables due from affiliates for the years ended December 31, 2021 and 2020 were \$14 million and \$10 million, respectively, which is included in other assets in the Statutory-Basis Financial Statements of Assets, Liabilities and Surplus.

Thrivent has an agreement with an affiliate who distributes Thrivent's variable products. Under the terms of the agreement, Thrivent paid commissions, bonuses and other benefits to the affiliate totaling \$173 million, \$135 million and \$124 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Thrivent is the investment advisor for the Thrivent Series Portfolios in which the separate accounts assets are primarily invested. Advisor fees in the amount of \$218 million, \$187 million and \$182 million for the years ended December 31, 2021, 2020 and 2019, respectively, were included in separate account fees in the Statutory-Basis Statement of Operations.

In December 2018, Thrivent acquired a variable funding note (VFN) issued by Thrivent Education Funding, LLC ("TEF"), an affiliate of Thrivent. The VFN is supported by an indenture and was amended in April 2020 and allows for a maximum aggregate principal amount of \$1.2 billion. The VFN is reported as a bond in the accompanying Statutory-Basis Statement of Assets and had an outstanding balance of \$783 million and \$674 million as of December 31, 2021 and 2020, respectively.

In July 2021, TEF entered into an agreement to provide a guarantee to purchase student loans originated and held by a third party in the event a separate party to the transaction fails their purchase obligation. TEF provided a guarantee up to the maximum backstop amount of \$325 million, which could create additional future exposure from the multiple disbursement student loans. TEF's funding will be through the VFN or a capital request from Thrivent. As of December 31, 2021, TEF was not required to purchase any student loans under the terms of the agreement.

Thrivent Financial for Lutherans
Notes to Statutory-Basis Financial Statements, continued

12. BASIS OF PRESENTATION

The preceding statutory-basis financial statements of Thrivent have been prepared in accordance with accounting practices prescribed or permitted by the State of Wisconsin Office of the Commissioner of Insurance, which practices differ from GAAP.

The following describes the more significant statutory accounting policies that are different from GAAP accounting policies:

Bonds and Preferred Stocks

For GAAP purposes, investments in bonds and preferred stocks are reported at fair value with the change in fair value reported as a separate component of comprehensive income for available-for-sale securities and reported as realized gains or losses for trading securities.

Common Stocks

For GAAP purposes, investments in common stocks are reported at fair value with unrealized gains and losses reported as a component of net income.

Acquisition Costs

For GAAP purposes, costs incurred that are directly related to the successful acquisition and issuance of new or renewal insurance contracts are deferred to the extent such costs are deemed recoverable from future profits and amortized in proportion to estimated margins from interest, mortality and other factors under the contracts.

Contract Liabilities

For GAAP purposes, liabilities for future contract benefits and expenses are estimated based on expected experience or actual account balances.

Non-Admitted Assets

For GAAP purposes, certain assets, primarily furniture, equipment and agents' debit balances, are not charged directly to members' equity and are not excluded from the balance sheet.

Interest Maintenance Reserve

For GAAP purposes, an interest maintenance reserve is not maintained.

Asset Valuation Reserve

For GAAP purposes, an asset valuation reserve is not maintained.

Premiums and Withdrawals

For GAAP purposes, funds deposited and withdrawn on universal life and investment-type contracts are not recorded in the income statement.

Consolidation

For GAAP purposes, subsidiaries are consolidated into the results of their parent.

Differences between consolidated GAAP financial statements and statutory-basis financial statements as of December 31, 2021 and 2020 and for the three years ended December 31, 2021, have not been quantified but are presumed to be material.



Report of Independent Auditors

To the Board of Directors of Thrivent Financial for Lutherans

We have audited the statutory-basis financial statements of Thrivent Financial for Lutherans as of December 31, 2021 and for the year then ended and our report thereon appears on page 1 of this document. That audit was conducted for the purpose of forming an opinion on the statutory-basis financial statements taken as a whole. The supplemental schedule of selected statutory-basis financial data, summary investment schedule and supplemental investment risks interrogatories (collectively referred to as, the “supplemental schedules”) of the Company as of December 31, 2021 and for the year then ended are presented to comply with the National Association of Insurance Commissioners’ Annual Statement Instructions and Accounting Practices and Procedures Manual and for purposes of additional analysis and are not a required part of the statutory-basis financial statements. The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the statutory-basis financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the statutory-basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory-basis financial statements or to the statutory-basis financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the statutory-basis financial statements taken as a whole.

PricewaterhouseCoopers LLP

February 10, 2022

Thrivent Financial for Lutherans
Supplemental Schedule of Selected Statutory-Basis Financial Data
As of and for the Year Ended December 31, 2021
(in millions)

Investment Income Earned:	
U.S. government bonds	\$ 39
Other bonds (unaffiliated)	1,697
Bonds of affiliates	26
Preferred stocks (unaffiliated)	21
Preferred stocks of affiliates	-
Common stocks (unaffiliated)	22
Common stocks of affiliates	101
Mortgage loans	423
Real estate	13
Certificate loans and liens	78
Collateral loans	-
Cash on hand and on deposit	-
Short-term investments	5
Derivative instruments	10
Other invested assets	1,701
Aggregate write-ins for investment income	30
Gross investment income	<u>\$ 4,166</u>
Real Estate Owned – Book Value less Encumbrances	\$ 50
Mortgage Loans – Book Value:	
Farm mortgages	\$ -
Residential mortgages	-
Commercial mortgages	10,272
Total mortgage loans	<u>\$ 10,272</u>
Mortgage Loans by Standing – Book Value:	
Good standing	\$ 10,238
Good standing with restructured terms	\$ 34
Interest overdue more than 90 days, not in foreclosure	\$ -
Foreclosure in process	\$ -
Other Long-Term Assets – Statement Value	\$ 7,854
Collateral Loans	\$ -
Bonds and Stocks of Parent, Subsidiaries and Affiliates – Book Value:	
Bonds	\$ 783
Preferred stocks	\$ -
Mutual Funds	\$ 247
Common stocks	\$ 151

Thrivent Financial for Lutherans
Supplemental Schedule of Selected Statutory-Basis Financial Data, continued
(in millions)

Bonds by Maturity – Statement Value:

Due within one year or less	\$ 4,591
Over 1 year through 5 years	11,077
Over 5 years through 10 years	14,489
Over 10 years through 20 years	7,990
Over 20 years	12,671
No Maturity Date	24
Total by maturity	<u>\$ 50,842</u>

Bonds by Class – Statement Value:

Class 1	\$ 27,867
Class 2	17,824
Class 3	3,245
Class 4	1,754
Class 5	148
Class 6	4
Total by class	<u>\$ 50,842</u>

Total bonds publicly traded	\$ 29,965
Total bonds privately placed	\$ 20,877

Preferred stocks – statement value	\$ 546
Common stocks – market value	\$ 1,725
Short-term investments – book value	\$ 328
Options, caps & floors owned – statement value	\$ 118
Options, caps & floors written and in force – statement value	\$ (92)
Collar, swap & forward agreement open – statement value	\$ 27
Futures contracts open – current value	\$ (2)
Cash on deposit	\$ 2,061

Life Insurance In Force:

Ordinary	\$ 219,299
Amount of accidental death insurance in force under ordinary policies	\$ 10,231

Thrivent Financial for Lutherans
 Supplemental Schedule of Selected Statutory-Basis Financial Data, continued
 (in millions)

Supplemental Contracts In Force:

Ordinary – not involving life contingencies		
Amount on deposit	\$	-
Income payable	\$	111
Ordinary – involving life contingencies		
Income payable	\$	191

Annuities:

Ordinary:		
Immediate – amount of income payable	\$	140
Deferred – fully paid account balance	\$	4,692
Deferred – not fully paid – account balance	\$	50,504

Deposit Funds and Dividend Accumulations:

Deposit funds – account balance	\$	-
Dividend accumulations – account balance	\$	63

Claim Payments 2021:

Accident and health – year ended December 31, 2021		
2021	\$	128
Prior	\$	276

Thrivent Financial for Lutherans
Note to Other Financial Information
As of and for the Year Ended December 31, 2021

BASIS OF PRESENTATION

The accompanying schedules and interrogatories present selected statutory-basis financial data as of December 31, 2021, and for the year then ended for purposes of complying with paragraph 9 of the Annual Audited Financial Reports in the Annual Audited Report section of the National Association of Insurance Commissioners' *Annual Statement Instructions* and the National Association of Insurance Commissioners' *Accounting Practices and Procedures Manual* and agree to or are included in the amounts reported in Thrivent's 2021 Statutory Annual Statement as filed with the State of Wisconsin Office of the Commissioner of Insurance.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1 Amount	2 Percentage of Column 1 Line 13	3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage of Column 5 Line 13
1. Long-Term Bonds (Schedule D, Part 1):						
1.01 U.S. governments	2,518,669,946	3.449	2,518,669,946		2,518,669,946	3.451
1.02 All other governments	203,604,543	0.279	203,604,543		203,604,543	0.279
1.03 U.S. states, territories and possessions, etc. guaranteed	126,257,764	0.173	126,257,764		126,257,764	0.173
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed		0.000				0.000
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed	4,272,863,968	5.851	4,272,863,968		4,272,863,968	5.854
1.06 Industrial and miscellaneous	40,422,208,107	55.350	40,422,208,107		40,422,208,107	55.379
1.07 Hybrid securities	20,015,621	0.027	20,015,621		20,015,621	0.027
1.08 Parent, subsidiaries and affiliates	782,555,904	1.072	782,555,904		782,555,904	1.072
1.09 SVO identified funds	24,117,600	0.033	24,117,600		24,117,600	0.033
1.10 Unaffiliated Bank loans	352,341,670	0.482	352,341,670		352,341,670	0.483
1.11 Total long-term bonds	48,722,635,123	66.716	48,722,635,123		48,722,635,123	66.751
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated)	546,243,688	0.748	546,243,688		546,243,688	0.748
2.02 Parent, subsidiaries and affiliates		0.000				0.000
2.03 Total preferred stocks	546,243,688	0.748	546,243,688		546,243,688	0.748
3. Common stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)	1,160,537,848	1.589	1,128,631,360		1,128,631,360	1.546
3.02 Industrial and miscellaneous Other (Unaffiliated)	6,896,526	0.009	6,896,526		6,896,526	0.009
3.03 Parent, subsidiaries and affiliates Publicly traded		0.000				0.000
3.04 Parent, subsidiaries and affiliates Other	151,090,016	0.207	151,090,016		151,090,016	0.207
3.05 Mutual funds	438,394,154	0.600	438,394,154		438,394,154	0.601
3.06 Unit investment trusts		0.000				0.000
3.07 Closed-end funds		0.000				0.000
3.08 Total common stocks	1,756,918,544	2.406	1,725,012,056		1,725,012,056	2.363
4. Mortgage loans (Schedule B):						
4.01 Farm mortgages		0.000				0.000
4.02 Residential mortgages		0.000				0.000
4.03 Commercial mortgages	10,271,990,871	14.065	10,271,990,871		10,271,990,871	14.073
4.04 Mezzanine real estate loans		0.000				0.000
4.05 Total valuation allowance		0.000				0.000
4.06 Total mortgage loans	10,271,990,871	14.065	10,271,990,871		10,271,990,871	14.073
5. Real estate (Schedule A):						
5.01 Properties occupied by company	44,612,491	0.061	44,612,491		44,612,491	0.061
5.02 Properties held for production of income		0.000				0.000
5.03 Properties held for sale	5,162,497	0.007	5,162,496		5,162,496	0.007
5.04 Total real estate	49,774,988	0.068	49,774,987		49,774,987	0.068
6. Cash, cash equivalents and short-term investments:						
6.01 Cash (Schedule E, Part 1)	(93,673,309)	(0.128)	(93,673,313)		(93,673,313)	(0.128)
6.02 Cash equivalents (Schedule E, Part 2)	2,060,616,476	2.822	2,060,616,480		2,060,616,480	2.823
6.03 Short-term investments (Schedule DA)	327,668,857	0.449	327,668,857		327,668,857	0.449
6.04 Total cash, cash equivalents and short-term investments	2,294,612,024	3.142	2,294,612,024		2,294,612,024	3.144
7. Contract loans	1,064,492,590	1.458	1,063,846,778		1,063,846,778	1.457
8. Derivatives (Schedule DB)	153,032,843	0.210	153,032,843		153,032,843	0.210
9. Other invested assets (Schedule BA)	7,860,376,073	10.763	7,854,219,870		7,854,219,870	10.760
10. Receivables for securities	310,266,042	0.425	310,266,042		310,266,042	0.425
11. Securities Lending (Schedule DL, Part 1)		0.000		XXX	XXX	XXX
12. Other invested assets (Page 2, Line 11)		0.000				0.000
13. Total invested assets	73,030,342,786	100.000	72,991,634,282		72,991,634,282	100.000



SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2021
(To Be Filed by April 1)

Of The Thrivent Financial for Lutherans.....
ADDRESS (City, State and Zip Code) Minneapolis , MN 55415-4402
NAIC Group Code 0000 NAIC Company Code 56014 Federal Employer's Identification Number (FEIN) 39-0123480

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement\$73,589,122,717

2. Ten largest exposures to a single issuer/borrower/investment.

	1	2	3	4
	Issuer	Description of Exposure	Amount	Percentage of Total Admitted Assets
2.01	White Rose Fund	Partnerships	\$ 5,333,684,189	7.2 %
2.02	Thrivent Education Funding LLC	Bonds	\$ 782,555,904	1.1 %
2.03	Pacific Street Fund III, L.P.	Partnerships	\$ 623,995,248	0.8 %
2.04	Pacific Street Fund IV, L.P.	Partnerships	\$ 519,325,017	0.7 %
2.05	Pacific Street Fund II, L.P.	Partnerships	\$ 255,959,199	0.3 %
2.06	BlackRock Advisors LLC	Money Market	\$ 243,040,000	0.3 %
2.07	Thrivent	Common Stock	\$ 216,580,536	0.3 %
2.08	SPDR	Common Stock	\$ 188,248,021	0.3 %
2.09	Bank of America Corp	Bonds	\$ 163,564,475	0.2 %
2.10	AT&T Inc	Bonds	\$ 155,557,979	0.2 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.

Bonds		1	2	Preferred Stocks		3	4
3.01	NAIC-1	\$ 27,867,154,526	37.9 %	3.07	P/RP-1	\$ 173,869,225	0.2 %
3.02	NAIC-2	\$ 17,824,230,374	24.2 %	3.08	P/RP-2	\$ 286,695,754	0.4 %
3.03	NAIC-3	\$ 3,245,057,467	4.4 %	3.09	P/RP-3	\$ 85,674,933	0.1 %
3.04	NAIC-4	\$ 1,753,636,243	2.4 %	3.10	P/RP-4	\$	%
3.05	NAIC-5	\$ 147,877,133	0.2 %	3.11	P/RP-5	\$	%
3.06	NAIC-6	\$ 3,896,153	%	3.12	P/RP-6	\$ 3,776	%

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes [] No [X]

If response to 4.01 above is yes, responses are not required for interrogatories 5 - 10.

4.02	Total admitted assets held in foreign investments	\$ 6,042,481,568	8.2 %
4.03	Foreign-currency-denominated investments	\$ 677,501,032	0.9 %
4.04	Insurance liabilities denominated in that same foreign currency	\$	%

SUPPLEMENT FOR THE YEAR 2021 OF THE Thrivent Financial for Lutherans

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

	<u>1</u>	<u>2</u>
5.01 Countries designated NAIC-1	\$ 5,487,069,283	7.5 %
5.02 Countries designated NAIC-2	\$ 342,871,759	0.5 %
5.03 Countries designated NAIC-3 or below	\$ 212,540,527	0.3 %

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

	<u>1</u>	<u>2</u>
Countries designated NAIC - 1:		
6.01 Country 1: United Kingdom	\$ 1,548,910,555	2.1 %
6.02 Country 2: Australia	\$ 1,322,801,046	1.8 %
Countries designated NAIC - 2:		
6.03 Country 1: Mexico	\$ 250,230,234	0.3 %
6.04 Country 2: Panama	\$ 52,783,753	0.1 %
Countries designated NAIC - 3 or below:		
6.05 Country 1: Multinational	\$ 130,603,235	0.2 %
6.06 Country 2: Liberia	\$ 30,488,524	%

	<u>1</u>	<u>2</u>
7. Aggregate unhedged foreign currency exposure	\$	%

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

	<u>1</u>	<u>2</u>
8.01 Countries designated NAIC-1	\$	%
8.02 Countries designated NAIC-2	\$	%
8.03 Countries designated NAIC-3 or below	\$	%

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

	<u>1</u>	<u>2</u>
Countries designated NAIC - 1:		
9.01 Country 1:	\$	%
9.02 Country 2:	\$	%
Countries designated NAIC - 2:		
9.03 Country 1:	\$	%
9.04 Country 2:	\$	%
Countries designated NAIC - 3 or below:		
9.05 Country 1:	\$	%
9.06 Country 2:	\$	%

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
	Issuer	NAIC Designation		
10.01 Compass Group PLC		1.G	\$ 125,000,000	0.2 %
10.02 DEXUS Funds Management Limited		1.G	\$ 105,000,000	0.1 %
10.03 Statnett SF		1.F	\$ 99,000,000	0.1 %
10.04 Hofer Financial Services GmbH		1.G	\$ 84,766,000	0.1 %
10.05 HSBC Holdings plc		2.A	\$ 77,146,537	0.1 %
10.06 NSW Ports Finance Co Ltd		2.B	\$ 71,000,000	0.1 %
10.07 Lonsdale Finance Pty Limited		2.B	\$ 70,000,000	0.1 %
10.08 DBCT Finance Pty Limited		2.C	\$ 67,273,814	0.1 %
10.09 SEGRO plc		1.F	\$ 64,809,000	0.1 %
10.10 AerCap Ireland Cap/Global		2.C	\$ 64,793,236	0.1 %

SUPPLEMENT FOR THE YEAR 2021 OF THE Thrivent Financial for Lutherans

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes No

If response to 11.01 is yes, detail is not required for the remainder of interrogatory 11.

	<u>1</u>	<u>2</u>	
11.02 Total admitted assets held in Canadian investments	\$	%
11.03 Canadian-currency-denominated investments	\$	%
11.04 Canadian-denominated insurance liabilities	\$	%
11.05 Unhedged Canadian currency exposure	\$	%

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions:

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes No

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

	<u>1</u>	<u>2</u>	<u>3</u>	
12.02 Aggregate statement value of investments with contractual sales restrictions	\$	%
Largest three investments with contractual sales restrictions:				
12.03	\$	%
12.04	\$	%
12.05	\$	%

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interests less than 2.5% of the reporting entity's total admitted assets? Yes No

If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.

	<u>1</u>	<u>2</u>	<u>3</u>	
	Issuer			
13.02 White Rose Fund	\$	5,333,684,189	.....	7.2 %
13.03 Pacific Street Fund III, L.P.	\$	623,995,248	.....	0.8 %
13.04 Pacific Street Fund IV, L.P.	\$	519,325,017	.....	0.7 %
13.05 Pacific Street Fund II, L.P.	\$	255,959,199	.....	0.3 %
13.06 BlackRock Advisors LLC	\$	243,040,000	.....	0.3 %
13.07 Thrivent	\$	216,580,536	.....	0.3 %
13.08 SPDR	\$	188,248,021	.....	0.3 %
13.09 Pacific Street Fund V, L.P.	\$	138,767,425	.....	0.2 %
13.10 Thrivent Finl Holdings Inc	\$	119,183,523	.....	0.2 %
13.11 Lime Funding LLC	\$	92,194,068	.....	0.1 %

SUPPLEMENT FOR THE YEAR 2021 OF THE Thrivent Financial for Lutherans

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes [X] No []

If response to 14.01 above is yes, responses are not required for 14.02 through 14.05.

	<u>1</u>		<u>2</u>		<u>3</u>	
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities .....	\$	.....		.....	%
	Largest three investments held in nonaffiliated, privately placed equities:					
14.03	.....	\$	.....		.....	%
14.04	.....	\$	.....		.....	%
14.05	.....	\$	.....		.....	%

Ten largest fund managers:

	<u>1</u>		<u>2</u>		<u>3</u>		<u>4</u>
	Fund Manager		Total Invested		Diversified		Nondiversified
14.06	\$	\$	\$
14.07	\$	\$	\$
14.08	\$	\$	\$
14.09	\$	\$	\$
14.10	\$	\$	\$
14.11	\$	\$	\$
14.12	\$	\$	\$
14.13	\$	\$	\$
14.14	\$	\$	\$
14.15	\$	\$	\$

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No []

If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

	<u>1</u>		<u>2</u>		<u>3</u>	
15.02	Aggregate statement value of investments held in general partnership interests .....	\$	.....		.....	%
	Largest three investments in general partnership interests:					
15.03	.....	\$	.....		.....	%
15.04	.....	\$	.....		.....	%
15.05	.....	\$	.....		.....	%

SUPPLEMENT FOR THE YEAR 2021 OF THE Thrivent Financial for Lutherans

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes [] No [X]

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	1	2	3
	Type (Residential, Commercial, Agricultural)		
16.02 Commercial Loans	\$	376,875,417	.05 %
16.03 Commercial Loans	\$	346,372,540	.05 %
16.04 Commercial Loans	\$	280,997,163	.04 %
16.05 Commercial Loans	\$	259,047,193	.04 %
16.06 Commercial Loans	\$	239,562,855	.03 %
16.07 Commercial Loans	\$	208,897,518	.03 %
16.08 Commercial Loans	\$	203,369,583	.03 %
16.09 Commercial Loans	\$	184,012,842	.03 %
16.10 Commercial Loans	\$	173,256,780	.02 %
16.11 Commercial Loans	\$	150,079,867	.02 %

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

	Loans		
16.12 Construction loans	\$	28,137,093	% %
16.13 Mortgage loans over 90 days past due	\$	84,782	% %
16.14 Mortgage loans in the process of foreclosure	\$		% %
16.15 Mortgage loans foreclosed	\$		% %
16.16 Restructured mortgage loans	\$	34,077,677	% %

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

Loan to Value	Residential		Commercial		Agricultural	
	1	2	3	4	5	6
17.01 above 95%	\$	% %	\$	% %	\$	% %
17.02 91 to 95%	\$	% %	\$	% %	\$	% %
17.03 81 to 90%	\$	% %	\$	% %	\$	% %
17.04 71 to 80%	\$ 42,870,928	.1 %	\$	% %	\$	% %
17.05 below 70%	\$ 10,229,119,943	13.9 %	\$	% %	\$	% %

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? Yes [X] No []

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description		
	1	2	3
18.02	\$		% %
18.03	\$		% %
18.04	\$		% %
18.05	\$		% %
18.06	\$		% %

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? Yes [X] No []

If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

	1	2	3
19.02 Aggregate statement value of investments held in mezzanine real estate loans:	\$		% %
Largest three investments held in mezzanine real estate loans:			
19.03	\$		% %
19.04	\$		% %
19.05	\$		% %

SUPPLEMENT FOR THE YEAR 2021 OF THE Thrivent Financial for Lutherans

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	At Year End		1st Quarter 3	At End of Each Quarter	
	1	2		2nd Quarter 4	3rd Quarter 5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	\$ 336,866,657	0.5 %	\$ 309,559,127	\$ 294,555,969	\$ 361,941,233
20.02 Repurchase agreements	\$	%	\$	\$	\$
20.03 Reverse repurchase agreements	\$	%	\$	\$ 50,000,000	\$ 425,000,000
20.04 Dollar repurchase agreements	\$	%	\$	\$	\$
20.05 Dollar reverse repurchase agreements	\$	%	\$	\$	\$

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

	Owned		Written	
	1	2	3	4
21.01 Hedging	\$	%	\$	%
21.02 Income generation	\$	%	\$	%
21.03 Other	\$	%	\$	%

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	At Year End		1st Quarter 3	At End of Each Quarter	
	1	2		2nd Quarter 4	3rd Quarter 5
22.01 Hedging	\$ 8,515,202	%	\$ 8,837,987	\$ 8,660,012	\$ 8,716,493
22.02 Income generation	\$	%	\$	\$	\$
22.03 Replications	\$	%	\$	\$	\$
22.04 Other	\$	%	\$	\$	\$

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	At Year End		At End of Each Quarter		
	1	2	1st Quarter 3	2nd Quarter 4	3rd Quarter 5
23.01 Hedging	\$	%	\$	\$	\$
23.02 Income generation	\$	%	\$	\$	\$
23.03 Replications	\$	%	\$	\$	\$
23.04 Other	\$	%	\$	\$	\$