

Life changes.  
We'll be there.®

2017 ANNUAL REPORT TO POLICYHOLDERS





 Our Mission and mutual heritage

### Industry ratings

#### **A+ (Superior)** A.M. Best

Superior, for balance sheet strength, operating performance and business profile; second-highest rating on a 16-part scale

#### **A1** Moody's

For insurance financial strength, strong capital position and high-quality investment portfolio; fifth-highest rating on a 21-part scale

#### **A+** Standard & Poor's

Very strong, for financial risk, including capital and earnings, and for business risk, including competitive positioning; fifth-highest rating on a 21-part scale

All three financial strength ratings apply to The Ohio National Life Insurance Company and Ohio National Life Assurance Corporation.

## A message to our policyholders

*Life changes. We'll be there.*® It's our promise to you, and in 2017, change was constant. Amidst a challenging external environment with continued low interest rates and changing regulations, your company achieved positive results. We remain focused on our Mission to help you achieve financial security and independence today, and for generations to come. We take a long-term perspective, building trusted relationships and offering the products and features that meet your changing needs.

As a mutual company, we serve you – our policyholders. Our financial results continue to reflect our long-standing strength and stability. Our balance sheet and capital position remain strong. I'm proud of our performance while we continue to invest in our company's growth.

### Protection when you need it most

Together, our home office associates and growing network of financial professionals work to deliver the products and solutions our customers need and the exceptional, high-quality service they deserve.

In 2017, we launched Virtus IUL, our indexed universal life insurance product, to help you balance the need to protect the ones you love with the need to accumulate funds. We continued to invest in product enhancements for our life insurance, annuities, disability income insurance and retirement plans, designed with your needs in mind. We have made, and will continue to make, substantial investments to protect your personal data. With each investment, we can better serve you now and well into the future.

We delivered on our promises and paid more than \$800 million in benefits to policyholders and beneficiaries. In addition, for the 94<sup>th</sup> consecutive year, we paid dividends to participating whole life insurance policyholders, including \$92.0 million in 2017.

### Investing in communities

Giving back has been part of our corporate culture and history for many decades. In 2017, associates used their paid community service day benefit to volunteer nearly 5,000 hours, in addition to their many hours volunteering outside of work. The Ohio National Foundation donated \$2.0 million to organizations in the communities our associates, policyholders and financial professionals call home, making the world a stronger, more vibrant place.

You can have confidence in Ohio National. We've been here for more than a century and we'll be here when you need us. Thank you for placing your trust in us.

Sincerely,

Gary T. "Doc" Huffman, CLU, ChFC  
Chairman, President and Chief Executive Officer

# Benefits paid to policyholders

Delivering on our promises is the commitment we make to you. We'll be there whenever a policy benefit is needed, regardless of the economic climate.

More than **\$800** million  
paid to policyholders and beneficiaries in 2017

Life insurance  
**\$339**  
million

Disability income insurance  
**\$30**  
million

Annuities  
**\$434**  
million

Benefits paid to policyholders include cash payments for life insurance benefits, systematic withdrawal transactions on deferred annuity contracts, monthly disability income disbursements and retirement plan benefits.

Life insurance  
in force  
**\$186.5** billion

Growth in life insurance in force helps measure our success in serving your financial needs.

Individual  
annuity assets  
**\$24.9** billion

Group  
retirement assets  
**\$1.1** billion

# Sales results

Through our expansive network of more than 75,000 financial professionals across the U.S., we provided important security and guarantees to more individuals, families and businesses in 2017.

Life insurance new premium: **\$180.6** million

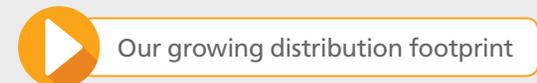
Annuity sales: **\$1.3** billion

Retirement plan sales: **\$88.7** million

Disability income insurance  
new premium: **\$6.0** million

The O.N. Equity Sales Company (ONESCO)  
gross dealer concessions: **\$51.9** million

Latin American companies, individual  
life insurance sales: **\$36.9** million



# Strong results and financial stability

Our financial position is strong and reflects ongoing discipline and focus on operations and expense management.

## 2017 financial results Ohio National Mutual Holdings, Inc. (ONMH)

Balance sheets in thousands	2017	2016
Bonds, notes and other debt securities	\$ 11,015,339	\$ 10,320,188
Mortgage loans on real estate	1,274,965	1,216,324
Other invested assets	1,690,976	1,711,633
<b>Total invested assets</b>	<b>13,981,280</b>	<b>13,248,145</b>
Other general account assets	4,249,272	4,278,730
<b>Total general account assets</b>	<b>18,230,552</b>	<b>17,526,875</b>
Separate account assets	23,611,918	21,445,741
<b>Total assets</b>	<b>\$ 41,842,470</b>	<b>\$ 38,972,616</b>
Future policy benefits and claims	\$ 14,040,399	\$ 13,109,587
Other general account liabilities	779,695	1,063,977
Long-term debt	852,626	851,791
<b>Total general account liabilities</b>	<b>15,672,720</b>	<b>15,025,355</b>
Separate account liabilities	23,611,918	21,445,741
<b>Total liabilities</b>	<b>39,284,638</b>	<b>36,471,096</b>
<b>Total equity</b>	<b>2,557,832</b>	<b>2,501,520</b>
<b>Total liabilities and equity</b>	<b>\$ 41,842,470</b>	<b>\$ 38,972,616</b>

### Additional balance sheet performance measures

Total capital (equity plus long-term debt)	\$ 3,410,458	\$ 3,353,311
Equity (excluding mark-to-market)	2,321,109	2,318,592
Total assets (excluding mark-to-market)	41,456,609	38,616,406

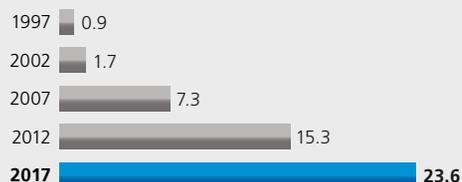
## Assets under management: \$42.0 billion

Ohio National and our affiliated companies manage assets to help meet the insurance and financial objectives of our policyholders.



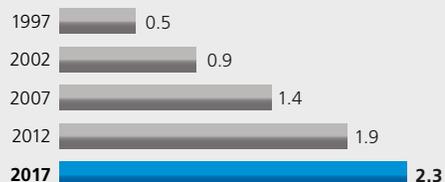
## Separate account assets: \$23.6 billion

Separate account assets are investments held for our variable product policyholders.



## GAAP equity: \$2.3 billion (excluding mark-to-market)

Equity protects benefit payments in case of adverse results in claims, investments or other product pricing assumptions.



Our 2017 financial performance: strength and stability

## 2017 financial results Ohio National Mutual Holdings, Inc. (ONMH)

Statements of income in thousands	2017	2016
Net policy fees, charges and premiums	\$ 1,557,574	\$ 1,374,954
Net investment income	506,944	493,128
Net other loss including realized gains and losses	(157,557)	(106,083)
<b>Total revenue</b>	<b>\$ 1,906,961</b>	<b>\$ 1,761,999</b>
Benefits paid or credited to policyholders or beneficiaries <sup>1</sup>	\$ 1,430,090	\$ 682,162
Other expenses	655,764	726,632
<b>Total benefits and other expenses</b>	<b>2,085,854</b>	<b>1,408,794</b>
<b>(Loss) income before income taxes<sup>2</sup></b>	<b>(178,893)</b>	<b>353,205</b>
Income tax (benefit) expense	(204,839)	62,865
<b>Net income</b>	<b>25,946</b>	<b>290,340</b>
Less net income attributable to the non-controlling interest	-	29
<b>Net income attributable to ONMH</b>	<b>\$ 25,946</b>	<b>\$ 290,311</b>

### Additional statements of operations performance measures

Total GAAP revenue excluding realized gains and losses	\$ 2,199,009	\$ 1,993,133
Core earnings <sup>3</sup>	181,494	176,708
Dividends paid to policyholders	92,022	80,580

<sup>1</sup> Benefits paid or credited to policyholders or beneficiaries include non-cash items such as change in reserves and accrued benefits.

<sup>2</sup> For additional information about volatility associated with (loss) income before income taxes, view this report.

<sup>3</sup> Core earnings include pre-tax operating earnings adjusted for certain volatility created by the market.

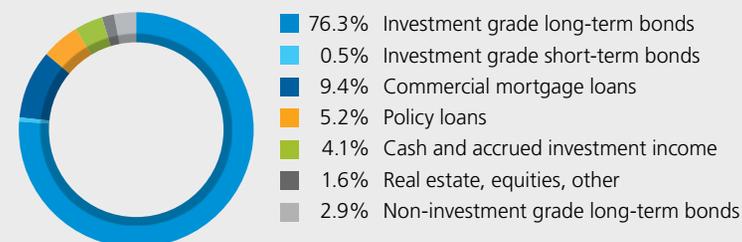
The balance sheets and statements of operations are excerpted and condensed from the organization's 2017 consolidated financial statements prepared on a Generally Accepted Accounting Principles (GAAP) basis. For a certified copy of the organization's most recent audited financial statements, please email your request to legal@ohionational.com or mail it to Therese S. McDonough, Secretary, Ohio National Mutual Holdings, Inc., P.O. Box 237, Cincinnati, OH 45201.

Ohio National's general account investment portfolio is well diversified and is primarily allocated to high-quality, long-term bonds:

- Our investment strategy provides excellent returns over the long term while limiting overall credit, market and interest rate risk.
- Our disciplined investment guidelines limit exposure to any single asset class.

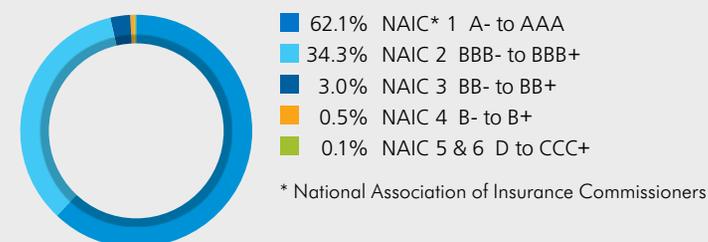
## General account invested assets: \$12.6 billion

(excludes international operations)



## Investment portfolio bond quality

(excludes international operations)



## GAAP revenue: \$2.2 billion

(excluding realized gains and losses)

Revenue growth shows our ability to expand our business lines while overcoming economic headwinds.



**▶ Our 2017 community impact**

**United Way**

**7<sup>th</sup>** in Cincinnati for corporate giving  
**\$1.1 million** donated (includes The Ohio National Foundation and associate giving) in 2017

**ArtsWave**

**\$137,000** raised by associates in support of arts organizations in Cincinnati in 2017

**Make-A-Wish®**

Since 2010, for every individual variable product owner choosing prospectus e-delivery, Ohio National donates \$10 to Make-A-Wish®

**\$19,270** donated for 2017  
**\$274,000** donated since 2010

**Ohio National's Victorian Holiday Village**

**5,417** guests in 2017  
**3,023** pounds of food collected for the Freestore Foodbank; more than 31,000 pounds collected since 2001

**Habitat for Humanity**  
**\$520,000**  
 committed to build 8 more houses 2018-2021  
**18** homes built since 2009  
**2** homes built in 2017

Pictured: Pam Webb, Ohio National Vice President, Human Resources (far left), the Cotton family (left), Ed Lee, Habitat for Humanity of Greater Cincinnati, President and Chief Executive Officer (center) and the Campbell family (right) at the Habitat for Humanity dedication of the Cotton and Campbell families' new homes.

# Making communities stronger

We are committed to making a difference in the communities our associates, financial professionals and policyholders call home. In 2017, 740 associates volunteered nearly 5,000 hours using our community service day benefit in addition to the many hours volunteered outside the workday.

**The Ohio National Foundation**

**\$2.0 million**

donated to nonprofit organizations in 2017

**\$22.7 million**

donated since 1987

**▶ Why we give back**





Making investments with you in mind

## Mission

To make a difference in your life by helping you achieve financial security and independence today – and for generations to come.

## Vision

To be your company of choice – through integrity, trusted relationships and financial strength.

## Boards of Directors

**Dale P. Brown,<sup>1</sup>** Retired President and Chief Executive Officer, Sive/Young & Rubicam

**Jack E. Brown,<sup>2\*</sup>** Retired Chairman, BASES

**Joseph A. Campanella,<sup>1</sup>** Retired Executive Vice President, Community Banking Division, U.S. Bank and U.S. Bancorp (Retiring May 11, 2018)

**Christopher A. Carlson,<sup>4</sup>** Vice Chairman, Strategic Businesses, Ohio National Financial Services

**Victoria Buyniski Gluckman,<sup>3</sup>** Founder and Retired Chairman and Chief Executive Officer, United Medical Resources, Inc.

**John W. Hayden,<sup>2</sup>** Chairman, President and Chief Executive Officer, CJH Consulting

**Gary T. “Doc” Huffman,<sup>2</sup>** Chairman, President and Chief Executive Officer, Ohio National Financial Services

**Julie S. Janson,<sup>3</sup>** Executive Vice President, External Affairs, Chief Legal Officer and Corporate Secretary, Duke Energy

**David R. Jones,<sup>1</sup>** Co-Founder, President and Chief Executive Officer, CastleOak Securities, L.P.

**James F. Orr,<sup>3</sup>** Retired Chairman and Chief Executive Officer, Convergys Corporation

**John R. Phillips,<sup>2</sup>** Retired Chief Executive Officer, Corporate Solutions Group, Jones Lang LaSalle Americas, Inc.

**J. Michael Schlotman,<sup>3</sup>** Executive Vice President and Chief Financial Officer, The Kroger Co.

**James C. Votruba Ph.D.,<sup>2</sup>** President Emeritus, Northern Kentucky University and Professor in Educational Leadership Doctoral Program

**Gary E. Wendlandt,<sup>3</sup>** Retired Chief Investment Officer and Vice Chairman of the Board, New York Life Insurance Company

<sup>1</sup> Director of Ohio National Mutual Holdings, Inc.

<sup>2</sup> Director of Ohio National Mutual Holdings, Inc., Ohio National Financial Services, Inc. and The Ohio National Life Insurance Company

<sup>3</sup> Director of Ohio National Financial Services, Inc. and The Ohio National Life Insurance Company

<sup>4</sup> Director of The Ohio National Life Insurance Company

\* Lead Director

Stay in touch. We always welcome your questions.



800.366.6654



For secure access to your policy or contract information: [ohionational.com](http://ohionational.com)



For more information, please email your request to [legal@ohionational.com](mailto:legal@ohionational.com) or mail to:

Therese S. McDonough  
Secretary  
Ohio National Mutual Holdings, Inc.  
P.O. Box 237  
Cincinnati, OH 45201



Ohio National has been recognized as a Top Workplace in Cincinnati (Large Company) eight years in a row, ranked #1 in 2010, 2012, 2013 and 2014.

Privacy policies and practices are available at [ohionational.com](http://ohionational.com).  
If you wish to receive a printed copy, please call 513.794.6100.

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There is no additional tax-deferred benefit for annuities purchased in a qualified plan, which is already afforded tax-deferred status. An annuity should only be purchased in a qualified plan if you value some of the other features of the annuity and are willing to incur any additional costs associated with the annuity.

Registered products are distributed by Ohio National Equities, Inc., Member FINRA. Variable products sold through banks are not obligations of the bank, are not FDIC-insured and are subject to investment risk, including the possible loss of principal. Registered products are sold by prospectus only.

Product descriptions contained herein are not intended to provide investment, insurance or tax advice for any individual.

For the most up-to-date industry ratings, see [ohionational.com](http://ohionational.com).

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