

THRIVENT VARIABLE ANNUITY ACCOUNT B

Statement of Additional Information

Dated April 30, 2019

For

Flexible Premium Deferred

Variable Annuity Contract

Issued by

THRIVENT FINANCIAL FOR LUTHERANS

Service Center:

4321 North Ballard Road
Appleton, WI 54919-0001
Telephone: 800-847-4836
E-mail: mail@thrivent.com

Corporate Office:

625 Fourth Avenue South
Minneapolis, MN 55415-1665
Telephone: 800-847-4836
E-mail: mail@thrivent.com

This Statement of Additional Information (“SAI”) is not a prospectus, but should be read in conjunction with the Prospectus dated April 30, 2019 (the “Prospectus”) for Thrivent Variable Annuity Account B (the “Variable Account”) describing a flexible premium deferred variable annuity contract (the “Contract”) previously offered by Thrivent Financial for Lutherans (“Thrivent Financial”) to persons eligible for membership in Thrivent Financial.

Much of the information contained in this SAI expands upon subjects discussed in the Prospectus. A copy of the Prospectus may be obtained by writing to us at 4321 North Ballard Road, Appleton, Wisconsin 54919-0001, by calling 1-800-847-4836, or by accessing the Securities and Exchange Commission’s Web site at www.sec.gov.

Capitalized terms used in this SAI that are not otherwise defined herein shall have the meanings given to them in the Prospectus.

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTION	2
SERVICES	2
PRINCIPAL UNDERWRITER	2
STANDARD AND POOR’S DISCLAIMER.....	3
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM AND FINANCIAL STATEMENTS.	4

INTRODUCTION

The Contract is issued by Thrivent Financial. Thrivent Financial, a fraternal benefit society owned and operated for its members, was organized under Internal Revenue Code section 501(c)(8) and established in 1902 under the laws of the State of Wisconsin. Thrivent Financial is currently licensed to transact life insurance business in all 50 states and the District of Columbia. The Contract may be sold to or in connection with retirement plans that may or may not qualify for special federal tax treatment under the Internal Revenue Code. Annuity payments under the Contract are deferred until a selected later date.

Premiums will be allocated, as designated by the Contract Owner, to one or more Subaccounts of the Variable Account (a separate account of Thrivent Financial) and/or to the Fixed Account. The assets of each Subaccount will be invested solely in a corresponding Portfolio of Thrivent Series Fund, Inc. (a "Fund"), which is an open-end management investment company (commonly known as a "mutual fund"). The prospectuses for the Fund that accompany the product Prospectus describe the investment objectives and attendant risks of the Portfolios of the Fund.

Additional Subaccounts (together with the related additional Portfolios) may be added in the future. The Accumulated Value of the Contract and, except to the extent fixed amount annuity payments are elected by the Contract Owner, the amount of annuity payments will vary, primarily based on the investment experience of the Portfolios whose shares are held in the Subaccounts designated. Premiums allocated to Fixed Account will accumulate at fixed rates of interest declared by Thrivent Financial.

SERVICES

Service Agreements and Other Service Providers

Assurance and audit services are currently provided by PricewaterhouseCoopers LLP, whose address is 45 South Seventh Street, Suite 3400, Minneapolis, Minnesota 55402.

There are no other service agreement contracts or service providers other than those described in this Statement of Additional Information. There is no custodian.

PRINCIPAL UNDERWRITER

Thrivent Investment Management Inc., 625 Fourth Avenue South, Minneapolis, Minnesota 55415, an indirect subsidiary of Thrivent Financial, is a registered broker-dealer and acts as principal underwriter and distributor of the Contracts pursuant to a Principal Underwriting Agreement with us. Thrivent Investment Management Inc. also acts as the distributor of a number of other variable annuity and variable life insurance contracts we offer. The Contract is no longer sold but we continue to take premium payments.

From time to time, Thrivent Financial may offer to exchange this Contract offered in this Prospectus for the Flexible Premium Deferred Variable Annuity contract issued by us in another prospectus (as part of Thrivent Variable Annuity Account I). No surrender charge will apply upon an exchange of Contracts pursuant to this exchange offer. In addition, as part of the exchange offer, the New Contracts will be deemed to have been issued on the same issue date as the Current Contract for purposes of computing the applicable surrender charge.

Thrivent Financial paid underwriting commissions for the last three fiscal years as shown below. Of these amounts, Thrivent Investment Management Inc. retained \$0.

<u>2018</u>	<u>2017</u>	<u>2016</u>
\$2,178,531	\$1,224,149	\$1,950,984

STANDARD AND POOR'S DISCLAIMER

The S&P 500, S&P MidCap 400, and S&P SmallCap 600 Indexes are products of S&P Dow Jones Indices LLC or its affiliates ("SPDJI"), and have been licensed for use by Thrivent Financial for Lutherans ("Thrivent Financial"). Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P") and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"). The trademarks have been licensed to SPDJI and have been sublicensed for use for certain purposes by Thrivent Financial. Thrivent Financial variable insurance products are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, and of their respective affiliates (collectively, "S&P Dow Jones Indices"). S&P Dow Jones Indices does not make any representation or warranty, express or implied, to the owners of Thrivent Financial variable insurance products or any member of the public regarding the advisability of purchasing variable insurance contracts generally or in the Thrivent Financial variable insurance contracts particularly or the ability of the S&P 500, S&P MidCap 400, and S&P SmallCap 600 Indexes to track general market performance. S&P Dow Jones Indices only relationship to Thrivent Financial with respect to the S&P 500, S&P MidCap 400, and S&P SmallCap 600 Indexes is the licensing of the Indexes and certain trademarks, service marks and/or trade names of S&P Dow Jones Indices and/or its licensors. The S&P 500, S&P MidCap 400, and S&P Small Cap 600 Indexes are determined, composed and calculated by S&P Dow Jones Indices without regard to Thrivent Financial or the Thrivent Financial variable insurance products. S&P Dow Jones Indices have no obligation to take the needs of Thrivent Financial or the owners of the Thrivent Financial variable insurance products into consideration in determining, composing or calculating the S&P 500, S&P MidCap 400, and S&P SmallCap 600 Indexes. S&P Dow Jones Indices is not responsible for and has not participated in the determination of the prices, and amount of the Thrivent Financial variable insurance products or the timing of the issuance or sale of the Thrivent Financial variable insurance contract or in the determination or calculation of the equation by which a Thrivent Financial variable insurance product is to be converted into cash, surrendered or redeemed, as the case may be. S&P Dow Jones Indices has no obligation or liability in connection with the administration, marketing or trading of the Thrivent Financial variable insurance product. There is no assurance that investment products based on the S&P 500, S&P MidCap 400, and S&P SmallCap 600 Indexes will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment advisor. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

S&P DOW JONES INDICES DOES NOT GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE S&P 500, S&P MIDCAP 400, AND S&P SMALLCAP 600 INDEXES OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY THRIVENT FINANCIAL, OWNERS OF THE THRIVENT FINANCIAL VARIABLE INSURANCE PRODUCTS, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P 500, S&P MIDCAP 400, AND S&P SMALLCAP 600 INDEXES OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND THRIVENT FINANCIAL, OTHER THAN THE LICENSORS OR S&P DOW JONES INDICES.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM AND FINANCIAL STATEMENTS

The statutory financial statements of Thrivent Financial for Lutherans as of December 31, 2018 and December 31, 2017 and for each of the three years in the period ended December 31, 2018 and the financial statements of each of the subaccounts of Thrivent Variable Annuity Account B as of December 31, 2018 and for the period then ended and the statement of changes in net assets for the period ended December 31, 2018 included in this Statement of Additional Information have been so included in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

Report of Independent Auditors

To the Board of Directors of Thrivent Financial for Lutherans:

We have audited the accompanying statutory financial statements of Thrivent Financial for Lutherans, which comprise the statutory statements of assets, liabilities and surplus as of December 31, 2018 and 2017, and the related statutory statements of operations, surplus and of cash flow for each of the three years in the period ended December 31, 2018.

Management's Responsibility for the Statutory 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. 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 12 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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" paragraph, the financial statements referred to above 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, 2018 and 2017, or the results of its operations or its cash flows for each of the three years in the period ended December 31, 2018.

Report of Independent Auditors, continued

Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and surplus of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in accordance with the accounting practices prescribed or permitted by the State of Wisconsin Office of the Commissioner of Insurance described in Note 1.

/s/PricewaterhouseCoopers LLP

February 18, 2019

Thrivent Financial for Lutherans
Statutory-Basis Statements of Assets, Liabilities and Surplus
As of December 31, 2018 and 2017
(in millions)

	<u>2018</u>	<u>2017</u>
Admitted Assets		
Bonds	\$43,283	\$43,291
Stocks	2,382	2,141
Mortgage loans	8,999	8,202
Real estate	65	59
Cash, cash equivalents and short-term investments	1,430	1,573
Contract loans	1,159	1,161
Receivables for securities	85	49
Limited partnerships	3,844	3,197
Other invested assets	194	204
Total cash and invested assets	<u>61,441</u>	<u>59,877</u>
Accrued investment income	436	432
Due premiums and considerations	119	121
Other assets	45	47
Assets held in separate accounts	<u>28,468</u>	<u>30,492</u>
Total Admitted Assets	<u><u>\$90,509</u></u>	<u><u>\$90,969</u></u>
Liabilities		
Aggregate reserves for life, annuity and health contracts	\$46,074	\$45,380
Deposit liabilities	3,543	3,421
Contract claims	329	338
Dividends due in following calendar year	325	320
Interest maintenance reserve	471	491
Asset valuation reserve	1,367	1,217
Transfers due from separate account	(486)	(582)
Payable for securities	376	556
Securities lending obligation	243	365
Other liabilities	710	746
Liabilities related to separate accounts	<u>28,427</u>	<u>30,448</u>
Total Liabilities	<u>81,379</u>	<u>82,700</u>
Surplus		
Unassigned funds	9,088	8,268
Other surplus	42	1
Total Surplus	<u>9,130</u>	<u>8,269</u>
Total Liabilities and Surplus	<u><u>\$90,509</u></u>	<u><u>\$90,969</u></u>

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, 2018, 2017, and 2016
(in millions)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues			
Premiums.....	\$4,981	\$5,021	\$5,451
Considerations for supplementary contracts with life contingencies.....	134	113	78
Net investment income.....	2,713	2,709	2,768
Separate account fees.....	683	649	580
Amortization of interest maintenance reserve.....	161	130	118
Other revenues.....	40	46	48
Total Revenues	<u>8,712</u>	<u>8,668</u>	<u>9,043</u>
Benefits and Expenses			
Death benefits.....	1,101	1,029	1,005
Surrender benefits.....	2,677	2,317	1,928
Change in reserves.....	693	1,441	1,712
Other benefits.....	1,648	1,504	1,414
Total benefits.....	<u>6,119</u>	<u>6,291</u>	<u>6,059</u>
Commissions.....	271	270	286
General insurance expenses.....	734	682	637
Fraternal benefits and expenses.....	200	180	173
Transfers to (from) separate accounts, net.....	4	483	902
Total expenses and net transfers.....	<u>1,209</u>	<u>1,615</u>	<u>1,998</u>
Total Benefits and Expenses	<u>7,328</u>	<u>7,906</u>	<u>8,057</u>
Gain from Operations before Dividends and Capital Gains and Losses	<u>1,384</u>	<u>762</u>	<u>986</u>
Dividends.....	324	319	315
Gain from Operations before Capital Gains and Losses	<u>1,060</u>	<u>443</u>	<u>671</u>
Realized capital gains (losses), net.....	146	74	(115)
Net Income	<u>\$1,206</u>	<u>\$ 517</u>	<u>\$ 556</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, 2018, 2017 and 2016
(in millions)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Surplus, Beginning of Year	\$8,269	\$7,726	\$7,127
Net income	1,206	517	556
Change in unrealized investment gains and losses	(260)	85	68
Change in non-admitted assets.....	8	(11)	(6)
Change in asset valuation reserve	(150)	(118)	(99)
Change in surplus of separate account.....	(3)	(3)	(6)
Reserve Adjustment	—	84	—
Corporate home office building sale.....	42	—	—
Pension liability adjustment	18	(11)	86
Surplus, End of Year	<u>\$9,130</u>	<u>\$8,269</u>	<u>\$7,726</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, 2018, 2017, and 2016
(in millions)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Cash from Operations			
Premiums	\$ 5,116	\$ 5,133	\$ 5,523
Net investment income	2,363	2,316	2,289
Other revenues	722	695	625
	<u>8,201</u>	<u>8,144</u>	<u>8,437</u>
Benefit- and loss-related payments	(5,323)	(4,696)	(4,214)
Transfers to separate account, net	93	(498)	(923)
Commissions and expenses	(1,205)	(1,118)	(1,065)
Dividends	(319)	(317)	(311)
Net Cash from Operations	<u>1,447</u>	<u>1,515</u>	<u>1,924</u>
Cash from Investments			
Proceeds from investments sold, matured or repaid:			
Bonds	7,392	7,919	6,870
Stocks	1,276	1,027	923
Mortgage loans	775	823	809
Other	820	834	884
	<u>10,263</u>	<u>10,603</u>	<u>9,486</u>
Cost of investments acquired or originated:			
Bonds	(7,518)	(8,939)	(8,841)
Stocks	(1,648)	(1,189)	(1,008)
Mortgage loans	(1,575)	(1,253)	(1,034)
Other	(1,033)	(764)	(745)
	<u>(11,774)</u>	<u>(12,145)</u>	<u>(11,628)</u>
Transactions under mortgage dollar roll program, net	168	(204)	598
Change in net amounts due to/from broker	(215)	193	(651)
Change in collateral held for securities lending	(122)	(158)	138
Change in contract loans	3	3	6
Net Cash from Investments	<u>(1,677)</u>	<u>(1,708)</u>	<u>(2,051)</u>
Cash from Financing and Miscellaneous Sources			
Net deposits (payments) on deposit-type contracts	9	37	57
Other	78	(2)	(7)
Net Cash from Financing and Miscellaneous Sources	<u>87</u>	<u>35</u>	<u>50</u>
Net Change in Cash, Cash Equivalents and Short-Term Investments	(143)	(158)	(77)
Cash, Cash Equivalents and Short-Term Investments, Beginning of Year	1,573	1,731	1,808
Cash, Cash Equivalents and Short-Term Investments, End of Year	<u>\$ 1,430</u>	<u>\$ 1,573</u>	<u>\$ 1,731</u>
Supplemental information:			
<u>Non-cash investing activities not included above</u>			
Mortgage Loan Refinancing	\$ 91	\$ 145	\$ 143

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, 2018, 2017, and 2016

1. Nature of Operations and Significant Accounting Policies

Nature of Operations

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

Significant Accounting Principles

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 involve those relating 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 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.

Thrivent Financial uses a mortgage dollar roll program to enhance the yield on its mortgage-backed security (“MBS”) portfolio. MBS dollar rolls are transactions whereby Thrivent Financial sells an MBS to a counterparty and subsequently enters into a commitment to purchase another security at a later date. Thrivent Financial’s mortgage dollar roll program generally includes a series of MBS dollar rolls extending for more than a year. Thrivent Financial had \$252 million and \$420 million in the mortgage dollar roll program as of December 31, 2018 and 2017, respectively.

Stocks: Preferred stocks are generally carried at amortized cost. Common stocks of unaffiliated companies are stated at fair value. Common stocks of unconsolidated subsidiaries and affiliates are carried on their statutory 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 their 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 lives of the properties. Real estate expected to be disposed of is carried at the lower of cost or fair value, less estimated costs to sell.

Cash, cash equivalents and short-term investments: Included in cash and cash equivalents are demand deposits and highly liquid investments purchased with an original maturity of three months or less, which are carried at amortized cost. Also included in cash equivalents are investments in money market mutual funds, which 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 investments in commercial paper and agency notes, which are carried at amortized cost.

Contract loans: Contract loans are generally carried at their 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, surplus notes and Thrivent Financial's investment interest in Thrivent Education Funding, LLC (TEF). 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. TEF is a wholly owned affiliate of Thrivent Financial and is valued based on GAAP equity.

Securities lending: Securities loaned under Thrivent Financial'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 Financial 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 on the Statutory-Basis Statements of Assets, Liabilities and Surplus. 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 Financial requires a minimum level of collateral to be held for loaned securities. Thrivent Financial presents securities lending agreements on a gross basis in the statutory-basis financial statements.

Offsetting assets and liabilities: Thrivent Financial 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, and other invested assets and are accounted for as a direct increase or decrease of 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 Financial periodically reviews its security portfolios and evaluates those securities where the current fair value is less than amortized cost for indicators that the decline in value is other-than-temporary. This review includes an evaluation of each security issuer's creditworthiness, such as its ability to generate operating cash flow and remain current on all debt obligations, as well as any changes in its credit ratings from third party agencies. Other factors include the severity and duration of the impairment, Thrivent Financial's ability to collect all amounts due according to the contractual terms of the debt security, and Thrivent Financial'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 Financial 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 Financial 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 their maturity are transferred to the interest maintenance reserve.

Interest maintenance reserve: Thrivent Financial 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 that 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, and for which the contractholder, rather than Thrivent Financial, bears the investment risk. Fees charged on separate account contractholder account value, include mortality and expense charges, rider fees, and advisor fees and 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

Thrivent Financial for Lutherans

Notes to Statutory-Basis Financial Statements, continued

1. Nature of Operations and Significant Accounting Policies, continued

and living benefits contained in the contracts. Reserve assumptions for these benefits are discussed in the section Aggregate Reserves for Life, Annuity and Health Contracts.

Aggregate Reserves for Life, Annuity and Health Contracts

Reserves for life insurance contracts are calculated using primarily 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 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 Actuarial Guidelines 43 and 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 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 Financial 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.

During 2017, Thrivent Financial recorded an adjustment to its reserves for life contracts totaling \$84 million. The adjustment corrected an overstatement of the reserve connected with waivers on the Term Life products. The adjustment was recorded directly to surplus and the impact to previous years gain from operations was not significant.

Deposit Liabilities

Deposit liabilities have been established on certain annuity and supplemental contracts that do not subject Thrivent Financial 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.

Thrivent Financial for Lutherans

Notes to Statutory-Basis Financial Statements, continued

1. Nature of Operations and Significant Accounting Policies, continued

Asset Valuation Reserve

Thrivent Financial 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.

Fraternal Benefits and Expenses

Fraternal benefits and expenses include all fraternal activities as well as expenses incurred to provide or administer fraternal benefits and expenses related to Thrivent Financial’s fraternal character. This includes items such as benevolences to help meet the needs of people, educational benefits to raise community and family awareness of issues, church grants and costs necessary to maintain Thrivent Financial’s fraternal branch system. Thrivent Financial conducts its fraternal activities primarily through its lodge system where members participate in locally sponsored fraternal activities.

Dividends to Members

Thrivent Financial’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 Financial’s Board of Directors.

Income Taxes

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

New Accounting Guidance

In 2018, Thrivent Financial adopted changes to SSAP No. 86 (Derivatives), which clarifies that amounts received or paid to adjust variation margin on derivative contracts that are both cleared and settled on an exchange should be recognized as unrealized gains or losses. The new guidance is applied prospectively and did not have a material impact to Thrivent Financial’s financial statements.

In 2018, Thrivent Financial adopted changes to SSAP No. 103R (Transfers and Servicing of Financial Assets and Extinguishments of Liabilities), which clarifies what is to be included in the wash sale disclosure and that the disclosure shall be in the financial statements for the period in which the security is sold. The new guidance is applied prospectively and did not have a material impact to Thrivent Financial’s financial statements.

Thrivent Financial for Lutherans

Notes to Statutory-Basis Financial Statements, continued

1. Nature of Operations and Significant Accounting Policies, continued

In 2018, Thrivent Financial adopted changes to SSAP No. 92 (Post Retirement Benefits Other Than Pensions) and SSAP No. 102 (Pensions), which removes the level 3 fair value reconciliation disclosure for pension and other post-retirement plan assets. The new guidance is applied prospectively and did not have a material impact to Thrivent Financial's financial statements.

Subsequent Events

Thrivent Financial 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 18, 2019, 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 Financial's investment in bonds are summarized below (in millions).

	<u>Admitted Value</u>	<u>Gross Unrealized</u>		<u>Fair Value</u>
		<u>Gains</u>	<u>Losses</u>	
December 31, 2018				
U.S. government and agency securities	\$ 1,556	\$ 38	\$ 12	\$ 1,582
U.S. state and political subdivision securities	104	33	—	137
Securities issued by foreign governments	102	3	1	103
Corporate debt securities	32,063	983	923	32,125
Residential mortgage-backed securities	6,912	26	148	6,790
Commercial mortgage-backed securities	2,077	8	40	2,045
Collateralized debt obligations	3	11	—	14
Other debt obligations	441	1	8	434
Affiliated Bonds	25	—	—	25
Total bonds	<u>\$43,283</u>	<u>\$1,103</u>	<u>\$1,132</u>	<u>\$43,255</u>
December 31, 2017				
U.S. government and agency securities	\$ 2,458	\$ 72	\$ 7	\$ 2,523
U.S. state and political subdivision securities	105	42	—	147
Securities issued by foreign governments	107	5	—	112
Corporate debt securities	30,976	2,361	167	33,170
Residential mortgage-backed securities	7,434	79	54	7,459
Commercial mortgage-backed securities	1,786	16	17	1,785
Collateralized debt obligations	3	11	—	14
Other debt obligations	422	3	3	422
Total bonds	<u>\$43,291</u>	<u>\$2,589</u>	<u>\$ 248</u>	<u>\$45,632</u>

The admitted value of corporate debt securities issued in foreign currencies was \$546 million and \$434 million as of December 31, 2018 and 2017, 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, 2018		
Due in one year or less.....	\$ 2,376	\$ 2,402
Due after one year through five years	9,470	9,457
Due after five years through ten years.....	13,632	13,284
Due after ten years	19,175	19,482
Total	<u>\$44,653</u>	<u>\$44,625</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). Certain amounts as of December 31, 2017 below have been revised to correct the prior period disclosure.

	<u>Less than 12 Months</u>			<u>12 Months or More</u>		
	<u>Number of Securities</u>	<u>Fair Value</u>	<u>Gross Unrealized Losses</u>	<u>Number of Securities</u>	<u>Fair Value</u>	<u>Gross Unrealized Losses</u>
December 31, 2018						
U.S. government and agency securities.....	17	\$ 537	\$ 7	4	\$ 187	\$ 5
U.S. state and political subdivision securities.....	—	—	—	—	—	—
Securities issued by foreign governments	—	—	—	2	24	1
Corporate debt securities	1,945	15,979	719	307	2,576	204
Residential mortgage-backed securities.....	124	3,078	64	100	2,043	84
Commercial mortgage-backed securities.....	87	930	17	57	518	23
Collateralized debt obligations	—	—	—	2	—	—
Other debt obligations.....	68	233	6	28	112	2
Total bonds.....	<u>2,241</u>	<u>\$20,757</u>	<u>\$813</u>	<u>500</u>	<u>\$5,460</u>	<u>\$319</u>
December 31, 2017						
U.S. government and agency securities.....	20	\$ 873	\$ 5	3	\$ 55	\$ 2
U.S. state and political subdivision securities.....	—	—	—	—	—	—
Securities issued by foreign governments	2	24	—	—	—	—
Corporate debt securities	350	3,278	98	197	1,744	69
Residential mortgage-backed securities.....	80	2,571	15	79	1,767	39
Commercial mortgage-backed securities.....	52	489	4	46	408	13
Collateralized debt obligations	—	—	—	2	—	—
Other debt obligations.....	74	287	2	23	85	1
Total bonds.....	<u>578</u>	<u>\$ 7,522</u>	<u>\$124</u>	<u>350</u>	<u>\$4,059</u>	<u>\$124</u>

Thrivent Financial for Lutherans

Notes to Statutory-Basis Financial Statements, continued

2. Investments, continued

Based on Thrivent Financial's current evaluation of its securities in accordance with its impairment policy, a determination was made that the declines in the securities summarized above are temporary in nature.

As of December 31, 2018, Thrivent Financial held the following structured notes (in millions) as defined by the NAIC Securities Valuation Office. The structured notes below are included in U.S. government and agency securities. No investments held as of December 31, 2018 are considered mortgage-referenced securities.

<u>CUSIP</u>	<u>Actual Cost</u>	<u>Fair Value</u>	<u>Book/Adjusted Carrying Value</u>
912810QF8.....	\$ 5	\$ 7	\$ 6
9128283R9.....	25	24	25
912828B25.....	25	27	27
912828H45.....	15	15	16
912828N71.....	26	26	26
912828NM8.....	27	30	30
912828QV5.....	81	83	86
912828UH1.....	27	28	29
912828V49.....	25	25	25
	<u>\$256</u>	<u>\$265</u>	<u>\$270</u>

Stocks

The cost and fair value of Thrivent Financial's investment in stocks as of December 31 are presented below (in millions). Certain prior year amounts have been reclassified to conform to the current year presentation.

	<u>2018</u>	<u>2017</u>
Unaffiliated preferred stocks:		
Cost/statement value.....	\$ 206	\$ 157
Gross unrealized gains.....	120	130
Gross unrealized losses.....	(5)	(1)
Fair value.....	<u>\$ 321</u>	<u>\$ 286</u>
Unaffiliated common stocks:		
Cost.....	\$1,372	\$1,046
Gross unrealized gains.....	177	329
Gross unrealized losses.....	(105)	(13)
Fair value/statement value.....	<u>\$1,444</u>	<u>\$1,362</u>
Affiliated common stocks:		
Cost.....	\$ 179	\$ 255
Gross unrealized gains.....	161	64
Gross unrealized losses.....	—	—
Fair value/statement value.....	<u>\$ 340</u>	<u>\$ 319</u>

Thrivent Financial for Lutherans

Notes to Statutory-Basis Financial Statements, continued

2. Investments, continued

	<u>2018</u>	<u>2017</u>
Affiliated mutual funds:		
Cost.....	\$ 426	\$ 277
Gross unrealized gains.....	3	26
Gross unrealized losses.....	(37)	—
Fair value/statement value.....	<u>\$ 392</u>	<u>\$ 303</u>
Total statement value.....	<u>\$2,382</u>	<u>\$2,141</u>

Mortgage Loans

The age analysis of mortgage loans as of December 31 was as follows (in millions):

	<u>2018</u>	<u>2017</u>
Current.....	\$8,995	\$8,193
30 – 59 days past due.....	2	2
60 – 89 days past due.....	1	5
90 – 179 days past due.....	—	2
180+ days past due.....	1	—
Total mortgage loans.....	<u>\$8,999</u>	<u>\$8,202</u>
180+ Days Past Due and Accruing Interest:		
Investment.....	\$ 1	\$ —
Interest accrued.....	—	—
90 -179 Days Past Due and Accruing Interest:		
Investment.....	—	2
Interest Accrued.....	—	—

The distribution of Thrivent Financial’s mortgage loans among various geographic regions of the United States as of December 31 was as follows:

	<u>2018</u>	<u>2017</u>
Geographic Region		
Pacific.....	27%	25%
South Atlantic.....	19	19
East North Central.....	9	9
West North Central.....	14	14
Mountain.....	11	13
Mid-Atlantic.....	8	8
West South Central.....	7	7
Other.....	5	5
Total.....	<u>100%</u>	<u>100%</u>

Thrivent Financial for Lutherans

Notes to Statutory-Basis Financial Statements, continued

2. Investments, continued

The distribution of Thrivent Financial’s mortgage loans among various property types as of December 31 was as follows:

Property Type	<u>2018</u>	<u>2017</u>
Industrial	25%	26%
Retail	23	26
Office.....	17	18
Church.....	10	11
Apartments	17	11
Other	<u>8</u>	<u>8</u>
Total.....	<u>100%</u>	<u>100%</u>

Impaired Loans

A loan is determined to be impaired when Thrivent Financial considers it probable that the principal and interest will not be collected according to the contractual terms of the loan agreement. At December 31, 2018 Thrivent Financial held impaired loans with a carrying value of \$9 million and an unpaid principal balance of \$11 million for which there was no related allowance for credit losses recorded and at December 31, 2017, Thrivent Financial held impaired loans with a carrying value of \$4 million and an unpaid principal balance of \$4 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 during the year was \$0.0 million, \$0.0 million and \$7.0 million for the years ended December 31, 2018, 2017 and 2016, respectively. The average recorded investment in impaired mortgage loans held on December 31, 2018 and 2017 was \$4 million and \$2 million, respectively. Interest income recognized on impaired mortgage loans totaled \$0.1 million during all three years ended December 31, 2018, 2017 and 2016.

In certain circumstances, Thrivent Financial may modify the terms of a loan to maximize the collection of amounts due. During the years ended December 31, 2018 and 2017, Thrivent Financial modified no loans under these circumstances.

As of both December 31, 2018 and 2017, Thrivent Financial held 2 mortgage loans totaling \$9 million and \$2 million, respectively, where loan modifications had occurred. During the years ended December 31, 2018 and 2017, there were no modified mortgage loans with a payment default.

During the years ended December 31, 2018 and 2017, there was one mortgage loan each year that was derecognized as a result of foreclosure in the amount of \$1.7 million and \$5 million, respectively.

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

2. Investments, continued

Real Estate

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

	<u>2018</u>	<u>2017</u>
Home office properties	\$143	\$ 181
Held-for-sale	6	14
Total before accumulated depreciation	149	195
Accumulated depreciation	(84)	(136)
Total real estate	<u>\$ 65</u>	<u>\$ 59</u>

In August 2018, Thrivent Financial sold its corporate home office property for a cash payment of \$55 million. Subsequent to the sale, Thrivent Financial entered into an agreement with the purchaser to lease the property for a 30-month term lease. The \$48 million gain on the sale of the property has been deferred and is reported in other surplus funds and will be recognized over the term of the lease.

Derivative Financial Instruments

Thrivent Financial 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.

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 Financial's derivative financial instruments (in millions):

	<u>Carrying Value</u>	<u>Notional Amount</u>	<u>Realized Gain/(Loss)</u>
As of and for the year ended December 31, 2018			
Assets:			
Call spread options	\$ 4	\$ 545	\$ 20
Futures	—	990	(9)
Foreign currency swaps	25	258	2
Covered written call options	—	—	2
Total assets	<u>\$ 29</u>	<u>\$1,793</u>	<u>\$ 15</u>
Liabilities:			
Call spread options	(2)	569	(16)
Foreign currency swaps	(17)	305	6
Total liabilities	<u>\$ (19)</u>	<u>\$ 874</u>	<u>\$(10)</u>
As of and for the year ended December 31, 2017			
Assets:			
Call spread options	\$ 38	\$ 339	\$ 20
Futures	—	344	(41)
Foreign currency swaps	9	202	3
Covered written call options	—	—	4
Total assets	<u>\$ 47</u>	<u>\$ 885</u>	<u>\$(14)</u>

Thrivent Financial for Lutherans

Notes to Statutory-Basis Financial Statements, continued

2. Investments, continued

	Carrying Value	Notional Amount	Realized Gain/(Loss)
Liabilities:			
Call spread options			
Covered written call options	26	381	(17)
Foreign currency swaps	27	227	2
Total liabilities	\$ 53	\$ 608	\$(15)

All gains and losses 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 are therefore not a measure of Thrivent Financial'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 Financial 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 its 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.

Covered Written Call Options

Thrivent Financial sells covered written call option contracts to enhance the return on residential mortgage-backed "to be announced" collateral that it 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, 2018, 2017 and 2016, \$3 million, \$8 million and \$10 million, respectively, was received in call premium.

Futures

Thrivent Financial utilizes futures contracts to manage a portion of the risks associated with the guaranteed minimum accumulation benefit feature of its 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 Financial 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.

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

2. Investments, continued

Securities Lending

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

	<u>2018</u>	<u>2017</u>
Loaned securities:		
Carrying value.....	\$252	\$346
Fair value.....	237	357
Cash collateral reinvested at book and fair value:		
Open	\$ 62	\$ 45
30 days or less	88	239
31 – 60 days.....	25	49
61 – 90 days.....	9	13
91 – 120 days	5	—
121 – 180 days	11	—
181 – 365 days	10	5
1 – 2 years	33	14
2 – 3 years	—	—
Greater than 3 years.....	—	—
Total.....	<u>\$243</u>	<u>\$365</u>
Cash collateral liabilities.....	\$243	\$365

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

Wash Sales

In the normal course of Thrivent Financial’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. During 2018, Thrivent sold 223 non-investment grade securities with a book value totaling \$115 million where the cost to repurchase within 30 days totaled \$143 million. The net gain for securities sold and later repurchased totaled \$31 million.

Pledged and Restricted Assets

Thrivent Financial owns assets which are pledged to others as collateral or are otherwise restricted totaling \$307 million and \$430 million at December 31, 2018 and 2017, respectively. Total pledged and restricted assets, which primarily include collateral held under futures transactions and securities lending agreements, are less than 1% of total admitted assets. Securities on deposits with state insurance departments were \$1 million for both years ended December 31, 2018 and 2017.

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):

	2018	2017
Bonds:		
Carrying value.....	\$ 47	\$ 19
Fair value.....	47	19
Short-term Investments:		
Carrying value.....	\$ 62	\$ 18
Fair value.....	62	18
Cash Equivalents		
Carrying value.....	\$134	\$328
Fair value.....	134	328

All collateral received is less than one-percent of total admitted assets.

Net Investment Income

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

	2018	2017	2016
Bonds	\$1,743	\$1,745	\$1,671
Preferred stock	11	7	7
Unaffiliated common stocks	28	21	21
Affiliated common stocks	24	11	3
Mortgage loans	392	391	399
Real estate	23	24	24
Contract loans	84	80	84
Cash, cash equivalents and short-term investments	32	20	13
Limited partnerships	410	450	585
Other invested assets	21	13	11
	2,768	2,762	2,818
Investment expenses	(49)	(47)	(43)
Depreciation on real estate	(6)	(6)	(7)
Net investment income	\$2,713	\$2,709	\$2,768

Net investment income includes bonds sold or redeemed with a callable feature. During 2018 there were 57 securities with callable features sold or redeemed totaling \$19 million and during 2017 there were 82 securities totaling \$41 million included in net investment income.

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):

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net gains (losses) on sales:			
Bonds:			
Gross gains	195	226	\$ 200
Gross losses	(58)	(40)	(91)
Stocks:			
Gross gains	201	143	116
Gross losses	(47)	(31)	(48)
Futures	(9)	(41)	(153)
Other	17	31	—
Net (losses) gains on sales	<u>299</u>	<u>288</u>	<u>24</u>
Provisions for losses:			
Bonds	(18)	(10)	(21)
Stocks	—	—	—
Other	6	—	(7)
Total provisions for losses	<u>(12)</u>	<u>(10)</u>	<u>(28)</u>
Realized capital (losses) gains	287	278	(4)
Transfers to interest maintenance reserve	(141)	(204)	(111)
Realized capital losses, net	<u>\$ 146</u>	<u>\$ 74</u>	<u>\$(115)</u>

Proceeds from the sale of investments in bonds, net of mortgage dollar roll transactions, were \$6.6 billion, \$7.0 billion, and \$5.5 billion for the years ended December 31, 2018, 2017, and 2016, respectively.

Thrivent Financial recognized other-than-temporary impairments during the year ended December 31, 2018 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):

<u>CUSIP</u>	<u>Book Value Before Impairment</u>	<u>Impairment Recognized</u>	<u>Amortized Cost After Impairment</u>	<u>Fair Value as of Date Impaired</u>
05948KVV8	\$ 6	\$—	\$ 6	\$ 5
16165TAE3	7	—	7	8
17307G4H8	1	—	1	1
45660LST7	3	—	4	4
75970QAJ9	2	—	2	2
863576AC8	3	—	3	3
02660YAX0	3	1	2	2
22943HAG1	4	1	3	2
Total	<u>\$29</u>	<u>\$ 2</u>	<u>\$28</u>	<u>\$27</u>

Thrivent Financial for Lutherans

Notes to Statutory-Basis Financial Statements, continued

3. Policyholder Liabilities

Many of the contracts issued by Thrivent Financial, primarily annuities, do not subject Thrivent Financial 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 their withdrawal characteristics (dollars in millions):

	<u>General Account</u>	<u>Separate Account With Guarantees</u>	<u>Separate Account Without Guarantees</u>	<u>Total</u>	<u>% of Total</u>
December 31, 2018					
Subject to discretionary withdrawal:					
With market value adjustment	\$ —	\$248	\$ —	\$ 248	1%
At book value less a surrender charge of 5% or more	5,238	—	—	5,238	11
At fair value	—	—	26,640	26,640	57
At book value without adjustment	13,076	—	—	13,076	28
Not subject to discretionary withdrawal	1,400	—	51	1,451	3
Total	<u>\$19,714</u>	<u>\$248</u>	<u>\$26,691</u>	<u>\$46,653</u>	<u>100%</u>
December 31, 2017					
Subject to discretionary withdrawal:					
With market value adjustment	\$ —	\$338	\$ —	\$ 338	1%
At book value less a surrender charge of 5% or more	4,963	—	—	4,963	10
At fair value	—	—	28,422	28,422	59
At book value without adjustment	12,911	—	—	12,911	27
Not subject to discretionary withdrawal	1,340	—	59	1,399	3
Total	<u>\$19,214</u>	<u>\$338</u>	<u>\$28,481</u>	<u>\$48,033</u>	<u>100%</u>

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

	<u>2018</u>	<u>2017</u>
Aggregate reserves for life, annuity and health contracts	\$16,172	\$15,793
Deposit liabilities	3,543	3,421
Liabilities related to separate accounts	26,939	28,819
Total	<u>\$46,654</u>	<u>\$48,033</u>

Thrivent Financial holds premium deficiency reserves (PDR) on its closed block of long-term care insurance policies. The PDR was \$133 million and \$567 million as of December 31, 2018 and 2017, respectively. During 2018, Thrivent Financial updated the claim incidence, claim termination, disabled life mortality, expense, and net earned rate assumptions used in the determination of the PDR. During 2017, Thrivent Financial updated the mortality, persistency, expense and net earned rate assumptions. These updated assumptions were the primary driver of the \$434 million decrease in PDR for the year ended December 31, 2018 and for the \$286 million increase in PDR for the year ended December 31, 2017.

Thrivent Financial for Lutherans

Notes to Statutory-Basis Financial Statements, continued

3. Policyholder Liabilities, continued

Thrivent Financial has insurance in force as of December 31, 2018 and 2017, totaling \$17 billion and \$16 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, 2018 and 2017, totaled \$64 million and \$71 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, 2018		
Ordinary new business	\$12	\$ 8
Ordinary renewal	45	99
Total	<u>\$57</u>	<u>\$107</u>
December 31, 2017		
Ordinary new business	\$ 7	\$ 4
Ordinary renewal	49	104
Total	<u>\$56</u>	<u>\$108</u>

4. Separate Accounts

Thrivent Financial 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 Financial are non-guaranteed, while Thrivent Financial's multi-year guarantee separate account is a non-indexed guarantee 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Risk charge paid	\$108	\$107	\$99	\$99	\$86
Payments for guaranteed benefits	4	4	5	4	3

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

	<u>2018</u>	<u>2017</u>
Equity funds	60%	59%
Bond funds	20	20
Balanced funds	18	19
Other	2	2
Total separate account assets	<u>100%</u>	<u>100%</u>

Thrivent Financial for Lutherans

Notes to Statutory-Basis Financial Statements, continued

4. Separate Accounts, continued

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, 2018			
Reserves:			
For accounts with assets at fair value.....	<u>\$248</u>	<u>\$27,691</u>	<u>\$27,939</u>
By withdrawal characteristics:			
Subject to discretionary withdrawal:			
With market value adjustment	\$248	\$ —	\$ 248
At fair value.....	—	27,640	27,640
Not subject to discretionary withdrawal.....	—	51	51
Total.....	<u>\$248</u>	<u>\$27,691</u>	<u>\$27,939</u>
December 31, 2017			
Reserves:			
For accounts with assets at fair value.....	<u>\$338</u>	<u>\$29,527</u>	<u>\$29,865</u>
By withdrawal characteristics:			
Subject to discretionary withdrawal:			
With market value adjustment	\$338	\$ —	\$ 338
At fair value.....	—	29,468	29,468
Not subject to discretionary withdrawal.....	—	59	59
Total.....	<u>\$338</u>	<u>\$29,527</u>	<u>\$29,865</u>
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Premiums, considerations and deposits:			
Non-indexed guarantee	\$ 1	\$ 1	\$ 5
Non-guaranteed.....	<u>1,737</u>	<u>1,806</u>	<u>1,926</u>
Total.....	<u>\$1,738</u>	<u>\$1,807</u>	<u>\$1,931</u>
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Transfers to separate accounts.....	\$ 1,735	\$ 1,806	\$ 1,930
Transfers from separate accounts.....	(1,733)	(1,321)	(1,027)
Other items	<u>2</u>	<u>(2)</u>	<u>(1)</u>
Transfers to separate accounts, net	<u>\$ 4</u>	<u>\$ 483</u>	<u>\$ 902</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):

	2018	2017
Net balance at January 1	\$1,089	\$1,022
Incurred related to:		
Current year	471	451
Prior years	(52)	(35)
Total incurred	419	416
Paid related to:		
Current year	104	84
Prior years	290	265
Total paid	394	349
Net balance at December 31	\$1,114	\$1,089

Thrivent Financial uses estimates for determining its 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 Financial annually reviews the claim payment experience to evaluate the methodology and assumptions that are used in determining its estimate of ultimate claims experience.

6. Reinsurance

Thrivent Financial participates in reinsurance in order to limit its maximum losses and to diversify its exposures. Life and accident and health reinsurance is accomplished through various plans of reinsurance, primarily coinsurance and yearly renewable term. Generally, Thrivent Financial 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 Financial in the event the reinsurers were unable to meet their obligations under the terms of the reinsurance agreements.

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):

	2018	2017	2016
Direct premiums	\$5,098	\$5,146	\$5,570
Reinsurance ceded	(117)	(125)	(119)
Net premiums	4,981	5,021	5,451
Reinsurance claims recovered	\$ 60	\$ 65	\$ 50

Thrivent Financial for Lutherans

Notes to Statutory-Basis Financial Statements, continued

6. Reinsurance, continued

Aggregate reserves and contract claims 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):

	2018	2017
Life insurance	\$801	\$758
Accident and health	—	—
Total.....	\$801	\$758

Reinsurance contracts do not relieve an insurer from its primary obligation to policyholders.

Thrivent Financial periodically reviews the financial condition of its reinsurers and amounts recoverable in order to evaluate the financial strength of the companies supporting the recoverable balances. One reinsurer accounts for approximately 49% of the reinsurance recoverable as of December 31, 2018.

Thrivent Financial 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).

7. Surplus

Thrivent Financial 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 related to it. Thrivent Financial exceeds the RBC requirements as of December 31, 2018 and 2017.

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

	2018	2017
Unrealized gains and losses	\$ 293	\$ 554
Non-admitted assets	(107)	(115)
Separate account business	42	45
Asset valuation reserve.....	(1,367)	(1,217)

Thrivent Financial also holds special surplus funds which include the deferred gain on the sale of the corporate home office property and a special surplus balance related to the separate accounts.

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

8. Fair Value of Financial Instruments

The financial instruments of Thrivent Financial 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 primarily are 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 include 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 Financial 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 their 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.

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

8. Fair Value of Financial Instruments, continued

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

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

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 Financial 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 their fair values.

Limited partnerships include private equity investments. The fair values of these 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. The fair values of real estate joint venture investments are derived using GAAP audited financial statements.

Thrivent Financial for Lutherans

Notes to Statutory-Basis Financial Statements, continued

8. Fair Value of Financial Instruments, continued

Other liabilities primarily include deferred annuities and other deposit contracts as well as 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.

Financial Instruments Carried at Fair Value

The fair values of Thrivent Financial'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, 2018				
<u>Assets</u>				
Bonds	\$ 265	\$ —	\$—	\$ 265
Unaffiliated common stocks	1,390	54	—	1,444
Cash, Cash equivalents and short-term investments	132	—	—	132
Assets held in separate account assets	—	28,468	—	28,468
Other invested assets	—	25	4	29
Total	<u>\$1,787</u>	<u>\$28,547</u>	<u>\$ 4</u>	<u>\$30,338</u>
<u>Liabilities</u>				
Other liabilities	\$ —	\$ 17	\$ 2	\$ 19
December 31, 2017				
<u>Assets</u>				
Bonds	\$ 269	\$ —	\$—	\$ 269
Unaffiliated common stocks	1,304	58	—	1,362
Cash, cash equivalents and short-term investments	106	—	—	106
Assets held in separate account assets	—	\$30,492	—	\$30,492
Other invested assets	—	10	38	48
Total	<u>\$1,679</u>	<u>\$30,560</u>	<u>\$ 38</u>	<u>\$32,277</u>
<u>Liabilities</u>				
Other liabilities	\$ —	\$ 27	\$ 26	\$ 53

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

There were no gains or losses recognized in net income during 2018 or 2017 attributable to the change in unrealized gains and losses related to Level 3 assets still held at December 31, 2018 or 2017.

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

	<u>2018</u>	<u>2017</u>
Assets:		
Balance, January 1	\$ 38	\$ 14
Purchases.....	37	20
Sales	(20)	(10)
Unrealized gains and losses	(51)	14
Balance, December 31.....	<u>\$ 4</u>	<u>\$ 38</u>
Liabilities:		
Balance, January 1	\$ 26	\$ 10
Purchases.....	24	12
Sales	(27)	(7)
Unrealized gains and losses	(21)	11
Balance, December 31.....	<u>\$ 2</u>	<u>\$ 26</u>

Transfers

During 2018, Thrivent Financial had transfers of \$30 million into Level 2 from Level 3 and transfers of \$66 million into Level 3 from Level 2 for bonds which are not held at fair value. During 2017, Thrivent Financial had transfers of \$102 million into Level 2 from Level 3 and transfers of \$54 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 Financial; accordingly, the aggregate fair value amounts presented do not represent the underlying value of Thrivent Financial.

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). Certain amounts as of December 31, 2017 below have been revised to correct the prior period disclosure.

	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
December 31, 2018					
Financial assets:					
Bonds	\$43,283	1,433	32,639	9,183	43,255
Unaffiliated preferred stocks	206	—	136	184	320
Unaffiliated common stocks	1,444	1,390	54	—	1,444
Affiliated common stock	340	—	340	—	340
Affiliated mutual funds	392	392	—	—	392
Mortgage loans	8,999	—	—	9,256	9,256
Contract loans	1,159	—	—	1,159	1,159
Cash, cash equivalents and short-term investments	1,430	132	1,298	—	1,430
Limited partnerships	3,844	—	—	3,844	3,844
Real estate — held-for-sale	6	—	—	9	9
Assets held in separate accounts	28,468	—	28,468	—	28,468
Other invested assets	194	—	113	90	203
Financial liabilities:					
Deferred annuities	13,825	—	—	13,600	13,600
Other deposit contracts	1,032	—	—	1,032	1,032
Other liabilities	29	—	18	4	22
Liabilities related to separate accounts	28,427	—	28,427	—	28,427
December 31, 2017					
Financial assets:					
Bonds	\$43,291	2,311	34,584	8,737	45,632
Unaffiliated preferred stocks	157	—	79	207	286
Unaffiliated common stocks	1,362	1,304	58	—	1,362
Affiliated common stocks	319	—	319	—	319
Affiliated mutual funds	303	303	—	—	303
Mortgage loans	8,202	—	—	8,611	8,611
Contract loans	1,161	—	—	1,161	1,161
Cash, cash equivalents and short-term investments	1,573	106	1,469	2	1,577
Limited partnerships	3,197	—	—	3,197	3,197
Real estate — held-for-sale	14	—	—	69	69
Assets held in separate accounts	30,492	—	30,492	—	30,492
Other invested assets	204	—	114	116	230
Financial liabilities:					
Deferred annuities	13,449	—	—	13,238	13,238
Other deposit contracts	1,065	—	—	1,065	1,065
Other liabilities	53	—	31	26	57
Liabilities related to separate accounts	30,448	—	30,448	—	30,448

Thrivent Financial for Lutherans

Notes to Statutory-Basis Financial Statements, continued

9. Benefit Plans

Pension and Other Postretirement Benefits

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

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

	<u>Retirement Plan</u>			<u>Other Plans</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Service cost	\$ 25	\$ 23	\$ 23	\$ 2	\$ 2	\$ 2
Interest cost	43	46	50	4	5	4
Expected return on plan assets	(77)	(69)	(68)	—	—	—
Other	19	18	26	4	6	6
Net periodic cost	<u>\$ 10</u>	<u>\$ 18</u>	<u>\$ 31</u>	<u>\$ 10</u>	<u>\$ 13</u>	<u>\$ 12</u>

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

	<u>Retirement Plan</u>		<u>Other Plans</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Change in projected benefit obligation:				
Benefit obligation, beginning of year	\$1,187	\$1,083	\$120	\$111
Service cost	25	23	2	2
Interest cost	43	46	5	5
Actuarial (gain) loss	(105)	82	(11)	10
Transfers from Defined Contribution Plan	—	—	—	—
Benefits paid	(51)	(47)	(9)	(8)
Benefit obligation, end of year	<u>\$1,099</u>	<u>\$1,187</u>	<u>\$107</u>	<u>\$120</u>
Change in plan assets:				
Fair value of plan assets, beginning of year	\$1,035	\$ 935	\$—	\$—
Actual return on plan assets	(44)	127	—	—
Employer contribution	20	20	9	8
Transfers from Defined Contribution Plan	—	—	—	—
Benefits paid	(51)	(47)	(9)	(8)
Fair value of plan assets, end of year	<u>\$ 960</u>	<u>\$1,035</u>	<u>\$—</u>	<u>\$—</u>

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	
	2018	2017	2018	2017
Funded status:				
Accrued benefit costs	\$ —	\$ —	\$(130)	\$(127)
Liability for pension benefits.....	(139)	(152)	23	7
Total unfunded liabilities	(139)	(152)	(107)	(120)
Deferred items:				
Net losses (gains)	303	306	(23)	(11)
Net prior service cost	—	—	—	4
Accumulated amounts recognized in periodic pension expenses.....	164	154	(130)	(127)
Accumulated benefit obligation	\$1,055	\$1,137	\$ 107	\$ 120

The unfunded liabilities for the retirement plan and other postretirement plans at December 31, 2018 and 2017, 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, 2017	\$ (1)	\$301	\$300	\$ 12	\$(23)	\$(11)
Net prior service cost recognized	1	—	1	(8)	—	(8)
Net (gain) loss arising during the period	—	24	24	—	10	10
Net gain (loss) recognized	—	(19)	(19)	—	2	2
Balance, December 31, 2017.....	\$—	\$306	\$306	\$ 4	\$(11)	\$ (7)
Net prior service cost recognized	—	—	—	(4)	—	(4)
Net (gain) loss arising during the period	—	16	16	—	(12)	(12)
Net gain (loss) recognized	—	(19)	(19)	—	—	—
Balance, December 31, 2018.....	\$—	\$303	\$303	\$—	\$(23)	\$(23)

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	
	2018	2017	2018	2017
Net prior service cost	\$—	\$—	\$—	\$ 4
Net recognized (gains)/losses	19	19	(1)	—

Thrivent Financial for Lutherans

Notes to Statutory-Basis Financial Statements, continued

9. Benefit Plans, continued

Pension and Other Postretirement Benefit Factors

Thrivent Financial 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. The retirement plan discount rate for 2017 has been revised to correct the prior period disclosure.

	Retirement Plan		Other Plans	
	2018	2017	2018	2017
Weighted average assumptions:				
Discount rate	4.4%	3.7%	4.4%	3.7%
Expected return on plan assets	7.50	7.5	N/A	N/A
Rate of compensation increase	3.4	3.4	N/A	N/A

The assumed health care cost trend rate used in measuring the postretirement health care benefit obligation was 6.7% and 6.6% in 2018 for pre-65 participants and post-65 participants, respectively, trending down to 4.5% in 2028. The assumed health care cost trend rates can have a significant impact on the amounts reported. For example, a one-percentage point increase or decrease in the rate would change the 2018 total service and interest cost by \$1 million. A one-percentage point increase in the rate would change the postretirement health care benefit obligation by \$11 million. A one-percentage point decrease in the rate would change the postretirement health care benefit obligation by \$9 million. 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.

Estimated pension benefit payments for the next ten years are as follows: 2019 – \$56 million; 2020 – \$59 million; 2021 – \$61 million; 2022 – \$64 million; 2023 – \$66 million; and 2024 to 2028 – \$366 million.

Estimated other post-retirement benefit payments for the next ten years are as follows: 2019 – \$7 million; 2020 – \$8 million; 2021 – \$8 million; 2022 – \$8 million; 2023 – \$8 million; and 2024 to 2028 – \$41 million.

The minimum pension contribution required for 2018 under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") guidelines will be determined in the first quarter of 2019.

Pension Assets

The assets of Thrivent Financial's qualified defined benefit plan are held in trust. Thrivent Financial 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 Financial employs a long-term total return approach to maximize the long-term rate of return on plan assets for a prudent level of risk.

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:

Thrivent Financial for Lutherans

Notes to Statutory-Basis Financial Statements, continued

9. Benefit Plans, continued

	<u>Target Allocation</u>	<u>Actual Allocation</u>	
		<u>2018</u>	<u>2017</u>
Equity securities	60%	64%	66%
Fixed income and other securities.....	40	36	34
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

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 its pension obligations in the future.

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2018				
Fixed maturity securities:				
U.S. government and agency securities	\$ 71	\$ 8	\$—	\$ 79
Securities issued by foreign governments	—	—	—	—
Corporate debt securities.....	—	183	1	184
Residential mortgage-backed securities	—	100	—	100
Commercial mortgage-backed securities	—	14	—	14
Other debt obligations	—	4	—	4
Common stocks.....	347	6	—	353
Preferred stock.....	—	—	—	—
Affiliated mutual funds — equity funds	—	106	—	106
Short-term investments	—	143	—	143
Limited partnerships	—	—	82	82
Derivatives	—	—	—	—
Total	<u>\$418</u>	<u>\$564</u>	<u>\$ 83</u>	<u>\$1,065</u>
December 31, 2017				
Fixed maturity securities:				
U.S. government and agency securities	\$ 62	\$ 3	\$—	\$ 65
Securities issued by foreign governments	—	1	—	1
Corporate debt securities.....	—	199	1	200
Residential mortgage-backed securities	—	108	—	108
Commercial mortgage-backed securities	—	7	—	7
Other debt obligations	—	7	—	7
Common stocks.....	443	8	—	451
Preferred stock.....	—	—	—	—
Affiliated mutual funds — equity funds	—	106	—	106
Short-term investments	—	120	—	120
Limited partnerships	—	—	61	61
Derivatives	—	—	1	1
Total	<u>\$505</u>	<u>\$559</u>	<u>\$ 63</u>	<u>\$1,127</u>

Thrivent Financial for Lutherans

Notes to Statutory-Basis Financial Statements, continued

9. Benefit Plans, continued

The fair value of defined benefit plan assets as presented in the table above does not include net accrued liabilities of \$105 million and \$92 million as of December 31, 2018 and 2017.

There were no transfers of defined benefit plan Level 1 and Level 2 fair value measurements during 2018 or 2017. Transfers between fair value hierarchy levels are recognized at the end of the reporting period.

Defined Contribution Plans

Thrivent Financial 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 Financial will match participant contributions up to 6% of eligible earnings. In addition, Thrivent Financial will contribute a percentage of eligible earnings for participants in a noncontributory plan for field employees. For the years ended December 31, 2018, 2017 and 2016, Thrivent Financial contributed \$37 million, \$35 million and \$34 million, respectively, to these plans.

As of December 31, 2018 and 2017, \$81 million and \$86 million, respectively, of the assets of the defined contribution plans were invested in a deposit administration contract issued by Thrivent Financial.

10. Commitments and Contingent Liabilities

Litigation and Other Proceedings

Thrivent Financial is involved in various lawsuits, contractual matters and other contingencies that have arisen in the normal course of business. Thrivent Financial assesses its exposure to these matters periodically and adjusts its provision accordingly. As of December 31, 2018, Thrivent Financial believes adequate provision has been made for any losses that may result from these matters.

Financial Instruments

Thrivent Financial 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 Financial'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 Financial has commitments to extend credit for mortgage loans and other lines of credit of \$298 million and \$233 million as of December 31, 2018 and 2017, respectively. Commitments to purchase limited partnerships, private placement bonds and other invested assets were \$3.4 billion and \$3.5 billion as of December 31, 2018 and 2017, respectively.

Financial Guarantees

Thrivent Financial 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 Financial for Lutherans

Notes to Statutory-Basis Financial Statements, continued

10. Commitments and Contingent Liabilities, continued

Thrivent Financial has guaranteed that it will maintain the capital and surplus of its insurance and trust affiliates above certain levels required by the primary regulator of each company.

Leases

Thrivent Financial has operating leases for certain office equipment and real estate. Rental expense for these items totaled \$21 million and \$17 million for each of the years ended December 31, 2018 and 2017 respectively. Future minimum rental commitments, in aggregate, as of December 31, 2018 were \$23 million for operating leases. The future minimum rental payments for the five succeeding years were as follows: 2019 – \$9 million; 2020 – \$8 million; 2021 – \$3 million; 2022 – \$2 million and thereafter – \$1 million.

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

11. Related Party Transactions

Investments in Subsidiaries and Affiliated Entities

Thrivent Financial's directly-owned subsidiary, Thrivent Financial Holdings, Inc. (Holdings), is valued in accordance with SSAP No. 97, *Investments in Subsidiary, Controlled and Affiliated Entities (SCAs)*. Annually, Thrivent Financial files a "Form Sub-2" with the NAIC in support of the valuation of Holdings. The filing in support of the December 31, 2017 values was completed on June 29, 2018 and Thrivent Financial received a response from the NAIC that did not disallow the valuation method.

As of December 31, 2018 and 2017, the gross and admitted values were \$340 million and \$319 million, respectively. Of those amounts, \$159 million and \$157 million, as of December 31, 2018 and 2017, respectively, related to Holdings' ownership of an insurance entity, Thrivent Life Insurance Company (Thrivent Life). The remaining \$181 million and \$162 million as of December 31, 2018 and 2017, respectively, reflect Holdings' ownership interest in non-insurance entities.

Thrivent Financial has the opportunity for all Thrivent Life contractholders to become full members. To achieve this goal, Thrivent Financial and Thrivent Life are in the process of seeking regulatory approval to dissolve Thrivent Life into Thrivent Financial. This transaction, if completed, would occur during 2019. The assumption of Thrivent Life's assets, liabilities and operations would not have a material effect on the financial position or operations of Thrivent Financial.

Other Related Party Transactions

Thrivent Financial also has invested \$392 million and \$304 million in mutual funds that are part of the Thrivent Financial mutual fund family as of December 31, 2018 and 2017, respectively.

Thrivent Financial provides administrative services on behalf of its subsidiaries in accordance with intercompany service agreements. The total value of services provided under these agreements totaled \$82 million, \$79 million and \$104 million for the years ended December 31, 2018, 2017 and 2016, respectively. The net receivables due from affiliates for the years ended December 31, 2018 and 2017 were \$13 million and \$12 million, respectively, which is included in other assets in the Statutory-Basis Financial Statements of Assets, Liabilities and Surplus.

Thrivent Financial for Lutherans

Notes to Statutory-Basis Financial Statements, continued

11. Related Party Transactions, continued

Thrivent Financial has an agreement with an affiliate who distributes its variable products. Under the terms of the agreement, Thrivent Financial paid commissions, bonuses and other benefits to the affiliate totaling \$119 million, \$81 million and \$99 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Thrivent Financial is the investment advisor for the Thrivent Series Portfolios in which the separate accounts assets are primarily invested. Advisor fees in the amount of \$180 million, \$170 million and \$151 million for the years ended December 31, 2018, 2017 and 2016, respectively, were included in separate account fees in the Statutory-Basis Statement of Operations.

In December 2018, Thrivent Financial purchased a variable funding note (VFN) issued by TEF. The VFN, which is reported as a bond in the accompanying Statutory-Basis Statement of Assets, had an outstanding balance of \$25 million as December 31, 2018.

12. Basis of Presentation

The preceding statutory-basis financial statements of Thrivent Financial 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.

Thrivent Financial for Lutherans

Notes to Statutory-Basis Financial Statements, continued

12. Basis of Presentation, continued

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, certain realized investment gains and losses for fixed maturity securities sold prior to their maturity are not deferred and amortized into operating results over the remaining maturity of the sold security.

Asset Valuation Reserve

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

Premiums

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, 2018 and 2017 and for the three years ended December 31, 2018, have not been quantified but are presumed to be material.

Report of Independent Registered Public Accounting Firm

To the Board of Directors of Thrivent Financial for Lutherans and
Contract Owners of Thrivent Variable Annuity Account B

Opinions on the Financial Statements

We have audited the accompanying statements of assets and liabilities of each of the subaccounts of Thrivent Variable Annuity Account B, as indicated in Note 1, as of December 31, 2018, and the related statements of operations and of changes in net assets for each of the periods indicated in Note 1, including the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the subaccounts in the Thrivent Variable Annuity Account B as of December 31, 2018, the results of each of their operations and the changes in each of their net assets for each of the periods indicated in Note 1, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

These financial statements are the responsibility of the Thrivent Financial for Lutherans management. Our responsibility is to express an opinion on the financial statements of each of the subaccounts in the Thrivent Variable Annuity Account B based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to each of the subaccounts in the Thrivent Variable Annuity Account B in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of investments owned as of December 31, 2018 by correspondence with the investee mutual funds. We believe that our audits provide a reasonable basis for our opinions.

/s/ PricewaterhouseCoopers LLP

Minneapolis, Minnesota
April 29, 2019

We have served as the auditor of one or more of the subaccounts in Thrivent Variable Annuity Account B since 2014.

THRIVENT VARIABLE ANNUITY ACCOUNT B
STATEMENTS OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

Subaccount	Investments at fair value	Receivable from Thrivent Financial for annuity reserve adjustment	Total Assets	Payable to Thrivent Financial for annuity reserve adjustment	Reserves for contracts in annuity payment period		Net Assets	Accumulation units outstanding (accumulation)	Unit value	Deathclaim units	Deathclaim unit value	Series funds, at cost	Series funds shares owned
					Contracts in accumulation period	Net Assets							
Aggressive Allocation.....	\$ 84,387,640	\$ —	\$ 84,386,484	\$ 1,156	\$ 140,998	\$ 84,386,484	3,944,482	\$ 21.36	66	\$20.28	\$ 72,607,329	5,560,233	
Balanced Income Plus.....	\$ 13,870,595	\$ 14,663	\$ 13,885,258	\$ —	\$ 303,279	\$ 13,885,258	665,643	\$ 20.38	918	\$18.15	\$ 14,468,373	985,702	
Diversified Income Plus.....	\$ 29,855,188	\$ 6,599	\$ 29,861,787	\$ —	\$ 464,613	\$ 29,861,787	1,218,161	\$ 24.07	4,251	\$18.57	\$ 28,244,848	3,846,376	
Government Bond.....	\$ 7,083,375	\$ 17,509	\$ 7,100,884	\$ —	\$ 116,488	\$ 7,100,884	438,460	\$ 15.89	1,107	\$14.30	\$ 7,140,378	661,645	
High Yield.....	\$ 92,476,801	\$ 297,527	\$ 92,774,328	\$ —	\$ 92,774,328	\$ 92,774,328	1,663,225	\$ 54.23	5,028	\$19.98	\$121,620,922	20,880,780	
Income.....	\$ 72,174,463	\$ 296,158	\$ 72,470,621	\$ —	\$ 72,470,621	\$ 72,470,621	1,504,529	\$ 46.80	14,863	\$16.11	\$ 74,101,657	7,479,219	
Large Cap Growth.....	\$ 330,778,190	\$ 898,592	\$ 331,676,782	\$ —	\$ 331,676,782	\$ 331,676,782	2,596,852	\$124.98	15,064	\$25.65	\$204,155,696	9,519,893	
Large Cap Index.....	\$ 29,916,100	\$ 15,322	\$ 29,931,422	\$ —	\$ 29,931,422	\$ 29,931,422	1,443,281	\$ 25.89	869	\$23.34	\$ 21,905,416	866,621	
Large Cap Stock.....	\$ 17,113,789	\$ 13,262	\$ 17,127,051	\$ —	\$ 17,127,051	\$ 17,127,051	933,501	\$ 18.09	45	\$17.61	\$ 14,279,708	1,396,213	
Large Cap Value.....	\$ 35,681,351	\$ 14,088	\$ 35,695,439	\$ —	\$ 35,695,439	\$ 35,695,439	1,572,775	\$ 22.33	3,193	\$20.60	\$ 25,705,837	2,172,844	
Limited Maturity Bond.....	\$ 13,330,865	\$ 28,702	\$ 13,359,567	\$ —	\$ 13,359,567	\$ 13,359,567	978,991	\$ 13.33	806	\$12.50	\$ 13,503,562	1,371,093	
Low Volatility Equity.....	\$ 733,241	\$ —	\$ 733,241	\$ —	\$ —	\$ 733,241	69,858	\$ 10.50	—	\$10.52	\$ 740,530	69,432	
Mid Cap Index.....	\$ 15,880,475	\$ 14,134	\$ 15,894,609	\$ —	\$ 15,894,609	\$ 15,894,609	511,071	\$ 30.69	860	\$24.46	\$ 14,723,747	997,799	
Mid Cap Stock.....	\$ 184,396,207	\$ 272,820	\$ 184,669,027	\$ —	\$ 184,669,027	\$ 184,669,027	5,392,905	\$ 33.62	4,493	\$25.78	\$176,398,547	10,772,631	
Moderate Allocation.....	\$ 363,185,328	\$ 398,505	\$ 363,583,833	\$ —	\$ 363,583,833	\$ 363,583,833	19,397,083	\$ 18.50	34,996	\$18.04	\$323,406,852	26,585,366	
Moderately Aggressive Allocation.....	\$ 278,816,133	\$ 73,999	\$ 278,890,132	\$ —	\$ 277,005,277	\$ 278,890,132	13,919,979	\$ 19.90	2,241	\$19.15	\$242,481,937	19,223,263	
Moderately Conservative Allocation.....	\$ 128,298,468	\$ 104,554	\$ 128,403,022	\$ —	\$ 128,403,022	\$ 128,403,022	7,681,722	\$ 16.51	30,159	\$16.28	\$119,438,443	10,168,053	
Money Market.....	\$ 9,747,499	\$ 59,296	\$ 9,806,795	\$ —	\$ 9,806,795	\$ 9,806,795	5,166,872	\$ 1.85	44,999	\$ 1.03	\$ 9,747,500	9,747,500	
Multidimensional Income.....	\$ 563,008	\$ —	\$ 563,008	\$ —	\$ 563,008	\$ 563,008	58,553	\$ 9.62	—	\$ 9.64	\$ 627,969	62,329	
Opportunity Income Plus.....	\$ 4,759,222	\$ 3,430	\$ 4,762,652	\$ —	\$ 4,762,652	\$ 4,762,652	314,165	\$ 15.00	265	\$14.64	\$ 4,951,145	491,143	
Partner All Cap.....	\$ 11,192,254	\$ 8,403	\$ 11,200,657	\$ —	\$ 11,200,657	\$ 11,200,657	557,643	\$ 19.81	1,289	\$21.43	\$ 9,103,018	845,234	
Partner Emerging Markets Equity.....	\$ 3,600,391	\$ 1,127	\$ 3,601,518	\$ —	\$ 3,601,518	\$ 3,601,518	301,145	\$ 11.89	95	\$12.08	\$ 3,538,709	296,797	
Partner Growth Stock.....	\$ 16,992,932	\$ 590	\$ 16,993,522	\$ —	\$ 16,993,522	\$ 16,993,522	546,674	\$ 30.85	1,503	\$28.98	\$ 12,020,377	767,405	
Partner Healthcare.....	\$ 9,990,867	\$ 715	\$ 9,991,582	\$ —	\$ 9,991,582	\$ 9,991,582	423,713	\$ 23.54	119	\$23.92	\$ 9,044,155	520,626	
Partner Worldwide Allocation.....	\$ 56,635,532	\$ 64,380	\$ 56,699,912	\$ —	\$ 56,699,912	\$ 56,699,912	5,600,535	\$ 9.98	3,284	\$10.14	\$ 53,132,139	6,441,786	
Real Estate Securities.....	\$ 12,114,557	\$ 12,018	\$ 12,126,575	\$ —	\$ 12,126,575	\$ 12,126,575	322,555	\$ 36.63	1,264	\$20.47	\$ 9,485,505	541,020	
Small Cap Growth.....	\$ 345,143	\$ —	\$ 345,143	\$ —	\$ 345,143	\$ 345,143	38,160	\$ 9.04	—	\$ 9.05	\$ 407,993	37,960	
Small Cap Index.....	\$ 15,689,820	\$ 3,859	\$ 15,693,679	\$ —	\$ 15,693,679	\$ 15,693,679	485,230	\$ 31.98	364	\$25.01	\$ 15,385,750	948,760	
Small Cap Stock.....	\$ 22,601,896	\$ 9,954	\$ 22,611,850	\$ —	\$ 22,611,850	\$ 22,611,850	848,870	\$ 26.35	378	\$20.54	\$ 21,108,868	1,302,996	

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

THRIVENT VARIABLE ANNUITY ACCOUNT B
STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

Subaccount	Investment Income		Expenses		Realized and unrealized gain (loss) on investments				Net increase (decrease) in net assets resulting from operations
	Dividends	Net investment income (loss)	Mortality & expense risk charges	Net realized gain (loss) on sale of investments	Capital gain distributions	Change in unrealized appreciation (depreciation) of investments	Net gain (loss) on investments		
Aggressive Allocation	\$ 634,480	\$ (415,900)	\$ (1,050,380)	\$ 2,157,370	\$ 6,275,571	\$ (14,733,154)	\$ (6,300,213)	\$ (6,716,113)	
Balanced Income Plus	\$ 357,544	\$ 194,926	\$ (162,618)	\$ 76,003	\$ 189,620	\$ (1,336,520)	\$ (1,070,897)	\$ (875,971)	
Diversified Income Plus	\$ 977,489	\$ 624,709	\$ (352,780)	\$ 353,413	\$ —	\$ (2,138,746)	\$ (1,785,333)	\$ (1,160,624)	
Government Bond	\$ 179,066	\$ 97,072	\$ (81,994)	\$ (16,785)	\$ —	\$ (162,720)	\$ (179,505)	\$ (82,433)	
High Yield	\$ 5,886,702	\$ 4,764,859	\$ (1,121,843)	\$ (2,862,616)	\$ —	\$ (6,199,953)	\$ (9,062,569)	\$ (4,297,710)	
Income	\$ 2,849,265	\$ 1,990,861	\$ (858,404)	\$ (78,394)	\$ 598,617	\$ (5,289,607)	\$ (4,769,384)	\$ (2,778,523)	
Large Cap Growth	\$ 1,431,772	\$ (2,729,194)	\$ (4,160,966)	\$ 16,196,648	\$ 15,664,442	\$ (22,011,864)	\$ 9,849,226	\$ 7,120,032	
Large Cap Index	\$ 495,578	\$ 121,588	\$ (373,990)	\$ 1,477,298	\$ 211,647	\$ (3,546,434)	\$ (1,857,489)	\$ (1,735,901)	
Large Cap Stock	\$ 246,499	\$ 25,263	\$ (221,236)	\$ 721,772	\$ 1,152,381	\$ (3,628,260)	\$ (1,754,107)	\$ (1,728,844)	
Large Cap Value	\$ 550,951	\$ 93,347	\$ (457,604)	\$ 1,622,055	\$ 1,563,800	\$ (7,067,016)	\$ (3,881,161)	\$ (3,787,814)	
Limited Maturity Bond	\$ 351,325	\$ 194,960	\$ (156,365)	\$ (16,969)	\$ —	\$ (191,619)	\$ (208,588)	\$ (13,628)	
Low Volatility Equity	\$ 121	\$ (7,402)	\$ (7,523)	\$ 6,402	\$ 1,086	\$ (31,282)	\$ (23,794)	\$ (31,196)	
Mid Cap Index	\$ 192,418	\$ (14,898)	\$ (207,316)	\$ 510,766	\$ 878,354	\$ (3,575,213)	\$ (2,186,093)	\$ (2,200,991)	
Mid Cap Stock	\$ 733,767	\$ (1,678,061)	\$ (2,411,828)	\$ 3,865,724	\$ 16,165,828	\$ (43,256,017)	\$ (23,224,465)	\$ (24,902,526)	
Moderate Allocation	\$ 6,884,659	\$ 2,473,059	\$ (4,411,600)	\$ 6,271,666	\$ 13,500,629	\$ (43,486,600)	\$ (23,714,305)	\$ (21,241,246)	
Moderately Aggressive Allocation	\$ 3,948,106	\$ 518,057	\$ (3,430,049)	\$ 5,940,471	\$ 14,524,804	\$ (41,548,061)	\$ (21,082,786)	\$ (20,564,729)	
Moderately Conservative Allocation	\$ 2,910,494	\$ 1,350,088	\$ (1,560,406)	\$ 2,201,274	\$ 3,008,830	\$ (12,533,963)	\$ (7,323,859)	\$ (5,973,771)	
Money Market	\$ 152,063	\$ 37,011	\$ (115,052)	\$ —	\$ —	\$ —	\$ —	\$ 37,011	
Multidimensional Income	\$ 28,796	\$ 22,820	\$ (5,976)	\$ (964)	\$ 1,084	\$ (59,714)	\$ (59,594)	\$ (36,774)	
Opportunity Income Plus	\$ 188,362	\$ 137,736	\$ (50,626)	\$ (11,553)	\$ —	\$ (228,277)	\$ (239,830)	\$ (102,094)	
Partner All Cap	\$ 67,986	\$ (78,729)	\$ (146,715)	\$ 513,498	\$ 652,205	\$ (2,447,080)	\$ (1,281,377)	\$ (1,360,106)	
Partner Emerging Markets Equity	\$ 52,127	\$ 6,119	\$ (46,008)	\$ 64,581	\$ —	\$ (796,975)	\$ (732,394)	\$ (726,275)	
Partner Growth Stock	\$ 23,993	\$ (185,342)	\$ (209,335)	\$ 732,666	\$ 1,090,828	\$ (2,034,128)	\$ (210,634)	\$ (395,976)	
Partner Healthcare	\$ 94,909	\$ (19,510)	\$ (114,419)	\$ 123,778	\$ —	\$ 609,687	\$ 733,465	\$ 713,955	
Partner Worldwide Allocation	\$ 1,878,195	\$ 1,131,470	\$ (746,725)	\$ 1,095,087	\$ 1,987,478	\$ (15,519,712)	\$ (12,437,147)	\$ (11,305,677)	
Real Estate Securities	\$ 268,234	\$ 120,876	\$ (147,358)	\$ 517,898	\$ 46,692	\$ (1,554,646)	\$ (990,056)	\$ (869,180)	
Small Cap Growth*	\$ 173,169	\$ (1,510)	\$ (1,510)	\$ (601)	\$ 773	\$ (62,851)	\$ (62,679)	\$ (64,189)	
Small Cap Index	\$ 113,635	\$ (27,743)	\$ (200,912)	\$ 350,151	\$ 917,787	\$ (2,907,733)	\$ (1,639,795)	\$ (1,667,538)	
Small Cap Stock	\$ 113,635	\$ (185,972)	\$ (299,607)	\$ 580,422	\$ 2,141,207	\$ (5,341,382)	\$ (2,619,753)	\$ (2,805,725)	

* For the period April 27, 2018 (commencement of operations) to December 31, 2018.

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

THRIVENT VARIABLE ANNUITY ACCOUNT B
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

Subaccount	Increase (decrease) in net assets from operations		Increase (decrease) in net assets from contract related transactions										Net Assets Beginning of Year		Net Assets End of Year	
	Net investment income (loss)	Change in net unrealized gain (loss) on investments and capital gain distributions	Net Change in Net Assets from Operations	Proceeds from units issued	Transfers for contract benefits and terminations	Administrative charges	Adjustments to annuity reserves	Transfers between subaccounts	Net Change in Net Assets from Transactions	Net Change in Net Assets	Net Assets Beginning of Year	Net Assets End of Year				
Aggressive Allocation.....	\$ (415,900)	\$ (14,733,154)	\$ (6,716,113)	\$2,361,495	\$ (6,476,591)	\$ (4,585)	\$ 2,118	\$ 359,875	\$ (3,757,688)	\$ (10,473,801)	\$ 94,860,285	\$ 84,386,484				
Balanced Income Plus.....	\$ 194,926	\$ (1,336,520)	\$ (875,971)	\$ 819,409	\$ (1,338,389)	\$ (291)	\$ 5,184	\$ 525,271	\$ 11,184	\$ (864,787)	\$ 14,750,045	\$ 13,885,258				
Diversified Income Plus.....	\$ 624,709	\$ (2,138,746)	\$ (1,600,624)	\$ 1,136,503	\$ (2,542,174)	\$ (426)	\$ (14,933)	\$ (141,615)	\$ (1,562,645)	\$ (2,723,269)	\$ 32,585,056	\$ 29,861,787				
Government Bond.....	\$ 97,072	\$ (162,720)	\$ (82,433)	\$ 178,994	\$ (346,596)	\$ (259)	\$ 1,455	\$ (571,149)	\$ (937,555)	\$ (1,019,988)	\$ 8,120,872	\$ 7,100,884				
High Yield.....	\$ 4,764,859	\$ (2,862,616)	\$ (6,199,953)	\$ 2,012,208	\$ (7,813,482)	\$ (6,616)	\$ (28,234)	\$ (4,569,786)	\$ (10,405,910)	\$ (14,703,988)	\$ 107,477,948	\$ 92,774,328				
Income.....	\$ 1,990,861	\$ (5,289,607)	\$ (2,778,523)	\$ 1,482,960	\$ (6,382,386)	\$ (4,993)	\$ (23,151)	\$ (3,617,895)	\$ (8,545,465)	\$ (11,323,988)	\$ 83,794,609	\$ 72,470,621				
Large Cap Growth.....	\$ (2,729,194)	\$ (22,011,864)	\$ 7,120,032	\$ 6,506,178	\$ (26,627,392)	\$ (27,731)	\$ 26,803	\$ (9,929,406)	\$ (30,051,548)	\$ (22,931,516)	\$ 354,608,298	\$ 331,676,782				
Large Cap Index.....	\$ 121,588	\$ (1,688,945)	\$ (1,735,901)	\$ 981,979	\$ (3,145,425)	\$ (736)	\$ 4,885	\$ 441,805	\$ (1,717,492)	\$ (3,453,393)	\$ 33,384,815	\$ 29,931,422				
Large Cap Stock.....	\$ 25,263	\$ (8,874,153)	\$ (3,628,260)	\$ 440,469	\$ (1,517,946)	\$ (541)	\$ 8,290	\$ (726,111)	\$ (1,795,839)	\$ (3,524,683)	\$ 20,651,734	\$ 17,127,051				
Large Cap Value.....	\$ 93,347	\$ 3,185,855	\$ (7,067,016)	\$ (3,787,814)	\$ (2,894,325)	\$ (1,380)	\$ (38,547)	\$ (801,232)	\$ (3,284,289)	\$ (7,072,103)	\$ 42,767,542	\$ 35,695,439				
Limited Maturity Bond.....	\$ 194,960	\$ (16,969)	\$ (191,619)	\$ (13,628)	\$ (1,266,990)	\$ (629)	\$ (885)	\$ (1,100,176)	\$ (1,824,075)	\$ (1,837,703)	\$ 15,197,270	\$ 13,359,567				
Low Volatility Equity.....	\$ (7,402)	\$ 7,488	\$ (3,1282)	\$ 46,941	\$ (36,179)	\$ —	\$ —	\$ 230,525	\$ 241,287	\$ 210,091	\$ 523,150	\$ 733,241				
Mid Cap Index.....	\$ (14,898)	\$ 1,389,120	\$ (3,575,213)	\$ (2,200,991)	\$ (1,406,667)	\$ (457)	\$ 1,745	\$ 42,769	\$ (780,367)	\$ (2,981,358)	\$ 18,875,967	\$ 15,894,609				
Mid Cap Stock.....	\$ (1,678,061)	\$ 20,031,552	\$ (43,256,017)	\$ (24,902,526)	\$ (13,864,298)	\$ (16,658)	\$ (32,083)	\$ (6,105,257)	\$ (15,524,548)	\$ (40,427,074)	\$ 225,096,101	\$ 184,669,027				
Moderate Allocation.....	\$ 2,473,059	\$ (43,486,600)	\$ (21,241,246)	\$ 9,812,446	\$ (29,964,620)	\$ (9,747)	\$ 29,840	\$ (2,861,212)	\$ (22,993,293)	\$ (44,234,539)	\$ 407,818,372	\$ 363,583,833				
Moderately Aggressive Allocation.....	\$ 518,057	\$ (20,564,061)	\$ (20,564,729)	\$ 6,981,597	\$ (18,792,615)	\$ (10,397)	\$ 5,242	\$ (3,588,337)	\$ (15,404,510)	\$ (35,969,239)	\$ 314,859,371	\$ 278,890,132				
Moderately Conservative Allocation.....	\$ 1,350,088	\$ 5,210,104	\$ (12,533,963)	\$ (5,973,771)	\$ (12,957,066)	\$ (4,046)	\$ 9,804	\$ (3,576,839)	\$ (13,860,074)	\$ (19,833,845)	\$ 148,236,867	\$ 128,403,022				
Money Market.....	\$ 37,011	\$ —	\$ 37,011	\$ 1,332,037	\$ (1,519,928)	\$ (1,397)	\$ 34,549	\$ (788,979)	\$ (943,918)	\$ (906,907)	\$ 10,713,702	\$ 9,806,795				
Multidimensional Income.....	\$ 22,820	\$ 120	\$ (59,714)	\$ (36,774)	\$ (8,418)	\$ —	\$ —	\$ 51,654	\$ 75,466	\$ 38,692	\$ 524,316	\$ 563,008				
Opportunity Income Plus.....	\$ 137,736	\$ (11,553)	\$ (228,277)	\$ (102,094)	\$ (437,120)	\$ (46)	\$ 733	\$ 284,522	\$ 67,947	\$ (34,147)	\$ 4,796,799	\$ 4,762,652				
Partner All Cap.....	\$ (78,729)	\$ 1,165,703	\$ (2,447,080)	\$ (1,360,106)	\$ (1,013,500)	\$ (603)	\$ (1,293)	\$ (534,833)	\$ (1,344,422)	\$ (2,704,528)	\$ 13,905,185	\$ 11,200,657				
Partner Emerging Markets Equity.....	\$ 6,119	\$ 64,581	\$ (796,975)	\$ 127,167	\$ (240,289)	\$ (72)	\$ 1,027	\$ 34,905	\$ (77,262)	\$ (803,537)	\$ 4,405,055	\$ 3,601,518				
Partner Growth Stock.....	\$ (185,342)	\$ 1,823,494	\$ (2,034,128)	\$ (395,976)	\$ (1,083,141)	\$ (645)	\$ (12,340)	\$ 496,195	\$ 52,589	\$ (343,387)	\$ 17,336,909	\$ 16,993,522				
Partner Healthcare.....	\$ (19,510)	\$ 123,778	\$ 609,687	\$ 131,075	\$ (539,362)	\$ (180)	\$ 109	\$ (226,287)	\$ (634,645)	\$ 79,310	\$ 9,912,272	\$ 9,991,582				
Partner Worldwide Allocation.....	\$ 1,131,470	\$ 3,082,565	\$ (15,519,712)	\$ (11,305,677)	\$ (4,359,544)	\$ (4,470)	\$ (21,986)	\$ (1,575,589)	\$ (4,157,127)	\$ (15,462,804)	\$ 72,162,716	\$ 56,699,912				
Real Estate Securities.....	\$ 120,876	\$ 5,644,590	\$ (1,554,646)	\$ (869,180)	\$ (985,120)	\$ (401)	\$ 2,646	\$ (757,788)	\$ (1,552,893)	\$ (2,422,073)	\$ 14,548,648	\$ 12,126,575				
Small Cap Growth*.....	\$ (1,510)	\$ 172	\$ (62,851)	\$ (64,189)	\$ (11,033)	\$ —	\$ —	\$ 391,625	\$ 409,332	\$ 345,143	\$ —	\$ 345,143				
Small Cap Index.....	\$ (21,743)	\$ 1,267,938	\$ (2,907,733)	\$ (1,667,538)	\$ (1,275,957)	\$ (375)	\$ (4,017)	\$ 767,010	\$ (22,690)	\$ (1,690,228)	\$ 17,383,907	\$ 15,693,679				
Small Cap Stock.....	\$ (185,972)	\$ 2,721,629	\$ (5,341,382)	\$ (2,805,725)	\$ (1,631,450)	\$ (808)	\$ 2,572	\$ (484,172)	\$ (1,645,308)	\$ (4,451,033)	\$ 27,062,883	\$ 22,611,850				

* For the period April 27, 2018 (commencement of operations) to December 31, 2018.

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

THRIVENT VARIABLE ANNUITY ACCOUNT B
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

Subaccount	Increase (decrease) in net assets from operations		Increase (decrease) in net assets from contract related transactions										Net Assets Beginning of Year	Net Assets End of Year
	Net investment income (loss)	Change in net unrealized gain (loss) on investments and capital gain distributions	Net Change in Net Assets from Operations	Proceeds from units issued	Transfers for contract benefits and terminations	Administrative charges	Adjustments to annuity reserves	Transfers between subaccounts	Net Change in Net Assets from Transactions	Net Change in Net Assets				
Aggressive Allocation.....	\$ (326,172)	\$ 2,336,244	\$16,369,815	\$ 3,106,668	\$ (5,271,534)	\$ (5,009)	\$ 1,126	\$ (2,884,151)	\$ (5,052,900)	\$11,316,915	\$ 83,543,370	\$ 94,860,285		
Balanced Income Plus.....	\$ 169,938	\$ 1,206,777	\$ 1,391,774	\$ 683,541	\$ (723,664)	\$ (335)	\$ 4,008	\$ 85,867	\$ 47,417	\$ 1,439,191	\$ 13,310,854	\$ 14,750,045		
Diversified Income Plus.....	\$ 601,619	\$ 2,583,336	\$ 2,455,574	\$ 937,179	\$ (2,390,509)	\$ (592)	\$ 8,323	\$ 1,508,406	\$ 62,807	\$ 2,518,381	\$ 30,066,675	\$ 32,585,056		
Government Bond.....	\$ 77,141	\$ 21,156	\$ 154,254	\$ 113,821	\$ (645,542)	\$ (272)	\$ 3,667	\$ (285,000)	\$ (813,326)	\$ (659,072)	\$ 8,779,944	\$ 8,120,872		
High Yield.....	\$ 4,760,002	\$ (2,506,335)	\$ 4,440,370	\$ 6,694,037	\$ (8,022,644)	\$ (7,945)	\$100,005	\$ (3,406,278)	\$ (9,441,425)	\$ (2,747,388)	\$110,225,336	\$107,477,948		
Income.....	\$ 1,903,226	\$ 540,490	\$ 1,843,979	\$ 1,851,007	\$ (6,976,745)	\$ (5,799)	\$ 71,156	\$ (2,452,361)	\$ (7,512,742)	\$ (3,225,047)	\$ 87,019,656	\$ 83,794,609		
Large Cap Growth.....	\$ (2,437,752)	\$13,596,302	\$89,569,029	\$61,168,756	\$ (23,550,506)	\$ (29,700)	\$333,373	\$ (14,684,698)	\$ (31,762,775)	\$48,964,804	\$305,643,494	\$354,608,298		
Large Cap Index.....	\$ 77,083	\$ 1,269,227	\$ 4,336,111	\$ 1,177,835	\$ (1,593,332)	\$ (705)	\$ 3,005	\$ 799,468	\$ 386,271	\$ 6,068,692	\$ 27,316,123	\$ 33,384,815		
Large Cap Stock.....	\$ 33,315	\$ 774,681	\$ 2,739,833	\$ 3,547,829	\$ (1,371,102)	\$ (647)	\$ (4,717)	\$ (524,341)	\$ (1,418,057)	\$ 2,129,772	\$ 18,521,962	\$ 20,651,734		
Large Cap Value.....	\$ 114,519	\$ 2,856,542	\$ 6,233,336	\$ 855,466	\$ (2,898,619)	\$ (1,489)	\$ 9,239	\$ (1,233,651)	\$ (3,269,054)	\$ 2,964,282	\$ 39,803,260	\$ 42,767,542		
Limited Maturity Bond.....	\$ 142,910	\$ 2,500	\$ 101,727	\$ 502,312	\$ (1,513,220)	\$ (774)	\$ (392)	\$ (1,643,389)	\$ (2,657,463)	\$ (2,410,326)	\$ 17,607,596	\$ 15,197,270		
Low Volatility Equity.....	\$ 1,346	\$ 2,257	\$ 23,993	\$ 44,108	\$ (1,380)	\$ —	\$ —	\$ 452,826	\$ 495,554	\$ 523,150	\$ —	\$ 523,150		
Mid Cap Index.....	\$ (36,369)	\$ 877,402	\$ 1,584,063	\$ 419,078	\$ (902,244)	\$ (469)	\$ 2,260	\$ 1,366,791	\$ 885,416	\$ 3,310,512	\$ 15,565,455	\$ 18,875,967		
Mid Cap Stock.....	\$ (1,586,263)	\$20,317,149	\$16,156,266	\$34,887,152	\$ (12,374,917)	\$ (18,856)	\$ 89,232	\$ (7,334,488)	\$ (15,491,017)	\$19,396,135	\$205,699,966	\$225,096,101		
Moderate Allocation.....	\$ 2,055,617	\$ 7,489,371	\$34,369,282	\$10,896,663	\$ (26,357,647)	\$ (10,190)	\$ 60,915	\$ (5,391,804)	\$ (20,802,063)	\$23,112,207	\$384,706,165	\$407,818,372		
Moderately Aggressive Allocation.....	\$ 349,185	\$ 7,510,939	\$35,769,434	\$ 8,360,998	\$ (16,166,025)	\$ (10,954)	\$ 20,533	\$ (10,079,690)	\$ (17,875,138)	\$25,754,420	\$289,104,951	\$314,859,371		
Moderately Conservative Allocation.....	\$ 1,033,486	\$ 3,288,410	\$ 7,474,803	\$11,796,699	\$ (2,258,486)	\$ (4,219)	\$ 33,230	\$ (687,522)	\$ (9,937,779)	\$ 1,858,920	\$146,377,947	\$148,236,867		
Money Market.....	\$ (73,296)	\$ —	\$ (73,296)	\$ 1,344,987	\$ (1,563,816)	\$ (1,799)	\$ (1,342)	\$ (1,755,644)	\$ (1,977,614)	\$ (2,050,910)	\$ 12,764,612	\$ 10,713,702		
Multidimensional Income.....	\$ 11,597	\$ 310	\$ (5,246)	\$ 421,860	\$ (2,073)	\$ —	\$ —	\$ 97,868	\$ 517,655	\$ 524,316	\$ —	\$ 524,316		
Opportunity Income Plus.....	\$ 105,130	\$ 6,310	\$ 152,650	\$ 158,042	\$ (509,614)	\$ (72)	\$ 800	\$ 806,263	\$ 455,419	\$ 608,069	\$ 4,188,730	\$ 4,796,799		
Partner All Cap.....	\$ (82,441)	\$ 460,340	\$ 1,943,257	\$ 250,510	\$ (896,994)	\$ (616)	\$ (1,549)	\$ (450,026)	\$ (1,098,675)	\$ 1,222,481	\$ 12,682,704	\$ 13,905,185		
Partner Emerging Markets Equity.....	\$ (16,427)	\$ 96,932	\$ 776,468	\$ 856,973	\$ (323,268)	\$ (70)	\$ 57	\$ 595,154	\$ 433,299	\$ 1,290,272	\$ 3,114,783	\$ 4,405,055		
Partner Growth Stock.....	\$ (154,062)	\$ 636,273	\$ 3,618,244	\$ 4,100,455	\$ (956,755)	\$ (607)	\$ 967	\$ 1,145,349	\$ 427,758	\$ 4,528,213	\$ 12,808,696	\$ 17,336,909		
Partner Healthcare.....	\$ (81,541)	\$ (31,437)	\$ 1,687,547	\$ 364,243	\$ (593,059)	\$ (180)	\$ (975)	\$ (360,065)	\$ (590,036)	\$ 984,533	\$ 8,927,739	\$ 9,912,272		
Partner Worldwide Allocation.....	\$ 681,842	\$ 1,065,588	\$11,805,565	\$ 2,028,354	\$ (4,026,062)	\$ (5,332)	\$ 22,262	\$ (1,019,608)	\$ (3,000,386)	\$10,552,609	\$ 61,610,107	\$ 72,162,716		
Real Estate Securities.....	\$ 77,730	\$ 586,473	\$ 22,853	\$ 687,056	\$ (891,279)	\$ (427)	\$ (173)	\$ (504,176)	\$ (1,106,029)	\$ (418,973)	\$ 14,967,621	\$ 14,548,648		
Small Cap Growth.....	\$ (40,206)	\$ 1,213,280	\$ 719,231	\$ 1,892,305	\$ (888,649)	\$ (391)	\$ 3,541	\$ 1,031,681	\$ 635,403	\$ 2,527,708	\$ 14,856,199	\$ 17,383,907		
Small Cap Index.....	\$ (183,688)	\$ 1,902,907	\$ 2,826,621	\$ 454,840	\$ (1,559,250)	\$ (893)	\$ 3,305	\$ 557,674	\$ (517,029)	\$ 4,026,811	\$ 23,036,072	\$ 27,062,883		

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

THRIVENT VARIABLE ANNUITY ACCOUNT B
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

(1) ORGANIZATION

The Thrivent Variable Annuity Account B (the Variable Account), is registered as a unit investment trust under the Investment Companies Act of 1940, and is a separate account of Thrivent Financial for Lutherans (Thrivent Financial). The Variable Account contains 29 subaccounts each of which invests in a corresponding portfolio of the Thrivent Series Fund, Inc. (each a Fund and collectively the Funds), as provided below. For each subaccount, the financial statements are comprised of a statement of assets and liabilities as of December 31, 2018, a related statement of operations for the year then ended and statements of changes in net assets for each of the two years in the period then ended, all presented to reflect a full twelve month period except as noted below.

<u>Subaccount</u>	<u>Series</u>
Aggressive Allocation	Thrivent Series Fund, Inc. — Aggressive Allocation Portfolio
Balanced Income Plus	Thrivent Series Fund, Inc. — Balanced Income Plus Portfolio
Diversified Income Plus	Thrivent Series Fund, Inc. — Diversified Income Plus Portfolio
Government Bond (c).....	Thrivent Series Fund, Inc. — Government Bond Portfolio
High Yield.....	Thrivent Series Fund, Inc. — High Yield Portfolio
Income	Thrivent Series Fund, Inc. — Income Portfolio
Large Cap Growth (j).....	Thrivent Series Fund, Inc. — Large Cap Growth Portfolio
Large Cap Index.....	Thrivent Series Fund, Inc. — Large Cap Index Portfolio
Large Cap Stock (i).....	Thrivent Series Fund, Inc. — Large Cap Stock Portfolio
Large Cap Value.....	Thrivent Series Fund, Inc. — Large Cap Value Portfolio
Limited Maturity Bond	Thrivent Series Fund, Inc. — Limited Maturity Bond Portfolio
Low Volatility Equity (d).....	Thrivent Series Fund, Inc. — Low Volatility Equity Portfolio
Mid Cap Index	Thrivent Series Fund, Inc. — Mid Cap Index Portfolio
Mid Cap Stock (g, h).....	Thrivent Series Fund, Inc. — Mid Cap Stock Portfolio
Moderate Allocation	Thrivent Series Fund, Inc. — Moderate Allocation Portfolio
Moderately Aggressive Allocation (a).....	Thrivent Series Fund, Inc. — Moderately Aggressive Allocation Portfolio
Moderately Conservative Allocation	Thrivent Series Fund, Inc. — Moderately Conservative Allocation Portfolio
Money Market.....	Thrivent Series Fund, Inc. — Money Market Portfolio
Multidimensional Income (d) ...	Thrivent Series Fund, Inc. — Multidimensional Income Portfolio
Opportunity Income Plus	Thrivent Series Fund, Inc. — Opportunity Income Plus Portfolio
Partner All Cap.....	Thrivent Series Fund, Inc. — Partner All Cap Portfolio
Partner Emerging Markets Equity	Thrivent Series Fund, Inc. — Partner Emerging Markets Equity Portfolio
Partner Growth Stock.....	Thrivent Series Fund, Inc. — Partner Growth Stock Portfolio
Partner Healthcare.....	Thrivent Series Fund, Inc. — Partner Healthcare Portfolio
Partner Worldwide Allocation...	Thrivent Series Fund, Inc. — Partner Worldwide Allocation Portfolio
Real Estate Securities.....	Thrivent Series Fund, Inc. — Real Estate Securities Portfolio
Small Cap Growth (b).....	Thrivent Series Fund, Inc. — Small Cap Growth Portfolio
Small Cap Index.....	Thrivent Series Fund, Inc. — Small Cap Index Portfolio
Small Cap Stock (e,f).....	Thrivent Series Fund, Inc. — Small Cap Stock Portfolio

- (a) Growth and Income Plus merged into the Moderately Aggressive Allocation Portfolio as of June 28, 2018.
(b) Statement of operations and of changes in net assets for the period April 27, 2018 (commencement of operations) to December 31, 2018.

THRIVENT VARIABLE ANNUITY ACCOUNT B
NOTES TO FINANCIAL STATEMENTS (continued)

(1) ORGANIZATION - continued

- (c) Formerly known as Bond Index, name change effective August 28, 2017.
- (d) Statement of changes in net assets for the period April 28, 2017 (commencement of operations) to December 31, 2017.
- (e) Partner Small Cap Growth merged into the Small Cap Stock Portfolio as of August 21, 2015.
- (f) Partner Small Cap Value merged into the Small Cap Stock Portfolio as of August 21, 2015.
- (g) Mid Cap Growth merged into the Mid Cap Stock Portfolio as of August 21, 2015.
- (h) Partner Mid Cap Value merged into the Mid Cap Stock Portfolio as of August 21, 2015.
- (i) Natural Resources merged into the Large Cap Stock Portfolio as of August 21, 2015.
- (j) Partner Technology merged into the Large Cap Growth Portfolio as of August 21, 2015.

The Funds are registered under the Investment Company Act of 1940 as diversified open-end investment companies. The Funds are managed by Thrivent Investment Management, Inc. which is an affiliate of Thrivent Financial.

The Variable Account is used to fund only flexible premium deferred variable annuity contracts issued by Thrivent Financial. Under applicable insurance law, the assets and liabilities of the Variable Account are clearly identified and distinguished from the other assets and liabilities of Thrivent Financial. The assets of the Variable Account will not be charged with any liabilities arising out of any other business conducted by the life insurance operations of Thrivent Financial.

A fixed account investment option is available for contract owners of the flexible premium deferred variable annuity. Assets of the fixed account are combined with the general assets of Thrivent Financial and invested by Thrivent Financial as allowed by applicable law. Accordingly, the fixed account assets are not included in the Variable Account financial statements.

(2) SIGNIFICANT ACCOUNTING POLICIES

The Variable Account applies the accounting and reporting guidance for investment companies as outlined in Accounting Standards Codification (ASC) 946.

Valuation of Investments

The investments in shares of the Funds are stated at fair value which is the closing net asset value per share as determined by the Fund. The cost of shares sold and redeemed is determined on the average cost method. Dividend distributions received from the Fund are reinvested in additional shares of the Fund and recorded as income by the subaccount on the ex-dividend date. Series Fund shares owned represent the number of shares of the Fund owned by the subaccount.

Federal Income Taxes

Thrivent Financial qualifies as a tax-exempt organization under the Internal Revenue Code. Accordingly, no provision for income taxes has been charged against the Variable Account. Thrivent Financial reserves the right to charge for taxes in the future should Thrivent Financial's tax status change.

THRIVENT VARIABLE ANNUITY ACCOUNT B
NOTES TO FINANCIAL STATEMENTS (continued)

(2) SIGNIFICANT ACCOUNTING POLICIES - continued

Annuity Reserves

Annuity reserves, represented as reserves for contracts in annuity payout period in the statement of assets and liabilities, are computed for currently payable contracts according to the 1983 Table A mortality table, the 2000 IAM mortality table and the 2012 IAR mortality table. The reserve rate is the maximum Single Premium Immediate Annuity (SPIA) valuation interest rate. Changes to annuity reserves are based on actual mortality and risk experience. If the reserves required are less than the original estimated reserve amount held in the Variable Account, the excess is reflected as a payable to Thrivent Financial on the statement of assets and liabilities. If additional reserves are required, a receivable from Thrivent Financial is reflected on the statement of assets and liabilities.

Death Claims

Amounts payable under the contract for death benefits remain invested in the separate accounts until the beneficiaries provide instructions to disburse the benefits.

Estimates

The preparation of financial statements in conformity with U.S generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

In estimating the fair values for financial instruments carried at fair value, the amount of observable and unobservable inputs used to determine fair value are taken into consideration. Each of the financial instruments must be classified into one of three categories based on that evaluation:

- Level 1: Fair value based on quoted prices for identical assets in active markets that are accessible.
- Level 2: Fair value 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.
- Level 3: Fair value based on significant value driver inputs that are not observable.

The fair values for the subaccount's investments are based on the quoted daily net asset values of the Funds in which the subaccounts are invested. These investments have been categorized as Level 2 assets.

Subsequent Events

Management has evaluated Variable Account related events and transactions that occurred during the period from the date of the Statement of Assets and Liabilities through the date of issuance of the Variable Account's financial statements. There were no events or transactions that occurred during the period that materially impacted the amounts or disclosures in the Variable Account's financial statements.

THRIVENT VARIABLE ANNUITY ACCOUNT B
NOTES TO FINANCIAL STATEMENTS (continued)

(3) EXPENSE CHARGES

Proceeds received by the Variable Account for units issued represent gross contract premiums received by Thrivent Financial. No charge for sales distribution expense is deducted from premiums received.

A surrender charge is deducted by Thrivent Financial if a contract is surrendered in whole or in part during the first six years the contract is in force. The surrender charge is 6% during the first contract year, and decreases by 1% each subsequent contract year. For purposes of the surrender charge calculation, up to 10% of a contract's accumulated value may be excluded from the calculation each year. This charge is deducted by redeeming units of the subaccounts of the Variable Account.

An annual administrative charge of \$30 is deducted on each contract anniversary from the accumulated value of the contract to compensate Thrivent Financial for administrative expenses relating to the contract and the Variable Account. This charge is deducted by redeeming units of the subaccounts of the Variable Account. No such charge is deducted from contracts for which total premiums paid, less surrenders, equals or exceeds \$5,000. No administrative charge is payable during the annuity payment period.

A daily charge is deducted from the value of the net assets of the Variable Account to compensate Thrivent for mortality and expense risks assumed in connection with the contract. The charge is based on the average daily net assets of the Variable Account and is equal to annual rate of 1.10% during accumulation period of the contract and 0.95% while the contract is pending payout due to a death claim.

Additionally, during the year ended December 31, 2018, management fees were paid indirectly to Thrivent Financial in its capacity as advisor to the Fund. Additional details of these net asset based charges paid by the Funds can be found in the Fund's annual report.

(4) UNIT ACTIVITY

Transactions (including transfers among subaccounts) for accumulation and death claim units were as follows:

Subaccount	Units Outstanding at January 1, 2017		Units Outstanding at December 31, 2017		Units Issued as a result of merger	Units Outstanding at December 31, 2018		
	Units Issued	Units Redeemed	Units Issued	Units Redeemed		Units Redeemed	Units Redeemed	
Aggressive Allocation	4,340,266	251,344	(490,416)	4,101,194	276,909	(433,555)	3,944,548	
Balanced Income Plus	660,514	67,745	(63,821)	664,438	97,700	(95,577)	666,561	
Diversified Income Plus	1,277,264	157,924	(154,078)	1,281,110	116,712	(175,410)	1,222,412	
Government Bond	547,783	72,466	(122,424)	497,825	37,902	(96,160)	439,567	
High Yield	2,013,533	159,086	(321,739)	1,850,880	121,065	(303,692)	1,668,253	
Income	1,839,293	222,748	(357,840)	1,704,201	136,089	(320,898)	1,519,392	
Large Cap Growth	3,106,569	288,648	(558,932)	2,836,285	218,270	(442,639)	2,611,916	
Large Cap Index	1,180,234	197,677	(174,755)	1,203,156	133,115	(192,121)	1,144,150	
Large Cap Stock	1,090,862	82,827	(153,105)	1,020,584	61,514	(148,552)	933,546	
Large Cap Value	1,839,259	104,390	(242,392)	1,701,257	71,938	(197,227)	1,575,968	
Limited Maturity Bond	1,306,177	145,707	(339,218)	1,112,666	92,847	(225,716)	979,797	
Low Volatility Equity	—	48,014	(150)	47,864	39,986	(17,992)	69,858	
Mid Cap Index	503,156	89,737	(59,959)	532,934	54,787	(75,790)	511,931	
Mid Cap Stock	6,220,325	245,679	(676,862)	5,789,142	233,643	(625,387)	5,397,398	
Moderate Allocation	21,689,232	1,353,415	(2,452,160)	20,590,487	1,353,767	(2,512,175)	19,432,079	
Moderately Aggressive Allocation	15,501,326	814,421	(1,695,595)	14,620,152	596,346	241,652	(1,535,930)	13,922,220

THRIVENT VARIABLE ANNUITY ACCOUNT B
NOTES TO FINANCIAL STATEMENTS (continued)

(4) UNIT ACTIVITY - continued

<u>Subaccount</u>	Units Outstanding at January 1, 2017	Units Issued	Units Redeemed	Units Outstanding at December 31, 2017	Units Issued	Units Issued as a result of merger	Units Redeemed	Units Outstanding at December 31, 2018
Moderately Conservative								
Allocation	9,100,765	684,674	(1,275,144)	8,510,295	586,482		(1,384,896)	7,711,881
Money Market	6,764,350	3,063,263	(4,096,149)	5,731,464	2,657,817		(3,177,410)	5,211,871
Multidimensional Income . . .	—	53,394	(2,360)	51,034	12,143		(4,624)	58,553
Opportunity Income Plus . . .	278,384	109,170	(77,941)	309,613	69,092		(64,275)	314,430
Partner All Cap	667,960	33,451	(83,930)	617,481	18,785		(77,334)	558,932
Partner Emerging Markets								
Equity	276,196	101,259	(66,973)	310,482	55,045		(64,287)	301,240
Partner Growth Stock	530,667	78,364	(64,101)	544,930	71,905		(68,658)	548,177
Partner Healthcare	478,763	53,499	(81,871)	450,391	29,409		(55,968)	423,832
Partner Worldwide								
Allocation	6,228,573	407,330	(671,578)	5,964,325	325,595		(686,101)	5,603,819
Real Estate Securities	389,997	38,151	(64,994)	363,154	27,929		(67,264)	323,819
Small Cap Growth	—	—	—	—	39,447		(1,287)	38,160
Small Cap Index	463,706	93,902	(72,462)	485,146	62,119		(61,671)	485,594
Small Cap Stock	919,070	83,874	(100,785)	902,159	50,910		(103,821)	849,248

(5) PURCHASES AND SALES OF INVESTMENTS

The aggregate costs of purchases and proceeds from sales of investments in the Funds for the year ended December 31, 2018 were as follows:

<u>Subaccount</u>	<u>Purchases</u>	<u>Sales</u>
Aggressive Allocation	\$10,540,405	\$ 8,440,542
Balanced Income Plus	2,321,973	1,931,426
Diversified Income Plus	2,786,241	3,709,244
Government Bond	617,386	1,459,326
High Yield	7,156,656	12,769,473
Income	4,835,707	10,768,542
Large Cap Growth	20,708,461	37,851,564
Large Cap Index	3,200,815	4,589,958
Large Cap Stock	2,074,767	2,701,251
Large Cap Value	2,893,832	4,482,428
Limited Maturity Bond	1,128,528	2,756,758
Low Volatility Equity	434,117	199,147
Mid Cap Index	2,535,934	2,454,589
Mid Cap Stock	19,577,208	20,581,906
Moderate Allocation	31,351,852	38,401,298
Moderately Aggressive Allocation	27,058,198	27,425,089
Moderately Conservative Allocation	11,140,703	20,651,662
Money Market	4,335,834	5,277,290
Multidimensional Income	151,703	52,333
Opportunity Income Plus	1,113,413	908,463
Partner All Cap	884,174	1,653,825
Partner Emerging Markets Equity	656,001	728,169
Partner Growth Stock	2,975,142	2,004,727

THRIVENT VARIABLE ANNUITY ACCOUNT B
NOTES TO FINANCIAL STATEMENTS (continued)

(5) PURCHASES AND SALES OF INVESTMENTS - continued

<u>Subaccount</u>	<u>Purchases</u>	<u>Sales</u>
Partner Healthcare	542,408	1,196,673
Partner Worldwide Allocation.....	5,125,756	6,141,951
Real Estate Securities.....	866,714	2,254,686
Small Cap Growth.....	414,653	6,058
Small Cap Index.....	2,767,091	1,895,719
Small Cap Stock.....	3,013,984	2,706,626

(6) FINANCIAL HIGHLIGHTS

A summary of units outstanding, unit values, net assets, expense ratios, investment income ratios and total return ratios for each of the five years in the period ended December 31, 2018, except as indicated in Note 1, follows:

<u>Subaccount</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Aggressive Allocation					
Units (a).....	3,951,276	4,109,292	4,349,412	4,689,039	4,906,772
Unit value	\$ 21.36	\$ 23.09	\$ 19.21	\$ 17.64	\$ 17.91
Deathclaim units	66	11	328	606	11
Deathclaim unit value	\$ 20.28	\$ 21.89	\$ 18.19	\$ 16.67	\$ 16.91
Net assets.....	\$84,386,484	\$94,860,285	\$83,543,370	\$82,703,017	\$87,894,571
Ratio of expenses to net assets (b)	0.95- 1.10%	0.95- 1.10%	0.95-1.10%	0.95- 1.10%	0.95-1.10%
Investment income ratio (c) .	0.67 %	0.73 %	0.98 %	1.04 %	0.44 %
Total return (d)	(7.49)-(7.35)%	20.19-20.37%	8.91-9.07%	(1.54)-(1.39)%	4.86-5.02%
Balanced Income Plus					
Units (a).....	679,416	679,257	678,003	673,559	693,580
Unit value	\$ 20.38	\$ 21.66	\$ 19.61	\$ 18.52	\$ 18.75
Deathclaim units	918	918	—	509	—
Deathclaim unit value	\$ 18.15	\$ 19.27	\$ 17.42	\$ 16.42	\$ 16.60
Net assets.....	\$13,885,258	\$14,750,045	\$13,310,854	\$12,495,836	\$13,017,262
Ratio of expenses to net assets (b)	0.95- 1.10%	0.95- 1.10%	0.95-1.10%	0.95- 1.10%	0.95-1.10%
Investment income ratio (c) .	2.44 %	2.31 %	2.46 %	2.15 %	1.59 %
Total return (d)	(5.92)-(5.77)%	10.45-10.62%	5.89-6.05%	(1.24)-(1.09)%	4.91-5.07%
Diversified Income Plus					
Units (a).....	1,236,738	1,297,556	1,290,944	1,372,167	1,435,984
Unit value	\$ 24.07	\$ 25.01	\$ 23.12	\$ 21.83	\$ 22.06
Deathclaim units	4,251	5,234	10,606	964	609
Deathclaim unit value	\$ 18.57	\$ 19.27	\$ 17.79	\$ 16.77	\$ 16.92
Net assets.....	\$29,861,787	\$32,585,056	\$30,066,675	\$29,992,248	\$31,698,769
Ratio of expenses to net assets (b)	0.95- 1.10%	0.95- 1.10%	0.95-1.10%	0.95- 1.10%	0.95-1.10%
Investment income ratio (c) .	3.07 %	3.01 %	3.41 %	3.28 %	2.96 %
Total return (d)	(3.76)-(3.62)%	8.15- 8.31%	5.91-6.07%	(1.02)-(0.87)%	3.13-3.29%

THRIVENT VARIABLE ANNUITY ACCOUNT B
NOTES TO FINANCIAL STATEMENTS (continued)

(6) FINANCIAL HIGHLIGHTS - continued

Subaccount	2018	2017	2016	2015	2014
Government Bond					
Units (a).....	445,053	505,176	557,059	563,952	617,711
Unit value	\$ 15.89	\$ 16.04	\$ 15.75	\$ 15.69	\$ 15.74
Deathclaim units	1,107	632	127	474	44
Deathclaim unit value	\$ 14.30	\$ 14.41	\$ 14.13	\$ 14.06	\$ 14.08
Net assets.....	\$ 7,100,884	\$ 8,120,872	\$ 8,779,944	\$ 8,856,071	\$ 9,720,393
Ratio of expenses to net assets (b)	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%
Investment income ratio (c) .	2.42 %	2.01 %	1.68 %	1.78 %	2.22 %
Total return (d)	(0.91)-(0.76)%	1.84- 1.99%	0.38- 0.53%	(0.31)-(0.16)%	5.36- 5.52%
High Yield					
Units (a).....	1,719,414	1,902,409	2,077,788	2,313,337	2,542,279
Unit value	\$ 54.23	\$ 56.71	\$ 53.35	\$ 47.83	\$ 49.70
Deathclaim units	5,028	15,697	13,614	11,271	6,096
Deathclaim unit value	\$ 19.98	\$ 20.86	\$ 19.59	\$ 17.54	\$ 18.20
Net assets.....	\$ 92,774,328	\$107,477,948	\$110,225,336	\$109,854,889	\$125,184,993
Ratio of expenses to net assets (b)	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%
Investment income ratio (c) .	5.81 %	5.46 %	5.69 %	5.74 %	5.89 %
Total return (d)	(4.37)-(4.22)%	6.30- 6.45%	11.53- 11.70%	(3.76)-(3.61)%	0.85- 1.00%
Income					
Units (a).....	1,552,265	1,730,955	1,903,523	2,147,085	2,374,364
Unit value	\$ 46.80	\$ 48.44	\$ 46.08	\$ 43.92	\$ 44.71
Deathclaim units	14,863	33,306	9,577	7,817	2,627
Deathclaim unit value	\$ 16.11	\$ 16.65	\$ 15.81	\$ 15.05	\$ 15.29
Net assets.....	\$ 72,470,621	\$ 83,794,609	\$ 87,019,656	\$ 93,441,260	\$104,930,698
Ratio of expenses to net assets (b)	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%
Investment income ratio (c) .	3.67 %	3.33 %	3.44 %	3.67 %	3.76 %
Total return (d)	(3.39)-(3.25)%	5.13- 5.28%	4.92- 5.08%	(1.76)-(1.62)%	5.52- 5.67%
Large Cap Growth					
Units (a).....	2,685,353	2,911,687	3,206,617	3,563,697	3,815,160
Unit value	\$ 124.98	\$ 123.29	\$ 96.67	\$ 99.21	\$ 90.79
Deathclaim units	15,064	29,187	20,314	29,846	10,941
Deathclaim unit value	\$ 25.65	\$ 25.26	\$ 19.78	\$ 20.27	\$ 18.52
Net assets.....	\$331,676,782	\$354,608,298	\$305,643,494	\$348,293,442	\$340,393,942
Ratio of expenses to net assets (b)	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%
Investment income ratio (c) .	0.38 %	0.37 %	0.53 %	0.41 %	0.62 %
Total return (d)	1.38- 1.53%	27.53-27.72%	(2.56)-(2.41)%	9.27- 9.43%	9.78- 9.94%
Large Cap Index					
Units (a).....	1,153,391	1,212,586	1,193,754	1,049,749	1,015,090
Unit value	\$ 25.89	\$ 27.44	\$ 22.84	\$ 20.68	\$ 20.67
Deathclaim units	869	2,235	81	888	113
Deathclaim unit value	\$ 23.34	\$ 24.70	\$ 20.53	\$ 18.56	\$ 18.53
Net assets.....	\$ 29,931,422	\$ 33,384,815	\$ 27,316,123	\$ 21,770,036	\$ 21,037,816
Ratio of expenses to net assets (b)	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%
Investment income ratio (c) .	1.47 %	1.34 %	1.85 %	1.35 %	1.43 %
Total return (d)	(5.66)-(5.52)%	20.14-20.32%	10.46- 10.63%	0.01- 0.16%	12.01-12.18%

THRIVENT VARIABLE ANNUITY ACCOUNT B
NOTES TO FINANCIAL STATEMENTS (continued)

(6) FINANCIAL HIGHLIGHTS - continued

Subaccount	2018		2017		2016		2015		2014	
Large Cap Stock										
Units (a).....	945,015		1,031,617		1,108,952		1,253,330		1,201,736	
Unit value	\$ 18.09		\$ 19.95		\$ 16.65		\$ 15.97		\$ 15.66	
Deathclaim units	45		2,242		1,026		2,085		—	
Deathclaim unit value	\$ 17.61		\$ 19.39		\$ 16.16		\$ 15.47		\$ 15.15	
Net assets.....	\$17,127,051		\$20,651,734		\$18,521,962		\$20,088,462		\$18,858,100	
Ratio of expenses to net										
assets (b)	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%
Investment income ratio (c) .	1.23	%	1.27	%	1.27	%	1.12	%	0.87	%
Total return (d)	(9.34)-	(9.20)%	19.83-	20.01%	4.27-	4.43%	1.99-	2.14%	4.14-	4.29%
Large Cap Value										
Units (a).....	1,594,022		1,723,195		1,868,876		1,999,647		2,163,028	
Unit value	\$ 22.33		\$ 24.73		\$ 21.25		\$ 18.30		\$ 19.18	
Deathclaim units	3,193		3,264		756		3,978		418	
Deathclaim unit value	\$ 20.60		\$ 22.77		\$ 19.54		\$ 16.80		\$ 17.58	
Net assets.....	\$35,695,439		\$42,767,542		\$39,803,260		\$36,699,260		\$41,523,324	
Ratio of expenses to net										
assets (b)	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%
Investment income ratio (c) .	1.33	%	1.38	%	1.38	%	1.29	%	1.24	%
Total return (d)	(9.70)-	(9.57)%	16.36-	16.54%	16.16-	16.33%	(4.59)-	(4.44)%	7.84-	8.00%
Limited Maturity Bond										
Units (a).....	999,772		1,136,853		1,337,798		1,392,405		1,561,894	
Unit value	\$ 13.33		\$ 13.34		\$ 13.14		\$ 12.92		\$ 12.97	
Deathclaim units	806		625		63		1,411		973	
Deathclaim unit value	\$ 12.50		\$ 12.49		\$ 12.29		\$ 12.06		\$ 12.09	
Net assets.....	\$13,359,567		\$15,197,270		\$17,607,596		\$18,021,321		\$20,266,595	
Ratio of expenses to net										
assets (b)	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%
Investment income ratio (c) .	2.49	%	1.97	%	1.94	%	1.67	%	1.71	%
Total return (d)	(0.08)-	0.07%	1.49-	1.65%	1.71-	1.86%	(0.37)-	(0.22)%	0.57-	0.72%
Low Volatility Equity										
Units (a).....	69,858		47,864		—		—		—	
Unit value	\$ 10.50		\$ 10.93		—		—		—	
Deathclaim units	—		—		—		—		—	
Deathclaim unit value	\$ 10.52		\$ 10.94		—		—		—	
Net assets.....	\$ 733,241		\$ 523,150		—		—		—	
Ratio of expenses to net										
assets (b)	0.95-	1.10%	0.95-	1.10%	—	%	—	%	—	%
Investment income ratio (c) .	0.02	%	1.21	%	—	%	—	%	—	%
Total return (d)	(3.97)-	(3.82)%	9.30-	9.41%	—	%	—	%	—	%
Mid Cap Index										
Units (a).....	515,868		537,636		508,988		468,637		460,686	
Unit value	\$ 30.69		\$ 34.98		\$ 30.49		\$ 25.60		\$ 26.55	
Deathclaim units	860		803		111		—		256	
Deathclaim unit value	\$ 24.46		\$ 27.84		\$ 24.23		\$ 20.31		\$ 21.04	
Net assets.....	\$15,894,609		\$18,875,967		\$15,565,455		\$12,032,443		\$12,275,378	
Ratio of expenses to net										
assets (b)	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%
Investment income ratio (c) .	1.03	%	0.89	%	0.88	%	0.71	%	0.76	%
Total return (d)	(12.26)-	(12.13)%	14.71-	14.89%	19.12-	19.29%	(3.59)-	(3.44)%	8.08-	8.24%

THRIVENT VARIABLE ANNUITY ACCOUNT B
NOTES TO FINANCIAL STATEMENTS (continued)

(6) FINANCIAL HIGHLIGHTS - continued

Subaccount	2018	2017	2016	2015	2014
Mid Cap Stock					
Units (a).....	5,473,306	5,868,483	6,318,823	6,917,299	505,274
Unit value	\$ 33.62	\$ 38.19	\$ 32.44	\$ 25.48	\$ 25.75
Deathclaim units	4,493	13,979	8,050	13,933	2
Deathclaim unit value	\$ 25.78	\$ 29.23	\$ 24.80	\$ 19.45	\$ 19.62
Net assets.....	\$184,669,027	\$225,096,101	\$205,699,966	\$176,908,856	\$ 13,021,383
Ratio of expenses to net assets (b)	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%
Investment income ratio (c) .	0.34 %	0.35 %	0.38 %	0.10 %	0.31 %
Total return (d)	(11.94)-(11.81)%	17.70- 17.87%	27.31- 27.50%	(1.01)-(0.86)%	10.70- 10.87%
Moderate Allocation					
Units (a).....	19,603,686	20,802,770	21,913,163	23,866,225	24,695,811
Unit value	\$ 18.50	\$ 19.57	\$ 17.52	\$ 16.27	\$ 16.54
Deathclaim units	34,996	20,080	34,830	29,068	17,708
Deathclaim unit value	\$ 18.04	\$ 19.06	\$ 17.04	\$ 15.79	\$ 16.03
Net assets.....	\$363,583,833	\$407,818,372	\$384,706,165	\$388,845,212	\$408,854,306
Ratio of expenses to net assets (b)	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%
Investment income ratio (c) .	1.73 %	1.62 %	1.70 %	1.49 %	1.13 %
Total return (d)	(5.49)- (5.34)%	11.72- 11.89%	7.70- 7.86%	(1.65)-(1.50)%	4.72- 4.88%
Moderately Aggressive Allocation					
Units (a).....	14,012,788	14,695,365	15,618,206	16,832,814	17,626,118
Unit value	\$ 19.90	\$ 21.38	\$ 18.51	\$ 16.97	\$ 17.29
Deathclaim units	2,241	31,767	2,162	4,423	1,689
Deathclaim unit value	\$ 19.15	\$ 20.55	\$ 17.76	\$ 16.27	\$ 16.55
Net assets.....	\$278,890,132	\$314,859,371	\$289,104,951	\$285,804,142	\$304,812,542
Ratio of expenses to net assets (b)	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%
Investment income ratio (c) .	1.27 %	1.21 %	1.44 %	1.29 %	0.86 %
Total return (d)	(6.93)- (6.79)%	15.52- 15.69%	9.03- 9.19%	(1.83)-(1.69)%	4.89- 5.05%
Moderately Conservative Allocation					
Units (a).....	7,744,318	8,557,192	9,164,554	9,895,998	10,559,783
Unit value	\$ 16.51	\$ 17.26	\$ 15.93	\$ 15.02	\$ 15.26
Deathclaim units	30,159	28,281	20,447	15,428	16,275
Deathclaim unit value	\$ 16.28	\$ 17.00	\$ 15.67	\$ 14.75	\$ 14.96
Net assets.....	\$128,403,022	\$148,236,867	\$146,377,947	\$148,901,468	\$161,360,753
Ratio of expenses to net assets (b)	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%
Investment income ratio (c) .	2.07 %	1.80 %	1.70 %	1.75 %	1.56 %
Total return (d)	(4.36)- (4.22)%	8.32- 8.48%	6.06- 6.22%	(1.55)-(1.40)%	4.17- 4.32%
Money Market					
Units (a).....	5,224,556	5,751,485	6,840,984	7,233,008	7,876,012
Unit value	\$ 1.85	\$ 1.84	\$ 1.86	\$ 1.88	\$ 1.90
Deathclaim units	44,999	44,585	3,819	10,319	12,832
Deathclaim unit value	\$ 1.03	\$ 1.03	\$ 1.03	\$ 1.04	\$ 1.05
Net assets.....	\$ 9,806,795	\$ 10,713,702	\$ 12,764,612	\$ 13,653,321	\$ 15,032,620
Ratio of expenses to net assets (b)	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%
Investment income ratio (c) .	1.46 %	0.49 %	0.00 %	0.00 %	0.00 %
Total return (d)	0.36- 0.51%	(0.59)-(0.45)%	(1.09)-(0.95)%	(1.10)-(0.94)%	(1.09)-(0.95)%

THRIVENT VARIABLE ANNUITY ACCOUNT B
NOTES TO FINANCIAL STATEMENTS (continued)

(6) FINANCIAL HIGHLIGHTS - continued

Subaccount	2018		2017		2016		2015		2014	
Multidimensional Income										
Units (a).....	58,553		51,034		—		—		—	
Unit value	\$ 9.62		\$ 10.27		—		—		—	
Deathclaim units	—		—		—		—		—	
Deathclaim unit value	\$ 9.64		\$ 10.28		—		—		—	
Net assets.....	\$ 563,008		\$ 524,316		—		—		—	
Ratio of expenses to net assets (b)	0.95-	1.10%	0.95-	1.10%	—	%	—	%	—	%
Investment income ratio (c) .	5.33	%	5.11	%	—	%	—	%	—	%
Total return (d)	(6.41)-	(6.27)%	2.74-	2.84%	—	%	—	%	—	%
Opportunity Income Plus										
Units (a).....	317,026		305,330		282,780		233,165		214,631	
Unit value	\$ 15.00		\$ 15.32		\$ 14.81		\$ 14.08		\$ 14.24	
Deathclaim units	265		7,765		—		51		683	
Deathclaim unit value	\$ 14.64		\$ 14.93		\$ 14.40		\$ 13.67		\$ 13.81	
Net assets.....	\$ 4,762,652		\$ 4,796,799		\$ 4,188,730		\$ 3,282,958		\$ 3,063,702	
Ratio of expenses to net assets (b)	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%
Investment income ratio (c) .	4.12	%	3.39	%	3.38	%	3.40	%	3.43	%
Total return (d)	(2.10)-	(1.95)%	3.48-	3.64%	5.21-	5.37%	(1.13)-	(0.98)%	2.35-	2.51%
Partner All Cap										
Units (a).....	562,257		622,155		675,540		724,018		729,792	
Unit value	\$ 19.81		\$ 22.23		\$ 18.69		\$ 17.86		\$ 17.66	
Deathclaim units	1,289		1,241		415		69		161	
Deathclaim unit value	\$ 21.43		\$ 24.01		\$ 20.16		\$ 19.24		\$ 18.99	
Net assets.....	\$11,200,657		\$13,905,185		\$12,682,704		\$12,984,495		\$12,941,605	
Ratio of expenses to net assets (b)	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%
Investment income ratio (c) .	0.51	%	0.49	%	0.27	%	0.34	%	0.60	%
Total return (d)	(10.88)-	(10.75)%	18.93-	19.11%	4.62-	4.78%	1.14-	1.29%	11.03-	11.20%
Partner Emerging Markets Equity										
Units (a).....	302,747		311,901		276,948		285,410		319,274	
Unit value	\$ 11.89		\$ 14.12		\$ 11.19		\$ 10.14		\$ 11.86	
Deathclaim units	95		—		1,491		—		—	
Deathclaim unit value	\$ 12.08		\$ 14.33		\$ 11.33		\$ 10.25		\$ 11.98	
Net assets.....	\$ 3,601,518		\$ 4,405,055		\$ 3,114,783		\$ 2,892,664		\$ 3,784,579	
Ratio of expenses to net assets (b)	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%
Investment income ratio (c) .	1.25	%	0.67	%	1.00	%	1.20	%	0.96	%
Total return (d)	(15.82)-	(15.69)%	26.25-	26.44%	10.37-	10.53%	(14.54)-	(14.41)%	(3.36)-	(3.21)%
Partner Growth Stock										
Units (a).....	549,027		546,173		533,755		578,677		567,595	
Unit value	\$ 30.85		\$ 31.59		\$ 23.91		\$ 23.85		\$ 21.79	
Deathclaim units	1,503		1,865		996		219		117	
Deathclaim unit value	\$ 28.98		\$ 29.63		\$ 22.39		\$ 22.30		\$ 20.35	
Net assets.....	\$16,993,522		\$17,336,909		\$12,808,696		\$13,831,108		\$12,392,348	
Ratio of expenses to net assets (b)	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%
Investment income ratio (c) .	0.13	%	0.09	%	0.00	%	0.00	%	0.00	%
Total return (d)	(2.34)-	(2.20)%	32.16-	32.35%	0.24-	0.39%	9.44-	9.61%	7.33-	7.49%

THRIVENT VARIABLE ANNUITY ACCOUNT B
NOTES TO FINANCIAL STATEMENTS (continued)

(6) FINANCIAL HIGHLIGHTS - continued

Subaccount	2018		2017		2016		2015		2014	
Partner Healthcare										
Units (a).....	424,315		450,980		479,255		522,664		343,519	
Unit value	\$ 23.54		\$ 21.97		\$ 18.60		\$ 22.40		\$ 21.65	
Deathclaim units	119		83		542		—		247	
Deathclaim unit value	\$ 23.92		\$ 22.30		\$ 18.85		\$ 22.65		\$ 21.86	
Net assets.....	\$ 9,991,582		\$ 9,912,272		\$ 8,927,739		\$11,706,362		\$ 7,441,126	
Ratio of expenses to net assets (b)	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%
Investment income ratio (c) .	0.92	%	0.26	%	4.27	%	0.01	%	0.00	%
Total return (d)	7.12-	7.28%	18.12-	18.29%	(16.93)-	(16.80)%	3.46-	3.62%	22.87-	23.06%
Partner Worldwide Allocation										
Units (a).....	5,674,138		6,039,701		6,322,046		6,952,748		7,423,497	
Unit value	\$ 9.98		\$ 11.92		\$ 9.73		\$ 9.52		\$ 9.70	
Deathclaim units	3,284		5,910		1,729		8,451		4,860	
Deathclaim unit value	\$ 10.14		\$ 12.10		\$ 9.86		\$ 9.63		\$ 9.80	
Net assets.....	\$56,699,912		\$72,162,716		\$61,610,107		\$66,322,821		\$72,097,362	
Ratio of expenses to net assets (b)	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%
Investment income ratio (c) .	2.79	%	2.10	%	2.23	%	2.50	%	2.04	%
Total return (d)	(16.33)-	(16.20)%	22.50-	22.68%	2.22-	2.37%	(1.87)-	(1.72)%	(6.39)-	(6.25)%
Real Estate Securities										
Units (a).....	330,129		371,582		400,409		420,962		451,709	
Unit value	\$ 36.63		\$ 39.11		\$ 37.32		\$ 35.10		\$ 34.54	
Deathclaim units	1,264		486		967		220		519	
Deathclaim unit value	\$ 20.47		\$ 21.82		\$ 20.79		\$ 19.53		\$ 19.19	
Net assets.....	\$12,126,575		\$14,548,648		\$14,967,621		\$14,779,197		\$15,610,559	
Ratio of expenses to net assets (b)	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%
Investment income ratio (c) .	2.02	%	1.63	%	1.48	%	1.45	%	1.42	%
Total return (d)	(6.35)-	(6.20)%	4.80-	4.96%	6.32-	6.48%	1.62-	1.77%	29.39-	29.59%
Small Cap Growth										
Units (a).....	38,160		—		—		—		—	
Unit value	\$ 9.04		—		—		—		—	
Deathclaim units	—		—		—		—		—	
Deathclaim unit value	\$ 9.05		—		—		—		—	
Net assets.....	\$ 345,143		—		—		—		—	
Ratio of expenses to net assets (b)	0.95-	1.10%	—	%	—	%	—	%	—	%
Investment income ratio (c) .	0.00	%	—	%	—	%	—	%	—	%
Total return (d)	(9.55)-	(9.46)%	—	%	—	%	—	%	—	%
Small Cap Index										
Units (a).....	489,787		489,665		468,770		435,820		446,296	
Unit value	\$ 31.98		\$ 35.40		\$ 31.63		\$ 25.36		\$ 26.21	
Deathclaim units	364		735		80		—		265	
Deathclaim unit value	\$ 25.01		\$ 27.64		\$ 24.67		\$ 19.75		\$ 20.38	
Net assets.....	\$15,693,679		\$17,383,907		\$14,856,199		\$11,072,654		\$11,723,568	
Ratio of expenses to net assets (b)	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%	0.95-	1.10%
Investment income ratio (c) .	0.95	%	0.85	%	1.00	%	0.78	%	0.76	%
Total return (d)	(9.66)-	(9.52)%	11.90-	12.07%	24.74-	24.93%	(3.24)-	(3.10)%	4.21-	4.37%

THRIVENT VARIABLE ANNUITY ACCOUNT B
NOTES TO FINANCIAL STATEMENTS (continued)

(6) FINANCIAL HIGHLIGHTS - continued

Subaccount	2018	2017	2016	2015	2014
Small Cap Stock					
Units (a).....	856,773	911,420	930,337	1,035,261	405,567
Unit value	\$ 26.35	\$ 29.64	\$ 24.72	\$ 19.85	\$ 20.71
Deathclaim units	378	420	199	527	—
Deathclaim unit value	\$ 20.54	\$ 23.07	\$ 19.21	\$ 15.40	\$ 16.05
Net assets.....	\$22,611,850	\$27,062,883	\$23,036,072	\$20,580,371	\$8,403,054
Ratio of expenses to net assets (b)	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%	0.95- 1.10%	0.95-1.10%
Investment income ratio (c) .	0.42 %	0.35 %	0.33 %	0.28 %	0.22 %
Total return (d)	(11.12)-(10.99)%	19.91-20.09%	24.56-24.75%	(4.19)-(4.05)%	3.61-3.76%

- (a) These amounts represent the units for contracts in accumulation and contracts in payout.
- (b) These amounts represent the annualized contract expenses of the separate account, consisting primarily of mortality and expense charges, for each period indicated. The ratios include only those expenses that result in a direct reduction to unit values. Charges made directly to contract owner accounts through the redemption of units and expenses of the underlying fund have been excluded.
- (c) These amounts represent the dividends, excluding distributions of capital gains, received by the subaccount from the underlying mutual fund net of management fees assessed by the fund manager, divided by the average net assets. These ratios exclude those expenses, such as mortality and expense charges, that are assessed against the contract owner accounts either through reductions in the unit values or the redemption of units. The recognition of investment income is affected by the timing of the declaration of dividends by the underlying fund in which the subaccount invests.
- (d) These amounts represent the total return for periods indicated, including changes in the value of the underlying fund, and expenses assessed through the reduction of unit values. These ratios do not include any expenses assessed through the redemption of units. Investment options with a date notation in Note 1 indicate the effective date of the investment option in the Variable Account. The total return is calculated using accumulation unit values.

(7) SUBACCOUNT MERGERS

A Special Meeting of shareholders of the Thrivent Growth and Income Plus (the “Target Portfolio”) which is a separate series of Thrivent Series Fund, Inc. (“the Fund”), was held on June 21, 2018. The Contractholders of each Subaccount voted in favor of merging the Target Portfolio into the Portfolio shown below (“the Acquiring Portfolio”) effective June 28, 2018.

	The Target Portfolio	The Acquiring Portfolio
Merger.....	Thrivent Growth and Income Plus	Thrivent Moderately Aggressive Allocation

The merger was accomplished by tax free exchanges as detailed below:

	Net Assets as of June 28, 2018	Shares as of June 28, 2018
Acquiring Portfolio	\$305,265,940	19,654,887
Target Portfolio	\$ 5,182,910	477,468
After Acquisition.....	\$310,448,850	20,132,355

THRIVENT VARIABLE ANNUITY ACCOUNT B
NOTES TO FINANCIAL STATEMENTS (continued)

(7) SUBACCOUNT MERGERS - continued

The target portfolio had the following unrealized appreciation/depreciation, accumulated net realized gains/losses and net investment income as of June 27, 2018.

<u>Portfolio</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Net Investment Income (loss)</u>	<u>Accumulated Net Realized Gain (Loss)</u>
Thrivent Growth and Income Plus.....	\$(629,424)	\$130,283	\$542,149

Assuming the acquisition had been completed on January 1, 2018 the beginning of the annual reporting period of the Portfolios, the Acquiring Portfolio's unaudited pro forma results of operations for the year ended December 31, 2018, would have been as follows:

<u>Portfolio</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Net Investment Income (loss)</u>	<u>Accumulated Net Realized Gain (Loss)</u>
Thrivent Moderately Aggressive Allocation.....	\$(42,177,485)	\$648,341	\$21,007,425

Because the combined investment portfolios have been managed as a single integrated portfolio since the acquisition was completed, it is not practical to separate the amounts of revenue and earnings of the Target Portfolio that have been included in the Acquiring Portfolio's statement of operations since June 28, 2018.

Assuming the acquisition had been completed on January 1, 2017 the beginning of the annual reporting period of the Portfolios, the Acquiring Portfolio's unaudited pro forma results of operations for the year ended December 31, 2017, would have been as follows:

<u>Portfolio</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Net Investment Income (loss)</u>	<u>Accumulated Net Realized Gain (Loss)</u>
Thrivent Moderately Aggressive Allocation.....	\$36,307,637	\$395,808	\$7,604,630