

**THRIVENT VARIABLE LIFE ACCOUNT I**

**Statement of Additional Information**

**Dated April 30, 2017**

**Flexible Premium Variable Adjustable Life Insurance Contract**

**Offered 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  
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This Statement of Additional Information (SAI) contains additional information about the Thrivent Financial Variable Universal Life II Contract, a flexible premium variable adjustable life insurance contract (Contract) offered by Thrivent Financial for Lutherans (Thrivent Financial) to persons eligible for membership in Thrivent Financial. This SAI is not a prospectus and should be read together with the prospectus for the contract dated April 30, 2017. Terms used in this SAI that are not otherwise defined herein have the same meanings given to them in the prospectus that is incorporated by reference. A copy of the prospectus may be obtained at no charge by writing Thrivent Financial (attention: Thrivent Financial Service Center) at 4321 North Ballard Road, Appleton, WI 54919, by calling (800) 847-4836, or at [www.thrivent.com](http://www.thrivent.com).

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## **GENERAL INFORMATION AND HISTORY**

### **Depositor**

Thrivent Financial, a fraternal benefit society owned by and operated for its members, was organized 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. Thrivent Financial began operating by its current name on or about May 21, 2002.

### **Registrant**

Thrivent Variable Life Account I (the "Variable Account") is a separate account of ours, which was established on May 8, 1997 and the first investment was made on March 31, 1998. The Variable Account is registered with the Securities and Exchange Commission ("SEC") as a unit investment trust under the Investment Company Act of 1940. Such registration does not involve supervision by the SEC of the management or investment policies or practices of the Variable Account.

## **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.

## **PREMIUMS**

### **Administrative Procedures**

If mandated under applicable law, we may be required to reject an initial premium.

Sometimes we are not able to accept premiums. We reserve the following rights to ensure compliance with provisions in the Internal Revenue Code to retain the tax deferral quality, or exclusion of increases in cash value and death benefits from gross income:

- (1) to accept certain premiums;
- (2) to refund premiums;
- (3) to refund the earnings on premiums;
- (4) to refund any necessary accumulated value; and
- (5) to increase death benefit.

### **Automatic Premium Loans**

The Contract does not provide for automatic premium loans.

## **ADDITIONAL INFORMATION ABOUT OPERATION OF CONTRACTS AND REGISTRANT**

### **Incidental Benefits**

We offer Additional Benefits that you can add to your Contract. Certain of these riders are subject to age and underwriting requirements and may be added, if available, or cancelled at any time. The prospectus provides a detailed discussion regarding Additional Benefits.

### **Surrender and Withdrawal**

The prospectus provides a detailed discussion regarding Surrenders and withdrawals (referred to as Partial Surrenders and Loans in the Contract).

### **Material Contracts Relating to the Registrant**

There are no material contracts relating to the operation or administration of the Variable Account not already disclosed.

## **PRINCIPAL UNDERWRITER**

### **Identification**

Thrivent Investment Management Inc., 625 Fourth Avenue South, Minneapolis, Minnesota 55415 is an indirect subsidiary of Thrivent Financial and a registered broker-dealer. Thrivent Investment Management Inc. is a corporation organized under Delaware law in 1986 and it serves as the principal underwriter of the Contracts. Contracts are distributed by financial representatives of Thrivent Investment Management Inc. Thrivent Investment Management Inc. is a member of the Financial Industry Regulatory Authority (FINRA), and is a broker-dealer registered with the SEC under the Securities Exchange Act of 1934. It also serves as the principal underwriter of other variable accounts established by Thrivent Financial. Thrivent Investment Management Inc.'s fiscal year operates on a calendar year basis.

### **Offering and Commissions**

Offerings of units issued under the terms of the Contracts are continuous.

Thrivent Investment Management Inc. may execute selling agreements with other broker-dealer firms to sell the Contracts. In addition, we may retain other firms to service as principal underwriters of the Contracts. We offer the Contracts in all states and the District of Columbia where authorized to do so.

Duly licensed financial representatives of Thrivent Investment Management Inc. are also licensed by state insurance departments to sell Contracts as registered representatives. Thrivent Financial on behalf of Thrivent Investment Management Inc. will pay the financial representative commissions and other distribution compensation on the sale of the Contracts. This will not result in any charge to the Contract Owner in addition to the charges already described in the prospectus. Thrivent Financial on behalf of Thrivent Investment Management Inc. pays financial representatives commissions of up to 50% of commissionable premium at the time of the sale. In addition to direct compensation, financial representatives may be eligible to receive other benefits based on the amount of earned commissions. Compensation may be paid in the form of non-cash compensation, subject to applicable regulatory requirements. We intend to recoup commissions and other sales expenses through fees and charges imposed under the Contract. Commissions paid on the contract, including other incentives or payments, are not charged directly to the owners of Contracts.

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

<u>2014</u>	<u>2015</u>	<u>2016</u>
\$3,416,918	\$3,897,627	\$3,320,525

## **ADDITIONAL INFORMATION ABOUT CHARGES**

### **Sales Load**

We charge a sales load, referred to as “Percent of Premium Charge” in the Contract, of 5% on each premium while the Face Amount is less than \$250,000, otherwise 4% of each premium.

### **Special Purchase Plans**

We currently do not have any programs such as group discounts that would result in a variation in, or elimination of, any applicable charges. In some situations, certain charges may be waived.

### **Underwriting Procedures**

We require proof of insurability, which may include a medical examination. We offer people who do not use tobacco products the most favorable rates. If increased mortality risks are involved, there may be a higher cost of insurance charged. We reserve the right to change our underwriting requirements.

### **Increases in Face Amount**

Subject to our underwriting guidelines and policies, the Contract Owner has the right to increase the Face Amount at any time before the Insured’s 81st birthday. Increases in Face Amount will result in additional charges to cover the increased amount at risk. We compute charges at the existing rates at the time of increase. The cost of insurance rates for each increase will vary based on factors such as sex (in most states), risk class, age and the time elapsed since issue.

A new set of Decrease Charges will also apply to each increase in the Face Amount. The Decrease Charge applies to decreases in Face Amount during the first 10 years following an increase in Face Amount. The Decrease Charge remains level during the first five years following an increase in Face Amount, and then decreases each Contract Year to zero after the 10th year following an increase in Face Amount. Decrease Charges depend on the Insured’s Issue Age, sex (in most states), amount of decrease in Face Amount, risk class and duration of the Contract. We will subtract the decrease first from any previous increases in the Face Amount, starting with the most recent, then as needed from the original Face Amount.

## **LAPSE AND REINSTATEMENT**

The prospectus provides a detailed discussion regarding lapse and reinstatement provisions of the Contract.

## **LOANS**

The prospectus provides a detailed discussion regarding loans.

## **STANDARD AND POOR'S DISCLAIMER**

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## **INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM AND FINANCIAL STATEMENTS**

The statutory financial statements of Thrivent Financial for Lutherans as of December 31, 2016 and December 31, 2015 and for each of the three years in the period ended December 31, 2016 and the financial statements of each of the subaccounts of Thrivent Variable Life Account I as of December 31, 2016 and for the period then ended and the statement of changes in net assets for the period ended December 31, 2015 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 authority of said firm as experts in auditing and accounting.

## **Independent Auditor's Report**

To the Board of Directors of Thrivent Financial for Lutherans:

We have audited the accompanying statutory financial statements of Thrivent Financial for Lutherans (the "Company"), which comprise the statutory statements of assets, liabilities and surplus as of December 31, 2016 and 2015, and the related statutory statements of operations, surplus and cash flow for each of the three years in the period ended December 31, 2016.

### **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 statutory financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the statutory 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 statutory 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 statutory 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 1 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, 2016 and 2015, or the results of its operations or its cash flows for each of the three years in the period ended December 31, 2016.

## Independent Auditor's Report, continued

### Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities and surplus of the Company as of December 31, 2016 and 2015, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2016, in accordance with the accounting practices prescribed or permitted by the State of Wisconsin Office of the Commissioner of Insurance described in Note 1.

*PricewaterhouseCoopers LLP*

Minneapolis, Minnesota  
February 15, 2017



**Thrivent Financial for Lutherans**  
Statutory-Basis Statements of Assets, Liabilities and Surplus  
As of December 31, 2016 and 2015  
(in millions)

	<u>2016</u>	<u>2015</u>
<b>Admitted Assets</b>		
Bonds .....	\$41,908	\$40,508
Stocks .....	1,713	1,461
Mortgage loans .....	7,776	7,558
Real estate .....	55	50
Cash, cash equivalents and short-term investments .....	1,731	1,808
Contract loans .....	1,164	1,172
Receivables for securities .....	70	39
Limited partnerships .....	2,920	2,684
Other invested assets .....	179	157
Total cash and invested assets .....	<u>57,516</u>	<u>55,437</u>
Accrued investment income .....	430	462
Due premiums and considerations .....	125	115
Other assets .....	45	36
Assets held in separate accounts .....	<u>26,718</u>	<u>24,062</u>
<b>Total Admitted Assets</b> .....	<u>\$84,834</u>	<u>\$80,112</u>
<b>Liabilities</b>		
Aggregate reserves for life, annuity and health contracts .....	\$44,026	\$42,314
Deposit liabilities .....	3,272	3,104
Contract claims .....	296	276
Dividends due in following calendar year .....	317	312
Interest maintenance reserve .....	416	423
Asset valuation reserve .....	1,099	1,000
Transfers due from separate account .....	(567)	(544)
Payable for securities .....	384	1,005
Securities lending obligation .....	523	385
Other liabilities .....	671	701
Liabilities related to separate accounts .....	<u>26,671</u>	<u>24,009</u>
<b>Total Liabilities</b> .....	<u>77,108</u>	<u>72,985</u>
<b>Surplus</b>		
Unassigned funds .....	7,725	7,126
Other surplus .....	<u>1</u>	<u>1</u>
<b>Total Surplus</b> .....	<u>7,726</u>	<u>7,127</u>
<b>Total Liabilities and Surplus</b> .....	<u>\$84,834</u>	<u>\$80,112</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, 2016, 2015 and 2014  
(in millions)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Revenues</b>			
Premiums.....	\$5,451	\$5,500	\$5,426
Considerations for supplementary contracts with life contingencies.....	78	66	114
Net investment income.....	2,768	2,805	2,686
Separate account fees.....	580	566	521
Amortization of interest maintenance reserve.....	118	128	145
Other revenues.....	48	56	47
<b>Total Revenues</b> .....	<u>9,043</u>	<u>9,121</u>	<u>8,939</u>
<b>Benefits and Expenses</b>			
Death benefits.....	1,005	969	919
Surrender benefits.....	1,928	1,833	1,760
Change in reserves.....	1,712	1,339	1,165
Other benefits.....	1,414	1,327	1,306
Total benefits.....	<u>6,059</u>	<u>5,468</u>	<u>5,150</u>
Commissions.....	286	295	293
General insurance expenses.....	637	587	546
Fraternal benefits and expenses.....	173	186	169
Transfers to (from) separate accounts, net.....	902	1,457	1,728
Total expenses and net transfers.....	<u>1,998</u>	<u>2,525</u>	<u>2,736</u>
<b>Total Benefits and Expenses</b> .....	<u>8,057</u>	<u>7,993</u>	<u>7,886</u>
<b>Gain from Operations before Dividends and Capital Gains and Losses</b> .....	986	1,128	1,053
Dividends.....	315	316	239
<b>Gain from Operations before Capital Gains and Losses</b> .....	671	812	814
Realized capital gains (losses), net.....	(115)	(42)	(49)
<b>Net Income</b> .....	<u>\$ 556</u>	<u>\$ 770</u>	<u>\$ 765</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, 2016, 2015 and 2014  
(in millions)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Surplus, Beginning of Year</b> .....	\$7,127	\$6,493	\$5,798
Net income .....	556	770	765
Change in unrealized investment gains and losses .....	68	(164)	108
Change in non-admitted assets.....	(6)	—	(5)
Change in asset valuation reserve .....	(99)	(28)	(32)
Change in surplus of separate account.....	(6)	(20)	(5)
Pension liability adjustment .....	86	76	(136)
<b>Surplus, End of Year</b> .....	<u>\$7,726</u>	<u>\$7,127</u>	<u>\$6,493</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, 2016, 2015 and 2014  
(in millions)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Cash from Operations</b>			
Premiums.....	\$ 5,523	\$ 5,569	\$ 5,542
Net investment income .....	2,289	2,303	2,326
Other revenues .....	625	616	560
	<u>8,437</u>	<u>8,488</u>	<u>8,428</u>
Benefit- and loss-related payments .....	(4,214)	(4,006)	(3,862)
Transfers to separate account, net .....	(923)	(1,446)	(1,777)
Commissions and expenses.....	(1,065)	(1,094)	(1,015)
Dividends .....	(311)	(239)	(235)
<b>Net Cash from Operations</b> .....	<u>1,924</u>	<u>1,703</u>	<u>1,539</u>
<b>Cash from Investments</b>			
Proceeds from investments sold, matured or repaid:			
Bonds .....	6,870	6,405	5,712
Stocks .....	923	753	721
Mortgage loans.....	809	921	865
Other .....	884	864	735
	<u>9,486</u>	<u>8,943</u>	<u>8,033</u>
Cost of investments acquired or originated:			
Bonds .....	(8,841)	(7,950)	(7,133)
Stocks .....	(1,008)	(892)	(840)
Mortgage loans.....	(1,034)	(1,101)	(954)
Other .....	(745)	(486)	(517)
	<u>(11,628)</u>	<u>(10,429)</u>	<u>(9,444)</u>
Transactions under mortgage dollar roll program, net .....	598	83	(52)
Change in net amounts due to/from broker .....	(651)	27	(37)
Change in collateral held for securities lending .....	138	(26)	64
Change in contract loans .....	6	20	28
<b>Net Cash from Investments</b> .....	<u>(2,051)</u>	<u>(1,382)</u>	<u>(1,408)</u>
<b>Cash from Financing and Miscellaneous Sources</b>			
Net deposits (payments) on deposit-type contracts.....	57	(19)	(63)
Other .....	(7)	3	5
<b>Net Cash from Financing and Miscellaneous Sources</b> .....	<u>50</u>	<u>(16)</u>	<u>(58)</u>
<b>Net Change in Cash, Cash Equivalents and Short-Term Investments</b> .....	<u>(77)</u>	<u>305</u>	<u>73</u>
Cash, Cash Equivalents and Short-Term Investments, Beginning of Year.....	1,808	1,503	1,430
<b>Cash, Cash Equivalents and Short-Term Investments, End of Year</b> .....	<u>\$ 1,731</u>	<u>\$ 1,808</u>	<u>\$ 1,503</u>
Supplemental information:			
Mortgage Loan Refinancing .....	\$ 143	\$ 158	\$ —

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, 2016, 2015 and 2014

**1. Nature of Operations and Significant Accounting Policies**

**Nature of Operations**

Thrivent Financial for Lutherans (“Thrivent Financial”) is a fraternal benefit society providing 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 Policies**

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

***Use of Estimates***

The preparation of statutory-basis financial statements in conformity with SAP requires management to make estimates and assumptions that affect the amounts reported in the statutory-basis financial statements and accompanying notes. The more significant estimates 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 \$216 million and \$814 million in the mortgage dollar roll program as of December 31, 2016 and 2015, respectively.

***Stocks:*** Preferred stocks are generally carried at amortized cost. Common stocks of unaffiliated companies are stated at market value. Common stocks of unconsolidated subsidiaries and affiliates are carried on the statutory equity basis.

## Thrivent Financial for Lutherans

### Notes to Statutory-Basis Financial Statements, continued

#### 1. Nature of Operations and Significant Accounting Policies, continued

##### Significant Accounting Policies, continued

###### *Investments, 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: Cash and cash equivalents, which consist of demand deposits and highly liquid investments purchased with an original maturity of three months or less, are carried at amortized cost. Short-term investments have contractual maturities of one year or less at the time of acquisition. Included in short-term investments are investments in money market mutual funds, which are carried at fair value, and 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. Policy 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 consist of derivative instruments, real estate joint ventures and surplus notes. Derivatives are primarily carried at fair value. Real estate joint ventures are valued on the underlying audited equity of the investee. Surplus notes are carried at amortized cost.

Securities lending: Securities loaned under Thrivent 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 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.

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, 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

#### Significant Accounting Policies, continued

##### *Investments, continued*

*Realized capital gains and losses:* Realized capital gains and losses on sales of investments are determined using an average cost method.

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 an other-than-temporary impairment. 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 that are in an unrealized loss position but 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 to maintain an interest maintenance reserve ("IMR"). The IMR is primarily used to defer 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.

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

**1. Nature of Operations and Significant Accounting Policies, continued**

**Significant Accounting Policies, continued**

*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 deposits, which include mortality and expense charges, rider fees, and advisor fees, are recognized when due. Separate account assets, which consist of investment funds, are carried at fair value based on published market prices. Separate account liability values are not guaranteed; however, general account reserves include provisions for the guaranteed minimum death and living benefits contained in the contracts. Reserve assumptions for these benefits are discussed in the 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 and 2001 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 Guideline 43, 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. 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.

*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**

**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 intended to protect surplus against potential declines in the value of investments that are not related 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***

Traditional life insurance premiums are recognized as revenue when due. Variable life, universal life and annuity premiums 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, except for universal life contracts, begin to receive dividends at the end of the second contract year. Dividends are not currently being paid on most interest-sensitive, 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 2016, Thrivent Financial adopted changes to Statement of Statutory Accounting Principle (SSAP) No. 1 (*Accounting Policies, Risks & Uncertainties, and Other Disclosures*) requiring a new disclosure of the nature and amount of any assets received as collateral, reflected as assets within the financial statements, and the recognized liability to return these collateral assets, including a comparison to admitted assets. The additional disclosure was added in footnote 2.

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

**1. Nature of Operations and Significant Accounting Policies, continued**

**Significant Accounting Policies, continued**

***New Accounting Guidance, continued***

In 2016, Thrivent Financial adopted changes to SSAP No. 26 (*Bonds*); No. 32 (*Preferred Stock*); and No. 43R (*Loan-Backed and Structured Securities*) which requires disclosure, by investment type, the number of “5\*” securities, book adjusted carrying value and fair value for those securities. The “5\*” securities are securities which are unrated but are current on principal and interest payments. Thrivent Financial held no “5\*” securities at December 31, 2016 or 2015.

In 2016, Thrivent Financial adopted changes to SSAP No. 100 (*Accounting Policies, Risks & Uncertainties, and Other Disclosures*) which requires ‘Deposit liabilities with no defined or contractual maturities’ to be omitted from the table of Fair Value of All Financial Instruments in footnote 8. Prior year amounts were adjusted to conform to current year presentation.

In 2015, Thrivent Financial adopted changes to SSAP Nos. 36 (*Troubled Debt Restructuring*); 37 (*Mortgages*); 40 (*Real Estate Investments*) which provides clarity regarding the derecognition of mortgage loans and subsequent recognition of real estate when foreclosures occur. The additional disclosure was added to the mortgage loan section of footnote 2.

In 2015, Thrivent Financial adopted changes to SSAP No. 61R (*Life, Deposit-Type and Accident and Health Reinsurance*) which requires additional disclosure regarding compliance with Actuarial Guideline 48. The additional disclosure was added to footnote 6.

In 2015, Thrivent Financial adopted changes to SSAP No. 97 (*Investments in Subsidiary, Controlled and Affiliated Entities*) which requires additional disclosures with regard to the admitted values of investments in insurance and non-insurance entities. The additional disclosure was added to footnote 11.

***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 15, 2017, the date the statutory-basis financial statements were available to be issued. There were no subsequent events or transactions which required recognition or disclosure.

**Thrivent Financial for Lutherans**

Notes to Statutory-Basis Financial Statements, continued

**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 Gains</u>	<u>Losses</u>	<u>Fair Value</u>
<b>December 31, 2016</b>				
U.S. government and agency securities .....	\$ 2,481	\$ 73	\$ 7	\$ 2,547
U.S. state and political subdivision securities .....	134	33	—	167
Securities issued by foreign governments .....	107	7	1	113
Corporate debt securities .....	29,659	2,047	316	31,390
Residential mortgage-backed securities .....	7,264	91	56	7,299
Commercial mortgage-backed securities .....	1,845	16	27	1,834
Collateralized debt obligations .....	3	8	—	11
Other debt obligations .....	415	6	3	418
Total bonds .....	<u>\$41,908</u>	<u>\$2,281</u>	<u>\$410</u>	<u>\$43,779</u>
<b>December 31, 2015</b>				
U.S. government and agency securities .....	\$ 2,351	\$ 83	\$ 4	\$ 2,430
U.S. state and political subdivision securities .....	106	31	—	137
Securities issued by foreign governments .....	95	9	—	104
Corporate debt securities .....	28,902	1,688	728	29,862
Residential mortgage-backed securities .....	6,917	118	34	7,001
Commercial mortgage-backed securities .....	1,741	18	17	1,742
Collateralized debt obligations .....	3	7	—	10
Other debt obligations .....	393	4	4	393
Total bonds .....	<u>\$40,508</u>	<u>\$1,958</u>	<u>\$787</u>	<u>\$41,679</u>

The admitted value of corporate debt securities issued in foreign currencies was \$150 million and \$131 million as of December 31, 2016 and 2015, respectively.

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>
<b>December 31, 2016</b>		
Due in one year or less .....	\$ 2,599	\$ 2,631
Due after one year through five years .....	9,125	9,793
Due after five years through ten years .....	12,611	12,809
Due after ten years .....	19,179	20,153
Total .....	<u>\$43,514</u>	<u>\$45,386</u>

**Thrivent Financial for Lutherans**

Notes to Statutory-Basis Financial Statements, continued

**2. Investments, continued**

**Bonds, continued**

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):

	Less than 12 Months			12 Months or More		
	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses
<b>December 31, 2016</b>						
U.S. government and agency securities.....	9	\$ 345	\$ 7	—	\$ —	\$—
Securities issued by foreign governments ....	2	24	1	—	—	—
Corporate debt securities .....	756	6,806	241	123	794	75
Residential mortgage-backed securities.....	111	4,146	44	34	144	12
Commercial mortgage-backed securities.....	102	977	27	—	—	—
Collateralized debt obligations .....	—	—	—	2	—	—
Other debt obligations.....	44	180	2	11	17	1
Total bonds.....	<u>1,024</u>	<u>\$12,478</u>	<u>\$322</u>	<u>170</u>	<u>\$ 955</u>	<u>\$ 88</u>
<b>December 31, 2015</b>						
U.S. government and agency securities.....	14	\$ 587	\$ 3	2	\$ 28	\$ 1
Securities issued by foreign governments ....	—	—	—	—	—	—
Corporate debt securities .....	1,134	8,234	479	164	987	249
Residential mortgage-backed securities.....	76	3,074	23	30	163	11
Commercial mortgage-backed securities.....	81	806	17	—	—	—
Collateralized debt obligations .....	—	—	—	2	—	—
Other debt obligations.....	72	296	3	7	25	1
Total bonds.....	<u>1,377</u>	<u>\$12,997</u>	<u>\$525</u>	<u>205</u>	<u>\$1,203</u>	<u>\$262</u>

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.

**Thrivent Financial for Lutherans**

Notes to Statutory-Basis Financial Statements, continued

**2. Investments, continued**

**Bonds, continued**

As of December 31, 2016, 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, 2016 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
912828B25.....	25	26	26
912828HN3.....	15	18	17
912828JE1.....	65	76	72
912828NM8.....	26	30	29
912828QV5.....	78	83	83
912828UH1.....	27	27	28
	<u>\$241</u>	<u>\$267</u>	<u>\$261</u>

**Stocks**

The cost and fair value of Thrivent Financial's investment in stocks as of December 31 are summarized as follows (in millions):

	<u>2016</u>	<u>2015</u>
Unaffiliated preferred stocks:		
Cost/statement value.....	\$ 125	\$ 97
Gross unrealized gains.....	12	6
Gross unrealized losses.....	(1)	(1)
Fair value.....	<u>\$ 136</u>	<u>\$ 102</u>
Unaffiliated common stocks:		
Cost.....	\$1,008	\$ 896
Gross unrealized gains.....	225	160
Gross unrealized losses.....	(22)	(42)
Fair value/statement value.....	<u>\$1,211</u>	<u>\$1,014</u>
Affiliated common stocks:		
Cost.....	\$ 325	\$ 314
Gross unrealized gains.....	52	38
Gross unrealized losses.....	—	(2)
Fair value/statement value.....	<u>\$ 377</u>	<u>\$ 350</u>
Total statement value.....	<u>\$1,713</u>	<u>\$1,461</u>

**Thrivent Financial for Lutherans**

Notes to Statutory-Basis Financial Statements, continued

**2. Investments, continued**

**Stocks, continued**

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

	<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>
<b>December 31, 2016</b>						
Stocks.....	168	\$205	\$23	1	\$ 1	\$—
<b>December 31, 2015</b>						
Stocks.....	324	\$432	\$45	—	\$—	\$—

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.

**Mortgage Loans**

Thrivent Financial invests in mortgage loans, principally involving commercial real estate. Such investments consist of first mortgage liens on completed income-producing properties. The carrying value of mortgage loans as of December 31, 2016 and 2015 was \$7.8 billion and \$7.6 billion, respectively. There was no allowance for credit losses as of December 31, 2016, 2015 or 2014.

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

The carrying values of mortgage loans by credit quality as of December 31 were as follows (in millions):

	<u>2016</u>	<u>2015</u>
In good standing.....	\$7,731	\$7,476
In good standing, with restructured terms.....	40	77
Delinquent.....	—	—
In process of foreclosure.....	5	5
Total mortgage loans.....	<u>\$7,776</u>	<u>\$7,558</u>
	<u>2016</u>	<u>2015</u>
Loans with interest rates reduced during the year:		
Weighted average interest rate reduction.....	1.5%	1.3%
Total principal (in millions).....	\$151	\$168
Number of loans.....	179	177
Interest rates for loans issued during the year:		
Maximum.....	5.5%	5.6%
Minimum.....	2.8%	2.9%
Maximum loan-to-value ratio for loans issued during the year, exclusive of purchase money mortgages.....	75%	75%

**Thrivent Financial for Lutherans**

Notes to Statutory-Basis Financial Statements, continued

**2. Investments, continued**

**Mortgage Loans, continued**

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

	<u>2016</u>	<u>2015</u>
Current .....	\$7,766	\$7,548
30 – 59 days past due .....	4	2
60 – 89 days past due .....	1	2
90 – 179 days past due .....	—	—
180+ days past due .....	5	6
Total mortgage loans.....	<u>\$7,776</u>	<u>\$7,558</u>
180+ Days Past Due and Accruing Interest:		
Investment .....	\$ 5	\$ 5
Interest accrued .....	1	1

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

	<u>2016</u>	<u>2015</u>
<b>Geographic Region</b>		
Pacific .....	25%	24%
South Atlantic .....	19	17
East North Central.....	10	12
West North Central .....	14	14
Mountain .....	13	12
Mid-Atlantic .....	8	8
West South Central .....	7	8
Other .....	4	5
Total.....	<u>100%</u>	<u>100%</u>

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

	<u>2016</u>	<u>2015</u>
<b>Property Type</b>		
Industrial .....	28%	29%
Retail .....	24	23
Office.....	19	20
Church.....	11	12
Apartments .....	10	8
Other .....	8	8
Total.....	<u>100%</u>	<u>100%</u>

**Thrivent Financial for Lutherans**

Notes to Statutory-Basis Financial Statements, continued

**2. Investments, continued**

**Mortgage Loans, continued**

***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. As of December 31, 2016 and 2015, Thrivent Financial held impaired loans with a carrying value of \$2 million and \$2 million, respectively, and an unpaid principal balance of \$4 million and \$4 million, respectively, 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 \$7 million, \$0.5 million and \$6 million for the years ended December 31, 2016, 2015 and 2014, respectively. The average recorded investment in impaired mortgage loans held on December 31, 2016 and 2015 was \$4 million and \$1 million, respectively. Interest income recognized on impaired mortgage loans totaled \$0.1 million, \$0.1 million and \$0.1 million during the years ended December 31, 2016, 2015 and 2014, respectively.

In certain circumstances, Thrivent Financial may modify the terms of a loan to maximize the collection of amounts due. During 2016, Thrivent Financial modified 2 loans totaling \$2 million under these circumstances. As of December 31, 2016, Thrivent Financial held 2 mortgage loans totaling \$2 million where loan modifications had occurred. During 2016, there were no modified mortgage loans with a payment default. During 2015, Thrivent Financial modified 2 loans totaling \$2 million under these circumstances. As of December 31, 2015, Thrivent Financial held 2 mortgage loans totaling \$2 million where loan modifications had occurred. During 2015, there were no modified mortgage loans with a payment default.

During 2016, there were no mortgage loans derecognized as a result of foreclosure.

**Real Estate**

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

	<b>2016</b>	<b>2015</b>
Home office properties.....	\$ 183	\$ 170
Held-for-sale .....	2	3
Total before accumulated depreciation .....	185	173
Accumulated depreciation.....	(130)	(123)
Total real estate .....	<b>\$ 55</b>	<b>\$ 50</b>



**Thrivent Financial for Lutherans**

Notes to Statutory-Basis Financial Statements, continued

**2. Investments, continued**

**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>
<b>As of and for the year ended December 31, 2016</b>			
Assets:			
Call spread options .....	\$ 14	\$171	\$ (1)
Futures.....	—	—	(153)
Foreign currency swaps.....	22	146	4
Total assets .....	<u>\$ 36</u>	<u>\$317</u>	<u>\$(150)</u>
Liabilities:			
Call spread options .....	\$ 10	\$178	\$ 1
Covered written call options .....	1	150	2
Foreign currency swaps.....	2	30	—
Total liabilities .....	<u>\$ 13</u>	<u>\$358</u>	<u>\$ 3</u>
<b>As of and for the year ended December 31, 2015</b>			
Assets:			
Call spread options .....	\$ 5	\$ 98	\$ (2)
Futures.....	—	—	(57)
Foreign currency swaps.....	21	153	—
Total assets .....	<u>\$ 26</u>	<u>\$251</u>	<u>\$ (59)</u>
Liabilities:			
Call spread options .....	\$ 3	\$102	\$ 1
Covered written call options .....	1	400	4
Foreign currency swaps.....	—	—	—
Total liabilities .....	<u>\$ 4</u>	<u>\$502</u>	<u>\$ 5</u>

All gains and losses are reflected in realized capital gains and losses in the statutory-basis financial statements. 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 on the basis of the notional amounts and the other terms of the instruments, such as interest rates, exchange rates, security prices or financial and other indices.

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

**2. Investments, continued**

**Derivative Financial Instruments, continued**

***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, 2016, 2015 and 2014, \$10 million, \$12 million and \$14 million was received in call premium, respectively.

***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. Cash paid for the futures contracts is recorded in other invested assets. Contracts are settled on a daily basis and recognized in realized gains and losses. The futures contracts are valued at fair value at each reporting period, and the change in the fair value is recognized in unrealized gains and losses.

***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. 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>2016</u>	<u>2015</u>
Loaned securities:		
Carrying value.....	\$499	\$392
Fair value.....	512	374
Cash collateral reinvested at book and fair value:		
Open .....	\$ 95	\$ 46
30 days or less .....	317	137
31 – 60 days.....	53	57
61 – 90 days.....	4	40
91 – 120 days .....	—	15
121 – 180 days .....	5	47
181 – 365 days .....	10	25
1 – 2 years .....	—	10
2 – 3 years .....	—	—
Greater than 3 years .....	29	—
Total.....	<u>\$513</u>	<u>\$377</u>
Cash collateral liabilities.....	<u>\$523</u>	<u>\$385</u>

The information on cash collateral reinvested for December 31, 2015 has been modified to be consistent with the current year presentation.

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

**Pledged and Restricted Assets**

Thrivent Financial owns assets which are pledged to others as collateral or are otherwise restricted totaling \$563 million and \$424 million at December 31, 2016 and 2015, 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. Deposits with state insurance departments were less than \$1 million for both years ended December 31, 2016 and 2015.

**Thrivent Financial for Lutherans**

Notes to Statutory-Basis Financial Statements, continued

**2. Investments, continued**

**Collateral Received**

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

	<u>2016</u>	<u>2015</u>
Bonds:		
Carrying value.....	\$ 52	\$186
Fair value.....	52	186
Short-term Investments:		
Carrying value.....	\$105	\$ 69
Fair value.....	105	69
Cash Equivalents		
Carrying value.....	\$356	\$122
Fair value.....	356	122

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

**Net Investment Income**

Net investment income by type of investment for the years ended December 31 is summarized as follows (in millions):

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Bonds .....	\$1,671	\$1,702	\$1,708
Preferred stock .....	7	6	7
Unaffiliated common stocks .....	21	17	14
Affiliated common stocks .....	3	34	65
Mortgage loans .....	399	411	413
Real estate .....	24	23	25
Contract loans .....	84	85	87
Cash, cash equivalents and short-term investments .....	13	5	(5)
Limited partnerships .....	585	557	405
Other invested assets .....	11	11	13
	2,818	2,851	2,732
Investment expenses .....	(43)	(39)	(39)
Depreciation on real estate .....	(7)	(7)	(7)
Net investment income .....	\$2,768	\$2,805	\$2,686

**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 were as follows (in millions):

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net gains (losses) on sales:			
Bonds:			
Gross gains .....	\$ 200	\$ 186	\$ 231
Gross losses .....	(91)	(76)	(31)
Stocks:			
Gross gains .....	116	87	95
Gross losses .....	(48)	(37)	(20)
Futures .....	(153)	(57)	(102)
Other .....	—	(1)	10
Net (losses) gains on sales .....	<u>24</u>	<u>102</u>	<u>183</u>
Provisions for losses:			
Bonds .....	(21)	(19)	(7)
Stocks .....	—	—	(2)
Other .....	(7)	(2)	(5)
Total provisions for losses .....	<u>(28)</u>	<u>(21)</u>	<u>(14)</u>
Realized capital (losses) gains .....	(4)	81	169
Transfers to interest maintenance reserve .....	(111)	(123)	(218)
Realized capital losses, net .....	<u><u>\$(115)</u></u>	<u><u>\$ (42)</u></u>	<u><u>\$ (49)</u></u>

Proceeds from the sale of investments in bonds, net of mortgage dollar roll transactions, were \$5.5 billion, \$5.5 billion and \$5.0 billion for the years ended December 31, 2016, 2015 and 2014, respectively.

**Thrivent Financial for Lutherans**

Notes to Statutory-Basis Financial Statements, continued

**2. Investments, continued**

**Realized Capital Gains and Losses, continued**

Thrivent Financial recognized other-than-temporary impairments during the years ended December 31, 2016 and 2015 and 2014, 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>
<b>For the year ended December 31, 2016</b>				
05949AZT0 .....	\$ 9	\$—	\$ 9	\$ 9
94983BAT6.....	7	—	7	7
05948KVV8.....	9	—	9	9
05949AMK3 .....	2	—	2	2
07389QAA6.....	7	—	7	6
75970QAJ9.....	3	—	3	2
22943HAG1.....	6	1	5	4
Total.....	<u>\$43</u>	<u>\$ 1</u>	<u>\$42</u>	<u>\$39</u>
<b>For the year ended December 31, 2015</b>				
73316PGH7 .....	\$10	\$—	\$10	\$ 9
75970QAJ9.....	3	—	3	2
07389QAA6.....	10	1	9	8
Total.....	<u>\$23</u>	<u>\$ 1</u>	<u>\$22</u>	<u>\$19</u>
<b>For the year ended December 31, 2014</b>				
05948KVV8.....	\$14	\$—	\$14	\$14
05949AL99.....	3	—	3	3
05949AMK3 .....	4	—	4	4
05949CFW1.....	3	—	3	3
07389QAA6.....	12	—	12	12
863576AC8.....	7	—	7	7
02660YAX0 .....	5	1	4	4
759676AF6.....	5	—	5	4
759676AJ8 .....	4	1	3	3
75971EAE6 .....	4	1	3	3
75971EAJ5 .....	3	1	2	2
78476YAA4 .....	4	—	4	3
78477AAA5.....	2	—	2	1
Total.....	<u>\$70</u>	<u>\$ 4</u>	<u>\$66</u>	<u>\$63</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):

	General Account	Separate Account With Guarantees	Separate Account Without Guarantees	Total	% of Total
<b>December 31, 2016</b>					
Subject to discretionary withdrawal:					
With market value adjustment .....	\$ —	\$361	\$ —	\$ 361	1%
At book value less a surrender charge of 5% or more .....	4,943	—	—	4,943	11
At fair value .....	—	—	24,816	24,816	56
At book value without adjustment .....	12,518	—	—	12,518	29
Not subject to discretionary withdrawal.....	1,293	—	56	1,349	3
Total .....	\$18,754	\$361	\$24,872	\$43,987	100%
<b>December 31, 2015</b>					
Subject to discretionary withdrawal:					
With market value adjustment .....	\$ —	\$376	\$ —	\$ 376	1%
At book value less a surrender charge of 5% or more .....	4,433	—	—	4,433	11
At fair value .....	—	—	22,251	22,251	55
At book value without adjustment .....	12,148	—	—	12,148	30
Not subject to discretionary withdrawal.....	1,215	—	56	1,271	3
Total .....	\$17,796	\$376	\$22,307	\$40,479	100%

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):

	2016	2015
Aggregate reserves for life, annuity and health contracts .....	\$15,482	\$14,692
Deposit liabilities .....	3,272	3,104
Liabilities related to separate accounts .....	25,233	22,683
Total .....	\$43,987	\$40,479

Thrivent Financial has insurance in force as of December 31, 2016 and 2015, totaling \$14 billion and \$12 billion, respectively, where the gross premiums are less than the net premiums according to the standard valuation requirements set by the State of Wisconsin. Reserves associated with these policies as of December 31, 2016 and 2015, totaled \$63 million and \$60 million, respectively.

**Thrivent Financial for Lutherans**

Notes to Statutory-Basis Financial Statements, continued

**3. Policyholder Liabilities, continued**

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

	<u>Gross</u>	<u>Net of Loading</u>
<b>December 31, 2016</b>		
Ordinary new business .....	\$ 5	\$ 2
Ordinary renewal .....	62	121
Total .....	<u>\$67</u>	<u>\$123</u>
<b>December 31, 2015</b>		
Ordinary new business .....	\$ 4	\$ 2
Ordinary renewal .....	57	111
Total .....	<u>\$61</u>	<u>\$113</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 nonguaranteed, 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. As of December 31, 2016 and 2015, the maximum amount of those guarantees was estimated at \$148 million and \$441 million, respectively. The following table presents the explicit risk charges paid by separate account contractholders for these guarantees and the amounts paid for guaranteed death benefits for the years ended December 31 (in millions):

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Risk charge paid .....	\$99	\$99	\$86	\$58	\$42
Payments for guaranteed benefits .....	5	4	3	3	4

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

	<u>2016</u>	<u>2015</u>
Equity funds .....	56%	56%
Bond funds .....	23	23
Balanced funds .....	18	19
Other .....	3	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 as of and for the years ended December 31 (in millions):

	<u>Non-Indexed Guarantee</u>	<u>Non- Guaranteed</u>	<u>Total</u>
<b>December 31, 2016</b>			
Reserves:			
For accounts with assets at fair value.....	<u>\$361</u>	<u>\$25,743</u>	<u>\$26,104</u>
By withdrawal characteristics:			
Subject to discretionary withdrawal:			
With market value adjustment .....	\$361	\$ —	\$ 361
At fair value.....	—	25,687	25,687
Not subject to discretionary withdrawal.....	—	56	56
Total.....	<u>\$361</u>	<u>\$25,743</u>	<u>\$26,104</u>
<b>December 31, 2015</b>			
Reserves:			
For accounts with assets at fair value.....	<u>\$376</u>	<u>\$23,089</u>	<u>\$23,465</u>
By withdrawal characteristics:			
Subject to discretionary withdrawal:			
With market value adjustment .....	\$376	\$ —	\$ 376
At fair value.....	—	23,033	23,033
Not subject to discretionary withdrawal.....	—	56	56
Total.....	<u>\$376</u>	<u>\$23,089</u>	<u>\$23,465</u>
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Premiums, considerations and deposits:			
Non-indexed guarantee .....	\$ 5	\$ 2	\$ 3
Non-guaranteed.....	1,926	2,505	2,795
Total.....	<u>\$1,931</u>	<u>\$2,507</u>	<u>\$2,798</u>
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Transfers to separate accounts.....	\$ 1,930	\$ 2,504	\$ 2,796
Transfers from separate accounts.....	(1,027)	(1,044)	(1,063)
Other items .....	(1)	(3)	(5)
Transfers to separate accounts, net .....	<u>\$ 902</u>	<u>\$ 1,457</u>	<u>\$ 1,728</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 and claims liabilities, is summarized below (in millions):

	<b>2016</b>	<b>2015</b>
Net balance at January 1 .....	\$1,006	\$ 935
Incurred related to:		
Current year .....	401	403
Prior years .....	(52)	(13)
Total incurred .....	349	390
Paid related to:		
Current year .....	68	67
Prior years .....	265	252
Total paid .....	333	319
Net balance at December 31 .....	<u>\$1,022</u>	<u>\$1,006</u>

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. Differences between anticipated claims and actual claims can result in adjustments to liabilities in each year.

**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 or 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.

**Thrivent Financial for Lutherans**

Notes to Statutory-Basis Financial Statements, continued

**6. Reinsurance, continued**

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Direct premiums.....	\$5,570	\$5,612	\$5,522
Reinsurance ceded.....	(119)	(112)	(96)
Net premiums .....	<u>\$5,451</u>	<u>\$5,500</u>	<u>\$5,426</u>
Reinsurance claims recovered .....	<u>\$ 50</u>	<u>\$ 38</u>	<u>\$ 51</u>

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 follows (in millions):

	<u>2016</u>	<u>2015</u>
Life insurance .....	\$689	\$620
Accident and health .....	1	1
Total.....	<u>\$690</u>	<u>\$621</u>

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 56% of the reinsurance recoverable as of December 31, 2016.

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 capital and surplus maintained by a life insurance company is to be determined based on the various risk factors related to it. Thrivent Financial exceeds the RBC requirements as of December 31, 2016 and 2015.

## Thrivent Financial for Lutherans

Notes to Statutory-Basis Financial Statements, continued

### 7. Surplus, continued

Unassigned funds were represented or reduced by the following categories and amounts as of December 31 (in millions):

	<u>2016</u>	<u>2015</u>
Unrealized gains and losses .....	\$ 425	\$ 357
Non-admitted assets .....	(104)	(98)
Separate account business .....	48	54
Asset valuation reserve .....	(1,099)	(1,000)

### 8. Fair Value of Financial Instruments

The financial instruments of Thrivent Financial have been classified, for disclosure purposes, into one of three 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, unaffiliated common stocks and short-term investments. Bonds and unaffiliated common stocks primarily are valued using quoted prices in active markets. Short-term investments 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 bonds, which are priced based on quoted market prices, and primarily include U.S. Treasury bonds, cash and certain cash equivalents.

##### *Level 2 Financial Instruments*

Level 2 financial instruments reported at fair value include, certain unaffiliated common stocks, short-term investments and assets held in separate accounts. Unaffiliated common stocks are valued based on market quotes where the stocks are not considered actively traded. Short-term investments are valued using significant observable inputs. 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 bonds, unaffiliated preferred stocks, cash equivalents and short-term investments, other invested assets and liabilities related to separate accounts.

Bonds that are priced using a third party pricing vendor primarily 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 are based on market quotes where these securities are not considered actively traded.

## Thrivent Financial for Lutherans

Notes to Statutory-Basis Financial Statements, continued

### 8. Fair Value of Financial Instruments, continued

#### Fair Value Descriptions, continued

##### *Level 2 Financial Instruments, continued*

Cash equivalents and short-term investments includes investments in commercial paper and agency notes. The carrying amounts for these investments approximate their fair values. Other invested assets include investments in surplus notes in which the fair values are based on quoted market prices. The carrying amounts of liabilities related to separate accounts reflect the amounts in the separate account assets and approximate their fair values.

##### *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 bonds, mortgage loans, contract loans, limited partnerships, real estate, other invested assets, deferred annuities, other deposit contracts and other liabilities.

Level 3 bonds primarily 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.

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).

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 carrying amounts for contract loans approximate their fair values. The fair value of real estate held-for-sale is based on current market price assessments on the properties. 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**

**Fair Value Descriptions, continued**

***Level 3 Financial Instruments, continued***

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. The fair values for other liabilities, which consist of certain derivatives, 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 were as follows (in millions):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>December 31, 2016</b>				
<u>Assets</u>				
Bonds .....	\$ 267	\$ —	\$—	\$ 267
Unaffiliated common stocks .....	1,134	77	—	1,211
Cash, Cash equivalents and short-term investments .....	285	—	—	285
Other invested assets .....	—	22	14	36
Assets held in separate accounts .....	—	26,718	—	26,718
Total .....	<u>\$1,686</u>	<u>\$26,817</u>	<u>\$ 14</u>	<u>\$28,517</u>
<u>Liabilities</u>				
Other liabilities .....	\$ —	\$ 2	\$ 10	\$ 12
<b>December 31, 2015</b>				
<u>Assets</u>				
Bonds .....	\$ 258	\$ —	\$—	\$ 258
Unaffiliated common stocks .....	931	83	—	1,014
Cash, cash equivalents and short-term investments .....	64	—	—	64
Other invested assets .....	—	21	5	26
Assets held in separate accounts .....	—	24,062	—	24,062
Total .....	<u>\$1,253</u>	<u>\$24,166</u>	<u>\$ 5</u>	<u>\$25,424</u>
<u>Liabilities</u>				
Other liabilities .....	\$ —	\$ —	\$ 3	\$ 3

The fair value information for December 31, 2015 has been modified to be consistent with the current year presentation.

**Thrivent Financial for Lutherans**

Notes to Statutory-Basis Financial Statements, continued

**8. Fair Value of Financial Instruments, continued**

**Financial Instruments Carried at Fair Value, continued**

*Additional Information on Level 3 Financial Instruments carried at Fair Value*

There were no gains or losses recognized in net income during 2016, 2015 or 2014 attributable to the change in unrealized gains and losses related to Level 3 assets still held at December 31, 2016, 2015 or 2014.

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

	<u>2016</u>	<u>2015</u>
<b>Assets:</b>		
Balance, January 1.....	\$ 5	\$ 4
Purchases.....	10	1
Sales.....	(6)	—
Unrealized gains and losses.....	5	—
Balance, December 31.....	<u>\$14</u>	<u>\$ 5</u>
<b>Liabilities:</b>		
Balance, January 1.....	\$ 3	\$ 2
Purchases.....	6	1
Sales.....	(3)	—
Unrealized gains and losses.....	4	—
Balance, December 31.....	<u>\$10</u>	<u>\$ 3</u>

**Transfers**

During 2016, Thrivent Financial had transfers of \$261 million into Level 2 from Level 3 and transfers of \$97 million into Level 3 from Level 2 for bonds which are not held at fair value. During 2015, Thrivent Financial had transfers of \$51 million into Level 2 from Level 3 and transfers of \$2 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).

	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>December 31, 2016</b>					
Financial assets:					
Bonds.....	\$41,908	\$2,409	\$33,952	\$ 7,418	\$43,779
Unaffiliated preferred stocks.....	125	—	106	29	135
Unaffiliated common stocks.....	1,211	1,134	77	—	1,211
Mortgage loans.....	7,776	—	—	8,179	8,179
Contract loans.....	1,164	—	—	1,164	1,164
Cash, cash equivalents and short-term investments....	1,731	301	1,430	—	1,731
Limited partnerships.....	2,920	—	—	2,920	2,920
Real estate — held-for-sale.....	2	—	—	2	2
Assets held in separate accounts.....	26,718	—	26,718	—	26,718
Other invested assets.....	179	—	24	179	203
Financial liabilities:					
Deferred annuities.....	13,232	—	—	13,071	13,071
Other deposit contracts.....	1,123	—	—	1,123	1,123
Other liabilities.....	13	—	2	10	12
Liabilities related to separate accounts.....	26,671	—	26,671	—	26,671
<b>December 31, 2015</b>					
Financial assets:					
Bonds.....	\$40,508	\$2,188	\$32,748	\$ 6,743	\$41,679
Unaffiliated preferred stocks.....	97	—	102	—	102
Unaffiliated common stocks.....	1,014	931	83	—	1,014
Mortgage loans.....	7,558	—	—	7,873	7,873
Contract loans.....	1,172	—	—	1,172	1,172
Cash, cash equivalents and short-term investments....	1,808	227	1,571	10	1,808
Limited partnerships.....	2,684	—	—	2,696	2,696
Real estate — held-for-sale.....	3	—	—	5	5
Assets held in separate accounts.....	24,062	—	24,062	—	24,062
Other invested assets.....	130	—	105	53	158
Financial liabilities:					
Deferred annuities.....	12,351	—	—	11,667	11,667
Other deposit contracts.....	1,218	—	—	1,218	1,218
Other liabilities.....	3	—	—	3	3
Liabilities related to separate accounts.....	24,009	—	24,009	—	24,009



## 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):

	Retirement Plan			Other Plans		
	2016	2015	2014	2016	2015	2014
Service cost.....	\$ 23	\$ 23	\$ 20	\$ 2	\$ 2	\$ 2
Interest cost.....	50	48	49	4	5	6
Expected return on plan assets.....	(68)	(69)	(65)	—	—	—
Other .....	26	32	19	6	7	7
Net periodic cost.....	\$ 31	\$ 34	\$ 23	\$ 12	\$ 14	\$ 15

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

	Retirement Plan		Other Plans	
	2016	2015	2016	2015
Change in projected benefit obligation:				
Benefit obligation, beginning of year .....	\$1,111	\$1,170	\$109	\$123
Service cost.....	23	23	2	2
Interest cost.....	50	48	4	5
Actuarial (gain) loss .....	(57)	(89)	1	(14)
Transfers from Defined Contribution Plan .....	—	1	—	—
Benefits paid.....	(44)	(42)	(5)	(6)
Benefit obligation, end of year.....	\$1,083	\$1,111	\$111	\$110
Change in plan assets:				
Fair value of plan assets, beginning of year.....	\$ 892	\$ 871	\$—	\$—
Actual return on plan assets.....	67	2	—	—
Employer contribution .....	20	60	5	6
Transfers from Defined Contribution Plan .....	—	1	—	—
Benefits paid.....	(44)	(42)	(5)	(6)
Fair value of plan assets, end of year.....	\$ 935	\$ 892	\$—	\$—

**Thrivent Financial for Lutherans**

Notes to Statutory-Basis Financial Statements, continued

**9. Benefit Plans, continued**

**Pension and Other Postretirement Benefits, 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	
	2016	2015	2016	2015
Funded status:				
Accrued benefit costs .....	\$ —	\$ —	\$(122)	\$(115)
Liability for pension benefits.....	(148)	(219)	11	6
Total unfunded liabilities .....	(148)	(219)	(111)	(109)
Items not yet recognized:				
Net losses (gains) .....	301	384	(23)	(25)
Net prior service cost .....	(1)	(2)	12	19
Accumulated amounts recognized in periodic pension expenses.....	\$ 152	\$ 163	\$(122)	\$(115)
Accumulated benefit obligation .....	\$1,034	\$1,061	\$ 111	\$ 109

The unfunded liabilities for the retirement plan and other postretirement plans at December 31, 2016 and 2015, are included in other liabilities in the Statutory-Basis Statement of Assets, Liabilities and Surplus.

A summary of the amounts yet to be recognized 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
Items not yet recognized, January 1, 2015.....	\$ (3)	\$439	\$436	\$ 26	\$(11)	\$ 15
Net prior service cost recognized .....	1	—	1	(7)	—	(7)
Net (gain) loss arising during the period.....	—	(23)	(23)	—	(14)	(14)
Net gain (loss) recognized .....	—	(32)	(32)	—	—	—
Items not yet recognized, December 31, 2015 .....	\$ (2)	\$384	\$382	\$ 19	\$(25)	\$ (6)
Net prior service cost recognized .....	1	—	1	(7)	—	(7)
Net (gain) loss arising during the period.....	—	(56)	(56)	—	1	1
Net gain (loss) recognized .....	—	(27)	(27)	—	1	1
Items not yet recognized, December 31, 2016 .....	\$ (1)	\$301	\$300	\$ 12	\$(23)	\$(11)

**Thrivent Financial for Lutherans**

Notes to Statutory-Basis Financial Statements, continued

**9. Benefit Plans, continued**

**Pension and Other Postretirement Benefits, continued**

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):

	<u>Retirement Plan</u>		<u>Other Plans</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net prior service cost .....	\$ (1)	\$ (1)	\$ 7	\$ 7
Net recognized gains/(losses) .....	19	27	(1)	(1)

***Pension and Other Postretirement Benefit Factors***

Thrivent Financial periodically evaluates the long-term earned rate assumptions, taking into consideration historical performance of the plan's 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.

	<u>Retirement Plan</u>		<u>Other Plans</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Weighted average assumptions:				
Discount rate .....	4.30%	4.60%	4.30%	4.60%
Expected return on plan assets .....	7.75	8.00	N/A	N/A
Rate of compensation increase .....	3.40	3.00	N/A	N/A

The assumed health care cost trend rate used in measuring the postretirement health care benefit obligation was 7.00% and 8.25% in 2016 for pre-65 participants and post-65 participants, respectively, trending down to 4.50% in 2026. 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 2016 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 \$12 million. A one-percentage point decrease in the rate would change the postretirement health care benefit obligation by \$10 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: 2017 — \$50 million; 2018 — \$52 million; 2019 — \$55 million; 2020 — \$58 million; 2021 — \$60 million; and 2022 to 2026 — \$337 million.

Estimated other post-retirement benefit payments for the next ten years are as follows: 2017 — \$7 million; 2018 — \$7 million; 2019 — \$8 million; 2020 — \$8 million; 2021 — \$8 million; and 2022 to 2026 — \$42 million.

The minimum pension contribution required for 2016 under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") guidelines will be determined in the first quarter of 2017.

## Thrivent Financial for Lutherans

Notes to Statutory-Basis Financial Statements, continued

### 9. Benefit Plans, continued

#### Pension and Other Postretirement Benefits, continued

##### *Pension Assets*

The assets of Thrivent Financial's qualified defined benefit plan are held in trust. Thrivent Financial has a benefit plan advisory 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:

	<b>Target Allocation</b>	<b>Actual Allocation</b>	
		<b>2016</b>	<b>2015</b>
Equity securities .....	60%	61%	61%
Fixed income and other securities.....	40	39	39
Total .....	100%	100%	100%

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

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>December 31, 2016</b>				
Fixed maturity securities:				
U.S. government and agency securities .....	\$103	\$—	\$—	\$ 103
Securities issued by foreign governments .....	—	1	—	1
Corporate debt securities.....	—	172	1	173
Residential mortgage-backed securities .....	—	104	—	104
Commercial mortgage-backed securities .....	—	5	—	5
Other debt obligations .....	—	12	—	12
Common stocks.....	361	8	—	369
Preferred stock.....	—	1	—	1
Affiliated mutual funds — equity funds .....	—	66	—	66
Short-term investments .....	—	155	—	155
Limited partnerships .....	—	—	35	35
Derivatives .....	—	—	—	—
Total .....	\$464	\$524	\$ 36	\$1,024

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

**9. Benefit Plans, continued**

**Pension and Other Postretirement Benefits, continued**

*Pension Assets, continued*

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>December 31, 2015</b>				
Fixed maturity securities:				
U.S. government and agency securities .....	\$ 73	\$ 1	\$—	\$ 74
Securities issued by foreign governments .....	—	—	—	—
Corporate debt securities.....	—	172	—	172
Residential mortgage-backed securities .....	—	83	—	83
Commercial mortgage-backed securities .....	—	7	—	7
Other debt obligations .....	—	3	—	3
Common stocks.....	382	15	—	397
Preferred stock.....	—	1	—	1
Affiliated mutual funds — equity funds .....	—	64	—	64
Short-term investments .....	15	123	—	138
Limited partnerships .....	—	—	19	19
Derivatives .....	—	1	—	1
Total.....	<u>\$470</u>	<u>\$470</u>	<u>\$ 19</u>	<u>\$ 959</u>

The fair value of defined benefit plan assets as presented in the table above does not include net accrued liabilities in the amount of \$89 million and \$67 million as of December 31, 2016 and 2015, respectively.

There were no significant transfers of defined benefit plan Level 1 and Level 2 fair value measurements during 2016 or 2015. Transfers between fair value hierarchy levels are recognized at the end of the reporting period.

The following table shows the changes in fair values of defined benefit plan assets categorized as Level 3 (in millions):

	<u>Corporate debt securities</u>	<u>Limited Partnerships</u>	<u>Total</u>
Balance, January 1, 2015.....	\$ 1	\$ 11	\$ 12
Purchases.....	—	11	11
Sales .....	(1)	(3)	(4)
Transfers out of Level 3.....	—	—	—
Balance, December 31, 2015.....	—	\$ 19	\$ 19
Purchases.....	1	20	21
Sales .....	—	(7)	(7)
Transfers into Level 3.....	—	3	3
Balance, December 31, 2016.....	<u>\$ 1</u>	<u>\$ 35</u>	<u>\$ 36</u>

## **Thrivent Financial for Lutherans**

Notes to Statutory-Basis Financial Statements, continued

### **9. Benefit Plans, continued**

#### **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, 2016, 2015 and 2014, Thrivent Financial contributed \$34 million, \$32 million and \$32 million, respectively, to these plans.

As of December 31, 2016 and 2015, \$90 million and \$93 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 from the normal course of business. Thrivent Financial assesses its exposure to these matters periodically and adjusts its provision accordingly. As of December 31, 2016, 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 \$290 million and \$83 million as of December 31, 2016 and 2015, respectively. Commitments to purchase limited partnerships, private placement bonds and other invested assets were \$2.2 billion and \$2.0 billion as of December 31, 2016 and 2015, 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 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.

## Thrivent Financial for Lutherans

Notes to Statutory-Basis Financial Statements, continued

### 10. Commitments and Contingent Liabilities, continued

#### Financial Instruments, continued

##### *Leases*

Thrivent Financial has operating leases for certain office equipment and real estate. Rental expense for these items totaled \$14 million, \$12 million and \$11 million for each of the years ended December 31, 2016, 2015 and 2014 respectively. Future minimum rental commitments, in aggregate, as of December 31, 2016 were \$8 million for operating leases. The future minimum rental payments for the five succeeding years were as follows: 2017 — \$3 million; 2018 — \$2 million; 2019 — \$1 million; 2020 and thereafter — \$2 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, 2015 values was completed on May 12, 2016 and Thrivent Financial received a response from the NAIC that did not disallow the valuation method.

As of December 31, 2016 and 2015, the gross and admitted values were \$261 million and \$232 million, respectively. Of those amounts, \$156 million and \$149 million, as of December 31, 2016 and 2015, respectively, related to Holdings' ownership of an insurance entity. The remaining \$105 million and \$83 million as of December 31, 2016 and 2015, respectively, reflects Holdings' ownership interest in non-insurance entities.

#### Other Related Party Transactions

Thrivent Financial also has invested \$116 million and \$118 million in mutual funds that are part of the Thrivent Financial mutual fund family as of December 31, 2016 and 2015, 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 \$104 million, \$92 million and \$79 million for the years ended December 31, 2016, 2015 and 2014, respectively. The net receivables due from affiliates for the years ended December 31, 2016 and 2015 were \$15 million and \$11 million, respectively, which is included in other assets in the Statutory-Basis Financial Statements of Assets, Liabilities and Surplus.

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 on behalf of the affiliate totaling \$99 million, \$111 million and \$111 million for the years ended December 31, 2016, 2015 and 2014, respectively.

Thrivent Financial is the investment advisor for the Thrivent Series Portfolios in which the separate accounts assets are invested. Advisor fees in the amount of \$151 million, \$150 million and \$143 million for the years ended December 31, 2016, 2015 and 2014, respectively, were included in separate account fees in the Statutory-Basis Statement of Operations.

## **Thrivent Financial for Lutherans**

### Notes to Statutory-Basis Financial Statements, continued

#### **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.

#### **Fixed Maturity Securities**

For GAAP purposes, investments in fixed maturity securities 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.

#### **Acquisition Costs**

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

#### **Contract Liabilities**

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

#### **Non-Admitted Assets**

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

#### **Interest Maintenance Reserve**

For GAAP purposes, 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.



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

**12. Basis of Presentation, continued**

**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, 2016 and 2015 and for the three years ended December 31, 2016, 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 Life Account I

In our opinion, the accompanying statement of assets and liabilities and the related statements of operations and of changes in net assets present fairly, in all material respects, the financial position of each of the subaccounts of Thrivent Variable Life Account I offered through Flexible Premium Variable Universal Life Insurance Contract, Flexible Premium Variable Life Insurance Contract and Thrivent Financial Variable Universal Life II sponsored by Thrivent Financial for Lutherans, as indicated in Note 1, as of December 31, 2016, the results of each of their operations for the period then ended, 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. These financial statements are the responsibility of the management of Thrivent Financial for Lutherans. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities as of December 31, 2016 by correspondence with Thrivent Series Fund, Inc., provide a reasonable basis for our opinions.

*PricewaterhouseCoopers LLP*

Minneapolis, Minnesota  
April 28, 2017

**THRIVENT VARIABLE LIFE ACCOUNT I (SERIES 2008, 2003, 1997)**  
**STATEMENTS OF ASSETS AND LIABILITIES**  
**DECEMBER 31, 2016**

Subaccount	Investments at fair value	Net Assets	Series funds, at cost	Series funds shares owned
Aggressive Allocation	\$109,082,161	\$109,082,161	\$ 96,517,404	7,479,065
Moderately Aggressive Allocation	\$200,465,974	\$200,465,974	\$176,209,144	14,001,856
Moderate Allocation	\$ 81,502,685	\$ 81,502,685	\$ 73,330,321	5,976,936
Moderately Conservative Allocation	\$ 10,915,997	\$ 10,915,997	\$ 10,224,684	854,153
Growth and Income Plus	\$ 608,666	\$ 608,666	\$ 608,205	59,651
Balanced Income Plus	\$ 10,679,625	\$ 10,679,625	\$ 11,073,261	757,974
Diversified Income Plus	\$ 6,397,195	\$ 6,397,195	\$ 5,943,859	824,392
Opportunity Income Plus	\$ 1,647,734	\$ 1,647,734	\$ 1,649,199	163,375
Partner Healthcare	\$ 3,256,333	\$ 3,256,333	\$ 3,848,326	216,899
Partner Emerging Markets Equity	\$ 1,812,979	\$ 1,812,979	\$ 1,851,034	159,183
Real Estate Securities	\$ 5,732,120	\$ 5,732,120	\$ 4,543,594	246,627
Small Cap Stock	\$ 18,718,342	\$ 18,718,342	\$ 14,918,934	1,012,147
Small Cap Index	\$ 31,345,634	\$ 31,345,634	\$ 25,317,832	1,723,859
Mid Cap Stock	\$ 25,914,658	\$ 25,914,658	\$ 19,933,414	1,358,161
Mid Cap Index	\$ 15,456,064	\$ 15,456,064	\$ 12,921,979	905,606
Partner Worldwide Allocation	\$ 17,763,602	\$ 17,763,602	\$ 16,298,344	1,953,955
Partner All Cap	\$ 3,451,473	\$ 3,451,473	\$ 2,956,003	265,669
Large Cap Growth	\$ 18,783,888	\$ 18,783,888	\$ 14,461,623	679,433
Partner Growth Stock	\$ 4,476,574	\$ 4,476,574	\$ 3,723,414	248,492
Large Cap Value	\$ 10,079,472	\$ 10,079,472	\$ 7,415,092	598,572
Large Cap Stock	\$ 21,219,515	\$ 21,219,515	\$ 16,975,261	1,754,316
Large Cap Index	\$ 54,004,821	\$ 54,004,821	\$ 39,255,874	1,739,991
High Yield	\$ 4,716,890	\$ 4,716,890	\$ 4,775,453	988,824
Income	\$ 3,969,753	\$ 3,969,753	\$ 3,979,778	394,258
Bond Index	\$ 6,056,239	\$ 6,056,239	\$ 5,997,623	558,261
Limited Maturity Bond	\$ 4,293,261	\$ 4,293,261	\$ 4,296,240	437,780
Money Market	\$ 3,620,847	\$ 3,620,847	\$ 3,620,847	3,620,847

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

**THRIVENT VARIABLE LIFE ACCOUNT I (SERIES 2008, 2003, 1997)**  
**STATEMENTS OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

Subaccount	Investment Income		Realized and unrealized gain (loss) on investments			Net increase (decrease) in net assets resulting from operations
	Dividends	Net investment income (loss)	Net realized gain (loss) on sale of investments	Capital gain distributions	Change in unrealized appreciation (depreciation) of investments	
Aggressive Allocation.....	\$ 974,183	\$ 974,183	\$711,486	\$5,412,510	\$ 2,964,196	\$ 9,088,192
Moderately Aggressive Allocation .....	\$2,627,309	\$2,627,309	\$982,128	\$7,484,983	\$ 7,406,469	\$15,873,580
Moderate Allocation .....	\$1,288,214	\$1,288,214	\$435,387	\$1,943,063	\$ 2,903,239	\$ 5,281,689
Moderately Conservative Allocation .....	\$ 170,755	\$ 170,755	\$ 68,101	\$ 112,902	\$ 363,656	\$ 544,659
Growth and Income Plus .....	\$ 11,390	\$ 11,390	\$ (2,094)	\$ 8,820	\$ 15,944	\$ 22,670
Balanced Income Plus .....	\$ 258,689	\$ 258,689	\$ (40,883)	\$ 357,463	\$ 118,047	\$ 434,627
Diversified Income Plus .....	\$ 203,816	\$ 203,816	\$ 38,788	\$ 16,280	\$ 149,026	\$ 204,094
Opportunity Income Plus .....	\$ 51,539	\$ 51,539	\$ (1,799)	\$ —	\$ 41,299	\$ 39,500
Partner Healthcare.....	\$ 139,698	\$ 139,698	\$ (27,602)	\$ 126,427	\$ (806,622)	\$ (707,797)
Partner Emerging Markets Equity .....	\$ 17,236	\$ 17,236	\$ (5,982)	\$ —	\$ 162,988	\$ 157,006
Real Estate Securities .....	\$ 82,281	\$ 82,281	\$154,955	\$ 21,953	\$ 121,692	\$ 298,600
Small Cap Stock .....	\$ 52,470	\$ 52,470	\$ 83,127	\$ 765,763	\$ 2,934,623	\$ 3,783,513
Small Cap Index .....	\$ 255,839	\$ 255,839	\$157,490	\$1,841,101	\$ 4,135,501	\$ 6,134,092
Mid Cap Stock .....	\$ 83,082	\$ 83,082	\$207,621	\$2,267,356	\$ 3,186,200	\$ 5,661,177
Mid Cap Index .....	\$ 110,388	\$ 110,388	\$ 74,413	\$ 645,268	\$ 1,606,731	\$ 2,326,412
Partner Worldwide Allocation .....	\$ 375,826	\$ 375,826	\$ 80,983	\$ —	\$ 121,826	\$ 202,809
Partner All Cap .....	\$ 8,208	\$ 8,208	\$ 25,175	\$ 139,144	\$ 9,163	\$ 173,482
Large Cap Growth .....	\$ 103,118	\$ 103,118	\$431,113	\$1,499,608	\$ (2,324,091)	\$ (393,370)
Partner Growth Stock .....	\$ —	\$ —	\$200,045	\$ 229,095	\$ (331,287)	\$ 97,853
Large Cap Value .....	\$ 122,426	\$ 122,426	\$127,350	\$ 531,441	\$ 712,158	\$ 1,370,949
Large Cap Stock .....	\$ 249,944	\$ 249,944	\$205,224	\$ —	\$ 619,967	\$ 825,191
Large Cap Index .....	\$ 903,236	\$ 903,236	\$536,172	\$ 312,081	\$ 3,733,583	\$ 4,601,836
High Yield .....	\$ 248,185	\$ 248,185	\$ (35,247)	\$ —	\$ 304,229	\$ 268,982
Income .....	\$ 129,273	\$ 129,273	\$ (1,616)	\$ 2,767	\$ 81,018	\$ 82,169
Bond Index .....	\$ 96,571	\$ 96,571	\$ 13,382	\$ 11,385	\$ (62,258)	\$ (37,491)
Limited Maturity Bond .....	\$ 79,696	\$ 79,696	\$ (1,452)	\$ —	\$ 35,115	\$ 33,663
Money Market .....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

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

**THRIVENT VARIABLE LIFE ACCOUNT I (SERIES 2008, 2003, 1997)**  
**STATEMENTS OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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 appreciation (depreciation) on investments	Net Change in Net Assets from Operations	Proceeds from units issued	Transfers for contract benefits and terminations	Cost of insurance and administrative charges	Transfers and subaccounts	Mortality and expense risk charges	Asset based risk charge	Net Change in Net Assets from Unit Transactions	Net Assets			
Aggressive Allocation.....	\$ 974,183	\$ 2,964,196	\$ 10,062,375	\$ 14,874,356	\$ (3,401,281)	\$ (4,774,818)	\$ (4,094,081)	\$ (438,872)	\$ (182,433)	\$ 1,982,871	\$ 97,036,915	\$ 109,082,161		
Moderately Aggressive	\$ 2,627,309	\$ 8,467,111	\$ 18,500,889	\$ 27,439,087	\$ (6,135,476)	\$ (8,748,524)	\$ (4,195,883)	\$ (799,313)	\$ (330,946)	\$ 7,228,945	\$ 174,736,140	\$ 200,465,974		
Allocation.....	\$ 1,288,214	\$ 2,903,239	\$ 6,569,903	\$ 8,773,460	\$ (2,632,950)	\$ (3,843,161)	\$ 348,003	\$ (312,127)	\$ (132,358)	\$ 2,200,867	\$ 72,731,915	\$ 81,502,685		
Moderately Conservative	\$ 170,755	\$ 181,003	\$ 363,656	\$ 715,414	\$ (412,848)	\$ (463,833)	\$ 665,382	\$ (45,922)	\$ (9,902)	\$ 567,648	\$ 9,632,935	\$ 10,915,997		
Allocation.....	\$ 11,390	\$ 6,726	\$ 15,944	\$ 34,060	\$ (19,651)	\$ (30,823)	\$ 19,756	\$ (1,664)	\$ (1,077)	\$ 83,846	\$ 117,906	\$ 490,760		
Growth and Income Plus.....	\$ 258,689	\$ 316,580	\$ 118,047	\$ 693,316	\$ (384,278)	\$ (462,264)	\$ 176,421	\$ (38,367)	\$ (1,825)	\$ (15,626)	\$ 677,690	\$ 10,001,935		
Balanced Income Plus.....	\$ 203,816	\$ 55,068	\$ 149,026	\$ 407,910	\$ (271,160)	\$ (282,648)	\$ 260,058	\$ (27,563)	\$ (5,050)	\$ 432,225	\$ 840,135	\$ 5,557,060		
Diversified Income Plus.....	\$ 51,539	\$ (1,799)	\$ 41,299	\$ 91,039	\$ (30,135)	\$ (83,759)	\$ 88,403	\$ (7,930)	\$ (4,809)	\$ 115,551	\$ 206,590	\$ 1,441,144		
Opportunity Income Plus.....	\$ 139,698	\$ 98,825	\$ (806,622)	\$ (568,099)	\$ (88,490)	\$ (170,419)	\$ 141,775	\$ (8,727)	\$ (9,054)	\$ 461,724	\$ (106,375)	\$ 3,362,708		
Partner Healthcare.....	\$ 17,236	\$ (5,982)	\$ 162,988	\$ 174,242	\$ (54,543)	\$ (79,564)	\$ 12,713	\$ (5,349)	\$ (3,894)	\$ 191,220	\$ 365,462	\$ 1,447,517		
Partner Emerging Markets	\$ 82,281	\$ 176,908	\$ 121,692	\$ 380,881	\$ (229,401)	\$ (237,354)	\$ (53,149)	\$ (25,091)	\$ (5,863)	\$ 67,665	\$ 448,546	\$ 5,283,574		
Equity.....	\$ 52,470	\$ 848,890	\$ 2,934,623	\$ 3,835,983	\$ 1,241,867	\$ (629,382)	\$ (143,265)	\$ (79,996)	\$ (7,214)	\$ (343,077)	\$ 3,492,906	\$ 15,225,436		
Real Estate Securities.....	\$ 255,839	\$ 1,998,591	\$ 4,135,501	\$ 6,389,931	\$ (914,769)	\$ (976,331)	\$ 894,928	\$ (80,444)	\$ (17,701)	\$ 1,231,452	\$ 7,621,383	\$ 23,724,251		
Small Cap Stock.....	\$ 83,082	\$ 2,474,977	\$ 3,186,200	\$ 5,744,259	\$ (711,788)	\$ (804,682)	\$ (460,898)	\$ (101,540)	\$ (12,769)	\$ (515,330)	\$ 5,228,929	\$ 20,685,729		
Mid Cap Stock.....	\$ 110,388	\$ 719,681	\$ 1,606,731	\$ 2,436,800	\$ (457,906)	\$ (519,974)	\$ 1,497,327	\$ (46,299)	\$ (23,052)	\$ 2,211,134	\$ 4,647,934	\$ 10,808,130		
Partner Worldwide	\$ 375,826	\$ 80,983	\$ 121,826	\$ 578,635	\$ (577,955)	\$ (689,800)	\$ 322,867	\$ (70,814)	\$ (8,712)	\$ 642,116	\$ 1,220,751	\$ 16,542,851		
Allocation.....	\$ 8,208	\$ 164,319	\$ 9,163	\$ 181,690	\$ (105,605)	\$ (115,348)	\$ 255,757	\$ (14,329)	\$ (2,395)	\$ 356,339	\$ 538,029	\$ 2,913,444		
Partner All Cap.....	\$ 103,118	\$ 1,930,721	\$ (2,324,091)	\$ (290,252)	\$ (805,703)	\$ (801,107)	\$ 61,083	\$ (93,644)	\$ (6,168)	\$ (62,217)	\$ (352,469)	\$ 19,136,357		
Large Cap Growth.....	\$ —	\$ 429,140	\$ (331,287)	\$ 97,853	\$ (195,148)	\$ (145,628)	\$ 58,137	\$ (16,011)	\$ (4,866)	\$ 28,029	\$ 125,882	\$ 4,350,692		
Partner Growth Stock.....	\$ 122,426	\$ 638,791	\$ 712,158	\$ 1,493,375	\$ (406,823)	\$ (321,656)	\$ 75,253	\$ (40,327)	\$ (6,372)	\$ (84,224)	\$ 1,409,151	\$ 8,670,321		
Large Cap Value.....	\$ 249,944	\$ 205,224	\$ 619,967	\$ 1,075,135	\$ (701,854)	\$ (748,609)	\$ 38,074	\$ (98,990)	\$ (4,640)	\$ 65,079	\$ 1,140,214	\$ 20,079,301		
Large Cap Stock.....	\$ 903,236	\$ 868,253	\$ 3,733,583	\$ 5,505,072	\$ (4,722,160)	\$ (1,949,964)	\$ 2,283,550	\$ (141,824)	\$ (37,915)	\$ 3,572,603	\$ 9,077,675	\$ 44,927,146		
Large Cap Index.....	\$ 248,185	\$ (35,247)	\$ 304,229	\$ 517,167	\$ (135,306)	\$ (197,692)	\$ (34,532)	\$ (20,506)	\$ (4,608)	\$ (4,951)	\$ 512,216	\$ 4,204,674		
High Yield.....	\$ 129,273	\$ 1,151	\$ 81,018	\$ 211,442	\$ (131,599)	\$ (175,360)	\$ 281,420	\$ (18,976)	\$ (2,758)	\$ 264,693	\$ 476,135	\$ 3,493,618		
Income.....	\$ 96,571	\$ 24,767	\$ (62,258)	\$ 59,080	\$ (186,052)	\$ (243,428)	\$ 856,042	\$ (26,873)	\$ (5,639)	\$ 868,295	\$ 927,375	\$ 5,128,864		
Bond Index.....	\$ 79,696	\$ (1,452)	\$ 35,115	\$ 113,359	\$ (181,544)	\$ (242,650)	\$ 316,858	\$ (23,591)	\$ (3,498)	\$ 183,983	\$ 297,342	\$ 3,995,919		
Limited Maturity Bond.....	\$ —	\$ —	\$ —	\$ —	\$ (416,664)	\$ (263,492)	\$ 442,973	\$ (21,850)	\$ (8,435)	\$ 495,981	\$ 495,981	\$ 3,124,866		
Money Market.....	\$ —	\$ —	\$ —	\$ 763,449	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,620,847		

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

**THRIVENT VARIABLE LIFE ACCOUNT I (SERIES 2008, 2003, 1997)**  
**STATEMENTS OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

Subaccount	Increase (decrease) in net assets from contract related transactions												
	Net investment income (loss)	Net realized gain (loss) on investments and distributions	Change in net unrealized appreciation (depreciation) on investments	Net Change in Net Assets from Operations	Proceeds from units issued	Transfers for contract benefits and terminations	Cost of insurance and administrative charges	Transfers between subaccounts	Mortality and expense risk charges	Asset based risk charge	Net Change in Net Assets from Unit Transactions	Net Assets Beginning of Year	Net Assets End of Year
Aggressive Allocation.....	\$ 1,016,638	\$ 7,371,237	\$ (9,006,502)	\$ (618,627)	\$ 15,321,302	\$ (2,766,799)	\$ (4,466,716)	\$ (920,827)	\$ (514,633)	\$ (151,385)	\$ 6,500,942	\$ 91,154,600	\$ 97,036,915
Moderately Aggressive	\$ 2,220,439	\$ 9,175,969	\$ (12,917,081)	\$ (1,520,673)	\$ 28,093,599	\$ (6,196,198)	\$ (8,073,501)	\$ (1,830,175)	\$ (910,122)	\$ (272,624)	\$ 10,810,979	\$ 9,290,306	\$ 165,445,834
Allocation.....	\$ 1,101,991	\$ 3,355,874	\$ (4,897,155)	\$ (439,290)	\$ 8,710,874	\$ (2,097,780)	\$ (3,622,811)	\$ 13,201	\$ (373,870)	\$ (111,980)	\$ 2,517,634	\$ 70,653,571	\$ 72,731,915
Moderately Conservative	\$ 168,295	\$ 376,743	\$ (586,123)	\$ (41,085)	\$ 809,101	\$ (401,591)	\$ (490,974)	\$ 73,174	\$ (54,246)	\$ (6,847)	\$ (71,383)	\$ (112,468)	\$ 9,745,403
Allocation.....	\$ 9,812	\$ 30,818	\$ (40,581)	\$ 49	\$ 135,553	\$ (60,344)	\$ (22,934)	\$ (200,577)	\$ (1,868)	\$ (693)	\$ (150,863)	\$ (150,814)	\$ 641,574
Growth and Income Plus.....	\$ 219,335	\$ 343,895	\$ (577,736)	\$ (14,506)	\$ 713,095	\$ (379,367)	\$ (455,611)	\$ (29,100)	\$ (50,355)	\$ (1,237)	\$ (202,575)	\$ (217,081)	\$ 10,219,016
Balanced Income Plus.....	\$ 182,161	\$ 168,809	\$ (343,366)	\$ 7,604	\$ 495,149	\$ (213,266)	\$ (264,020)	\$ (35,010)	\$ (30,798)	\$ (3,713)	\$ (51,658)	\$ (44,054)	\$ 5,601,114
Diversified Income Plus.....	\$ 43,890	\$ 320	\$ (46,825)	\$ (2,615)	\$ 291,682	\$ (14,259)	\$ (69,506)	\$ 49,475	\$ (8,066)	\$ (3,401)	\$ 245,925	\$ 243,310	\$ 1,197,834
Opportunity Income Plus.....	\$ 155	\$ 182,945	\$ (170,233)	\$ 12,867	\$ 873,505	\$ (27,595)	\$ (131,030)	\$ 832,678	\$ (9,770)	\$ (6,368)	\$ 1,531,420	\$ 1,544,287	\$ 1,818,421
Partner Healthcare.....	\$ 18,067	\$ (4,315)	\$ (237,171)	\$ (223,419)	\$ 298,552	\$ (41,670)	\$ (71,200)	\$ 78,034	\$ (5,375)	\$ (3,221)	\$ 254,920	\$ 31,501	\$ 1,416,016
Partner Emerging Markets	\$ 72,248	\$ 381,659	\$ (326,255)	\$ 127,652	\$ 581,740	\$ (242,295)	\$ (214,103)	\$ 260,372	\$ (26,404)	\$ (4,155)	\$ 355,155	\$ 482,807	\$ 4,800,767
Equity.....	\$ 40,596	\$ 1,386,754	\$ (1,970,292)	\$ (542,942)	\$ 1,004,589	\$ (403,308)	\$ (451,911)	\$ 6,623,477	\$ (68,859)	\$ (2,832)	\$ 6,701,136	\$ 6,158,214	\$ 9,067,222
Real Estate Securities.....	\$ 187,375	\$ 1,893,059	\$ (2,621,589)	\$ (541,155)	\$ 2,488,769	\$ (909,411)	\$ (886,754)	\$ 251,936	\$ (15,881)	\$ (10,793)	\$ 817,866	\$ 276,711	\$ 23,447,540
Small Cap Stock.....	\$ 57,939	\$ 1,313,178	\$ (951,785)	\$ 419,332	\$ 1,097,495	\$ (425,975)	\$ (511,439)	\$ 10,280,455	\$ (78,274)	\$ (4,963)	\$ 10,357,299	\$ 10,776,631	\$ 9,909,098
Mid Cap Stock.....	\$ 72,051	\$ 601,836	\$ (982,399)	\$ (308,512)	\$ 2,323,747	\$ (418,055)	\$ (404,492)	\$ 684,183	\$ (50,006)	\$ (14,728)	\$ 2,120,649	\$ 1,812,137	\$ 8,995,993
Mid Cap Index.....	\$ 418,373	\$ 106,044	\$ (666,967)	\$ (142,550)	\$ 1,689,803	\$ (522,303)	\$ (682,933)	\$ 325,978	\$ (87,661)	\$ (7,038)	\$ 715,826	\$ 573,276	\$ 15,969,575
Partner Worldwide	\$ 9,098	\$ 343,854	\$ (294,505)	\$ 58,447	\$ 280,734	\$ (21,194)	\$ (105,980)	\$ 162,196	\$ (15,413)	\$ (1,721)	\$ 298,622	\$ 357,069	\$ 2,536,375
Allocation.....	\$ 75,911	\$ 512,256	\$ 1,162,185	\$ 1,750,352	\$ 1,214,067	\$ (489,745)	\$ (643,058)	\$ 4,513,241	\$ (90,251)	\$ (3,892)	\$ 4,500,362	\$ 6,250,714	\$ 12,885,643
Partner All Cap.....	\$ 116,852	\$ 460,268	\$ (74,160)	\$ 386,108	\$ 247,553	\$ (102,560)	\$ (130,512)	\$ 374,070	\$ (17,865)	\$ (4,028)	\$ 366,658	\$ 752,766	\$ 3,597,926
Large Cap Growth.....	\$ 226,037	\$ 1,833,467	\$ (886,042)	\$ (308,921)	\$ 644,475	\$ (294,768)	\$ (318,033)	\$ 65,140	\$ (48,448)	\$ (5,970)	\$ 42,396	\$ (266,525)	\$ 8,936,846
Partner Growth Stock.....	\$ 584,628	\$ 827,284	\$ (927,694)	\$ 484,218	\$ 5,480,759	\$ (1,738,623)	\$ (1,738,623)	\$ 850,373	\$ (191,139)	\$ (23,096)	\$ 3,014,569	\$ 3,498,787	\$ 41,428,359
Large Cap Value.....	\$ 251,133	\$ (3,887)	\$ (364,507)	\$ (117,261)	\$ 408,029	\$ (175,393)	\$ (203,604)	\$ 61,613	\$ (23,686)	\$ (4,377)	\$ 62,582	\$ (54,679)	\$ 4,259,353
Large Cap Stock.....	\$ 135,990	\$ 85,535	\$ (246,709)	\$ (25,184)	\$ 371,728	\$ (185,850)	\$ (175,923)	\$ (142,916)	\$ (2,572)	\$ (1,873)	\$ (157,406)	\$ (182,590)	\$ 3,676,208
High Yield.....	\$ 89,363	\$ 13,289	\$ (63,577)	\$ 39,075	\$ 527,817	\$ (196,281)	\$ (216,271)	\$ 149,092	\$ (29,166)	\$ (2,032)	\$ 233,159	\$ 272,234	\$ 4,856,630
Income.....	\$ 66,127	\$ 289	\$ (36,218)	\$ 30,198	\$ 329,620	\$ (253,089)	\$ (236,574)	\$ 7,698	\$ (26,525)	\$ (2,861)	\$ (181,731)	\$ (151,533)	\$ 4,147,452
Bond Index.....	\$ —	\$ —	\$ —	\$ —	\$ 493,296	\$ (128,320)	\$ (223,181)	\$ 307,557	\$ (21,631)	\$ (7,207)	\$ 420,514	\$ 2,704,352	\$ 3,124,866
Limited Maturity Bond.....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Money Market.....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

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

**THRIVENT VARIABLE LIFE ACCOUNT I (SERIES 2008, 2003, 1997)**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2016**

**(1) ORGANIZATION**

The Thrivent Variable Life Account I (the Variable Account) is a unit investment trust registered under the Investment Company Act of 1940 and is a separate account of Thrivent Financial for Lutherans (Thrivent Financial). The Variable Account has 27 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, 2016, 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
Moderately Aggressive	
Allocation .....	Thrivent Series Fund, Inc. — Moderately Aggressive Allocation Portfolio
Moderate Allocation .....	Thrivent Series Fund, Inc. — Moderate Allocation Portfolio
Moderately Conservative	
Allocation .....	Thrivent Series Fund, Inc. — Moderately Conservative Allocation Portfolio
Growth and Income Plus (j) ....	Thrivent Series Fund, Inc. — Growth and Income Plus Portfolio
Balanced Income Plus (k) .....	Thrivent Series Fund, Inc. — Balanced Income Plus Portfolio
Diversified Income Plus (o) ....	Thrivent Series Fund, Inc. — Diversified Income Plus Portfolio
Opportunity Income Plus (l) ....	Thrivent Series Fund, Inc. — Opportunity Income Plus Portfolio
Partner Healthcare .....	Thrivent Series Fund, Inc. — Partner Healthcare Portfolio
Partner Emerging Markets	
Equity (q) .....	Thrivent Series Fund, Inc. — Partner Emerging Markets Equity Portfolio
Real Estate Securities.....	Thrivent Series Fund, Inc. — Real Estate Securities Portfolio
Small Cap Stock (a, b) .....	Thrivent Series Fund, Inc. — Small Cap Stock Portfolio
Small Cap Index.....	Thrivent Series Fund, Inc. — Small Cap Index Portfolio
Mid Cap Stock (c, d) .....	Thrivent Series Fund, Inc. — Mid Cap Stock Portfolio
Mid Cap Index .....	Thrivent Series Fund, Inc. — Mid Cap Index Portfolio
Partner Worldwide	
Allocation (m).....	Thrivent Series Fund, Inc. — Partner Worldwide Allocation Portfolio
Partner All Cap .....	Thrivent Series Fund, Inc. — Partner All Cap Portfolio
Large Cap Growth (f, n).....	Thrivent Series Fund, Inc. — Large Cap Growth Portfolio
Partner Growth Stock.....	Thrivent Series Fund, Inc. — Partner Growth Stock Portfolio
Large Cap Value.....	Thrivent Series Fund, Inc. — Large Cap Value Portfolio
Large Cap Stock (e, g, h, i)....	Thrivent Series Fund, Inc. — Large Cap Stock Portfolio
Large Cap Index.....	Thrivent Series Fund, Inc. — Large Cap Index Portfolio
High Yield.....	Thrivent Series Fund, Inc. — High Yield Portfolio
Income (p).....	Thrivent Series Fund, Inc. — Income Portfolio
Bond Index .....	Thrivent Series Fund, Inc. — Bond Index Portfolio
Limited Maturity Bond .....	Thrivent Series Fund, Inc. — Limited Maturity Bond Portfolio
Money Market.....	Thrivent Series Fund, Inc. — Money Market Portfolio

- (a) Partner Small Cap Growth merged into the Small Cap Stock Portfolio as of August 21, 2015.  
(b) Partner Small Cap Value merged into the Small Cap Stock Portfolio as of August 21, 2015.  
(c) Mid Cap Growth merged into the Mid Cap Stock Portfolio as of August 21, 2015.  
(d) Partner Mid Cap Value merged into the Mid Cap Stock Portfolio as of August 21, 2015.

**THRIVENT VARIABLE LIFE ACCOUNT I (SERIES 2008, 2003, 1997)**  
NOTES TO FINANCIAL STATEMENTS (continued)

**(1) ORGANIZATION - continued**

- (e) Natural Resources merged into the Large Cap Stock Portfolio as of August 21, 2015.
- (f) Partner Technology merged into the Large Cap Growth Portfolio as of August 21, 2015.
- (g) Partner All Cap Value Portfolio merged into the Large Cap Stock Portfolio as of August 16, 2013.
- (h) Partner All Cap Growth Portfolio merged into the Large Cap Stock Portfolio as of August 16, 2013.
- (i) Partner Socially Responsible Stock Portfolio merged into the Large Cap Stock Portfolio as of August 16, 2013.
- (j) Formerly known as Equity Income Plus, name change effective August 16, 2013.
- (k) Formerly known as Balanced, name change effective August 16, 2013.
- (l) Formerly known as Mortgage Securities, name change effective August 16, 2013.
- (m) Partner International Stock Portfolio merged into the Partner Worldwide Allocation Portfolio as of July 27, 2012.
- (n) Large Cap Growth Portfolio II merged into the Large Cap Growth Portfolio as of July 27, 2012.
- (o) Partner Utilities Portfolio merged into the Diversified Income Plus Portfolio as of July 27, 2012.
- (p) Partner Socially Responsible Bond Portfolio merged into the Income Portfolio as of July 27, 2012.
- (q) Formerly Partner Emerging Markets, name change effective July 27, 2012.

The Funds are registered under the Investment Company Act of 1940 as open-end, diversified management 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 flexible premium variable universal life insurance 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 variable universal life insurance contracts. 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.



**THRIVENT VARIABLE LIFE ACCOUNT I (SERIES 2008, 2003, 1997)**  
NOTES TO FINANCIAL STATEMENTS (continued)

**(2) SIGNIFICANT ACCOUNTING POLICIES - continued**

**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.

**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.

**(3) EXPENSE CHARGES AND OTHER TRANSACTIONS WITH AFFILIATES**

Amounts are paid to Thrivent Financial for mortality and expense risks assumed in connection with the contracts as a percentage of the subaccounts. No mortality and expense risk charges are deducted from the fixed account. The mortality and expense risk charges for each of the variable subaccounts are reported in the statements of changes in net assets. The rates are as follows for the three contract types within the Variable Account:

- Thrivent Variable Life 2008 Series – annual rate is based on the subaccount accumulated value and is guaranteed not to exceed 0.45% for all contract years.
- Thrivent Variable Life 2003 Series – annual rate is based on subaccount accumulated value and is guaranteed not to exceed 1.10% during the first 10 contract years and guaranteed not to exceed 0.90% thereafter.

**THRIVENT VARIABLE LIFE ACCOUNT I (SERIES 2008, 2003, 1997)**  
NOTES TO FINANCIAL STATEMENTS (continued)

**(3) EXPENSE CHARGES AND OTHER TRANSACTIONS WITH AFFILIATES - continued**

- Thrivent Variable Life 1997 Series – annual rate is based on the subaccount cash value and is guaranteed not to exceed 0.90% during the first 15 years and guaranteed not to exceed 0.40% thereafter.

Thrivent Financial deducts a monthly unit charge for the Thrivent Variable Life 2008 Series only. This charge covers the expenses associated with underwriting, issuing, or increasing the face amount. The charge applies for the first 120 months after issue and the first 120 months after an increase in face amount. Refer to the product prospectus for the applicable charge.

Thrivent Financial deducts an issue expense charge for the Thrivent Variable Life 1997 Series only. This charge covers the expenses associated with underwriting, issuing, or increasing the face amount. The charge applies for the first 36 months after issue and the first 36 months after an increase in face amount. Refer to the product prospectus for the applicable charge.

Thrivent Financial deducts an asset charge for Thrivent Variable Life 2008 Series only. This charge covers the expenses incurred in issuing and administering the contract and operating the Variable Account. Refer to the product prospectus for the applicable rate.

Prior to the allocation of premiums to the Variable Account, Thrivent Financial deducts a sales charge, based on the product, to cover a portion of the sales expenses incurred by Thrivent Financial. Refer to the product prospectus for the applicable rate.

Thrivent Financial charges a monthly administrative fee for administrative expenses. Refer to the product prospectus for the applicable administrative charge rates.

Thrivent Financial assumes responsibility for providing the insurance benefit included in the contract. On a monthly basis, a cost of insurance charge is deducted proportionately from the value of each variable subaccount and/or fixed account funding option. The fixed account is part of the general account of Thrivent Financial and is not included in these financial statements. The cost of insurance charge depends on the attained age, risk classification, gender (in most states) and the current net amount at risk.

Thrivent Financial assesses a transfer fee to each transfer from the subaccounts and fixed account in excess of the first twelve transfers made in a contract year. Refer to the product prospectus for the applicable charge.

Thrivent Financial, upon lapse, surrender or face amount reduction, will charge a decrease or surrender charge during the first 10 contract years and during the first 10 years following an increase in face amount. These charges are in part a deferred sales charge and in part a recovery of certain administrative costs. In no event will the surrender charge exceed the maximum allowed by state or federal law. Refer to the product prospectus for the applicable charge.

Thrivent Financial may charge an administrative fee for each partial surrender/withdrawal that is taken in excess of one per contract year. For Thrivent Variable Life 2003 Series only, the charge is applicable in the first 10 contract years only. Refer to the product prospectus for applicable charges.

Thrivent Financial reserves the right to charge a fee for certain contract changes for Thrivent Variable Life 1997 Series only. Refer to the product prospectus for applicable charges.

**THRIVENT VARIABLE LIFE ACCOUNT I (SERIES 2008, 2003, 1997)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**(3) EXPENSE CHARGES AND OTHER TRANSACTIONS WITH AFFILIATES - continued**

Additionally, during the year ended December 31, 2016, 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 in units (including transfers among subaccounts) were as follows:

Subaccount	Units Outstanding at	Units Issued	Units Issued as a result of merger	Units	Units	Units Issued	Units	Units
	January 1, 2015			Redeemed	Outstanding at December 31, 2015		Redeemed	December 31, 2016
Aggressive Allocation . . . . .	4,998,639	1,107,463		(656,279)	5,449,823	1,079,744	(882,481)	5,647,086
Moderately Aggressive Allocation . . . . .	9,364,289	2,030,681		(1,286,832)	10,108,138	1,991,453	(1,452,926)	10,646,665
Moderate Allocation . . . . .	4,127,831	695,636		(510,796)	4,312,671	731,712	(557,690)	4,486,693
Moderately Conservative Allocation . . . . .	589,292	118,088		(116,886)	590,494	143,386	(102,265)	631,615
Growth and Income Plus . . . . .	49,116	14,192		(25,432)	37,876	13,896	(7,716)	44,056
Balanced Income Plus . . . . .	445,522	42,133		(49,652)	438,003	59,610	(55,831)	441,782
Diversified Income Plus . . . . .	268,297	44,332		(46,063)	266,566	67,761	(40,108)	294,219
Opportunity Income Plus . . . . .	79,290	33,835		(16,261)	96,864	18,962	(11,719)	104,107
Partner Healthcare . . . . .	78,063	78,629		(18,694)	137,998	56,463	(35,357)	159,104
Partner Emerging Markets Equity . . . . .	110,934	39,706		(19,398)	131,242	42,742	(26,675)	147,309
Real Estate Securities . . . . .	165,970	63,443		(42,259)	187,154	49,458	(40,658)	195,954
Small Cap Stock . . . . .	372,960	66,931	320,460	(71,425)	688,926	86,123	(99,571)	675,478
Small Cap Index . . . . .	657,892	145,303		(86,488)	716,707	162,262	(90,561)	788,408
Mid Cap Stock . . . . .	364,520	59,621	434,853	(68,761)	790,233	86,230	(101,026)	775,437
Mid Cap Index . . . . .	329,819	167,536		(56,239)	441,116	166,919	(60,688)	547,347
Partner Worldwide Allocation . . . . .	1,529,257	249,210		(181,796)	1,596,671	268,740	(206,463)	1,658,948
Partner All Cap . . . . .	100,790	28,633		(13,339)	116,084	31,008	(12,710)	134,382
Large Cap Growth . . . . .	546,453	80,839	195,042	(92,388)	729,946	111,832	(107,383)	734,395
Partner Growth Stock . . . . .	148,014	32,510		(17,091)	163,433	59,625	(55,596)	167,462
Large Cap Value . . . . .	398,158	61,183		(54,272)	405,069	45,093	(46,322)	403,840
Large Cap Stock . . . . .	1,176,764	110,334	55,235	(156,557)	1,185,776	141,431	(140,792)	1,186,415
Large Cap Index . . . . .	1,782,731	405,627		(216,918)	1,971,440	414,394	(213,718)	2,172,116
High Yield . . . . .	187,938	41,560		(35,525)	193,973	33,434	(33,875)	193,532
Income . . . . .	203,304	44,144		(52,235)	195,213	41,881	(26,045)	211,049
Bond Index . . . . .	252,223	53,955		(34,432)	271,746	93,913	(33,820)	331,839
Limited Maturity Bond . . . . .	302,774	69,025		(83,237)	288,562	63,995	(48,100)	304,457
Money Market . . . . .	2,333,391	1,499,860		(1,105,779)	2,727,472	1,939,084	(1,487,777)	3,178,779

**THRIVENT VARIABLE LIFE ACCOUNT I (SERIES 2008, 2003, 1997)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**(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, 2016 were as follows:

<u>Subaccount</u>	<u>Purchases</u>	<u>Sales</u>
Aggressive Allocation .....	\$15,975,190	\$ 7,605,625
Moderately Aggressive Allocation .....	27,762,657	10,421,419
Moderate Allocation .....	10,573,766	5,141,622
Moderately Conservative Allocation .....	2,142,501	1,291,196
Growth and Income Plus .....	177,177	73,121
Balanced Income Plus .....	1,468,978	868,451
Diversified Income Plus .....	1,205,092	552,771
Opportunity Income Plus .....	282,369	115,279
Partner Healthcare .....	1,233,352	505,504
Partner Emerging Markets Equity .....	409,185	200,728
Real Estate Securities .....	932,097	760,199
Small Cap Stock .....	1,832,806	1,357,652
Small Cap Index .....	4,895,687	1,567,296
Mid Cap Stock .....	3,491,221	1,656,114
Mid Cap Index .....	3,713,483	746,692
Partner Worldwide Allocation .....	2,085,758	1,067,819
Partner All Cap .....	694,870	191,181
Large Cap Growth .....	3,053,442	1,512,931
Partner Growth Stock .....	1,540,207	1,283,083
Large Cap Value .....	1,184,742	615,099
Large Cap Stock .....	1,638,340	1,323,316
Large Cap Index .....	6,988,547	2,200,626
High Yield .....	733,118	489,884
Income .....	668,908	272,175
Bond Index .....	1,356,707	380,455
Limited Maturity Bond .....	716,086	452,406
Money Market .....	1,838,819	1,342,839

**THRIVENT VARIABLE LIFE ACCOUNT I (SERIES 2008, 2003, 1997)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**(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, 2016, except as indicated in Note 1, follows:

<u>Subaccount</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Aggressive Allocation</b>					
Units.....	5,647,086	5,449,823	4,998,639	4,558,954	4,257,869
Unit value .....	\$16.12-\$21.84	\$14.64-\$19.84	\$14.70-\$19.93	\$13.87-\$18.79	\$10.91-\$14.79
Net assets.....	\$ 109,082,161	\$ 97,036,915	\$ 91,154,600	\$ 79,354,245	\$ 59,117,383
Ratio of expenses to net					
assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) .	0.97%	1.05%	0.44%	1.25%	0.62%
Total return (c).....	10.11%	(0.45)%	6.02%	27.05%	12.25%
<b>Moderately Aggressive Allocation</b>					
Units.....	10,646,665	10,108,138	9,364,289	8,630,741	7,868,814
Unit value .....	\$15.96-\$21.04	\$14.47-\$19.09	\$14.58-\$19.23	\$13.75-\$18.14	\$11.34-\$14.95
Net assets.....	\$ 200,465,974	\$ 174,736,140	\$ 165,445,834	\$ 146,071,289	\$ 111,040,675
Ratio of expenses to net					
assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) .	1.43%	1.28%	0.85%	1.49%	1.16%
Total return (c).....	10.23%	(0.75)%	6.05%	21.30%	12.87%
<b>Moderate Allocation</b>					
Units.....	4,486,693	4,312,671	4,127,831	3,828,988	3,562,266
Unit value .....	\$15.58-\$19.92	\$14.31-\$18.29	\$14.39-\$18.40	\$13.59-\$17.37	\$11.81-\$15.09
Net assets.....	\$ 81,502,685	\$ 72,731,915	\$ 70,653,571	\$ 62,688,654	\$ 51,334,577
Ratio of expenses to net					
assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) .	1.69%	1.50%	1.13%	1.51%	1.55%
Total return (c).....	8.89%	(0.56)%	5.88%	15.12%	11.72%
<b>Moderately Conservative Allocation</b>					
Units.....	631,615	590,494	589,292	571,234	624,768
Unit value .....	\$14.80-\$18.12	\$13.80-\$16.89	\$13.86-\$16.97	\$13.16-\$16.11	\$12.08-\$14.78
Net assets.....	\$ 10,915,997	\$ 9,632,935	\$ 9,745,403	\$ 8,986,908	\$ 9,051,716
Ratio of expenses to net					
assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) .	1.67%	1.73%	1.53%	1.55%	1.58%
Total return (c).....	7.24%	(0.46)%	5.32%	9.02%	9.59%
<b>Growth and Income Plus</b>					
Units.....	44,056	37,876	49,116	58,593	42,624
Unit value .....	\$ 13.82	\$ 12.96	\$ 13.06	\$ 12.78	\$ 10.54
Net assets.....	\$ 608,666	\$ 490,760	\$ 641,574	\$ 748,839	\$ 449,312
Ratio of expenses to net					
assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) .	2.18%	2.00%	2.85%	1.98%	1.50%
Total return (c).....	6.63%	(0.81)%	2.21%	21.24%	13.16%

**THRIVENT VARIABLE LIFE ACCOUNT I (SERIES 2008, 2003, 1997)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**(6) FINANCIAL HIGHLIGHTS - continued**

Subaccount	2016	2015	2014	2013	2012
<b>Balanced Income Plus</b>					
Units.....	441,782	438,003	445,522	480,295	488,483
Unit value .....	\$16.49-\$26.11	\$15.40-\$24.39	\$15.42-\$24.43	\$14.54-\$23.03	\$12.33-\$19.52
Net assets.....	\$ 10,679,625	\$ 10,001,935	\$ 10,219,016	\$ 10,405,114	\$ 9,045,619
Ratio of expenses to net assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) ..	2.53%	2.13%	1.59%	1.84%	2.14%
Total return (c).....	7.06%	(0.14)%	6.07%	17.95%	12.42%
<b>Diversified Income Plus</b>					
Units.....	294,219	266,566	268,297	251,293	216,356
Unit value .....	\$17.18-\$24.99	\$16.05-\$23.34	\$16.04-\$23.32	\$15.38-\$22.37	\$13.83-\$20.12
Net assets.....	\$ 6,397,195	\$ 5,557,060	\$ 5,601,114	\$ 5,086,386	\$ 3,997,762
Ratio of expenses to net assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) ..	3.43%	3.25%	2.98%	2.48%	3.42%
Total return (c).....	7.08%	0.08%	4.27%	11.17%	14.49%
<b>Opportunity Income Plus</b>					
Units.....	104,107	96,864	79,290	64,194	48,571
Unit value .....	\$14.39-\$17.21	\$13.53-\$16.18	\$13.53-\$16.19	\$13.08-\$15.64	\$13.26-\$15.86
Net assets.....	\$ 1,647,734	\$ 1,441,144	\$ 1,197,834	\$ 957,617	\$ 757,125
Ratio of expenses to net assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) ..	3.38%	3.39%	3.43%	2.56%	1.56%
Total return (c).....	6.37%	(0.03)%	3.48%	(1.39)%	6.00%
<b>Partner Healthcare</b>					
Units.....	159,104	137,998	78,063	56,790	32,388
Unit value .....	\$ 20.47	\$ 24.37	\$ 23.29	\$ 18.75	\$ 14.30
Net assets.....	\$ 3,256,333	\$ 3,362,708	\$ 1,818,421	\$ 1,064,882	\$ 463,284
Ratio of expenses to net assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) ..	4.20%	0.01%	0.00%	0.35%	0.27%
Total return (c).....	(16.01)%	4.61%	24.23%	31.09%	20.68%
<b>Partner Emerging Markets Equity</b>					
Units.....	147,309	131,242	110,934	93,877	78,214
Unit value .....	\$ 12.31	\$ 11.03	\$ 12.76	\$ 13.06	\$ 14.10
Net assets.....	\$ 1,812,979	\$ 1,447,517	\$ 1,416,016	\$ 1,226,341	\$ 1,102,700
Ratio of expenses to net assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) ..	1.01%	1.20%	0.96%	1.05%	0.53%
Total return (c).....	11.59%	(13.59)%	(2.29)%	(7.34)%	25.98%
<b>Real Estate Securities</b>					
Units.....	195,954	187,154	165,970	168,779	164,770
Unit value .....	\$18.08-\$43.38	\$16.82-\$40.35	\$16.37-\$39.27	\$12.51-\$30.02	\$12.25-\$29.38
Net assets.....	\$ 5,732,120	\$ 5,283,574	\$ 4,800,767	\$ 3,832,155	\$ 3,762,833
Ratio of expenses to net assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) ..	1.46%	1.43%	1.46%	1.43%	3.67%
Total return (c).....	7.50%	2.75%	30.82%	2.18%	17.54%

**THRIVENT VARIABLE LIFE ACCOUNT I (SERIES 2008, 2003, 1997)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**(6) FINANCIAL HIGHLIGHTS - continued**

Subaccount	2016	2015	2014	2013	2012
<b>Small Cap Stock</b>					
Units.....	675,478	688,926	372,960	375,797	382,383
Unit value .....	\$18.40-\$32.54	\$14.61-\$25.84	\$15.08-\$26.68	\$14.40-\$25.47	\$10.59-\$18.74
Net assets.....	\$ 18,718,342	\$ 15,225,436	\$ 9,067,222	\$ 8,749,916	\$ 6,549,278
Ratio of expenses to net assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) .	0.33%	0.35%	0.22%	0.36%	0.00%
Total return (c).....	25.94%	(3.13)%	4.76%	35.90%	9.42%
<b>Small Cap Index</b>					
Units.....	788,408	716,707	657,892	642,052	657,205
Unit value .....	\$24.13-\$49.15	\$19.13-\$38.97	\$19.56-\$39.83	\$18.56-\$37.81	\$13.18-\$26.85
Net assets.....	\$ 31,345,634	\$ 23,724,251	\$ 23,447,540	\$ 22,450,002	\$ 16,506,005
Ratio of expenses to net assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) .	0.99%	0.78%	0.74%	1.23%	0.67%
Total return (c).....	26.12%	(2.17)%	5.36%	40.83%	15.95%
<b>Mid Cap Stock</b>					
Units.....	775,437	790,233	364,520	362,706	364,763
Unit value .....	\$23.21-\$35.73	\$18.03-\$27.76	\$18.02-\$27.74	\$16.10-\$24.78	\$11.88-\$18.29
Net assets.....	\$ 25,914,658	\$ 20,685,729	\$ 9,909,098	\$ 8,895,630	\$ 6,616,380
Ratio of expenses to net assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) .	0.38%	0.42%	0.31%	0.37%	0.25%
Total return (c).....	28.71%	0.08%	11.93%	35.50%	14.29%
<b>Mid Cap Index</b>					
Units.....	547,347	441,116	329,819	285,318	267,750
Unit value .....	\$21.87-\$38.77	\$18.16-\$32.19	\$18.63-\$33.02	\$17.05-\$30.22	\$12.83-\$22.74
Net assets.....	\$ 15,456,064	\$ 10,808,130	\$ 8,995,993	\$ 7,581,950	\$ 5,485,253
Ratio of expenses to net assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) .	0.88%	0.70%	0.74%	0.89%	0.77%
Total return (c).....	20.43%	(2.52)%	9.28%	32.92%	17.37%
<b>Partner Worldwide Allocation</b>					
Units.....	1,658,948	1,596,671	1,529,257	1,501,202	1,515,120
Unit value .....	\$ 10.71	\$ 10.36	\$ 10.44	\$ 11.03	\$ 9.49
Net assets.....	\$ 17,763,602	\$ 16,542,851	\$ 15,969,575	\$ 16,562,976	\$ 14,371,961
Ratio of expenses to net assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) .	2.22%	2.48%	2.04%	0.03%	3.04%
Total return (c).....	3.35%	(0.78)%	(5.35)%	16.31%	18.66%
<b>Partner All Cap</b>					
Units.....	134,382	116,084	100,790	103,056	104,210
Unit value .....	\$16.31-\$34.30	\$15.42-\$32.43	\$15.08-\$31.71	\$13.43-\$28.25	\$10.11-\$21.26
Net assets.....	\$ 3,451,473	\$ 2,913,444	\$ 2,556,375	\$ 2,354,073	\$ 1,819,461
Ratio of expenses to net assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) .	0.27%	0.34%	0.60%	0.75%	0.46%
Total return (c).....	5.78%	2.26%	12.26%	32.85%	14.74%

**THRIVENT VARIABLE LIFE ACCOUNT I (SERIES 2008, 2003, 1997)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**(6) FINANCIAL HIGHLIGHTS - continued**

Subaccount	2016	2015	2014	2013	2012
<b>Large Cap Growth</b>					
Units.....	734,395	729,946	546,453	560,860	582,641
Unit value .....	\$18.13-\$30.74	\$18.40-\$31.20	\$16.66-\$28.24	\$15.01-\$25.45	\$11.02-\$18.69
Net assets.....	\$ 18,783,888	\$ 19,136,357	\$ 12,885,643	\$ 11,992,051	\$ 9,185,156
Ratio of expenses to net assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) .	0.57%	0.49%	0.64%	0.65%	1.20%
Total return (c).....	(1.48)%	10.48%	10.99%	36.14%	19.17%
<b>Partner Growth Stock</b>					
Units.....	167,462	163,433	148,014	143,366	146,787
Unit value .....	\$20.36-\$35.76	\$20.09-\$35.28	\$18.15-\$31.88	\$16.73-\$29.38	\$12.05-\$21.16
Net assets.....	\$ 4,476,574	\$ 4,350,692	\$ 3,597,926	\$ 3,285,850	\$ 2,440,590
Ratio of expenses to net assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) .	0.00%	0.00%	0.00%	0.03%	0.00%
Total return (c).....	1.35%	10.65%	8.52%	38.84%	18.66%
<b>Large Cap Value</b>					
Units.....	403,840	405,069	398,158	392,455	381,758
Unit value .....	\$17.18-\$31.80	\$14.63-\$27.08	\$15.17-\$28.07	\$13.91-\$25.75	\$10.55-\$19.53
Net assets.....	\$ 10,079,472	\$ 8,670,321	\$ 8,936,846	\$ 8,211,422	\$ 6,209,875
Ratio of expenses to net assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) .	1.36%	1.30%	1.23%	1.47%	1.72%
Total return (c).....	17.44%	(3.53)%	9.03%	31.82%	17.57%
<b>Large Cap Stock</b>					
Units.....	1,186,415	1,185,776	1,176,764	1,185,284	1,044,613
Unit value .....	\$15.12-\$19.72	\$14.34-\$18.70	\$13.90-\$18.14	\$13.21-\$17.23	\$10.19-\$13.29
Net assets.....	\$ 21,219,515	\$ 20,079,301	\$ 19,344,362	\$ 18,552,104	\$ 12,479,827
Ratio of expenses to net assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) .	1.26%	1.14%	0.88%	1.08%	1.03%
Total return (c).....	5.42%	3.11%	5.29%	29.60%	14.90%
<b>Large Cap Index</b>					
Units.....	2,172,116	1,971,440	1,782,731	1,731,139	1,740,141
Unit value .....	\$19.00-\$27.20	\$17.01-\$24.35	\$16.82-\$24.08	\$14.85-\$21.27	\$11.27-\$16.13
Net assets.....	\$ 54,004,821	\$ 44,927,146	\$ 41,428,359	\$ 36,073,475	\$ 27,680,804
Ratio of expenses to net assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) .	1.88%	1.35%	1.40%	1.66%	1.68%
Total return (c).....	11.68%	1.12%	13.25%	31.81%	15.54%
<b>High Yield</b>					
Units.....	193,532	193,973	187,938	179,238	183,786
Unit value .....	\$18.63-\$33.23	\$16.52-\$29.46	\$16.98-\$30.28	\$16.65-\$29.70	\$15.57-\$27.78
Net assets.....	\$ 4,716,890	\$ 4,204,674	\$ 4,259,353	\$ 4,088,923	\$ 4,023,380
Ratio of expenses to net assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) .	5.68%	5.73%	5.89%	6.29%	7.08%
Total return (c).....	12.76%	(2.69)%	1.96%	6.91%	16.31%



**THRIVENT VARIABLE LIFE ACCOUNT I (SERIES 2008, 2003, 1997)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**(6) FINANCIAL HIGHLIGHTS - continued**

Subaccount	2016	2015	2014	2013	2012
<b>Income</b>					
Units.....	211,049	195,213	203,304	198,475	204,422
Unit value .....	\$15.90-\$20.83	\$14.99-\$19.64	\$15.09-\$19.77	\$14.15-\$18.53	\$14.16-\$18.55
Net assets.....	\$ 3,969,753	\$ 3,493,618	\$ 3,676,208	\$ 3,372,693	\$ 3,482,488
Ratio of expenses to net assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) .	3.43%	3.67%	3.76%	3.77%	3.81%
Total return (c).....	6.08%	(0.68)%	6.68%	(0.07)%	10.99%
<b>Bond Index</b>					
Units.....	331,839	271,746	252,223	248,650	256,761
Unit value .....	\$14.09-\$23.83	\$13.88-\$23.48	\$13.77-\$23.30	\$12.93-\$21.87	\$13.25-\$22.42
Net assets.....	\$ 6,056,239	\$ 5,128,864	\$ 4,856,630	\$ 4,513,874	\$ 4,795,760
Ratio of expenses to net assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) .	1.68%	1.78%	2.22%	1.95%	2.02%
Total return (c).....	1.49%	0.80%	6.52%	(2.47)%	4.95%
<b>Limited Maturity Bond</b>					
Units.....	304,457	288,562	302,774	296,453	295,960
Unit value .....	\$12.55-\$14.93	\$12.20-\$14.52	\$12.11-\$14.41	\$11.91-\$14.18	\$11.86-\$14.11
Net assets.....	\$ 4,293,261	\$ 3,995,919	\$ 4,147,452	\$ 4,021,635	\$ 3,986,454
Ratio of expenses to net assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) .	1.93%	1.67%	1.71%	1.52%	1.65%
Total return (c).....	2.83%	0.73%	1.68%	0.45%	4.32%
<b>Money Market</b>					
Units.....	3,178,779	2,727,472	2,333,391	2,672,808	2,565,287
Unit value .....	\$ 1.02-\$1.19	\$ 1.02-\$1.19	\$ 1.02-\$1.19	\$ 1.02-\$1.19	\$ 1.02-\$1.19
Net assets.....	\$ 3,620,847	\$ 3,124,866	\$ 2,704,352	\$ 3,134,213	\$ 3,015,187
Ratio of expenses to net assets (a) .....	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income ratio (b) .	0.00%	0.00%	0.00%	0.00%	0.00%
Total return (c).....	0.00%	0.00%	0.00%	0.00%	0.00%

- (a) These amounts only include items that flow through operations. All other charges made directly to contract owner accounts through the redemption of units and expenses of the underlying fund have been excluded.
- (b) 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.
- (c) 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. Investment options with a date notation in Note 1 indicate the effective date of the investment option in the Variable Account.

**THRIVENT VARIABLE LIFE ACCOUNT I (SERIES 2008, 2003, 1997)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**(7) UNIT FAIR VALUE**

Units, unit values and asset balances for each subaccount are as follows:

<u>Year Ended December 31, 2016</u>	<u>Units</u>	<u>Unit Value</u>	<u>Assets in Accumulation Period</u>
Thrivent Flexible Premium Variable Life Insurance – 2008			
Aggressive Allocation .....	2,491,358	\$16.12	\$ 40,154,693
Moderately Aggressive Allocation.....	4,636,249	\$15.96	73,977,155
Moderate Allocation.....	1,814,779	\$15.58	28,280,756
Moderately Conservative Allocation.....	158,885	\$14.80	2,351,576
Growth and Income Plus .....	20,064	\$13.82	277,195
Balanced Income Plus.....	26,068	\$16.49	429,790
Diversified Income Plus.....	77,051	\$17.18	1,323,976
Opportunity Income Plus.....	46,858	\$14.39	674,424
Partner Healthcare.....	92,869	\$20.47	1,900,708
Partner Emerging Markets Equity .....	78,012	\$12.31	960,116
Real Estate Securities .....	71,833	\$18.08	1,298,857
Small Cap Stock .....	91,998	\$18.40	1,692,799
Small Cap Index .....	218,659	\$24.13	5,276,516
Mid Cap Stock.....	134,476	\$23.21	3,120,853
Mid Cap Index.....	290,043	\$21.87	6,343,606
Partner Worldwide Allocation .....	219,320	\$10.71	2,348,440
Partner All Cap .....	39,739	\$16.31	648,035
Large Cap Growth .....	83,601	\$18.13	1,515,773
Partner Growth Stock .....	50,997	\$20.36	1,038,314
Large Cap Value .....	85,450	\$17.18	1,468,241
Large Cap Stock .....	71,701	\$15.12	1,083,769
Large Cap Index .....	548,949	\$19.00	10,427,766
High Yield .....	54,563	\$18.63	1,016,474
Income .....	25,994	\$15.90	413,353
Bond Index .....	92,218	\$14.09	1,299,154
Limited Maturity Bond.....	40,987	\$12.55	514,256
Money Market .....	898,404	\$ 1.02	917,393
			<b>\$190,753,988</b>

**THRIVENT VARIABLE LIFE ACCOUNT I (SERIES 2008, 2003, 1997)**  
NOTES TO FINANCIAL STATEMENTS (continued)

**(7) UNIT FAIR VALUE - continued**

<u>Year Ended December 31, 2016</u>	<u>Units</u>	<u>Unit Value</u>	<u>Assets in Accumulation Period</u>
Thrivent Flexible Premium Variable Life Insurance – 2003			
Aggressive Allocation .....	2,598,680	\$21.84	\$ 56,760,227
Moderately Aggressive Allocation .....	4,887,850	\$21.04	102,864,285
Moderate Allocation .....	1,981,052	\$19.92	39,460,608
Moderately Conservative Allocation .....	370,263	\$18.12	6,708,033
Growth and Income Plus .....	16,543	\$13.82	228,555
Balanced Income Plus .....	120,678	\$21.09	2,544,800
Diversified Income Plus .....	110,702	\$21.79	2,412,093
Opportunity Income Plus .....	38,757	\$16.90	655,019
Partner Healthcare .....	45,739	\$20.47	936,133
Partner Emerging Markets Equity .....	49,043	\$12.31	603,595
Real Estate Securities .....	94,900	\$33.36	3,165,940
Small Cap Stock .....	334,630	\$26.67	8,926,240
Small Cap Index .....	133,501	\$34.70	4,632,901
Mid Cap Stock .....	351,203	\$35.42	12,439,572
Mid Cap Index .....	148,975	\$32.98	4,912,433
Partner Worldwide Allocation .....	762,534	\$10.71	8,165,071
Partner All Cap .....	71,402	\$28.10	2,006,259
Large Cap Growth .....	419,025	\$24.21	10,143,320
Partner Growth Stock .....	88,941	\$27.59	2,454,141
Large Cap Value .....	230,373	\$25.23	5,811,712
Large Cap Stock .....	447,831	\$19.72	8,830,603
Large Cap Index .....	301,155	\$25.32	7,624,901
High Yield .....	105,590	\$24.54	2,591,393
Income .....	138,888	\$18.68	2,594,514
Bond Index .....	131,056	\$16.56	2,169,851
Limited Maturity Bond .....	192,084	\$14.13	2,713,173
Money Market .....	1,717,347	\$ 1.18	2,033,303
			<b>\$304,388,675</b>

**THRIVENT VARIABLE LIFE ACCOUNT I (SERIES 2008, 2003, 1997)**  
 NOTES TO FINANCIAL STATEMENTS (continued)

**(7) UNIT FAIR VALUE - continued**

<u>Year Ended December 31, 2016</u>	<u>Units</u>	<u>Unit Value</u>	<u>Assets in Accumulation Period</u>
AAL Variable Universal Life – 1997			
Aggressive Allocation .....	557,048	\$21.84	\$ 12,167,241
Moderately Aggressive Allocation .....	1,122,566	\$21.04	23,624,534
Moderate Allocation .....	690,862	\$19.92	13,761,321
Moderately Conservative Allocation .....	102,467	\$18.12	1,856,388
Growth and Income Plus .....	7,449	\$13.82	102,916
Balanced Income Plus .....	295,036	\$26.11	7,705,035
Diversified Income Plus .....	106,466	\$24.99	2,661,126
Opportunity Income Plus .....	18,492	\$17.21	318,291
Partner Healthcare .....	20,496	\$20.47	419,492
Partner Emerging Markets Equity .....	20,254	\$12.31	249,268
Real Estate Securities .....	29,221	\$43.38	1,267,323
Small Cap Stock .....	248,850	\$32.54	8,099,303
Small Cap Index .....	436,248	\$49.15	21,436,217
Mid Cap Stock .....	289,758	\$35.73	10,354,233
Mid Cap Index .....	108,329	\$38.77	4,200,025
Partner Worldwide Allocation .....	677,094	\$10.71	7,250,091
Partner All Cap .....	23,241	\$34.30	797,179
Large Cap Growth .....	231,769	\$30.74	7,124,795
Partner Growth Stock .....	27,524	\$35.76	984,119
Large Cap Value .....	88,017	\$31.80	2,799,519
Large Cap Stock .....	666,883	\$16.95	11,305,143
Large Cap Index .....	1,322,012	\$27.20	35,952,154
High Yield .....	33,379	\$33.23	1,109,023
Income .....	46,167	\$20.83	961,886
Bond Index .....	108,565	\$23.83	2,587,234
Limited Maturity Bond .....	71,386	\$14.93	1,065,832
Money Market .....	563,028	\$ 1.19	670,151
			<b>\$180,829,839</b>

**(8) SUBACCOUNT MERGERS**

A Special Meeting of shareholders of the Thrivent Partner Partner Small Cap Growth Portfolio, Thrivent Partner Small Cap Value Portfolio, Thrivent Mid Cap Growth Portfolio, Thrivent Partner Mid Cap Value Portfolio, Thrivent Natural Resources Portfolio, and Thrivent Partner Technology (the “Target Portfolios”) each of which is a separate series of Thrivent Series Fund, Inc. (“the Fund”), was held on August 14, 2015. The Contractholders of each Subaccount voted in favor of merging the Target Portfolios into the Portfolios shown below (“the Acquiring Portfolios”) effective August 21, 2015.

	<u>The Target Portfolio</u>		<u>The Acquiring Portfolio</u>
Merger 1 .....	Thrivent Partner Small Cap Growth	→	Thrivent Small Cap Stock
Merger 2 .....	Thrivent Partner Small Cap Value	→	Thrivent Small Cap Stock
Merger 3 .....	Thrivent Mid Cap Growth	→	Thrivent Mid Cap Stock
Merger 4 .....	Thrivent Partner Mid Cap Value	→	Thrivent Mid Cap Stock

**THRIVENT VARIABLE LIFE ACCOUNT I (SERIES 2008, 2003, 1997)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**(8) SUBACCOUNT MERGERS - continued**

	<b>The Target Portfolio</b>		<b>The Acquiring Portfolio</b>
Merger 5 .....	Thrivent Natural Resources	→	Thrivent Large Cap Stock
Merger 6 .....	Thrivent Partner Technology	→	Thrivent Large Cap Growth

The mergers were accomplished by tax free exchanges as detailed below:

	<u>Net Assets as of August 21, 2015</u>	<u>Shares as of August 21, 2015</u>
<b><u>Merger 1 and 2</u></b>		
Acquiring Portfolio .....	\$ 9,152,167	555,374
Target Portfolio (Merger 1) .....	\$ 2,720,466	172,873
Target Portfolio (Merger 2) .....	\$ 4,395,394	198,300
After Acquisition .....	\$16,268,027	926,547
<b><u>Merger 3 and 4</u></b>		
Acquiring Portfolio .....	\$ 9,579,196	580,265
Target Portfolio (Merger 3) .....	\$ 9,631,848	429,527
Target Portfolio (Merger 4) .....	\$ 1,328,182	96,926
After Acquisition .....	\$20,539,226	1,106,718
<b><u>Merger 5</u></b>		
Acquiring Portfolio .....	\$19,005,189	1,647,054
Target Portfolio .....	\$ 886,829	173,341
After Acquisition .....	\$19,892,018	1,820,395
<b><u>Merger 6</u></b>		
Acquiring Portfolio .....	\$13,325,960	448,658
Target Portfolio .....	\$ 5,074,155	490,878
After Acquisition .....	\$18,400,115	939,536

The target portfolios had the following unrealized appreciation/depreciation, accumulated net realized gains/losses and net investment income as of August 20, 2015.

<u>Portfolio</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Net Investment Income (loss)</u>	<u>Accumulated Net Realized Gain (Loss)</u>
Thrivent Partner Small Cap Growth .....	\$ (633,424)	\$ -	\$ 785,767
Thrivent Partner Small Cap Value .....	\$(1,591,797)	\$180,471	\$1,252,678
Thrivent Mid Cap Growth .....	\$(2,998,666)	\$ 29,860	\$3,052,614
Thrivent Partner Mid Cap Value .....	\$ (286,513)	\$ 13,255	\$ 186,955
Thrivent Natural Resources .....	\$ 224,564	\$ 8,394	\$ (432,161)
Thrivent Partner Technology .....	\$(2,451,257)	\$ -	\$2,475,616

Assuming the acquisition had been completed on January 1, 2015 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, 2015, would have been as follows:

**THRIVENT VARIABLE LIFE ACCOUNT I (SERIES 2008, 2003, 1997)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**(8) SUBACCOUNT MERGERS - continued**

<u>Portfolio</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Net Investment Income (loss)</u>	<u>Accumulated Net Realized Gain (Loss)</u>
Thrivent Small Cap Stock .....	\$(4,195,513)	\$221,067	\$3,425,199
Thrivent Mid Cap Stock .....	\$(4,236,964)	\$101,055	\$4,552,747
Thrivent Large Cap Stock .....	\$(1,199,547)	\$234,431	\$1,401,306
Thrivent Large Cap Growth .....	\$(1,289,072)	\$ 75,911	\$2,987,872

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 August 21, 2015.

Assuming the acquisition had been completed on January 1, 2014 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, 2014, 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 Small Cap Stock .....	\$ (288,374)	\$ 28,897	\$ 863,543
Thrivent Mid Cap Stock .....	\$ 195,705	\$ 56,908	\$1,829,485
Thrivent Large Cap Stock .....	\$ 303,159	\$172,372	\$ 311,813
Thrivent Large Cap Growth .....	\$1,163,597	\$ 78,425	\$ 510,171