

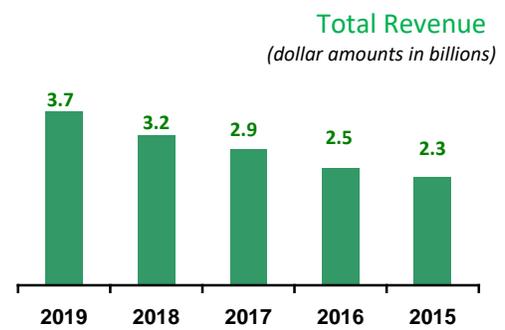
## End of Year 2019 Financial Highlights

Penn Mutual achieved another year of solid financial results in 2019, following our strong performance in 2018. GAAP Insurance Operating Income results represented an all-time high for the company<sup>1</sup>. The Company reached a record statutory surplus balance of \$2.3 billion, which represents a 9% increase over prior year. In addition, Penn Mutual maintained an A.M. Best Rating of A or higher, which we have done for 91 consecutive years<sup>2</sup>.

Our sustained financial strength and mutual structure allow us to stay focused on what matters most — serving the best interests of our policyholders, as well as ensuring our long-term viability and well-being. Total benefits paid to policyholders or their beneficiaries in 2019 totaled \$1.7 billion, which reflects the fulfillment of our promises to them.

### GAAP Financial Performance

**Total Revenue**, which includes our insurance, asset management, and broker-deal businesses was \$3.7 billion for 2019, an increase of \$473.9 million compared to 2018. This continues the solid growth that we have seen in recent years.



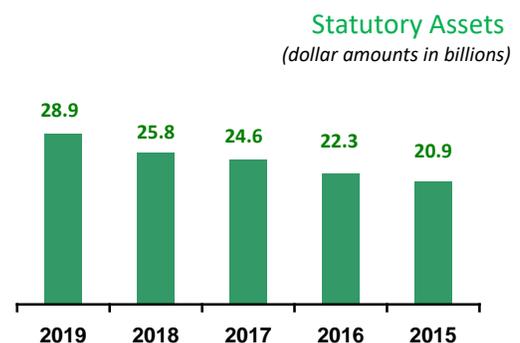
**Operating Income** from our core operations was \$328.0 million for 2019, an increase of 5% compared to 2018.

**Consolidated Net Income** for 2019 was \$396.0 million, which is a 19% increase from 2018.

### Financial Strength

**Total Surplus (Capital)** was \$2.3 billion as of December 31, 2019, which represents a 9% increase over prior year. Surplus is the amount we set aside for unexpected losses and is our financial protection against business volatility. The company continues to heavily focus on managing our financial strength and giving confidence to policyholders that Penn Mutual is well positioned to meet its obligations today and well into the future.

**Statutory Assets and Liabilities** — As of December 31, 2019, assets, including the funds we safeguard for our policyholders, totaled \$28.9 billion, an increase of 12% from 2018. Total liabilities were \$26.6 billion as of December 31, 2019.



## High Quality, Diversified Investment Portfolio

Penn Mutual holds a high-quality and well-diversified portfolio of assets with investment-grade bonds representing the single largest class of investments. As of December 31, 2019, cash and short-term and investment-grade bonds represented 79% of the company's total invested assets (excluding policy loans).

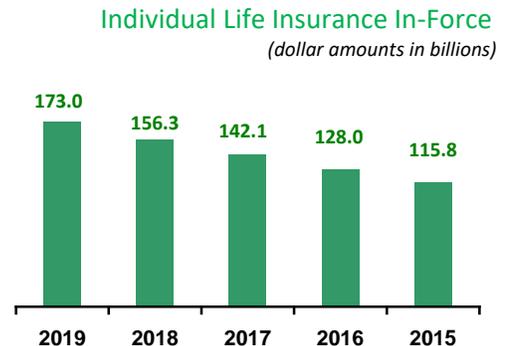
With an average credit quality rating of A, Penn Mutual's bond portfolio holds a high percentage of NAIC 1 and NAIC 2 rated, or investment grade bonds, which was 96% as of December 31, 2019, as classified by the National Association of Insurance Commissioners (NAIC).

Our second largest asset class, "Other Invested Assets and Alternative Assets," represented 15% of the investment portfolio (excluding policy loans). Included in this growing asset class is our investment in Janney Montgomery Scott, LLC broker/dealer affiliate; assets associated with our hedging activities, which allows us to manage the guarantees we provide within our living benefits for our clients; investments in private funds; and alternative assets, consisting of our investments in limited partnerships.

## Other Key Metrics

**Life Insurance Sales** for 2019 were \$215.2 million. Sales in 2019 continue to have a balanced mix, with 48% coming from whole life.

**Individual Life Insurance In-Force** of \$173.0 billion as of December 31, 2019, is the amount of life insurance protection that Penn Mutual provides to policyholders.



**New Annuity Sales** for 2019 were \$656.5 million. We continue to manage annuity sales in the current rate environment and the role they play in our clients' financial plans.

<sup>1</sup> Excluding the one-time impact of tax reform on 2017 results.

<sup>2</sup> Ratings reflect the rating agency's assessment of Penn Mutual's financial strength and claims-paying ability and are subject to change. A.M Best A+ rating is the second strongest of 15 as was affirmed in April, 2019.

These results are reported according to Generally Accepted Accounting Principles in the United States of America (GAAP), unless otherwise noted. Life sales are reported on a life weighted-premium basis. Annuity sales are reported on a cash basis. Total surplus, statutory assets, and investment portfolio information, are reported according to a Statutory Accounting basis.