

Semiannual Report • January – June 2015

MUTUAL TRUST FINANCIAL GROUP®

# Financial Overview



Strength. Growth. Stability.



## At a Glance...

**Mutual Trust Financial Group® (MTFG)** is a mutual organization that develops, underwrites and services a wide range of innovative life insurance and annuity products specially designed to serve the diverse needs of policyholders.

**MTL Insurance Company®**, a member company of MTFG, was founded in 1904. It is known as “*The Whole Life Company*,”® because of its specialty in participating whole life insurance.

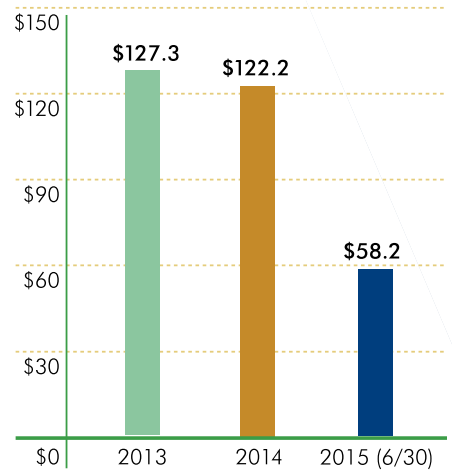
## A CLOSER LOOK AT THE NUMBERS

Mutual Trust’s strong financial foundation provides stability during challenging economic conditions. Despite continuing economic uncertainty, the organization’s financial strength remains strong. As of June 30, 2015, according to the National Association of Insurance Commissioners’ (NAIC) risk-based capital calculation, total adjusted capital for MTL Insurance Company was 563% above the Company Action Level. This reflects MTL’s strong capital position and the company’s ability to meet future policyowner obligations.

From January 1 through June 30, 2015, total premium from life insurance sales equaled \$58.2 million.

*\*Life collected premium does not include dividends. Single-pay premiums are counted at 10% (per LIMRA data).*

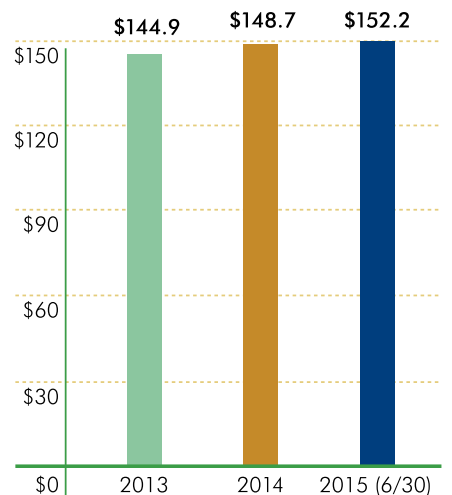
### TOTAL PREMIUM\*



(in millions)

Another indication of the organization’s strong financial position is its Total Adjusted Capital, measured according to Statutory Accounting Principles. Despite ongoing uncertainty in the financial markets, MTL continues to have excellent total adjusted capital levels due to its commitment to sound investment and financial principles.

### TOTAL ADJUSTED CAPITAL



(in millions)

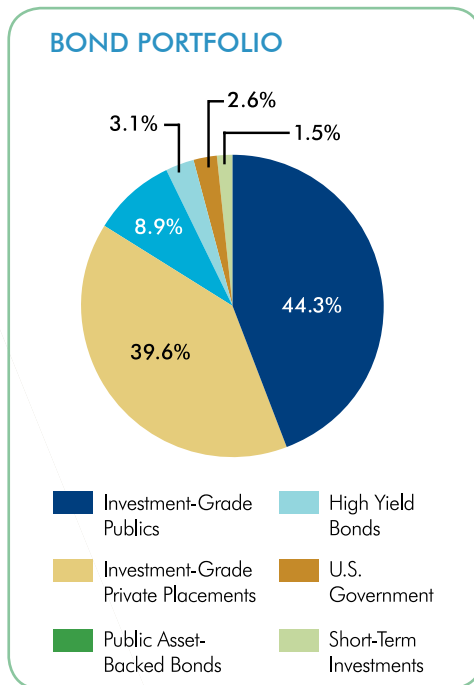
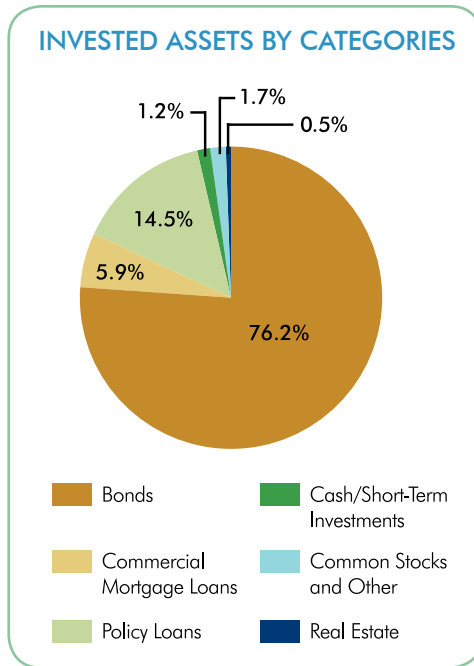


## INVESTMENT PORTFOLIO\*

Mutual Trust Financial Group applies a conservative investment philosophy, reflected in its asset diversification and prudence in individual investment selection, emphasizing credit analysis. The organization invests primarily in investment-grade fixed-income securities (bonds) and commercial mortgages, which have provided excellent returns.\*\*

Over the last 23 years, returns from Mutual Trust's commercial mortgage portfolio have averaged over 60 basis points above the industry average of the 100 largest life insurance companies for the same period, according to data provided by ALIRT Insurance Research, LLC. These results were obtained with 48% less risk than the market, according to delinquency statistics from the American Council of Life Insurers.

Our commercial mortgage portfolio is diversified by property type and geographic location, which has historically provided appropriate diversification and facilitates prudent risk management.



## Permanent Life Insurance Persistency Rate

An important goal for the organization is customer satisfaction. As a mutual holding company, Mutual Trust Financial Group's primary goal is to provide products that deliver high value. High persistency rates can be used as an indication of high policy satisfaction. As of June 30, 2015, we have a persistency rate of 91.0%.

## A Consistent Record of Paying Dividends

Life insurance companies are not required to pay dividends to policyholders. MTL Insurance Company has had a consistent record of paying them: More than 100 consecutive years and counting!

MTL Insurance Company's dividend scale is set yearly by the Board of Directors. Dividends are a function of the experience of the company and depend on investment income, mortality experience and expense levels.

\* As of June 30, 2015

\*\* As of June 30, 2015, one commercial mortgage loan is delinquent over 60 days. This represents 1.4% of the total commercial mortgage portfolio.



## Ratings and Agency Comments\*

Rating agencies offer an independent opinion of an organization's financial strength. Mutual Trust is reviewed by two rating services: Standard & Poor's and AM Best. Although each rating agency applies a different filter to its examination, both consider a company's business profile, balance sheet strength and operating performance.

To the right is how Mutual Trust Financial Group scored.

*\* Ratings as of June 30, 2015.*

### Standard & Poor's

- **Rating:** A
- **Description of Rating:** Strong
- **Agency Comments:** S&P cites MTL's strong financial risk profile, bolstered by a relatively low-risk product portfolio, and exceptional liquidity, as major strengths.

### AM Best

- **Rating:** A-
- **Description of Rating:** Excellent
- **Agency Comments:** AM Best sees MTL's rating as a reflection of a favorable business profile, positive trend of operating earnings, and growth in absolute and risk-adjusted capitalization.

The message is clear. Mutual Trust Financial Group is a financially strong organization with excellent capitalization and good operating performance. With a proud past and a clear vision for the future, we are dedicated to serving the financial needs of our policyholders and have made "earning your trust our way of life."

For additional financial information, see Mutual Trust's 2014 Annual Report at [www.mutualtrust.com](http://www.mutualtrust.com).



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