

# Second Quarter 2013 Review

July 25, 2013

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## Forward-Looking Statements

Statements made in the following presentation that relate to anticipated financial performance or business operations, business services and product prospects and plans, reinvestment opportunities, changes in the amount of cash flow testing reserves, regulatory developments and similar matters may be considered “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of current or historical facts, are forward-looking statements. Forward-looking statements are subject to a number of risks, uncertainties and contingencies that may cause the operations, performance, development and results of our business to differ materially from those suggested by such statements. Consequently, all of the forward-looking statements made in this presentation are qualified by these cautionary statements. The information contained in this presentation speaks as of July 25, 2013. Symetra undertakes no obligation to update any such forward-looking statements, whether as a result of new information, future events or otherwise. Historical results are not necessarily indicative of future results. Future results, including our financial performance, business operations and trends in our business and industry, are subject to significant risks and uncertainties, including without limitation the following:

- › the effects of fluctuations in interest rates, including a prolonged low interest rate environment or a rapidly rising interest rate environment;
- › general economic, market or business conditions, including economic downturns or other adverse conditions in the global and domestic capital and credit markets;
- › the effects of changes in monetary and fiscal policy;
- › the effects of changes in government programs to stimulate mortgage refinancing and significant increases in corporate refinance activity;
- › the performance of our investment portfolio;
- › the continued availability of quality commercial mortgage loan investments and our continued capacity to invest in commercial mortgage loans;
- › our ability to successfully execute on our strategies;
- › recorded reserves for future policy benefits and claims subsequently proving to be inadequate or inaccurate;
- › deviations from assumptions used in setting prices for insurance and annuity products, or establishing cash flow testing reserves;
- › continued viability of certain products under various economic, regulatory and other conditions;
- › market pricing and competitive trends related to insurance products and services;
- › changes in amortization of deferred policy acquisition costs and deferred sales inducements;
- › financial strength or credit ratings changes;
- › the availability and cost of capital and financing;
- › the continued availability and cost of reinsurance coverage;
- › changes in laws or regulations, or their interpretation, including those which could increase Symetra's business costs, reserve levels and required capital levels;
- › the ability of subsidiaries to pay dividends to Symetra;
- › the effects of implementation of the Patient Protection and Affordable Care Act (“PPACA”);
- › our ability to implement effective risk management policies and procedures, including hedging strategies;
- › the initiation of legal or regulatory investigations against us and the results of any legal or regulatory proceedings;
- › the effects of implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd Frank Act”); and
- › the risks that are described in Symetra's filings with the Securities and Exchange Commission, including those in Symetra's 2012 Annual Report on Form 10-K and 2013 quarterly report on form 10-Q.

## Non-GAAP Financial Measures (denoted by †)

This presentation contains certain non-GAAP financial measures that differ from the comparable GAAP measures. A reconciliation between each non-GAAP measure found in this presentation and the comparable GAAP measure may be found on the Company's website at [www.symetra.com](http://www.symetra.com) on the Investor Relations page under SEC filings (Forms 10-K and 10-Q) and under Financial Information, Quarterly Financial Results (quarterly earnings releases and financial supplements).

## Acronym Glossary

Definitions for acronyms used in this presentation are included on the last page.

# Second Quarter Priorities

## → Results Drivers

- › Strong interest spreads in Deferred Annuities and solid interest spreads in Income Annuities
- › Strong sales of fixed indexed annuities (FIA) through banks
- › Elevated Benefits loss ratio relative to target range
- › Outstanding shares and shares subject to warrants reduced by 20.3 million<sup>1</sup>

## → Forward Focus

- › Elevated Benefits loss ratio relative to target range
- › Sales of FIA and traditional fixed annuities through banks and broker-dealers
- › Sales of individual life insurance through BGAs
- › Continued ramp-up of group life and DI sales
- › ROE improvement

# Financial Results

*\$ in millions*

*Three Months Ended June 30*

	<b>2013</b>	<b>2012</b>
<b>Net Income</b>	<b>\$ 45.0</b>	<b>\$ 43.8</b>
<b>Adjusted Operating Income †</b>	<b>\$ 51.4</b>	<b>\$ 47.2</b>

*Twelve Months Ended June 30*

	<b>2013</b>	<b>2012</b>
<b>Return on Equity (ROE)</b>	<b>5.7%</b>	<b>6.6%</b>
<b>Operating Return on Average Equity (ROAE) †</b>	<b>8.0%</b>	<b>9.8%</b>

# Benefits Segment

## 25% of 2Q13 Pretax Adjusted Operating Income†

*\$ in millions*

	2Q13	2Q12
Operating Revenues	\$ 157.2	\$ 146.7
Pretax Adjusted Operating Income	\$ 16.3	\$ 16.3
Loss Ratio	66.2%	65.5%
Total Sales	\$ 21.3	\$ 35.6

### Priorities

- › Remain a leader in medical stop-loss, while achieving Loss Ratios within target range of 63%-65%
- › Drive growth in group life and disability income premiums

# Deferred Annuities Segment

## 39% of 2Q13 Pretax Adjusted Operating Income†

\$ in millions

	2Q13	2Q12
Operating Revenues	\$ 140.1	\$ 139.1
Pretax Adjusted Operating Income	\$ 25.4	\$ 23.8
Base Interest Spread <sup>1</sup>	1.80%	1.84%
Total Sales	\$ 441.5	\$ 325.5
Total Account Values	\$12,241.9	\$11,679.6

### Priorities

- › Maintain solid interest spread on fixed annuities
- › Maintain strong position in sales of fixed annuities through banks and broker-dealers
- › Continue to expand FIA sales through banks and broker-dealers, and enhance FIA product line-up

† Non-GAAP financial measure.

<sup>1</sup> Excludes impact of asset prepayments, net of related deferred sales inducement amortization, and mortgage-backed securities prepayment speed adjustment.

# Income Annuities Segment

15% of 2Q13 Pretax Adjusted Operating Income†

*\$ in millions*

	2Q13	2Q12
Operating Revenues	\$ 99.1	\$ 106.5
Pretax Adjusted Operating Income	\$ 10.0	\$ 16.8
Base Interest Spread <sup>1</sup>	0.57%	0.59%
Total Sales	\$ 45.5	\$ 95.3

## Priorities

- › Continue to stabilize interest spread with commercial mortgage loan origination strategy
- › Drive sales of SPIA through banks and broker-dealers

# Individual Life Segment

## 22% of 2Q13 Pretax Adjusted Operating Income†

*\$ in millions*

	2Q13	2Q12
Operating Revenues	\$ 112.4	\$ 113.3
Pretax Adjusted Operating Income	\$ 14.5	\$ 13.2
BOLI Base ROA <sup>1</sup>	0.85%	0.91%
Individual Sales	\$ 3.0	\$ 3.2
COLI Single Premium Sales	\$ 0.3	\$ --
COLI Recurring Premium Sales	\$ 3.0	\$ --

### Priorities

- › Drive sales of individual life insurance through expanded BGA network
- › Drive sales of COLI



# Summary

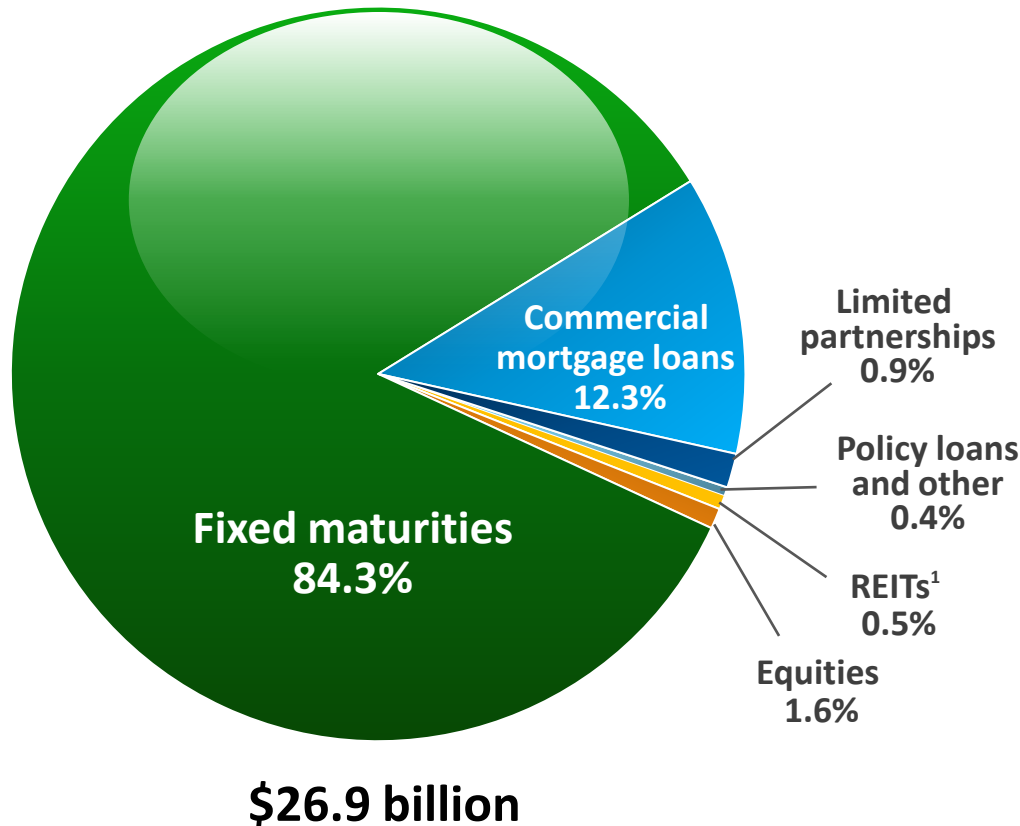
- › Maintaining **balance sheet strength** through financial and underwriting discipline
- › **Preserving core franchise positions:**
  - › Medical stop-loss
  - › Fixed and fixed-indexed annuities sold through banks
- › Leveraging current strengths to **drive growth in newer products:**
  - › Group life & disability income
  - › Individual life insurance
- › Working to **improve operating ROAE** over time

# Appendix

# High-Quality Investment Portfolio

As of 6/30/13

## Portfolio Composition



- › Pretax impairments of \$7.2M in 2Q13 vs. \$9.4M in 2Q12
- › Equity portfolio life-to-date<sup>2</sup> annualized total return of 10.2% (vs 5.6% for S&P 500 Total Return Index)
- › REIT life-to-date<sup>2</sup> annualized total return of 8.3% (vs benchmark<sup>3</sup> total return of 10.0%)
- › European exposure of \$1.8B
  - › \$0.6M of sovereign
  - › \$192.4M of financials
  - › Largest holding = \$150.1M of Deutsche Telekom
- › Commercial mortgage loans offer attractive yields: 2Q13 originations funded at nearly 300bps spread over Treasury securities

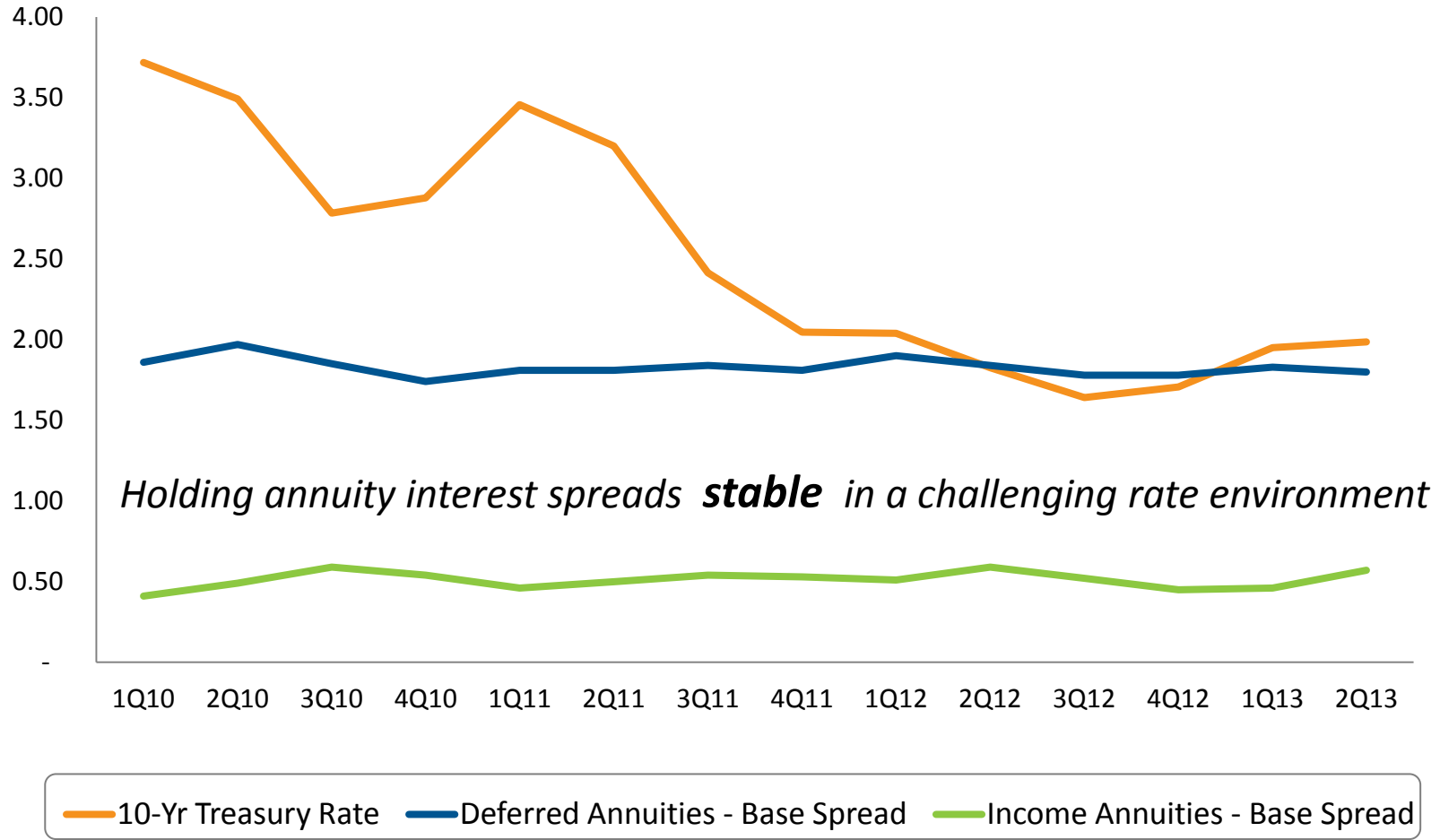
<sup>1</sup> Included in trading marketable equity securities.

<sup>2</sup> From inception of Symetra equity portfolio in January 2005 and Symetra REIT portfolio in April 2011.

<sup>3</sup> FTSE NAREIT All Equity REITs Index.

# Effective Asset-Liability Management

Percent



# Cash Flow Reinvestment

\$ in millions

	Estimated Amount of Reinvestment (2013 – 2015)	Risk Management Tools
Surplus	~ \$250 / year	CML
Deferred Annuity	< \$50 / year	Rate resets
Income Annuity	< \$50 / year	CML
BOLI	~ \$400 / year	CML, rate resets, other product levers

- › Reinvestment risk is relatively small due to:
  - › Effective ALM program (matching asset and liability cash flows)
  - › Flexibility from rate resetting capabilities (except in Income Annuities segment)
  - › Attractive investment opportunity in commercial mortgage loan originations
- › Our estimates could be affected by changes in monetary policy, government programs to stimulate mortgage refinancing and significant changes in corporate refinance activity

# Acronym Glossary

ALM	Asset-liability management
BGA	Brokerage general agency
BOLI	Bank-owned life insurance
CML	Commercial mortgage loans
COLI	Corporate-owned life insurance
DI	Disability income
FIA	Fixed indexed annuity
REIT	Real estate investment trust
ROA	Return on assets
ROAE	Return on average equity
ROE	Return on equity
SPIA	Single premium immediate annuity
UL	Universal life



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