Symetra Financial Corp.
Consolidated Financial Results

2018 Annual Results Summary

NOTE: In the following presentation, comparisons refer to 2018 results versus 2017 results.

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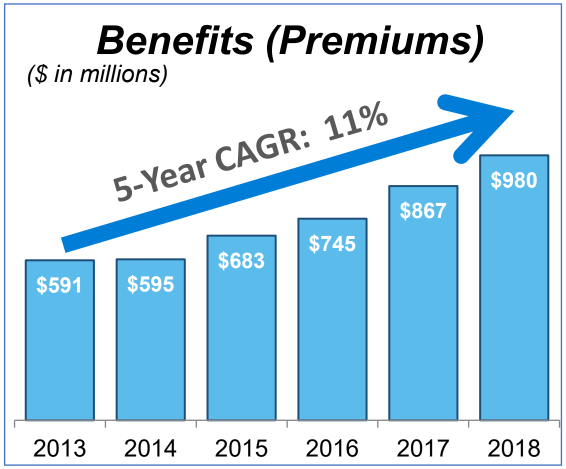
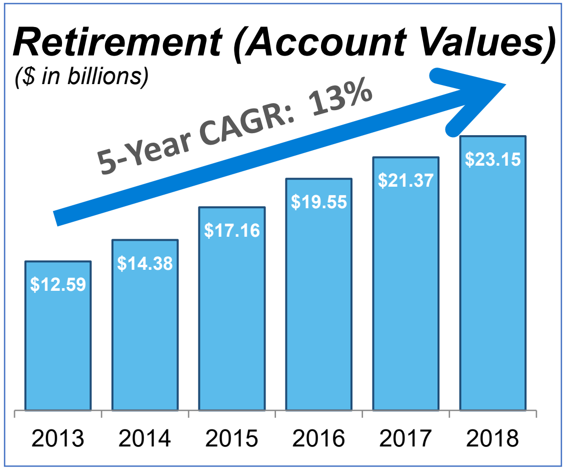
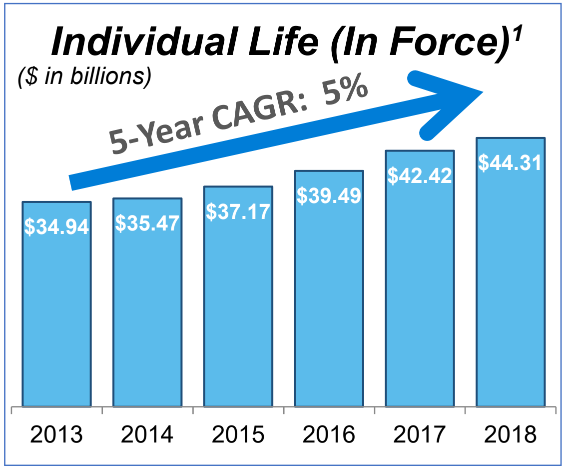
In 2018, we continued to grow each of our businesses







[1] *Excluding BOLI/COLI.*

- **Benefits premiums rose by 13% in 2018, reaching $980 million**, the result of pricing increases, business retention and solid sales of medical stop-loss and group life & disability income (DI).

- **Fixed and fixed indexed annuity account values grew by 8% in 2018; year-end balances exceeded $23 billion.** Retirement sales of $3.9 billion increased from $3.1 billion in 2017.

- **Retail individual life insurance in force reached over $44 billion.** Institutional (BOLI/COLI) life insurance in force totaled another $14 billion. Individual life sales of $92 million were up 8% from 2017.

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Significant increase in 2018 Adjusted pre-tax income

($ in millions)	2018	2017
Benefits	$ 54.7	$ 39.5
Retirement	113.9	108.2
Individual Life	16.0	19.9
Other	(35.7)	(66.1)
Adjusted pre-tax income [1]	**$ 148.9**	**$ 101.5**

- **Benefits:** Significant increase in earnings, driven by an improved combined ratio on higher premium revenues.
- **Retirement:** Improved earnings driven by a higher FIA base margin on growing account values.
- **Individual Life:** Lower earnings as higher operating expenses and an unfavorable unlocking adjustment more than offset higher base margins from growth in the life businesses.
- Other: Lower loss due to higher net investment income and lower write-downs of tax credit investments.
- Affecting multiple business segments:
  - Operating expenses reflected a larger workforce to support business growth and increased professional services to support strategic initiatives.
  - Investment prepayment income provided less of a boost to Retirement and Individual Life earnings.
  - Annual unlocking adjustments had less favorable impact to Retirement earnings and more unfavorable impact to Individual Life earnings.

[1] *Represents a non-GAAP financial measure. See Appendix.*

Net income (loss) includes non-operating items

($ in millions)	2018	2017
Adjusted pre-tax income	**$ 148.9**	**$ 101.5**
Add (deduct) the following:		
Excluded realized gains (losses)	(75.2)	43.1
Amortization of intangible assets	(85.2)	(83.6)
Closed Block results	(131.8)	36.1
Income (loss) from operations before income taxes	(143.3)	97.1
Total provision (benefit) for income taxes	(81.5)	(131.8)
Net income (loss)	**$ (61.8)**	**$ 228.9**

- **Net loss for the year reflected a substantial increase in earnings from our business segments, more than offset by non-operating items – excluded realized losses** (primarily, changes in the fair value of marked-to-market investments and derivative investments)**, intangible asset amortization, and Closed Block losses** (primarily, non-economic)**.**
- **Closed Block component:**

  In September 2018, we entered into a reinsurance agreement to fully reinsure our block of in-force income annuity contracts issued prior to October 1, 2017. (See next page for additional information about the impacts of this reinsurance transaction.)

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Impacts from Closed Block reinsurance transaction

- **We significantly improved the risk profile of our balance sheet through reinsurance of our block of in-force income annuity contracts, including all structured settlements.**
- The modified coinsurance structure of the transaction requires that we continue to hold the associated invested assets and policyholder liabilities on our balance sheet.
  - **Investment earnings, annuity benefits and realized gains (losses) are passed to Reinsurer (referred to as ceded activity) on a statutory accounting-basis, which differs from GAAP-basis** primarily due to PGAAP premiums established as of the date of our Merger with Sumitomo Life.
  - **PGAAP premiums and their amortization have no economic impact.**
- After the Reinsurance Transaction, Reinsurer began rebalancing the investment portfolio.
  - Because the economic activity is reinsured, we would typically expect the gain or loss associated with the rebalancing activity to be approximately offset by the amount ceded to Reinsurer, with little impact to net income.
  - **However, the significant difference between GAAP- and statutory-basis book values created by PGAAP means that reported Closed Block results:**
    - **Are expected to be volatile, and**
    - **Do not reflect the economic activity of the Reinsurance Transaction, whereby Reinsurer assumed the income and the costs of the reinsured contracts.**

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Additional operational achievements in 2018

- Completed our leadership succession plan (announced in 2017) with **Margaret Meister becoming President and CEO**, and Tommie Brooks becoming EVP and CFO.
- **Performed the necessary work for the 1Q19 launch of Symetra Trek, our new registered index-linked annuity**, and implemented a new policy administration system.
- Successfully initiated a pivot in individual life sales from guaranteed Universal Life products to Indexed Universal Life. And launched a refresh of our term life product.
- Continued to expand our bank and broker-dealer distribution network and deepen our relationships with brokerage general agencies and national producer groups.
- Refinanced $450 million of debt (bank loan and junior subordinated notes) with a new loan from our parent company, Sumitomo Life.
- Launched a new multi-year print and TV advertising campaign themed on "cutting out the Jibber Jabber," illustrating our commitment to clarity to help consumers understand our products. And brought on board a senior vice president, Marketing, Communications and Public Affairs.

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Appendix

Non-GAAP Financial Measures

- Certain tables and related disclosures in this report include non-GAAP financial measures. We believe these measures provide useful information for evaluating our financial performance or condition. Non-GAAP financial measures are not substitutes for their most directly comparable GAAP measures and should be read together with such measures. The adjustments made to derive non-GAAP measures are important to understanding our overall results of operations and financial position and, if evaluated without proper context, non-GAAP measures possess material limitations. These measures may be calculated differently from similarly titled measures of different companies.

- **Adjusted pre-tax income** consists of income from operations before income taxes, excluding results from our Closed Block, intangible asset amortization and certain net realized gains (losses). Adjusted pre-tax income represents the total of segment adjusted pre-tax income, which at the segment level is a GAAP measure. Income from operations before income taxes is the most directly comparable GAAP measure to adjusted pre-tax income.
- Excluded realized gains (losses) consist of the following:
  - investment sales or disposal,
  - investment impairments,
  - changes in the fair value of mark-to-market investments and derivative investments (except for certain index
  - options discussed below),
  - changes in the fair value of embedded derivatives related to the Company's indexed products, and
  - DAC, VOBA, and DSI impacts related to these items.
- We do not consider many of the activities reported through net realized gains (losses) to be part of the results of our insurance operations. The timing and amount of these gains (losses) are driven by investment decisions and external economic developments unrelated to our management of the insurance and underwriting aspects of our business. Additionally, excluding intangible amortization and results of the Closed Block allow us to focus on our core business
- Certain realized gains (losses) are included in adjusted pre-tax income. These include gains (losses) on certain index options supporting FIA policies primarily sold in the late 1990s, and realized gains (losses) from prepayment activity and pass-through activity and write-downs associated with tax credit investments. Management considers this meaningful when assessing the results of our core business operations.
- We believe it is useful to review adjusted pre-tax income to focus on the results of our core retained business operations. This assists management in determining whether, for our ongoing businesses, our insurance-related revenues have been sufficient to generate operating earnings after meeting our insurance-related obligations and underwriting and other operating costs. In addition, our management and board of directors have other uses for this measure, including assessing achievement of our financial plan.

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Reconciliation between Non-GAAP Financial Measures and Most Directly Comparable GAAP Financial Measures

($ in millions)

	Successor Company			Predecessor Company
	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017	February 1 to December 31, 2016	January 1 to January 31, 2016
Segment adjusted pre-tax income (loss):				
Benefits	$ 54.7	$ 39.5	$ 41.0	$ 8.3
Retirement	113.9	108.2	62.5	10.4
Individual Life	16.0	19.9	17.1	0.5
Other	(35.7)	(66.1)	(80.9)	(7.6)
Adjusted pre-tax income	$ 148.9	$ 101.5	$ 39.7	$ 11.6
Add (deduct) the following:				
Excluded realized gains (losses)	(75.2)	43.1	(5.0)	(4.0)
Amortization of intangible assets	(85.2)	(83.6)	(76.6)	—
Closed Block results	(131.8)	36.1	(13.9)	(24.5)
Income (loss) from operations before income taxes	(143.3)	97.1	(55.8)	(16.9)
Total provision (benefit) for income taxes	(81.5)	(131.8)	(72.8)	(10.4)
Net income (loss)	$ (61.8)	$ 228.9	$ 17.0	$ (6.5)

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Symetra Life Insurance Company
777 108th Avenue NE, Suite 1200
Bellevue, WA, 98004