

# Financial supplement

**Global Atlantic Financial Limited**

**(an indirect subsidiary of The Global Atlantic Financial Group LLC)**

**Fourth Quarter 2021**

*Information in this document is audited. This financial supplement is for informational purposes only and should be read in conjunction with Global Atlantic Financial Limited's consolidated financial statements for the eleven months ended December 31, 2021*

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## Important notice

On February 1, 2021, KKR & Co. Inc., or together with its subsidiaries, “KKR,” completed the acquisition of Global Atlantic Financial Limited’s former ultimate parent, Global Atlantic Financial Group Limited, or “GAFG,” by The Global Atlantic Financial Group LLC (formerly Magnolia Parent LLC), a KKR subsidiary, or “TGAFG”. Alongside the aforementioned acquisition, TGAFG also raised \$250 million of primary capital, of which \$215 million was contributed into Global Atlantic Financial Limited. The accompanying financial statements are presented for Successor and Predecessor periods, which relate to the accounting periods starting on, and ending before, February 1, 2021, respectively, the date of the closing of the acquisition, and also reflects the impacts of pushing down purchase accounting entries and the election of new accounting policies to conform to those of its new parent company, establishing a new accounting basis. In particular, upon acquisition, Global Atlantic Financial Limited and its subsidiaries (“Global Atlantic”) became subject to certain accounting standards applicable to public companies, and in particular the standard on the recognition of current expected credit losses (“CECL”) on financial instruments. The implementation of the latter resulted in Global Atlantic recognizing a credit loss allowance of \$228 million in net income during the two months ended March 31, 2021. See Note 2—“Significant accounting policies and practices” and Note 16 — “Acquisition” in the unaudited interim consolidated financial statements for additional information.

Where applicable, prior year disclosures have been conformed to (i) the current period presentation and (ii) revisions to non-GAAP measure definitions. Global Atlantic undertakes no obligation to update or correct the information in this Financial Supplement.

Certain totals may not sum to the corresponding components due to rounding.

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This financial supplement does not and shall not constitute an offer to buy or sell, or the solicitation of an offer to buy any securities of Global Atlantic. This financial supplement is not for distribution. THIS FINANCIAL SUPPLEMENT DOES NOT DISCLOSE THE RISKS AND OTHER SIGNIFICANT ISSUES RELATED TO AN INVESTMENT IN THE SECURITIES OF GLOBAL ATLANTIC. INVESTORS SHOULD ENSURE THAT THEY FULLY UNDERSTAND THE TERMS OF THE RELEVANT SECURITIES AND ANY APPLICABLE RISKS PRIOR TO TRANSACTING IN SECURITIES OF GLOBAL ATLANTIC. None of the information contained herein has been filed with the U.S. Securities and Exchange Commission, any securities administrator under any securities laws of any U.S. or non-U.S. jurisdiction or any other U.S. or non-U.S. governmental or self-regulatory authority. No such governmental authority or self-regulatory authority will pass on the merits of the adequacy of the information contained herein. Any representation to the contrary is unlawful.

## Credit ratings

This list is provided for informational purposes only. Ratings are not recommendations to buy, sell, or hold securities, and each rating may be revised or revoked at any time at the sole discretion of the rating organization. Financial strength ratings apply to the issuing companies and do not apply to any specific product or underlying fund. Each individual insurer is solely responsible for the benefits and obligations of the products it issues.

	Ratings as of March 10, 2022			
	A.M. Best	Fitch	Moody's	Standard & Poor's
<b>Credit ratings<sup>(1)</sup></b>				
<b>Global Atlantic Financial Limited</b>				
Issuer Credit Rating / Issuer Default Rating / Issuer Rating				
Rating	N/A	BBB+	N/A	BBB-
Outlook	N/A	Stable	N/A	Stable
<b>Global Atlantic (Fin) Company</b>				
Issuer Credit Rating / Issuer Default Rating / Issuer Rating				
Rating	bbb	BBB+	Baa2	BBB-
Outlook	Positive	Stable	Stable	Stable
<b>Financial strength ratings</b>				
Commonwealth Annuity & Life Insurance	A	A	A2	A-
Forethought Life Insurance Company	A	A	A2	A-
Accordia Life and Annuity Company	A	A	A2	A-
First Allmerica Financial Life Insurance Company	A	A	A2	A-
Global Atlantic Re Limited	A	A	N/A	A-
Global Atlantic Assurance Limited	A	A	N/A	A-

(1) Fitch's credit rating is its Long Term Issuer Default Rating.

# Consolidated results

## Financial highlights<sup>(1)</sup>

Unaudited (\$ in millions, except percentages)

	Three Months Ended			Two Months Ended	One Month Ended	Three Months Ended	YoY Change	Eleven Months Ended	Twelve Months Ended	YoY Change
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	1/31/2021	12/31/2020		12/31/2021	12/31/2020	
	Successor				Predecessor			Successor	Predecessor	
<b>Consolidated results of operations</b>										
Net income (loss) attributable to Global Atlantic Financial Limited shareholders	\$ 162	\$ 173	\$ 255	\$ (138)	\$ 57	\$ 124	31 %	\$ 452	\$ 510	(11)%
Adjusted operating income, net of tax	576	195	216	107	56	185	211 %	1,094	631	73 %
ROE <sup>(2)</sup>	12.9 %	14.0 %	25.0 %	(21.0)%	8.7 %	6.6 %	6.3 %	10.8 %	8.1 %	2.7 %
Adjusted ROE <sup>(2)</sup>	12.0 %	13.3 %	20.8 %	(17.7)%	14.9 %	11.0 %	1.0 %	9.8 %	11.7 %	(1.9)%
Adjusted Operating ROE <sup>(2)</sup>	42.7 %	15.0 %	17.6 %	13.7 %	14.6 %	16.4 %	26.3 %	23.6 %	14.5 %	9.1 %
ROA <sup>(2)</sup>	0.52 %	0.62 %	1.02 %	(0.84)%	0.70 %	0.55 %	(0.03)%	0.45 %	0.63 %	(0.18)%
Adjusted operating ROA, net of tax <sup>(2)</sup>	2.21 %	0.79 %	0.94 %	0.72 %	0.83 %	0.95 %	1.26 %	1.24 %	0.85 %	0.39 %
Effective income tax rate	14.4 %	22.9 %	1.5 %	17.1 %	22.7 %	(23.2)%	37.6 %	9.8 %	(12.7)%	22.5 %
Adjusted operating tax rate	19.1 %	4.4 %	15.0 %	12.9 %	15.2 %	(0.5)%	19.6 %	15.4 %	0.3 %	15.1 %
<b>Balance sheet items</b>										
Total assets	\$ 166,552	\$ 165,819	\$ 136,526	\$ 131,353	\$ 126,710	\$ 125,760	32 %	\$ 166,552	\$ 125,760	32 %
Adjusted invested assets	105,658	103,113	93,213	90,841	81,905	80,826	31 %	105,658	80,826	31 %
Total liabilities	161,185	160,602	131,388	127,881	118,652	117,590	37 %	161,185	117,590	37 %
Total shareholders' equity	5,070	4,955	4,912	3,249	7,775	7,946	(36)%	5,070	7,946	(36)%
Adjusted shareholders' equity	5,486	5,303	5,093	4,730	4,638	4,574	20 %	5,486	4,574	20 %

(1) On February 1, 2021, KKR completed the acquisition of GAFG by TGAFG (a KKR subsidiary.) The financial information in this supplement are presented for Successor and Predecessor periods, which relate to the accounting periods starting on, and ending before, February 1, 2021, respectively, the date of the closing of the acquisition, and also reflects the impacts of pushing down purchase accounting entries, establishing a new accounting basis. In addition, alongside the aforementioned acquisition, TGAFG raised \$250 million of primary capital, of which \$215 million was contributed into Global Atlantic Financial Limited.

(2) Interim periods are annualized.

## Consolidated statements of income

*Unaudited (\$ in millions, except percentages)*

	Three Months Ended			Two Months Ended	One Month Ended	Three Months Ended	YoY Change	Eleven Months Ended	Twelve Months Ended	YoY Change
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	1/31/2021	12/31/2020		12/31/2021	12/31/2020	
	<i>Successor</i>				<i>Predecessor</i>				<i>Successor</i>	<i>Predecessor</i>
<b>Revenues</b>										
Premiums	\$ 527	\$ 975	\$ (452)	\$ 1,176	\$ 77	\$ 2,253	(77)%	\$ 2,226	\$ 2,900	(23)%
Policy fees	324	310	312	202	98	310	5 %	1,148	1,233	(7)%
Net investment income	909	713	679	422	266	797	14 %	2,723	3,109	(12)%
Net investment gains (losses) <sup>(1)</sup>	171	162	327	(456)	(56)	136	26 %	204	171	19 %
Other income	38	32	32	18	8	17	124 %	120	59	103 %
<b>Total revenues</b>	<b>\$ 1,969</b>	<b>\$ 2,192</b>	<b>\$ 898</b>	<b>\$ 1,362</b>	<b>\$ 393</b>	<b>\$ 3,513</b>	<b>(44)%</b>	<b>\$ 6,421</b>	<b>\$ 7,472</b>	<b>(14)%</b>
<b>Benefits and expenses</b>										
Policy benefits and claims <sup>(1)</sup>	\$ 1,462	\$ 1,697	\$ 412	\$ 1,485	\$ 226	\$ 3,115	(53)%	\$ 5,056	\$ 6,075	(17)%
Amortization of policy acquisition costs	(9)	(16)	(21)	(20)	44	83	(111)%	(66)	268	(125)%
Insurance expenses	118	87	102	52	24	62	90 %	359	200	80 %
<b>Total benefits and insurance expenses</b>	<b>1,571</b>	<b>1,768</b>	<b>493</b>	<b>1,517</b>	<b>294</b>	<b>3,260</b>	<b>(52)%</b>	<b>5,349</b>	<b>6,543</b>	<b>(18)%</b>
<b>Net underwriting income</b>	<b>398</b>	<b>424</b>	<b>405</b>	<b>(155)</b>	<b>99</b>	<b>253</b>	<b>57 %</b>	<b>1,072</b>	<b>929</b>	<b>15 %</b>
Interest expenses	18	22	11	11	4	16	13 %	62	68	(9)%
General and administrative expenses	186	166	128	80	20	155	20 %	560	507	10 %
<b>Income (loss) before income taxes</b>	<b>194</b>	<b>236</b>	<b>266</b>	<b>(246)</b>	<b>75</b>	<b>82</b>	<b>137 %</b>	<b>450</b>	<b>354</b>	<b>27 %</b>
Income tax expense (benefit)	28	54	4	(42)	17	(19)	247 %	44	(45)	198 %
<b>Net income (loss)</b>	<b>166</b>	<b>182</b>	<b>262</b>	<b>(204)</b>	<b>58</b>	<b>101</b>	<b>64 %</b>	<b>406</b>	<b>399</b>	<b>2 %</b>
Net income (loss) attributable to non-controlling interests and redeemable non-controlling interests	4	9	7	(66)	1	(23)	117 %	(46)	(111)	59 %
<b>Net income (loss) attributable to Global Atlantic Financial Limited shareholders</b>	<b>\$ 162</b>	<b>\$ 173</b>	<b>\$ 255</b>	<b>\$ (138)</b>	<b>\$ 57</b>	<b>\$ 124</b>	<b>31 %</b>	<b>\$ 452</b>	<b>\$ 510</b>	<b>(11)%</b>

(1) For the two-month period ended March 31, 2021, includes \$219 million and \$9 million, respectively in net investments gains (losses) and policy benefits and claims, of credit loss allowances recognized upon the implementation of the CECL accounting standard.

## Components of return on assets

Unaudited (\$ in millions, except percentages)

	Three Months Ended			Two Months Ended	One Month Ended	Three Months Ended	YoY Change	Eleven Months Ended	Twelve Months Ended	YoY Change
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	1/31/2021	12/31/2020		12/31/2021	12/31/2020	
	Successor				Predecessor			Successor	Predecessor	
<b>Components of return on assets<sup>(1)</sup></b>										
Net investment return ratio	2.93 %	2.55 %	2.72 %	2.56 %	3.26 %	3.55 %	(0.62)%	2.71 %	3.87 %	(1.16)%
Net cost of insurance ratio	(1.65)%	(1.03)%	(1.10)%	(3.50)%	(2.04)%	(2.42)%	0.77 %	(1.65)%	(2.71)%	1.06 %
<b>Net underwriting ratio</b>	<b>1.28 %</b>	<b>1.52 %</b>	<b>1.62 %</b>	<b>(0.94)%</b>	<b>1.22 %</b>	<b>1.13 %</b>	<b>0.15 %</b>	<b>1.06 %</b>	<b>1.16 %</b>	<b>(0.10)%</b>
General and administrative expense ratio	(0.60)%	(0.59)%	(0.51)%	(0.49)%	(0.24)%	(0.69)%	0.09 %	(0.56)%	(0.63)%	0.07 %
Interest expense ratio	(0.06)%	(0.08)%	(0.04)%	(0.07)%	(0.05)%	(0.07)%	0.01 %	(0.06)%	(0.08)%	0.02 %
Income tax expense ratio	(0.09)%	(0.19)%	(0.02)%	0.25 %	(0.21)%	0.08 %	(0.17)%	(0.04)%	0.06 %	(0.10)%
Non-controlling interest ratio	(0.01)%	(0.04)%	(0.03)%	0.40 %	(0.02)%	0.10 %	(0.11)%	0.05 %	0.12 %	(0.07)%
<b>Return on assets</b>	<b>0.52 %</b>	<b>0.62 %</b>	<b>1.02 %</b>	<b>(0.84)%</b>	<b>0.70 %</b>	<b>0.55 %</b>	<b>(0.03)%</b>	<b>0.45 %</b>	<b>0.63 %</b>	<b>(0.18)%</b>

(1) Interim periods are annualized.



## Components of adjusted operating return on assets, net of tax

*Unaudited (\$ in millions, except percentages)*

	Three Months Ended			Two Months Ended	One Month Ended	Three Months Ended	YoY Change	Eleven Months Ended	Twelve Months Ended	YoY Change
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	1/31/2021	12/31/2020		12/31/2021	12/31/2020	
	<i>Successor</i>				<i>Predecessor</i>		<i>Successor</i>	<i>Predecessor</i>		
<b>Adjusted operating return on assets, net of tax<sup>(1)</sup></b>	<b>2.21 %</b>	<b>0.79 %</b>	<b>0.94 %</b>	<b>0.72 %</b>	<b>0.83 %</b>	<b>0.95 %</b>	<b>1.26 %</b>	<b>1.24 %</b>	<b>0.85 %</b>	<b>0.39 %</b>
<b>Components of adjusted operating return on assets, net of tax:<sup>(1)</sup></b>										
<b>Net investment earned rate<sup>(2)</sup></b>	<b>5.18 %</b>	<b>3.15 %</b>	<b>3.30 %</b>	<b>3.00 %</b>	<b>4.37 %</b>	<b>4.24 %</b>	<b>0.94 %</b>	<b>3.78 %</b>	<b>4.18 %</b>	<b>(0.40)%</b>
Adjusted net cost of insurance ratio	(1.82)%	(1.75)%	(1.66)%	(1.66)%	(2.80)%	(2.68)%	0.86 %	(1.74)%	(2.74)%	1.00 %
<b>Adjusted net underwriting ratio</b>	<b>3.36 %</b>	<b>1.40 %</b>	<b>1.64 %</b>	<b>1.34 %</b>	<b>1.57 %</b>	<b>1.56 %</b>	<b>1.80 %</b>	<b>2.04 %</b>	<b>1.44 %</b>	<b>0.60 %</b>
Adjusted general and administrative expense ratio	(0.56)%	(0.48)%	(0.49)%	(0.44)%	(0.53)%	(0.54)%	(0.02)%	(0.50)%	(0.50)%	— %
Adjusted interest expense ratio	(0.07)%	(0.09)%	(0.05)%	(0.07)%	(0.06)%	(0.08)%	0.01 %	(0.07)%	(0.09)%	0.02 %
<b>Adjusted operating return on assets, before taxes</b>	<b>2.73 %</b>	<b>0.83 %</b>	<b>1.10 %</b>	<b>0.83 %</b>	<b>0.98 %</b>	<b>0.94 %</b>	<b>1.79 %</b>	<b>1.47 %</b>	<b>0.85 %</b>	<b>0.62 %</b>
Adjusted income tax expense ratio	(0.52)%	(0.04)%	(0.16)%	(0.11)%	(0.15)%	0.01 %	(0.53)%	(0.23)%	— %	(0.23)%
<b>Adjusted operating return on assets, net of tax</b>	<b>2.21 %</b>	<b>0.79 %</b>	<b>0.94 %</b>	<b>0.72 %</b>	<b>0.83 %</b>	<b>0.95 %</b>	<b>1.26 %</b>	<b>1.24 %</b>	<b>0.85 %</b>	<b>0.39 %</b>
<b>Components of adjusted operating earnings:</b>										
<b>Adjusted net investment income<sup>(2)</sup></b>	<b>1,352</b>	<b>772</b>	<b>760</b>	<b>446</b>	<b>296</b>	<b>827</b>	<b>63 %</b>	<b>3,330</b>	<b>3,099</b>	<b>7 %</b>
Adjusted net cost of insurance	477	429	384	246	190	522	(9)%	1,536	2,027	(24)%
<b>Adjusted net underwriting income</b>	<b>875</b>	<b>343</b>	<b>376</b>	<b>200</b>	<b>106</b>	<b>305</b>	<b>187 %</b>	<b>1,794</b>	<b>1,072</b>	<b>67 %</b>
Interest expenses	18	22	11	11	4	16	13 %	62	68	(9)%
Adjusted general and administrative expenses	145	117	112	65	36	105	38 %	439	371	18 %
<b>Adjusted operating earnings, before income taxes</b>	<b>712</b>	<b>204</b>	<b>253</b>	<b>124</b>	<b>66</b>	<b>184</b>	<b>287 %</b>	<b>1,293</b>	<b>633</b>	<b>104 %</b>
Adjusted operating income tax expense	(136)	(9)	(38)	(16)	(10)	1	NM	(199)	(2)	NM
<b>Adjusted operating earnings, net of tax</b>	<b>\$ 576</b>	<b>\$ 195</b>	<b>\$ 216</b>	<b>\$ 107</b>	<b>\$ 56</b>	<b>\$ 185</b>	<b>211 %</b>	<b>\$ 1,094</b>	<b>\$ 631</b>	<b>73 %</b>
Average total investments <sup>(3)</sup>	\$ 124,147	\$ 111,852	\$ 99,726	\$ 98,955	\$ 98,058	\$ 89,904	38 %	\$ 109,465	\$ 80,384	36 %
Average adjusted invested assets <sup>(3)</sup>	104,386	98,163	92,027	89,314	81,366	78,099	34 %	96,122	74,100	30 %

(1) Interim periods are annualized.

(2) Includes \$429 million, \$51 million, \$47 million, (\$49) million and (\$23) million of variable investment income (loss) for the quarters ended December 31, 2021, September 30, 2021, June 30, 2021, June 30, 2020, and March 31, 2020, respectively, derived from realized gains and losses from the sale of investments not related to asset/liability matching strategies.

(3) For year-to-date periods, calculated by averaging total investments and adjusted invested assets, as of the end of each quarter in the applicable trailing period; For the two-month and one-month periods, calculated by averaging the beginning and ending periods. Quarterly averages are calculated by averaging the current and immediately preceding quarter.

## Consolidated balance sheets

Unaudited (\$ in millions, except percentages)

	Balances as of					12/31/2020	YoY Change
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020		
	Successor				Predecessor		
<b>Assets</b>							
Fixed maturity securities, available-for-sale, at fair value	\$ 70,523	\$ 68,812	\$ 60,864	\$ 60,310	\$ 61,154	15 %	
Fixed maturity securities, trading, at fair value	14,049	16,907	9,301	10,641	11,193	26 %	
Equity securities at fair value	289	37	149	116	95	204 %	
Mortgage and other loan receivables	28,877	25,367	19,970	16,808	15,479	87 %	
Policy loans	—	766	779	831	—	— %	
Funds withheld receivable at interest	2,999	3,066	3,084	3,095	2,446	23 %	
Other invested assets	8,975	7,627	6,974	6,530	7,174	25 %	
<b>Total investments</b>	<b>125,712</b>	<b>122,582</b>	<b>101,121</b>	<b>98,331</b>	<b>97,541</b>	<b>29 %</b>	
Cash and cash equivalents	3,392	4,717	6,492	5,409	3,177	7 %	
Restricted cash and cash equivalent	300	399	188	400	240	25 %	
Accrued investment income	839	825	697	770	709	18 %	
Reinsurance recoverable	25,062	25,234	16,385	15,682	15,140	66 %	
Insurance Intangibles	1,407	1,279	1,194	1,090	1,847	(24)%	
Other assets	4,254	5,338	4,811	4,201	1,647	158 %	
Separate account assets	5,586	5,445	5,638	5,470	5,459	2 %	
<b>Total assets</b>	<b>\$ 166,552</b>	<b>\$ 165,819</b>	<b>\$ 136,526</b>	<b>\$ 131,353</b>	<b>\$ 125,760</b>	<b>32 %</b>	

## Consolidated balance sheets (continued)

Unaudited (\$ in millions, except percentages)

	Balances as of				12/31/2020	YoY Change
	12/31/2021	9/30/2021	6/30/2021	3/31/2021		
	Successor				Predecessor	
<b>Liabilities</b>						
Future policyholder benefits	\$ 18,053	\$ 17,801	\$ 16,143	\$ 15,802	\$ 13,858	30 %
Outstanding claims	290	283	257	304	266	9 %
Contractholder deposit funds and other policyholder liabilities	108,177	106,528	89,434	86,502	79,817	36 %
<b>Total policyholder liabilities</b>	<b>126,520</b>	<b>124,612</b>	<b>105,834</b>	<b>102,608</b>	<b>93,941</b>	<b>35 %</b>
Debt	1,908	2,163	1,436	1,400	1,421	34 %
Funds withheld payable at interest	23,460	23,615	14,623	13,446	13,636	72 %
Other liabilities	3,332	4,505	3,681	4,535	2,873	16 %
Reinsurance liabilities	379	262	176	422	260	46 %
Separate account liabilities	5,586	5,445	5,638	5,470	5,459	2 %
<b>Total liabilities</b>	<b>\$ 161,185</b>	<b>\$ 160,602</b>	<b>\$ 131,388</b>	<b>\$ 127,881</b>	<b>\$ 117,590</b>	<b>37 %</b>
<b>Redeemable non-controlling interests</b>	<b>\$ 82</b>	<b>\$ 93</b>	<b>\$ 92</b>	<b>\$ 92</b>	<b>\$ 91</b>	<b>(10)%</b>
<b>Shareholders' Equity</b>						
Common stock	\$ —	\$ —	\$ —	\$ —	\$ —	— %
Additional paid-in capital	5,005	5,003	4,991	4,877	1,668	200 %
Retained earnings	452	290	117	(138)	2,961	(85)%
Accumulated other comprehensive income (loss)	(387)	(338)	(196)	(1,490)	3,317	(112)%
<b>Total shareholders' equity</b>	<b>5,070</b>	<b>4,955</b>	<b>4,912</b>	<b>3,249</b>	<b>7,946</b>	<b>(36)%</b>
Non-controlling interests	215	169	134	131	133	62 %
<b>Total equity</b>	<b>5,285</b>	<b>5,124</b>	<b>5,046</b>	<b>3,380</b>	<b>8,079</b>	<b>(35)%</b>
<b>Total liabilities, redeemable non-controlling interests and equity</b>	<b>\$ 166,552</b>	<b>\$ 165,819</b>	<b>\$ 136,526</b>	<b>\$ 131,353</b>	<b>\$ 125,760</b>	<b>32 %</b>
Adjusted shareholders' equity	\$ 5,486	\$ 5,303	\$ 5,093	\$ 4,730	\$ 4,574	20 %
Average adjusted shareholders' equity <sup>(1)</sup>	5,396	5,198	4,912	4,691	4,524	19 %

(1) For the two-month and one-month periods, calculated by averaging the beginning and ending periods. Quarterly averages are calculated by averaging the current and immediately preceding quarter.

## Capitalization

Unaudited (\$ in millions, except percentages)

	Balances as of					12/31/2020	YoY Change
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020		
	Successor				Predecessor		
Debt	\$ 1,908	\$ 2,163	\$ 1,436	\$ 1,400	\$ 1,421	34 %	
50% of subordinated debentures	(375)	(500)	(125)	(125)	(125)	(200) %	
Fair value adjustment to senior notes hedged with interest rate swap <sup>(1)</sup>	24	20	10	26	(32)	175 %	
<b>Adjusted debt</b>	<b>\$ 1,557</b>	<b>\$ 1,683</b>	<b>\$ 1,321</b>	<b>\$ 1,301</b>	<b>\$ 1,264</b>	<b>23 %</b>	
Total Global Atlantic Financial Limited shareholders' equity	5,070	4,955	4,912	3,249	7,946	(36) %	
Less: Accumulated other comprehensive income (AOCI)	(387)	(338)	(196)	(1,490)	3,317	(112) %	
Less: Accumulated change in fair value of reinsurance balances and related assets	(29)	(10)	15	9	55	(153) %	
<b>Adjusted shareholders' equity</b>	<b>\$ 5,486</b>	<b>\$ 5,303</b>	<b>\$ 5,093</b>	<b>\$ 4,730</b>	<b>\$ 4,574</b>	<b>20 %</b>	
Capitalization	\$ 6,978	\$ 7,118	\$ 6,348	\$ 4,649	\$ 9,367	(26) %	
Adjusted capitalization	7,394	7,466	6,529	6,130	5,995	23 %	
Adjusted capitalization, excluding debt fair value adjustments	7,418	7,486	6,539	6,156	5,963	24 %	
<b>Debt-to-capitalization</b>	<b>27.3 %</b>	<b>30.4 %</b>	<b>22.6 %</b>	<b>30.1 %</b>	<b>15.2 %</b>	<b>12.1 %</b>	
Debt-to-adjusted capitalization	25.8 %	29.0 %	22.0 %	22.8 %	23.7 %	2.1 %	
<b>Adjusted debt-to-adjusted capitalization, excluding debt fair value adjustments</b>	<b>21.0 %</b>	<b>22.5 %</b>	<b>20.2 %</b>	<b>21.1 %</b>	<b>21.2 %</b>	<b>(0.2) %</b>	

	Risk-based capital as of December 31, 2021
U.S. insurance subsidiaries <sup>(2)</sup>	401 %
Estimated consolidated RBC, including Bermuda subsidiaries <sup>(3)</sup>	436 %

(1) The Company has designated interest rate swaps to hedge the interest rate risk associated with the Senior Notes issued in October 2019 and due in 2029, and Senior Notes issued June 2021 and due in June 2031.

(2) Risk-Based Capital, or "RBC", for Commonwealth Annuity & Life Insurance Company, which consolidates all our U.S. insurance subsidiaries

(3) Estimated consolidated RBC ratio includes our Bermuda insurance subsidiaries and the cash and securities at holding companies. U.S. Company Action Level, or "CAL", RBC factors are applied to the assets and liabilities of our Bermuda insurance subsidiaries to determine their CAL. Certain balances reflected in Total Available Capital, or "TAC", for Bermuda insurance subsidiaries are reported under an economic or principle-based approach.

## Assumption Review

Unaudited (\$ in millions, except percentages)

We review the assumptions underlying our reserves, deferred revenue, and expenses at least annually, usually in the third quarter. As we analyze our assumptions, to the extent we choose to update one or more of those assumptions, there may be an “unlocking” impact. Upon completion of assumption review during the Third Quarter 2021, we recognized a \$19 million net favorable unlocking impact on adjusted operating earnings, before income taxes (as compared to a \$5 million net favorable unlocking impact on adjusted operating earnings, before income taxes in the Third Quarter 2020).

In the Third Quarter 2021, the \$19 million net favorable unlocking impact on adjusted operating earnings, before income taxes was primarily due to (1) favorable mortality experience, (2) annuity surrenders, (3) expenses, and (4) inflation assumptions. These favorable unlocking impacts were partially offset by unfavorable unlocking impacts primarily due to (1) income activation, (2) partial withdrawals, and (3) annuitization assumptions.

In the Third Quarter 2020, the \$5 million net favorable unlocking impact on adjusted operating earnings, before income taxes was primarily due to (1) lower current and future crediting rates, (2) lower caps and option budgets for index products, and (3) favorable mortality experience. These favorable unlocking impacts were partially offset by unfavorable unlocking impacts primarily due to (1) lower projected policyholder lapses on products with long term guarantees, partially offset by additional assessments and (2) lower projected investment yields. The \$23 million unfavorable unlocking impact on adjustments to derive adjusted operating earnings, before income taxes was due to lower projected policyholder lapses on a block of policies recorded at fair value which are removed for adjusted operating earnings.

The following table reflects the impacts to adjusted operating earnings, before income taxes and to income before income taxes, from our assumption review:

	Third Quarter	
	2021	2020
<i>(\$ in millions)</i>		
Total assumption review impact on adjusted operating earnings, before income taxes	\$ 19	\$ 5
Assumption review impact on adjustments to derive adjusted operating earnings, before income taxes	—	(23)
<b>Total assumption review impact on income before income taxes</b>	<b>\$ 19</b>	<b>\$ (18)</b>

The following table reflects the impact on income before income taxes by financial statement line item from our assumption review:

	Third Quarter	
	2021	2020
<i>(\$ in millions)</i>		
<b>Impacts of assumption review, by statement of income line item:</b>		
Policy fees	\$ —	\$ 23
Policy benefits and claims	21	(23)
Amortization of policy acquisition costs	(2)	(18)
<b>Total assumption review impact on income before income taxes</b>	<b>\$ 19</b>	<b>\$ (18)</b>

**Product and operational data**

## New business volume by origination channel and product

*Unaudited (\$ in millions, except percentages)*

	Three Months Ended			Two Months Ended	One Month Ended	Three Months Ended	YoY Change	Eleven Months Ended	Twelve Months Ended	YoY Change
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	1/31/2021	12/31/2020		12/31/2021	12/31/2020	
	Successor				Predecessor			Successor	Predecessor	
<b>Individual channel:</b>										
Fixed-Rate Annuities	\$ 607	\$ 854	\$ 1,545	\$ 1,038	\$ 339	\$ 610	— %	\$ 4,044	\$ 3,557	14 %
Fixed-Indexed Annuities	861	809	901	595	227	869	(1)%	3,166	3,088	3 %
Variable Annuities	17	17	15	8	7	19	(11)%	57	72	(21)%
Total retirement products	\$ 1,485	\$ 1,680	\$ 2,461	\$ 1,641	\$ 573	\$ 1,498	(1)%	\$ 7,267	\$ 6,717	8 %
Life insurance products	\$ 21	\$ 11	\$ 11	\$ 6	\$ 2	\$ 15	40 %	\$ 49	\$ 62	(21)%
Preneed Life	\$ 66	\$ 64	\$ 62	\$ 38	\$ 15	\$ 48	38 %	\$ 230	\$ 188	22 %
<b>Institutional channel:</b>										
Block <sup>(1)</sup>	\$ 6	\$ 16,010	\$ 10	\$ 1,079	\$ —	\$ 13,177	(100)%	\$ 17,105	\$ 15,457	11 %
Flow & pension risk transfer	\$ 1,645	\$ 1,050	\$ 1,629	\$ 764	\$ 412	\$ 878	87 %	\$ 5,088	\$ 2,820	80 %
Funding agreements - FABN	\$ 600	\$ 1,500	\$ 700	\$ —	\$ 650	\$ —	— %	\$ 2,800	\$ —	— %

Note: In our Individual channel, retirement sales of annuities include all money paid into new and existing contracts. Individual channel sales of traditional life products are based on commissionable premium, a commonly used industry sales metric, and individual channel sales for preneed life are based on the face amount of insurance. Traditional life sales do not include the recurring premiums that policyholders may pay over time. New business volume from our institutional channel is based on the assets assumed, net of any ceding commission, and is before any retro cession to Ivy Re, a reinsurance entity sponsored by the Company.

(1) Effective July 1, 2021, we entered into a reinsurance transaction, whereby we assumed \$7.9bn of assets. We then concurrently retroceded \$2.4 billion of assets to a third party on a funds withheld basis. New business volume from our Institutional channel reported above includes amounts concurrently retroceded.

## Reserves by product

Unaudited (\$ in millions, except percentages)

	Balances as of										YoY Change	
	12/31/2021		9/30/2021		6/30/2021		3/31/2021		12/31/2020			
	Successor										Predecessor	
	General Account	Separate Account	General Account	Separate Account	General Account	Separate Account	General Account	Separate Account	General Account	Separate Account	General Account	Separate Account
Fixed-Rate Annuity	\$ 22,081	\$ —	\$ 22,293	\$ —	\$ 22,204	\$ —	\$ 21,672	\$ —	\$ 20,695	\$ —	7 %	— %
Fixed-Indexed Annuity	20,759	—	19,914	—	19,287	—	18,414	—	17,085	—	22 %	— %
Variable Annuity	344	3,088	361	3,036	324	3,147	308	3,083	410	3,098	(16)%	— %
Indexed Universal Life	12,134	—	11,979	—	11,893	—	11,767	—	9,588	—	27 %	— %
Fixed Universal Life	1,452	—	1,471	—	1,467	—	1,529	—	1,554	—	(7)%	— %
Term & Whole Life	617	—	626	—	623	—	635	—	570	—	8 %	— %
Preneed	2,897	—	2,902	—	2,899	—	2,885	—	2,832	—	2 %	— %
Funding agreements - FHLB	2,229	—	2,240	—	2,224	—	2,205	—	2,207	—	1 %	— %
<b>Total Individual</b>	<b>62,513</b>	<b>3,088</b>	<b>61,786</b>	<b>3,036</b>	<b>60,921</b>	<b>3,147</b>	<b>59,415</b>	<b>3,083</b>	<b>54,941</b>	<b>3,098</b>	<b>14 %</b>	<b>— %</b>
Retirement	49,049	1,834	48,393	1,780	36,792	1,845	35,745	1,778	32,247	1,771	52 %	4 %
Life	9,771	664	9,820	629	5,018	646	5,041	609	4,975	590	96 %	13 %
Funding agreements - FHLB	321	—	326	—	321	—	311	—	313	—	3 %	— %
Funding agreements - FABN	3,464	—	2,860	—	1,362	—	659	—	—	—	— %	— %
<b>Total Institutional</b>	<b>62,605</b>	<b>2,498</b>	<b>61,399</b>	<b>2,409</b>	<b>43,493</b>	<b>2,491</b>	<b>41,756</b>	<b>2,387</b>	<b>37,535</b>	<b>2,361</b>	<b>67 %</b>	<b>6 %</b>
Closed Block	1,351	—	1,375	—	1,341	—	1,367	—	1,410	—	(4)%	— %
Other Corporate <sup>(1)</sup>	51	—	52	—	79	—	70	—	55	—	(7)%	— %
<b>Total Corporate &amp; Other</b>	<b>1,402</b>	<b>—</b>	<b>1,427</b>	<b>—</b>	<b>1,420</b>	<b>—</b>	<b>1,437</b>	<b>—</b>	<b>1,465</b>	<b>—</b>	<b>(4)%</b>	<b>— %</b>
<b>Total Reserves</b>	<b>\$ 126,520</b>	<b>\$ 5,586</b>	<b>\$ 124,612</b>	<b>\$ 5,445</b>	<b>\$ 105,834</b>	<b>\$ 5,638</b>	<b>\$ 102,608</b>	<b>\$ 5,470</b>	<b>\$ 93,941</b>	<b>\$ 5,459</b>	<b>35 %</b>	<b>2 %</b>

(1) Other Corporate primarily includes accident & health reserves that we assumed as part of a reinsurance transaction in 2009 which are offset by the Reinsurance recoverable line item in the consolidated financial statements.



## General account reserve roll forward by origination channel

*Unaudited (\$ in millions, except percentages)*

	Balances as of								YoY Change
	Successor				Predecessor				
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	1/31/2021	12/31/2020			
<b>Individual</b>									
Reserve liability, gross, opening balance <sup>(1)</sup>	\$ 61,786	\$ 60,921	\$ 59,415	\$ 58,372	\$ 54,941	\$ 53,762			15 %
Deposits	1,772	1,941	2,692	1,811	642	1,780			— %
Surrenders, benefits and fees	(1,304)	(1,243)	(1,513)	(935)	(357)	(1,192)			(9)%
Other reserve changes	259	167	327	167	(73)	591			(56)%
<b>Reserve liability, gross, ending</b>	<b>62,513</b>	<b>61,786</b>	<b>60,921</b>	<b>59,415</b>	<b>55,153</b>	<b>54,941</b>			<b>14 %</b>
Reinsurance recoverable	(367)	(443)	(445)	(487)	(477)	(492)			25 %
<b>Net individual reserve liability</b>	<b>\$ 62,146</b>	<b>\$ 61,343</b>	<b>\$ 60,476</b>	<b>\$ 58,928</b>	<b>\$ 54,676</b>	<b>\$ 54,449</b>			<b>14 %</b>
<b>Institutional</b>									
Reserve liability, gross, opening balance <sup>(1)</sup>	\$ 61,399	\$ 43,493	\$ 41,756	\$ 40,531	\$ 37,535	\$ 23,827			158 %
Deposits <sup>(2)</sup>	1,999	18,345	2,328	1,697	1,019	14,089			(86)%
Surrenders, benefits and fees	(632)	(521)	(462)	(203)	(161)	(379)			(67)%
Other reserve changes	(161)	82	(129)	(270)	58	(2)			NM
<b>Reserve liability, gross, ending</b>	<b>62,605</b>	<b>61,399</b>	<b>43,493</b>	<b>41,756</b>	<b>38,450</b>	<b>37,535</b>			<b>67 %</b>
Reinsurance recoverable	(23,386)	(23,447)	(14,630)	(13,851)	(13,368)	(13,256)			(76)%
<b>Net institutional reserve liability</b>	<b>\$ 39,219</b>	<b>\$ 37,952</b>	<b>\$ 28,863</b>	<b>\$ 27,905</b>	<b>\$ 25,082</b>	<b>\$ 24,279</b>			<b>62 %</b>
<b>Consolidated</b>									
Reserve liability, gross, opening balance <sup>(1)</sup>	\$ 124,612	\$ 105,834	\$ 102,608	\$ 100,339	\$ 93,941	\$ 79,048			58 %
Deposits <sup>(2)</sup>	3,771	20,286	5,020	3,508	1,661	15,869			(76)%
Surrenders, benefits and fees	(1,936)	(1,764)	(1,975)	(1,138)	(518)	(1,571)			(23)%
Other reserve changes	73	256	181	(102)	(29)	595			(88)%
<b>Reserve liability, gross, ending</b>	<b>126,520</b>	<b>124,612</b>	<b>105,834</b>	<b>102,608</b>	<b>95,054</b>	<b>93,941</b>			<b>35 %</b>
Reinsurance recoverable	(25,062)	(25,234)	(16,385)	(15,682)	(15,223)	(15,140)			(66)%
<b>Net reserve liability</b>	<b>\$ 101,458</b>	<b>\$ 99,378</b>	<b>\$ 89,449</b>	<b>\$ 86,926</b>	<b>\$ 79,831</b>	<b>\$ 78,801</b>			<b>29 %</b>

(1) Beginning balance for March 31, 2021 represents the gross reserve liability at February 1, 2021 and reflects certain post-closing purchase price adjustments as compared to the January 31, 2021 ending balance.

(2) Deposits also include total reserves at inception of block reinsurance transactions before any retro cession to Ivy Re, a reinsurance entity sponsored by the Company.

## Surrender charge protection by product

Unaudited (\$ in millions, except percentages)

Years of Surrender Charge Remaining	Fixed-rate and Fixed-indexed Annuities					
	December 31, 2021			December 31, 2020		
	Successor			Predecessor		
	Account Values	Percent of total	Average Surrender Charge Percent	Account Values	Percent of total	Average Surrender Charge Percent
No surrender charge	\$ 17,695	26.5 %	— %	\$ 9,518	18.3 %	— %
Greater than 0 to less than 3	14,623	21.9 %	4.8 %	11,430	22.0 %	5.1 %
3 to less than 6	25,729	38.5 %	6.2 %	22,641	43.5 %	6.3 %
6 to less than 9	5,862	8.8 %	6.7 %	6,037	11.6 %	7.0 %
9 or greater	2,898	4.3 %	8.3 %	2,367	4.6 %	8.0 %
<b>Total</b>	<b>\$ 66,807</b>	<b>100.0 %</b>	<b>4.6 %</b>	<b>\$ 51,993</b>	<b>100.0 %</b>	<b>5.3 %</b>

Years of Surrender Charge Remaining	Indexed and Fixed Universal Life					
	December 31, 2021			December 31, 2020		
	Successor			Predecessor		
	Account Values	Percent of total	Average Surrender Charge Percent	Account Values	Percent of total	Average Surrender Charge Percent
No surrender charge	\$ 6,644	54.0 %	0.3 %	\$ 6,271	52.8 %	0.3 %
Greater than 0 to less than 3	1,357	11.0 %	2.8 %	1,326	11.2 %	2.8 %
3 to less than 6	2,365	19.3 %	7.1 %	1,744	14.7 %	7.7 %
6 to less than 9	575	4.7 %	11.7 %	1,377	11.6 %	11.2 %
9 or greater	1,353	11.0 %	23.9 %	1,156	9.7 %	27.7 %
<b>Total</b>	<b>\$ 12,294</b>	<b>100.0 %</b>	<b>5.0 %</b>	<b>\$ 11,874</b>	<b>100.0 %</b>	<b>5.6 %</b>

## Account values by guaranteed minimum interest rates

Unaudited (\$ in millions, except percentages)

Range of Guaranteed Minimum Crediting Rates:	Subset of Account Values with Adjustable Crediting Rates Subject to Guaranteed Minimums					Total
	At guaranteed minimum	1 - 49 bps above guaranteed minimum	50 - 99 bps above guaranteed minimum	100 - 150 bps above guaranteed minimum	Greater than 150 bps above guaranteed minimum	
<i>(As of December 31, 2021)</i>						
<i>Successor</i>						
Individual channel	\$ 4,509	\$ 280	\$ 1,362	\$ 3,973	\$ 14,674	\$ 24,798
Institutional channel and strategic acquisitions	18,639	1,508	1,114	3,235	1,637	26,133
<b>Total</b>	<b>\$ 23,148</b>	<b>\$ 1,788</b>	<b>\$ 2,476</b>	<b>\$ 7,208</b>	<b>\$ 16,311</b>	<b>\$ 50,931</b>
<b>Percentage of total</b>	<b>45.4 %</b>	<b>3.5 %</b>	<b>4.9 %</b>	<b>14.2 %</b>	<b>32.0 %</b>	<b>100.0 %</b>
Percentage from institutional channel and strategic acquisitions	80.5 %	84.3 %	45.0 %	44.9 %	10.0 %	51.3 %

Range of Guaranteed Minimum Crediting Rates:	Subset of Account Values with Adjustable Crediting Rates Subject to Guaranteed Minimums					Total
	At guaranteed minimum	1 - 49 bps above guaranteed minimum	50 - 99 bps above guaranteed minimum	100 - 150 bps above guaranteed minimum	Greater than 150 bps above guaranteed minimum	
<i>(As of December 31, 2020)</i>						
<i>Predecessor</i>						
Individual channel	\$ 2,876	\$ 816	\$ 1,659	\$ 2,592	\$ 15,912	\$ 23,855
Institutional channel and strategic acquisitions	12,761	941	503	1,229	813	16,247
<b>Total</b>	<b>\$ 15,637</b>	<b>\$ 1,757</b>	<b>\$ 2,162</b>	<b>\$ 3,821</b>	<b>\$ 16,725</b>	<b>\$ 40,102</b>
<b>Percentage of total</b>	<b>39.0 %</b>	<b>4.4 %</b>	<b>5.4 %</b>	<b>9.5 %</b>	<b>41.7 %</b>	<b>100.0 %</b>
Percentage from institutional channel and strategic acquisitions	81.6 %	53.6 %	23.3 %	32.2 %	4.9 %	40.5 %

Note: Of the liabilities already at guaranteed minimums, the majority of the account values were assumed through either reinsurance transactions or acquisitions. As part of these reinsurance transactions and acquisitions, our view of the value of these liabilities was informed by the guaranteed minimum crediting rates on the policies and the then-current market conditions.

# Investment portfolio

## Investments summary

Unaudited (\$ in millions, except percentages)

	December 31, 2021		December 31, 2020	
	Successor		Predecessor	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
AFS fixed maturity securities	\$ 70,523	56.0 %	\$ 61,154	62.7 %
Trading fixed maturity securities <sup>(1)</sup>	14,049	11.2 %	11,193	11.5 %
Equity securities	289	0.2 %	95	0.1 %
Mortgage and other loan receivables	28,877	23.0 %	15,479	15.9 %
Policy loans	—	0.1 %	696	— %
Funds withheld receivable at interest	2,999	2.4 %	2,446	2.5 %
Other investments	8,975	7.1 %	7,174	7.4 %
<b>Total investments</b>	<b>\$ 125,712</b>	<b>100.0 %</b>	<b>\$ 97,541</b>	<b>100.1 %</b>

Other investments, as above, consists of the following:	December 31, 2021		December 31, 2020	
	Successor		Predecessor	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
Investments in renewable energy <sup>(2)</sup>	\$ 3,574	39.8 %	\$ 3,443	48.0 %
Investments in transportation and other leased assets <sup>(3)</sup>	2,664	29.8 %	1,978	27.7 %
Other investment partnerships	235	2.6 %	487	6.8 %
Investments in real estate	1,565	17.4 %	395	5.5 %
Federal Home Loan Bank, or "FHLB," common stock and other investments	172	1.8 %	175	2.4 %
<b>Total other investments</b>	<b>\$ 8,975</b>	<b>91.4 %</b>	<b>\$ 7,174</b>	<b>90.4 %</b>

(1) Trading assets back funds withheld payable at interest and investment performance is ceded to third party reinsurers.

(2) Net of accumulated depreciation attributed to consolidated renewable energy assets of \$157 million and \$83 million as of December 30, 2021 and December 31, 2020, respectively.

(3) Net of accumulated depreciation of \$105 million and \$232 million as of December 30, 2021 and December 31, 2020, respectively.

## Fixed maturity securities – unrealized gains and losses

*Unaudited (\$ in millions, except percentages)*

	As of December 31, 2021 (Successor)						
	<i>Successor</i>						
	Cost or amortized cost	Allowance for credit losses <sup>(2)</sup>	Gross unrealized temporary		Fair value	Percent of total	
gain			loss				
<b>AFS fixed maturity securities portfolio by type:</b>							
U.S. government and agencies	\$ 785	\$ —	\$ 4	\$ (5)	\$ 784	1.1 %	
U.S. state, municipal and political subdivisions	5,123	—	42	(55)	5,110	7.2 %	
Corporate	42,979	(3)	191	(689)	42,478	60.2 %	
RMBS	7,703	(51)	126	(113)	7,665	10.9 %	
CMBS	5,953	—	16	(57)	5,912	8.4 %	
CLOs	3,091	(1)	7	(6)	3,091	4.4 %	
CBOs	3,112	(22)	7	(27)	3,070	4.4 %	
All other structured securities <sup>(1)</sup>	2,426	(11)	20	(22)	2,413	3.4 %	
<b>Total AFS fixed maturity securities</b>	<b>\$ 71,172</b>	<b>\$ (88)</b>	<b>\$ 413</b>	<b>\$ (974)</b>	<b>\$ 70,523</b>	<b>100.0 %</b>	

	As of December 31, 2020 (Predecessor)						
	<i>Predecessor</i>						
	Cost or amortized cost		Gross unrealized temporary		Fair value	Percent of total	
gain			loss				
<b>AFS fixed maturity securities portfolio by type:</b>							
U.S. government and agencies	\$ 654	\$ 33	\$ (8)	\$ 679	1.1 %		
U.S. state, municipal and political subdivisions	4,303	700	(2)	5,001	8.2 %		
Corporate	28,847	3,796	(38)	32,605	53.3 %		
RMBS	7,989	705	(55)	8,639	14.1 %		
CMBS	3,449	234	(33)	3,650	6.0 %		
CLOs	3,026	22	(46)	3,002	4.9 %		
CBOs	3,482	111	—	3,593	5.9 %		
All other structured securities <sup>(1)</sup>	3,826	179	(20)	3,985	6.5 %		
<b>Total AFS fixed maturity securities</b>	<b>\$ 55,576</b>	<b>\$ 5,780</b>	<b>\$ (202)</b>	<b>\$ 61,154</b>	<b>100.0 %</b>		

(1) "All other structured securities" primarily consists of asset-backed securities.

(2) Represents the cumulative amount of credit impairments that have been recognized in the consolidated statements of income (as net investment (losses) gains) or that were recognized as a gross-up of the purchase price of PCD securities. Amount excludes unrealized losses related to non-credit impairment.

## Fixed maturity securities by ratings

Unaudited (\$ in millions, except percentages)

	AFS Fixed Maturity Securities by NAIC Rating			
	December 31, 2021		December 31, 2020	
	Successor		Predecessor	
	Fair Value	Percent of Total	Fair Value	Percent of Total
<b>NAIC designation:</b>				
1	\$ 44,866	63.6 %	\$ 37,647	61.6 %
2	23,312	33.1 %	22,083	36.1 %
<b>Total investment grade</b>	<b>68,178</b>	<b>96.7 %</b>	<b>59,730</b>	<b>97.7 %</b>
3	741	1.1 %	817	1.3 %
4	425	0.6 %	182	0.3 %
5	18	— %	15	— %
6	7	— %	—	— %
5 <sup>(1)</sup>	1,154	1.6 %	410	0.7 %
<b>Total below investment grade</b>	<b>2,345</b>	<b>3.3 %</b>	<b>1,424</b>	<b>2.3 %</b>
<b>Total AFS fixed maturity securities</b>	<b>\$ 70,523</b>	<b>100.0 %</b>	<b>\$ 61,154</b>	<b>100.0 %</b>
	AFS Fixed Maturity Securities by NRSRO Rating			
	December 31, 2021		December 31, 2020	
	Successor		Predecessor	
	Fair Value	Percent of Total	Fair Value	Percent of Total
<b>NRSRO rating designation:</b>				
AAA/AA/A	\$ 30,153	42.8 %	\$ 29,353	48.0 %
BBB	23,727	33.6 %	21,589	35.3 %
Non-rated <sup>(2)</sup>	7,645	10.8 %	2,227	3.6 %
<b>Total Investment Grade</b>	<b>61,525</b>	<b>87.2 %</b>	<b>53,169</b>	<b>86.9 %</b>
BB	1,493	2.1 %	585	1.0 %
B	1,553	2.2 %	491	0.8 %
CCC	1,719	2.4 %	1,971	3.2 %
CC and lower	2,446	3.5 %	2,870	4.7 %
Non-rated <sup>(3)</sup>	1,787	2.6 %	2,068	3.4 %
<b>Total below investment grade</b>	<b>8,998</b>	<b>12.8 %</b>	<b>7,985</b>	<b>13.1 %</b>
<b>Total AFS fixed maturity securities</b>	<b>\$ 70,523</b>	<b>100.0 %</b>	<b>\$ 61,154</b>	<b>100.0 %</b>

Note: NRSRO and NAIC ratings have different methodologies. We believe the NAIC ratings methodology, which considers the likelihood of recovery of our amortized cost as opposed to the recovery of all contractual payments including the principal at par, is the more appropriate way to view the ratings quality of our AFS fixed maturity portfolio since a large portion of our holdings were purchased at a significant discount to par value.

(1) Securities rated using an internally developed methodology are designated 5\* by the NAIC.

(2) Includes securities that were not rated by an NRSRO but have an NAIC designation of 1 or 2.

(3) Includes securities that were not rated by an NRSRO but have an NAIC designation of 3 or lower.

## Corporate fixed maturity securities by ratings

Unaudited (\$ in millions, except percentages)

	Corporate Fixed Maturity Securities by NAIC Rating			
	December 31, 2021		December 31, 2020	
	Successor		Predecessor	
	Fair Value	Percent of Total	Fair Value	Percent of Total
<b>NAIC designation:</b>				
1	\$ 18,708	44.0 %	\$ 12,638	38.8 %
2	21,805	51.3 %	19,123	58.6 %
<b>Total investment grade</b>	<b>40,513</b>	<b>95.3 %</b>	<b>31,761</b>	<b>97.4 %</b>
3	510	1.2 %	370	1.1 %
4	300	0.7 %	1	— %
5	2	— %	61	0.2 %
5* <sup>(1)</sup>	1,153	2.8 %	412	1.3 %
<b>Total below investment grade</b>	<b>1,965</b>	<b>4.7 %</b>	<b>844</b>	<b>2.6 %</b>
<b>Total Corporate fixed maturity securities</b>	<b>\$ 42,478</b>	<b>100.0 %</b>	<b>\$ 32,605</b>	<b>100.0 %</b>
	Corporate Fixed Maturity Securities by NRSRO Rating			
	December 31, 2021		December 31, 2020	
	Successor		Predecessor	
	Fair Value	Percent of Total	Fair Value	Percent of Total
<b>NRSRO rating designation:</b>				
AAA/AA/A	\$ 18,550	43.7 %	\$ 13,625	41.8 %
BBB	21,028	49.5 %	17,984	55.1 %
Non-rated <sup>(2)</sup>	934	2.2 %	207	0.6 %
<b>Total Investment Grade</b>	<b>40,512</b>	<b>95.4 %</b>	<b>31,816</b>	<b>97.5 %</b>
BB	510	1.2 %	317	1.0 %
B	166	0.4 %	60	0.2 %
Non-rated <sup>(3)</sup>	1,290	3.0 %	412	1.3 %
<b>Total below investment grade</b>	<b>1,966</b>	<b>4.6 %</b>	<b>789</b>	<b>2.5 %</b>
<b>Total Corporate fixed maturity securities</b>	<b>\$ 42,478</b>	<b>100.0 %</b>	<b>\$ 32,605</b>	<b>100.0 %</b>

Note: NRSRO and NAIC ratings have different methodologies. We believe the NAIC ratings methodology, which considers the likelihood of recovery of our amortized cost as opposed to the recovery of all contractual payments including the principal at par, is the more appropriate way to view the ratings quality of our AFS fixed maturity portfolio since a large portion of our holdings were purchased at a significant discount to par value.

(1) Securities rated using an internally developed methodology are designated 5\* by the NAIC.

(2) Includes securities that were not rated by an NRSRO but have an NAIC designation of 1 or 2.

(3) Includes securities that were not rated by an NRSRO but have an NAIC designation of 3 or lower.



## Residential mortgage-backed securities by ratings

Unaudited (\$ in millions, except percentages)

	RMBS by NAIC Ratings			
	December 31, 2021		December 31, 2020	
	<i>Successor</i>		<i>Predecessor</i>	
	Fair value	Percent of total	Fair Value	Percent of total
<b>NAIC designation:</b>				
1	\$ 7,125	93.0 %	\$ 7,631	88.3 %
2	256	3.3 %	602	7.0 %
<b>Total investment grade</b>	<b>7,381</b>	<b>96.3 %</b>	<b>8,233</b>	<b>95.3 %</b>
3 and below	284	3.7 %	406	4.7 %
<b>Total below investment grade</b>	<b>284</b>	<b>3.7 %</b>	<b>406</b>	<b>4.7 %</b>
<b>Total RMBS</b>	<b>\$ 7,665</b>	<b>100.0 %</b>	<b>\$ 8,639</b>	<b>100.0 %</b>

	RMBS by NRSRO Ratings			
	December 31, 2021		December 31, 2020	
	<i>Successor</i>		<i>Predecessor</i>	
	Fair value	Percent of total	Fair Value	Percent of total
<b>NRSRO rating designation:</b>				
AAA/AA/A	\$ 845	11.0 %	\$ 741	8.6 %
BBB	282	3.7 %	525	6.1 %
BIG	4,733	61.7 %	5,396	62.5 %
Non-rated investment grade	1,805	23.6 %	1,977	22.9 %
<b>Total RMBS</b>	<b>\$ 7,665</b>	<b>100.0 %</b>	<b>\$ 8,639</b>	<b>100.0 %</b>

Note: NRSRO and NAIC ratings have different methodologies. We believe the NAIC ratings methodology, which considers the likelihood of recovery of our amortized cost as opposed to the recovery of all contractual payments including the principal at par, is the more appropriate way to view the ratings quality of our AFS fixed maturity portfolio since a large portion of our holdings were purchased at a significant discount to par value.

## Commercial mortgage-backed securities by ratings

Unaudited (\$ in millions, except percentages)

	CMBS by NAIC Ratings			
	December 31, 2021		December 31, 2020	
	Successor		Predecessor	
	Fair value	Percent of total	Fair Value	Percent of total
<b>NAIC designation:</b>				
1	\$ 5,677	96.0 %	\$ 3,121	85.5 %
2	196	3.3 %	435	11.9 %
<b>Total investment grade</b>	<b>5,873</b>	<b>99.3 %</b>	<b>3,556</b>	<b>97.4 %</b>
3	32	0.6 %	94	2.6 %
4	7	0.1 %	—	— %
Non-rated	—	— %	—	— %
<b>Total below investment grade</b>	<b>39</b>	<b>0.7 %</b>	<b>94</b>	<b>2.6 %</b>
<b>Total CMBS</b>	<b>\$ 5,912</b>	<b>100.0 %</b>	<b>\$ 3,650</b>	<b>100.0 %</b>
	CMBS by NRSRO Ratings			
	December 31, 2021		December 31, 2020	
	Successor		Predecessor	
	Fair value	Percent of total	Fair Value	Percent of total
<b>NRSRO rating designation:</b>				
AAA/AA/A	\$ 1,849	31.3 %	\$ 2,284	62.6 %
BBB	1,719	29.1 %	1,226	33.6 %
BIG	2,242	37.9 %	117	3.2 %
Non-rated investment grade	102	1.7 %	23	0.6 %
<b>Total CMBS</b>	<b>\$ 5,912</b>	<b>100.0 %</b>	<b>\$ 3,650</b>	<b>100.0 %</b>

Note: NRSRO and NAIC ratings have different methodologies. We believe the NAIC ratings methodology, which considers the likelihood of recovery of our amortized cost as opposed to the recovery of all contractual payments including the principal at par, is the more appropriate way to view the ratings quality of our AFS fixed maturity portfolio since a large portion of our holdings were purchased at a significant discount to par value.

## Collateralized loan obligations & collateralized bond obligations by ratings

Unaudited (\$ in millions, except percentages)

	Collateralized Loan Obligations			
	December 31, 2021		December 31, 2020	
	Successor		Predecessor	
	Fair value	Percent of total	Fair Value	Percent of total
<b>NAIC designation:</b>				
1	\$ 2,983	96.5 %	\$ 2,797	93.2 %
2	88	2.9 %	173	5.8 %
<b>Total investment grade</b>	<b>3,071</b>	<b>99.4 %</b>	<b>2,970</b>	<b>99.0 %</b>
3	20	0.6 %	19	0.6 %
5	—	— %	13	0.4 %
<b>Total below investment grade</b>	<b>20</b>	<b>0.6 %</b>	<b>32</b>	<b>1.0 %</b>
<b>Total CLO</b>	<b>\$ 3,091</b>	<b>100.0 %</b>	<b>\$ 3,002</b>	<b>100.0 %</b>

	Collateralized Bond Obligations			
	December 31, 2021		December 31, 2020	
	Successor		Predecessor	
	Fair value	Percent of total	Fair Value	Percent of total
<b>NAIC designation:</b>				
1	\$ 3,070	100.0 %	\$ 3,593	100.0 %
<b>Total investment grade</b>	<b>3,070</b>	<b>100.0 %</b>	<b>3,593</b>	<b>100.0 %</b>
<b>Total CBO</b>	<b>\$ 3,070</b>	<b>100.0 %</b>	<b>\$ 3,593</b>	<b>100.0 %</b>

Note: NRSRO and NAIC ratings have different methodologies. We believe the NAIC ratings methodology, which considers the likelihood of recovery of our amortized cost as opposed to the recovery of all contractual payments including the principal at par, is the more appropriate way to view the ratings quality of our AFS fixed maturity portfolio since a large portion of our holdings were purchased at a significant discount to par value.

## All other structured securities by ratings

Unaudited (\$ in millions, except percentages)

	All Other Structured Securities			
	December 31, 2021		December 31, 2020	
	Successor		Predecessor	
	Fair value	Percent of total	Fair Value	Percent of total
<b>NAIC designation:</b>				
1	\$ 2,124	88.0 %	\$ 2,917	73.2 %
2	253	10.5 %	1,019	25.6 %
<b>Total investment grade</b>	<b>2,377</b>	<b>98.5 %</b>	<b>3,936</b>	<b>98.8 %</b>
3	4	0.2 %	13	0.3 %
4	31	1.3 %	36	0.9 %
6	1	— %	—	— %
<b>Total below investment grade</b>	<b>36</b>	<b>1.5 %</b>	<b>49</b>	<b>1.2 %</b>
<b>Total all other structured securities</b>	<b>\$ 2,413</b>	<b>100.0 %</b>	<b>\$ 3,985</b>	<b>100.0 %</b>

Note: NRSRO and NAIC ratings have different methodologies. We believe the NAIC ratings methodology, which considers the likelihood of recovery of our amortized cost as opposed to the recovery of all contractual payments including the principal at par, is the more appropriate way to view the ratings quality of our AFS fixed maturity portfolio since a large portion of our holdings were purchased at a significant discount to par value.

**Additional information**

## Non-GAAP financial measures

In addition to presenting our results in accordance with GAAP, we use certain non-GAAP measures commonly used in our industry in analyzing performance. We believe the use of these non-GAAP measures, together with the relevant GAAP measures, provides a better understanding of our results of operations, financial condition, and the underlying profitability drivers of our business. These measures should be considered supplementary to our results in accordance with GAAP and should not be viewed as a substitute for the GAAP measures. Our definitions of the various non-GAAP measures and other metrics discussed in this information statement may differ from those used by other companies.

The following key operating or non-GAAP measures should not be viewed as substitutes for the most directly comparable financial measures calculated in accordance with GAAP:

Key operating or non-GAAP measure	Comparable GAAP measure
Adjusted operating earnings, net of tax	Net income attributable to Global Atlantic Financial Limited shareholder
Adjusted income tax expense (benefit)	Income tax expense (benefit)
Adjusted operating tax rate	Effective tax rate
Adjusted ROE	ROE
Adjusted operating ROE	ROE
Adjusted invested assets	Total investments
Adjusted net investment income	Net investment income
Net investment earned rate	Investment yield
Adjusted operating return on assets, net of tax	Return on assets
Components of adjusted operating return on assets, net of tax	Components of return on assets
Adjusted net investment return ratio	Net investment return ratio
Adjusted net cost of insurance ratio	Net cost of insurance ratio
Adjusted general and administrative expense ratio	General and administrative expense ratio
Adjusted interest expense ratio	Interest expense ratio
Adjusted income tax expense ratio	Income tax expense ratio
Adjusted shareholders' equity	Total Global Atlantic Financial Limited shareholders' equity
Debt-to-adjusted capitalization	Debt-to-capitalization
Adjusted debt-to-adjusted capitalization	Debt-to-capitalization
New business volume	No comparable GAAP measure

### Adjusted operating earnings, net of tax

Adjusted operating earnings, net of tax, a commonly used operating measure in the life and annuity insurance industry, is a non-GAAP measure used to evaluate our financial performance by excluding items that tend to be highly variable from period to period, primarily based on market volatility and non-core expenses. These adjustments are reported gross of income tax and, where applicable, net of offsets related to amortization of deferred policy acquisition costs, or "DAC," unearned revenue reserves, or "URR," and deferred sales inducements, or "DSI".

Our adjusted operating earnings, net of tax, is equal to reported net income attributable to Global Atlantic Financial Limited shareholders adjusted to eliminate the impact of items in the categories as described below. Adjusted operating earnings, net of tax includes variable investment income (loss) derived from realized gains and losses from the sale of investments not related to asset/liability matching strategies. Adjusted operating earnings, net of

tax should not be used as a substitute for net income attributable to Global Atlantic Financial Limited shareholders as calculated in accordance with GAAP. We adjust for these items as we believe that these items distort the ability to make a meaningful evaluation of our business:

- **Investment (gains) losses, net of offsets** — Investment (gains) losses adjustments consist primarily of the following:
  - **Realized (gains) losses on the sale of AFS securities, net of offsets.**
  - **Unrealized (gains) losses on investments, impairments and allowance for loan losses, net of offsets** — are comprised of (1) investment fair value measurement adjustments recognized in earnings, (2) allowance for loan losses, (3) other investment impairments and (4) unrealized (gains) losses attributable to equity-method investments.
  - **The change in the fair value of embedded derivatives underlying reinsurance with assumed and ceded modified coinsurance and funds withheld at interest and related trading securities, net of offsets** — the total change in the embedded derivatives and trading securities will net to zero over the life of the reinsurance contract.
  - **An adjustment to reflect the reported net investment income and redeemable and non-redeemable non-controlling interest (in excess of), or less than, our long-term return expectations for renewable energy investments, net of offsets** — we account for our investments in renewable energy using either the equity method of accounting or consolidating. Renewable energy income can fluctuate significantly from period to period primarily driven by the application of the hypothetical liquidation at book value method of allocating income. Such fluctuations are reported in net investment income and also within net income attributable to redeemable and non-redeemable non-controlling interests.
- **Derivative (gains) losses, net of offsets** — primarily consist of adjustments for (i) the period-to-period change in the fair value of derivatives hedging the market risk of fixed-indexed annuities, indexed universal life policies and variable annuities; (ii) the period-to-period change in the fair value of derivatives and embedded derivatives associated with changes in financial market conditions, such as the level of interest rates and equity markets; and (iii) fair value adjustments related to certain policy liabilities held under the fair value option, and hedging derivative gains and losses not related to fixed-indexed annuities, indexed universal life policies and variable annuities.
- **Transaction, integration, equity-based compensation expenses and intangible amortization** — primarily consist of equity-based compensation and expenses incurred in connection with strategic transactions, such as the acquisition of Global Atlantic by KKR, and implementation of new accounting standards.
- **Income tax adjustments** — calculated by applying the appropriate jurisdiction's tax rate (21% for U.S. operations and our Bermuda entity taxed as U.S. taxpayers and 0% for Bermuda entities not taxed as a U.S. taxpayer) to the adjustments that are subject to income tax. The income tax adjustment for interim periods is calculated using an estimate of the annual adjusted operating tax rate. The adjusted operating tax rate could differ from the insurance segment's effective tax rate as determined under GAAP.

### Adjusted income tax expense and adjusted operating tax rate

Adjusted income tax expense is equal to income tax expense adjusted for income tax adjustments as described above under “—Adjusted operating earnings, net of tax.” Adjusted income tax expense should not be used as a substitute for income tax expense as calculated in accordance with GAAP. However, we believe the adjustments to income tax expense are useful to gaining an understanding of our results of operations.

Adjusted operating tax rate is equal to adjusted income tax expense divided by adjusted operating earnings, before income taxes. Adjusted operating tax rate should not be used as a substitute for effective tax rate as calculated in accordance with GAAP. However, we believe the adjusted operating tax rate is useful to gaining an understanding of our results of operations.

### **Adjusted ROE and adjusted operating ROE**

We use adjusted ROE and adjusted operating ROE to evaluate our financial performance by excluding items that tend to be highly variable from period to period based on market volatility and non-core expenses, such as AOCI and accumulated change in fair value of reinsurance balances and related assets. AOCI varies in a manner inconsistent with our underlying profitability drivers, as the majority of such fluctuation is related to the market volatility of the unrealized gains and losses associated with our AFS securities. Accordingly, we believe using measures which exclude the above mentioned items is more effective in analyzing the trends of our operations. Adjusted ROE and adjusted operating ROE should not be used as a substitute for ROE as calculated in accordance with GAAP. However, we believe the adjustments to equity and earnings are useful to gaining an understanding of our results of operations.

### **Adjusted invested assets**

Adjusted invested assets represent the investments that back our policy liabilities as well as surplus assets. Adjusted invested assets is used in the computation of net investment earned rate, which allows us to analyze the performance of our investment portfolio. Adjusted invested assets includes (1) total investments on the consolidated balance sheets with available-for-sale securities at cost or amortized cost, (2) cash, cash equivalents and restricted cash, and (3) accrued investment income. Adjusted invested assets excludes the following items that are included in total investments but do not produce net investment income reflective of ongoing operations: (1) assets associated with funds withheld at interest liabilities related to business exited through reinsurance agreements, (2) embedded derivatives associated with funds withheld at interest receivables, (3) securities sold under repurchase agreements, (4) investment related receivables and payables, (5) redeemable and non-redeemable non-controlling interests in consolidated renewable energy partnerships, and (6) strategic equity investments, which currently consists of our investments in Origis. We include the underlying investments supporting our assumed funds withheld at interest and modified co-insurance agreements in our adjusted invested assets calculation in order to match the assets with the income received.

Adjusted invested assets should not be used as a substitute for total investments as calculated in accordance with GAAP. However, we believe the adjustments to total investments provide a view of the assets from which we earn investment income.

### **Adjusted net investment income and net investment earned rate**

Adjusted net investment income is calculated as reported net investment income adjusted for renewable energy income (loss), unrealized (gains) losses attributable to equity-method investments, and variable investment income (loss) as described above under "—Adjusted operating earnings, net of tax," excluding the impact of non-controlling interest. Adjusted net investment income should not be used as a substitute for net investment income. However, we believe adjusted net investment income is significant to gaining an understanding of the overall performance of our portfolio of adjusted invested assets.

Net investment earned rate is computed as adjusted net investment income, as described above, divided by the average adjusted invested assets for the relevant period. Net investment earned rate should not be used as a substitute for investment yield as calculated in accordance with GAAP. However, we believe net investment earned rate is useful to gaining an understanding of the overall performance of our adjusted invested assets.



### **Adjusted operating return on assets, net of tax**

Adjusted operating return on assets, net of tax is equal to adjusted operating earnings, net of tax divided by average adjusted total investments. Adjusted operating return on assets, net of tax should not be used as a substitute for return on assets, as calculated in accordance with GAAP. However, we believe adjusted operating return on assets, net of tax is useful to gaining an understanding of our results of operations relative to the underlying investment base which generates earnings.

### **Components of adjusted operating return on assets, net of tax**

When analyzing return on assets and adjusted operating return on assets, net of tax, we also consider certain ratios that aggregate to return on assets and adjusted operating return on assets, net of tax, namely: (1) net investment income as a percentage of average total investments and adjusted net investment income as a percentage of average adjusted invested assets, (2) net cost of insurance as a percentage of average total investments and adjusted net cost of insurance as a percentage of average adjusted invested assets (the combination of (1) and (2) is also referred to as the “net underwriting ratio”, or the “adjusted net underwriting ratio”), (3) general, administrative and other expenses as a percentage of average total investments and adjusted general, administrative and other expenses as a percentage of average adjusted invested assets (4) interest expense as a percentage of average total investments and average adjusted invested assets and (5) income-tax expense as a percentage of average total investments and adjusted tax expense as a percentage of adjusted invested assets. Altogether, we refer to the foregoing as the “components of return on assets,” or “the components of adjusted operating return on assets, net of tax.”

The components of adjusted operating return on assets, net of tax, individually or in the aggregate, should not be used as a substitute for the respective or aggregated components of return on assets, as calculated in accordance with GAAP. However, we believe adjustments to the respective or aggregated components of return on assets are useful to gaining an understanding of our results of operations relative to our underlying asset base generating earnings.

The components of adjusted operating return on assets, net of tax, are defined as follows:

#### ***Adjusted net investment return ratio***

Adjusted net investment return ratio is calculated by dividing adjusted net investment income by average adjusted invested assets.

#### ***Adjusted net cost of insurance and adjusted net cost of insurance ratio***

Adjusted net cost of insurance is equal to reported net underwriting income, excluding net investment income, and adjusted for (i) investment gains (losses) other than renewable energy income (loss), unrealized (gains) losses attributable to equity-method investments, and variable investment income (loss); and (ii) change in the fair value of derivatives, embedded derivatives, and fair value option reserves associated with fixed-indexed annuities, index universal life contracts and variable annuities; and (iii) transaction, integration and equity-based expenses. These adjustments are reported gross of income tax and, where applicable, net of offsets related to DAC, VOBA, URR and DSI amortization. Adjusted net cost of insurance ratio is calculated as adjusted net cost of insurance divided by average adjusted invested assets. Net cost of insurance ratio is calculated as net cost of insurance divided by average total investments. Refer to “—Adjusted operating earnings, net of tax” above for additional details regarding the foregoing adjustments.

***Adjusted general, administrative and other expenses and adjusted general, administrative and other expense ratio***

Adjusted general, administrative and other expense is equal to reported general, administrative and other expense adjusted for certain transaction, integration and equity-based compensation expense, as described above. Adjusted general, administrative and other expense ratio is adjusted general, administrative and other expense divided by average adjusted invested assets.

***Adjusted interest expense ratio***

Adjusted interest expense ratio is interest expense, as reported, divided by average adjusted invested assets.

***Adjusted income tax expense ratio***

Adjusted income tax expense ratio is adjusted income tax expense, as defined above under “—Adjusted income tax expense and adjusted operating tax rate,” divided by average adjusted invested assets.

***Adjusted shareholders’ equity***

Adjusted shareholders’ equity calculated as total Global Atlantic Financial Group Limited shareholders’ equity, as reported, less (1) accumulated other comprehensive income, as reported, and (2) accumulated change in fair value of reinsurance balances and related assets, net of income tax offsets. The change in the fair value of reinsurance balances and related assets represents the change in value of embedded derivatives underlying reinsurance with assumed and ceded modified coinsurance and funds withheld at interest and related trading securities. Adjusted shareholders’ equity should not be used as a substitute for total Global Atlantic Financial Group Limited shareholders’ equity as calculated in accordance with GAAP. However, we believe the adjustments to shareholders’ equity are useful to gaining an understanding of our overall results of operations and financial condition.

***Debt-to-adjusted capitalization and adjusted debt-to-adjusted capitalization***

Debt-to-adjusted capitalization is calculated as debt divided by the aggregate of total Global Atlantic Financial Limited shareholders’ equity and debt, or “capitalization,” adjusted to exclude AOCI. Adjusted debt-to-adjusted capitalization and debt fair value adjustments is calculated using debt adjusted to exclude 50% of the outstanding principal amount of the subordinated debentures as an equity credit, and an adjustment to both the debt and capitalization numerator and denominator for the cumulative changes in fair value recognized due to the application of hedge accounting. We exclude a portion of the outstanding principal amount of the subordinated debentures because their terms result in the subordinated debentures receiving equity credit under certain NRSRO methodologies. Adjusted debt-to-adjusted capitalization should not be used as a substitute for debt-to-capitalization as calculated in accordance with GAAP debt divided by capitalization. However, we believe the adjustments to our debt-to-capitalization are useful to gaining an understanding of our overall financial condition.

***New business volume***

In our Individual channel, retirement sales of annuities include all money paid into new and existing contracts. Individual channel sales of traditional life products are based on commissionable premium, a commonly used industry sales metric, and individual channel sales for preneed life are based on the face amount of insurance. Traditional life sales do not include the recurring premiums that policyholders may pay over time. New business volume from our institutional channel is based on the assets assumed, net of any ceding commission. We also refer to new business volume originated through the

individual channel as “sales.” Institutional channel new business volume is based on the assets assumed, net of any ceding commission. New business volume should not be used as a substitute for revenue as calculated in accordance with GAAP. However, we believe new business volume statistics are useful to gaining an understanding of our overall results of operations.

## Non-GAAP reconciliation: Adjusted operating earnings, net of tax

Unaudited (\$ in millions, except percentages)

	Three Months Ended			Two Months Ended	One Month Ended	Three Months Ended	YoY Change	Eleven Months Ended	Twelve Months Ended	YoY Change
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	1/31/2021	12/31/2020		12/31/2021	12/31/2020	
	Successor				Predecessor		Successor	Predecessor		
<b>Net income (loss) attributable to Global Atlantic Financial Limited shareholders</b>	\$ 162	\$ 173	\$ 255	\$ (138)	\$ 57	\$ 124	31 %	\$ 452	\$ 510	(11)%
<b>Adjustments:</b>										
Investment (gains) losses, net of offsets	453	(134)	(30)	242	9	(78)	NM	531	(49)	NM
Derivative (gains) losses, net of offsets	24	59	—	46	1	117	(79)%	129	117	10 %
Transaction, integration and equity-based compensation expenses	45	52	25	15	(18)	40	13 %	137	100	37 %
Income tax adjustments	(108)	45	(34)	(58)	7	(18)	NM	(155)	(47)	(230)%
<b>Total adjustments</b>	<b>414</b>	<b>22</b>	<b>(39)</b>	<b>245</b>	<b>(1)</b>	<b>61</b>	<b>NM</b>	<b>642</b>	<b>121</b>	<b>431 %</b>
<b>Adjusted operating earnings, net of tax</b>	<b>\$ 576</b>	<b>\$ 195</b>	<b>\$ 216</b>	<b>\$ 107</b>	<b>\$ 56</b>	<b>\$ 185</b>	<b>211 %</b>	<b>\$ 1,094</b>	<b>\$ 631</b>	<b>73 %</b>

## Non-GAAP reconciliation: Adjusted invested assets

Unaudited (\$ in millions, except percentages)

	Balances as of						
	Successor				Predecessor		YoY Change
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020		
<b>Total investments</b>	\$ 125,712	\$ 122,582	\$ 101,121	\$ 98,331	\$ 97,541		29 %
Adjustments to reconcile total investments and adjusted invested assets:							
Cash, cash equivalents, and restricted cash	3,692	5,116	6,680	5,809	3,417		8 %
Accrued investment income	839	825	697	770	709		18 %
Exclude:							
Unrealized losses (gains) on fixed maturity and equity securities	667	552	242	2,173	(5,791)		112 %
Funds withheld payable at interest	(23,460)	(23,615)	(14,623)	(13,446)	(13,636)		(72)%
Derivative collateral	(1,086)	(968)	(922)	(804)	(758)		(43)%
Funds withheld on embedded derivatives	(81)	(117)	(23)	(369)	84		(196)%
Securities sold under repurchase agreements	(300)	(318)	(302)	(301)	(301)		— %
Non-controlling interests in consolidated renewable energy partnerships	(215)	(169)	(134)	(131)	(133)		(62)%
Redeemable non-controlling interests in consolidated renewable energy partnerships	(82)	(93)	(92)	(92)	(91)		10 %
Net investment receivable (payable)	(28)	(347)	610	(779)	104		(127)%
Strategic equity investments	—	(335)	(41)	(320)	(319)		100 %
<b>Adjusted invested assets</b>	\$ 105,658	\$ 103,113	\$ 93,213	\$ 90,841	\$ 80,826		31 %

## Non-GAAP reconciliation: Adjusted net investment income and Net investment earned rate

*Unaudited (\$ in millions, except percentages)*

	Three Months Ended			Two Months Ended	One Month Ended	Three Months Ended	YoY Change	Eleven Months Ended	Twelve Months Ended	YoY Change
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	1/31/2021	12/31/2020		12/31/2021	12/31/2020	
	Successor				Predecessor			Successor	Predecessor	
Net investment income	\$ 909	\$ 713	\$ 679	\$ 422	\$ 266	\$ 797	14 %	\$ 2,723	\$ 3,109	(12)%
Average total investments <sup>(1)</sup>	\$ 124,147	\$ 111,852	\$ 99,726	\$ 98,955	\$ 98,058	\$ 89,904	38 %	\$ 109,465	\$ 80,384	36 %
<b>Investment yield<sup>(2)</sup></b>	<b>2.93 %</b>	<b>2.55 %</b>	<b>2.72 %</b>	<b>2.56 %</b>	<b>3.26 %</b>	<b>3.55 %</b>	<b>(0.62)%</b>	<b>2.71 %</b>	<b>3.87 %</b>	<b>(1.16)%</b>
Net investment income	\$ 909	\$ 713	\$ 679	\$ 422	\$ 266	\$ 797	14 %	\$ 2,723	\$ 3,109	(12)%
Renewable energy income	17	8	32	25	27	33	(48)%	82	101	(19)%
Unrealized (gains) losses attributable to equity-method investments	(3)	—	2	(1)	3	(3)	— %	(2)	(41)	95 %
Variable investment income (loss) <sup>(3)</sup>	429	51	47	—	—	—	— %	527	(70)	NM
<b>Total adjustments</b>	<b>\$ 443</b>	<b>\$ 59</b>	<b>\$ 81</b>	<b>\$ 24</b>	<b>\$ 30</b>	<b>\$ 30</b>	<b>NM</b>	<b>\$ 607</b>	<b>\$ (10)</b>	<b>NM</b>
<b>Adjusted net investment income<sup>(3)</sup></b>	<b>\$ 1,352</b>	<b>\$ 772</b>	<b>\$ 760</b>	<b>\$ 446</b>	<b>\$ 296</b>	<b>\$ 827</b>	<b>63 %</b>	<b>\$ 3,330</b>	<b>\$ 3,099</b>	<b>7 %</b>
Average adjusted invested assets <sup>(1)</sup>	\$ 104,386	\$ 98,163	\$ 92,027	\$ 89,314	\$ 81,366	\$ 78,099	34 %	\$ 96,122	\$ 74,100	30 %
<b>Net investment earned rate<sup>(2) (3)</sup></b>	<b>5.18 %</b>	<b>3.15 %</b>	<b>3.30 %</b>	<b>3.00 %</b>	<b>4.37 %</b>	<b>4.24 %</b>	<b>0.94 %</b>	<b>3.78 %</b>	<b>4.18 %</b>	<b>(0.40)%</b>

(1) For year-to-date periods, calculated by averaging total investments and adjusted invested assets, as of the end of each quarter in the applicable trailing period; For the two-month and one-month periods, calculated by averaging the beginning and ending periods. Quarterly averages are calculated by averaging the current and immediately preceding quarter.

(2) Interim periods are annualized.

(3) Includes variable investment income (loss) derived from realized gains and losses from the sale of investments not related to asset/liability matching strategies

## Non-GAAP reconciliation: Adjusted operating ROA

*Unaudited (\$ in millions, except percentages)*

	Three Months Ended				Two Months Ended	One Month Ended	Three Months Ended	YoY Change	Eleven Months Ended	Twelve Months Ended	YoY Change
	12/31/2021	9/30/2021	6/30/2021	3/31/2021		1/31/2021	12/31/2020		12/31/2021	12/31/2020	
	<i>Successor</i>					<i>Predecessor</i>			<i>Successor</i>	<i>Predecessor</i>	
Net income (loss) attributable to Global Atlantic Financial Limited shareholders	\$ 162	\$ 173	\$ 255	\$ (138)		\$ 57	\$ 124	31 %	\$ 452	\$ 510	(11)%
Average total investments <sup>(1)</sup>	124,147	111,852	99,726	98,955		98,058	89,904	38 %	109,465	80,384	36 %
<b>ROA<sup>(2)</sup></b>	<b>0.52 %</b>	<b>0.62 %</b>	<b>1.02 %</b>	<b>(0.84)%</b>		<b>0.70 %</b>	<b>0.55 %</b>	<b>(0.03)%</b>	<b>0.45 %</b>	<b>0.63 %</b>	<b>(0.18)%</b>
Adjusted operating earnings, net of tax	\$ 576	\$ 195	\$ 216	\$ 107		\$ 56	\$ 185	211 %	\$ 1,094	\$ 631	73 %
Average adjusted invested assets <sup>(1)</sup>	104,386	98,163	92,027	89,314		81,366	78,099	34 %	96,122	74,100	30 %
<b>Adjusted operating ROA, net of tax<sup>(2)</sup></b>	<b>2.21 %</b>	<b>0.79 %</b>	<b>0.94 %</b>	<b>0.72 %</b>		<b>0.83 %</b>	<b>0.95 %</b>	<b>1.26 %</b>	<b>1.24 %</b>	<b>0.85 %</b>	<b>0.39 %</b>

(1) For year-to-date periods, calculated by averaging total investments and adjusted invested assets, as of the end of each quarter in the applicable trailing period; For the two-month and one-month periods, calculated by averaging the beginning and ending periods. Quarterly averages are calculated by averaging the current and immediately preceding quarter.

(2) Interim periods are annualized.

## Non-GAAP reconciliation: Components of adjusted operating ROA and related derived ratios

*Unaudited (\$ in millions, except percentages)*

	Three Months Ended			Two Months Ended	One Month Ended	Three Months Ended	YoY Change	Eleven Months Ended	Twelve Months Ended	YoY Change
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	1/31/2021	12/31/2020		12/31/2021	12/31/2020	
	<i>Successor</i>				<i>Predecessor</i>			<i>Successor</i>	<i>Predecessor</i>	
<b>Reconciliation of adjusted net cost of insurance</b>										
Net underwriting margin, as reported	\$ 398	\$ 424	\$ 405	\$ (155)	\$ 99	\$ 253	57 %	\$ 1,072	\$ 929	15 %
Less: Net investment income, as reported	909	713	679	422	266	797	14 %	2,723	3,109	(12)%
<b>Net cost of insurance</b>	<b>511</b>	<b>289</b>	<b>274</b>	<b>577</b>	<b>167</b>	<b>544</b>	<b>(6)%</b>	<b>1,651</b>	<b>2,180</b>	<b>(24)%</b>
<b>Adjustments:</b>										
Investment gains (losses), net of offsets included in net cost of insurance	6	(203)	(118)	285	(22)	(85)	107 %	(30)	72	(142)%
Derivative gains (losses), net of offsets	24	59	—	46	1	117	(79)%	129	117	10 %
Transaction, integration and equity-based compensation expense included in net cost of insurance	4	4	8	—	(2)	(10)	140 %	16	(36)	144
<b>Total adjustments</b>	<b>34</b>	<b>(140)</b>	<b>(110)</b>	<b>331</b>	<b>(23)</b>	<b>22</b>	<b>55 %</b>	<b>115</b>	<b>153</b>	<b>(25)%</b>
<b>Adjusted net cost of insurance</b>	<b>\$ 477</b>	<b>\$ 429</b>	<b>\$ 384</b>	<b>\$ 246</b>	<b>\$ 190</b>	<b>\$ 522</b>	<b>(9)%</b>	<b>\$ 1,536</b>	<b>\$ 2,027</b>	<b>(24)%</b>
<b>Reconciliation of adjusted net underwriting margin</b>										
<b>Net underwriting margin, as reported</b>	<b>398</b>	<b>424</b>	<b>405</b>	<b>(155)</b>	<b>99</b>	<b>253</b>	<b>57 %</b>	<b>1,072</b>	<b>929</b>	<b>15 %</b>
Total adjustments, as above	34	(140)	(110)	331	(23)	22	55 %	115	153	(25)%
Adjustment to derive adjusted net investment income	443	59	81	24	30	30	NM	607	(10)	NM
<b>Adjusted net underwriting margin</b>	<b>\$ 875</b>	<b>\$ 343</b>	<b>\$ 376</b>	<b>\$ 200</b>	<b>\$ 106</b>	<b>\$ 305</b>	<b>187 %</b>	<b>\$ 1,794</b>	<b>\$ 1,072</b>	<b>67 %</b>
<b>Reconciliation of adjusted G&amp;A expense</b>										
<b>General and administrative expenses, as reported</b>	<b>\$ 186</b>	<b>\$ 166</b>	<b>\$ 128</b>	<b>\$ 80</b>	<b>\$ 20</b>	<b>\$ 155</b>	<b>20 %</b>	<b>\$ 560</b>	<b>\$ 507</b>	<b>10 %</b>
<b>Adjustments:</b>										
Transaction, conversion and integration expense	41	49	16	15	(16)	50	(18)%	121	136	(11)%
<b>Adjusted general and administrative expenses</b>	<b>\$ 145</b>	<b>\$ 117</b>	<b>\$ 112</b>	<b>\$ 65</b>	<b>\$ 36</b>	<b>\$ 105</b>	<b>38 %</b>	<b>\$ 439</b>	<b>\$ 371</b>	<b>18 %</b>



## Non-GAAP reconciliation: Components of adjusted operating ROA and related derived ratios (continued)

*Unaudited (\$ in millions, except percentages)*

	Three Months Ended			Two Months Ended	One Month Ended	Three Months Ended	YoY Change	Eleven Months Ended	Twelve Months Ended	YoY Change
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	1/31/2021	12/31/2020		12/31/2021	12/31/2020	
	<i>Successor</i>				<i>Predecessor</i>			<i>Successor</i>	<i>Predecessor</i>	
Average total investments <sup>(1)</sup>	\$ 124,147	\$ 111,852	\$ 99,726	\$ 98,955	\$ 98,058	\$ 89,904	38 %	\$ 109,465	\$ 80,384	36 %
Average adjusted invested assets <sup>(1)</sup>	\$ 104,386	\$ 98,163	\$ 92,027	\$ 89,314	\$ 81,366	\$ 78,099	34 %	\$ 96,122	\$ 74,100	30 %
<b>Ratios derived from average total investments and average total adjusted invested assets<sup>(2)</sup>:</b>										
Adjusted net investment income <sup>(3)</sup>	\$ 1,352	\$ 772	\$ 760	\$ 446	\$ 296	\$ 827	63 %	\$ 3,330	\$ 3,099	7 %
Adjusted net investment return ratio	4.36 %	2.76 %	3.05 %	2.70 %	3.62 %	3.68 %	0.68 %	3.32 %	3.86 %	(0.54)%
Net investment earned rate <sup>(3)</sup>	5.18 %	3.15 %	3.30 %	3.00 %	4.37 %	4.24 %	0.94 %	3.78 %	4.18 %	(0.40)%
<b>Net cost of insurance ratio</b>	<b>(1.65)%</b>	<b>(1.03)%</b>	<b>(1.10)%</b>	<b>(3.50)%</b>	<b>(2.04)%</b>	<b>(2.42)%</b>	<b>0.77 %</b>	<b>(1.65)%</b>	<b>(2.71)%</b>	<b>1.06 %</b>
<b>Adjusted net cost of insurance ratio</b>	<b>(1.82)%</b>	<b>(1.75)%</b>	<b>(1.66)%</b>	<b>(1.66)%</b>	<b>(2.80)%</b>	<b>(2.68)%</b>	<b>0.86 %</b>	<b>(1.74)%</b>	<b>(2.74)%</b>	<b>1.00 %</b>
Net underwriting return	1.28 %	1.52 %	1.62 %	(0.94)%	1.22 %	1.13 %	0.15 %	1.07 %	1.16 %	(0.09)%
Adjusted net underwriting return ratio	3.36 %	1.40 %	1.64 %	1.34 %	1.57 %	1.56 %	1.80 %	2.04 %	1.44 %	0.60 %
<b>General and administrative expenses ratio</b>	<b>(0.60)%</b>	<b>(0.59)%</b>	<b>(0.51)%</b>	<b>(0.49)%</b>	<b>(0.24)%</b>	<b>(0.69)%</b>	<b>0.09 %</b>	<b>(0.56)%</b>	<b>(0.63)%</b>	<b>0.07 %</b>
<b>Adjusted general and administrative expenses ratio</b>	<b>(0.56)%</b>	<b>(0.48)%</b>	<b>(0.49)%</b>	<b>(0.44)%</b>	<b>(0.53)%</b>	<b>(0.54)%</b>	<b>(0.02)%</b>	<b>(0.50)%</b>	<b>(0.50)%</b>	<b>— %</b>
Interest expense	\$ 18	\$ 22	\$ 11	\$ 11	\$ 4	\$ 16	13 %	\$ 62	\$ 68	(9)%
<b>Interest expense ratio</b>	<b>(0.06)%</b>	<b>(0.08)%</b>	<b>(0.04)%</b>	<b>(0.07)%</b>	<b>(0.05)%</b>	<b>(0.07)%</b>	<b>0.01 %</b>	<b>(0.06)%</b>	<b>(0.08)%</b>	<b>0.02 %</b>
<b>Adjusted Interest expense ratio</b>	<b>(0.07)%</b>	<b>(0.09)%</b>	<b>(0.05)%</b>	<b>(0.07)%</b>	<b>(0.06)%</b>	<b>(0.08)%</b>	<b>0.01 %</b>	<b>(0.07)%</b>	<b>(0.09)%</b>	<b>0.02 %</b>
Adjusted operating income tax expense	\$ 136	\$ 9	\$ 38	\$ 16	\$ 10	\$ (1)	NM	\$ 199	\$ 2	NM
<b>Adjusted operating income tax expense ratio</b>	<b>(0.52)%</b>	<b>(0.04)%</b>	<b>(0.16)%</b>	<b>(0.11)%</b>	<b>(0.15)%</b>	<b>0.01 %</b>	<b>(0.53)%</b>	<b>(0.23)%</b>	<b>— %</b>	<b>(0.23)%</b>

(1) For year-to-date periods, calculated by averaging total investments and adjusted invested assets, as of the end of each quarter in the applicable trailing period; For the two-month and one-month periods, calculated by averaging the beginning and ending periods. Quarterly averages are calculated by averaging the current and immediately preceding quarter.

(2) Interim periods are annualized

(3) Includes \$429 million, \$51 million, \$47 million, (\$49) million and (\$23) million of variable investment income (loss) for the quarters ended December 31, 2021, September 30, 2021, June 30, 2021, June 30, 2020, and March 31, 2020, respectively, derived from realized gains and losses from the sale of investments not related to asset/liability matching strategies.

## Non-GAAP reconciliation: ROE excluding AOCI and Adjusted operating ROE excluding AOCI

*Unaudited (\$ in millions, except percentages)*

	Three Months Ended			Two Months Ended	One Month Ended	Three Months Ended	YoY Change	Eleven Months Ended	Twelve Months Ended	YoY Change
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	1/31/2021	12/31/2020		12/31/2021	12/31/2020	
	<i>Successor</i>				<i>Predecessor</i>			<i>Successor</i>	<i>Predecessor</i>	
Net income (loss) attributable to Global Atlantic Financial Limited shareholders	\$ 162	\$ 173	\$ 255	\$ (138)	\$ 57	\$ 124	31 %	\$ 452	\$ 510	(11)%
Adjusted operating earnings, net of tax	\$ 576	\$ 195	\$ 216	\$ 107	\$ 56	185	211 %	\$ 1,094	\$ 631	73 %
Total Global Atlantic Financial Limited shareholders' equity	\$ 5,070	\$ 4,955	\$ 4,912	\$ 3,249	\$ 7,775	\$ 7,946	(36)%	\$ 5,070	\$ 7,946	(36)%
Less: AOCI	(387)	(338)	(196)	(1,490)	3,085	3,317	(112)%	(387)	3,317	(112)%
Less: Accumulated change in fair value of reinsurance balances and related assets	(29)	(10)	15	9	52	55	(153)%	(29)	55	(153)%
<b>Adjusted shareholders' equity</b>	<b>\$ 5,486</b>	<b>\$ 5,303</b>	<b>\$ 5,093</b>	<b>\$ 4,730</b>	<b>\$ 4,638</b>	<b>\$ 4,574</b>	<b>20 %</b>	<b>\$ 5,486</b>	<b>\$ 4,574</b>	<b>20 %</b>
Average total Global Atlantic Financial Limited shareholders' equity <sup>(1)</sup>	\$ 5,013	\$ 4,934	\$ 4,081	\$ 3,951	\$ 7,861	\$ 7,539	(34)%	\$ 4,568	\$ 6,307	(28)%
Average adjusted shareholders' equity <sup>(1)</sup>	5,396	5,198	4,912	4,691	4,606	4,524	19 %	5,053	4,362	16 %
<b>ROE<sup>(2)</sup></b>	<b>12.9 %</b>	<b>14.0 %</b>	<b>25.0 %</b>	<b>(21.0)%</b>	<b>8.7 %</b>	<b>6.6 %</b>	<b>6.3 %</b>	<b>10.8 %</b>	<b>8.1 %</b>	<b>2.7 %</b>
<b>Adjusted ROE<sup>(2)</sup></b>	<b>12.0 %</b>	<b>13.3 %</b>	<b>20.8 %</b>	<b>(17.7)%</b>	<b>14.9 %</b>	<b>11.0 %</b>	<b>1.0 %</b>	<b>9.8 %</b>	<b>11.7 %</b>	<b>(1.9)%</b>
<b>Adjusted Operating ROE<sup>(2)</sup></b>	<b>42.7 %</b>	<b>15.0 %</b>	<b>17.6 %</b>	<b>13.7 %</b>	<b>14.6 %</b>	<b>16.4 %</b>	<b>26.3 %</b>	<b>23.6 %</b>	<b>14.5 %</b>	<b>9.1 %</b>

(1) For year-to-date periods, calculated by averaging shareholders' equity and adjusted shareholders' equity, as of the end of each quarter in the applicable trailing period; For the two-month and one-month periods, calculated by averaging the beginning and ending periods. Quarterly averages are calculated by averaging the current and immediately preceding quarter.

(2) Interim periods are annualized.