



**Global Atlantic Financial Limited**  
**(an indirect subsidiary of Global Atlantic Financial Group Limited)**

# **Financial Supplement**

**First Quarter 2020**

**Information in this document is unaudited. This Financial Supplement is for informational purposes only and should be read in conjunction with Global Atlantic Financial Limited's unaudited financial statements for the quarter ended March 31, 2020.**

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## Important notice

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## Financial Supplement – First Quarter 2020

### 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 May 14, 2020			
	A.M. Best	Fitch	Moody's	Standard & Poor's
<b>Credit Ratings<sup>(1)</sup></b>				
Global Atlantic Financial Limited	N/A	BBB+	N/A	BBB-
Global Atlantic (Fin) Company	bbb	BBB+	Baa3	BBB-
<b>Financial Strength Ratings</b>				
Commonwealth Annuity & Life Insurance	A	A	A3	A-
Forethought Life Insurance Company	A	A	A3	A-
Accordia Life and Annuity Company	A	A	A3	A-
First Allmerica Financial Life Insurance Company	A	A	A3	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 Supplement – First Quarter 2020

### Financial Highlights

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

	Three Months Ended					YoY Change	Three Months Ended		YoY Change	
	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019		3/31/2020	3/31/2019		
<b>Consolidated results of operations</b>										
Net income attributable to Global Atlantic Financial Limited shareholders	\$ 253	\$ 198	\$ 144	\$ 117	\$ 174	45 %	\$ 253	\$ 174	45 %	
Adjusted operating income, net of tax	183	168	150	144	140	31 %	183	140	31 %	
ROE <sup>(1)</sup>	20.1 %	13.2 %	10.2 %	9.7%	18.0%	2.1 %	20.1 %	18.0%	2.1 %	
ROE excluding AOCI <sup>(1)</sup>	23.9 %	19.7 %	15.0 %	12.7%	19.6%	4.3 %	23.9 %	19.6%	4.3 %	
Adjusted Operating ROE, excluding AOCI <sup>(1)</sup>	17.3 %	16.8 %	15.6 %	15.6%	15.7%	1.6 %	17.3 %	15.7%	1.6 %	
ROA <sup>(1)</sup>	1.14 %	0.90 %	0.67 %	0.57%	0.89%	0.25 %	1.14 %	0.89%	0.25 %	
Adjusted operating ROA, net of tax <sup>(1)</sup>	0.90 %	0.85 %	0.78 %	0.77%	0.78%	0.12 %	0.90 %	0.78%	0.12 %	
Effective income tax rate	(0.5)%	(1.7)%	(7.1)%	16.0%	13.7%	(14.2)%	(0.5)%	13.7%	(14.2)%	
Adjusted operating tax rate	(4.0)%	(8.4)%	(4.9)%	15.8%	14.1%	(18.1)%	(4.0)%	14.1%	(18.1)%	
<b>Balance sheet items</b>										
Total assets	\$ 87,838	\$ 89,556	\$ 86,117	\$ 84,663	\$ 80,702	9 %	\$ 87,838	\$ 80,702	9 %	
Adjusted total assets	81,512	81,106	77,360	76,247	73,936	10 %	81,512	73,936	10 %	
Adjusted invested assets	71,816	69,881	66,751	65,473	63,290	13 %	71,816	63,290	13 %	
Total liabilities	83,541	83,302	79,928	79,134	76,191	10 %	83,541	76,191	10 %	
Total shareholders' equity	4,039	6,025	6,001	5,346	4,333	(7)%	4,039	4,333	(7)%	
Shareholders' equity, excluding AOCI	4,354	4,113	3,910	3,759	3,637	20 %	4,354	3,637	20 %	

(1) Interim periods are annualized.

## Financial Supplement – First Quarter 2020

### Consolidated Statements of Income

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

	Three Months Ended					YoY Change	Three Months Ended		
	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019		3/31/2020	3/31/2019	YoY Change
<b>Revenues</b>									
Premiums	\$ 210	\$ 813	\$ 290	\$ 29	\$ 160	31 %	\$ 210	\$ 160	31 %
Policy fees	305	306	334	293	290	5 %	305	290	5 %
Net investment income	746	756	766	712	689	8 %	746	689	8 %
Other-than-temporary impairment on available-for-sale fixed maturity securities	(17)	—	—	—	—	— %	(17)	—	— %
Gains on derivative instruments	53	51	74	85	135	(61)%	53	135	(61)%
Other net investment (losses) gains	(137)	40	33	67	91	(251)%	(137)	91	(251)%
Other income	14	15	14	14	15	(7)%	14	15	(7)%
<b>Total revenues</b>	<b>\$ 1,174</b>	<b>\$ 1,981</b>	<b>\$ 1,511</b>	<b>\$ 1,200</b>	<b>\$ 1,380</b>	<b>(15)%</b>	<b>\$ 1,174</b>	<b>\$ 1,380</b>	<b>(15)%</b>
<b>Benefits and expenses</b>									
Policy benefits and claims	\$ 707	\$ 1,575	\$ 1,111	\$ 860	\$ 975	(27)%	707	975	(27)%
Amortization of policy acquisition costs	86	96	100	43	48	79 %	86	48	79 %
Insurance expenses	41	37	23	24	22	86 %	41	22	86 %
Total benefits and insurance expenses	834	1,708	1,234	927	1,045	(20)%	834	1,045	(20)%
<b>Net underwriting income</b>	<b>340</b>	<b>273</b>	<b>277</b>	<b>273</b>	<b>335</b>	<b>1 %</b>	<b>340</b>	<b>335</b>	<b>1 %</b>
Interest expenses	21	19	17	15	16	31 %	21	16	31 %
General and administrative expenses	111	139	120	114	115	(3)%	111	115	(3)%
Income before income taxes	208	115	140	144	204	2 %	208	204	2 %
Income tax (benefit) expense	(1)	(2)	(10)	23	28	(104)%	(1)	28	(104)%
Net income	209	117	150	121	176	19 %	209	176	19 %
Net (loss) income attributable to non-controlling interests and redeemable non-controlling interests	(44)	(81)	6	4	2	NM	(44)	2	NM
<b>Net income attributable to Global Atlantic Financial Limited shareholders</b>	<b>\$ 253</b>	<b>\$ 198</b>	<b>\$ 144</b>	<b>\$ 117</b>	<b>\$ 174</b>	<b>45 %</b>	<b>\$ 253</b>	<b>\$ 174</b>	<b>45 %</b>
<b>Components of return on assets<sup>(1)</sup></b>									
Net investment return ratio	3.36 %	3.44 %	3.59 %	3.44 %	3.54 %	(0.18)%	3.36 %	3.54 %	(0.18)%
Net cost of insurance ratio	(1.83)%	(2.20)%	(2.29)%	(2.12)%	(1.82)%	(0.01)%	(1.83)%	(1.82)%	(0.01)%
Net underwriting ratio	1.53 %	1.24 %	1.30 %	1.32 %	1.72 %	(0.19)%	1.53 %	1.72 %	(0.19)%
General and administrative expense ratio	(0.50)%	(0.63)%	(0.56)%	(0.55)%	(0.59)%	0.09 %	(0.50)%	(0.59)%	0.09 %
Interest expense ratio	(0.09)%	(0.09)%	(0.08)%	(0.07)%	(0.08)%	(0.01)%	(0.09)%	(0.08)%	(0.01)%
Income tax expense ratio	— %	0.01 %	0.04 %	(0.11)%	(0.15)%	0.15 %	— %	(0.15)%	0.15 %
Non-controlling interest ratio	0.20 %	0.37 %	(0.03)%	(0.02)%	(0.01)%	0.21 %	0.20 %	(0.01)%	0.21 %
<b>Return on assets</b>	<b>1.14 %</b>	<b>0.90 %</b>	<b>0.67 %</b>	<b>0.57 %</b>	<b>0.89 %</b>	<b>0.25 %</b>	<b>1.14 %</b>	<b>0.89 %</b>	<b>0.25 %</b>

(1) Interim periods are annualized.

## Financial Supplement – First Quarter 2020

### Components of Adjusted Operating Return on Assets, net of tax

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

	Three Months Ended					YoY Change	Three Months Ended		YoY Change
	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019		3/31/2020	3/31/2019	
<b>Adjusted operating return on assets, net of tax<sup>(1)</sup></b>	<b>0.90 %</b>	<b>0.85 %</b>	<b>0.78 %</b>	<b>0.77 %</b>	<b>0.78 %</b>	<b>0.12 %</b>	<b>0.90 %</b>	<b>0.78 %</b>	<b>0.12 %</b>
<b>Components of adjusted operating return on assets, net of tax:<sup>(1)</sup></b>									
<b>Net investment earned rate</b>	<b>4.42 %</b>	<b>4.40 %</b>	<b>4.56 %</b>	<b>4.60 %</b>	<b>4.51 %</b>	<b>(0.09)%</b>	<b>4.42 %</b>	<b>4.51 %</b>	<b>(0.09)%</b>
Adjustment to change net investment earned rate basis from adjusted invested assets to adjusted total assets	(0.56)%	(0.60)%	(0.64)%	(0.66)%	(0.64)%	0.08 %	(0.56)%	(0.64)%	0.08 %
<b>Adjusted net cost of insurance ratio</b>	<b>(2.37)%</b>	<b>(2.31)%</b>	<b>(2.52)%</b>	<b>(2.39)%</b>	<b>(2.28)%</b>	<b>(0.09)%</b>	<b>(2.37)%</b>	<b>(2.28)%</b>	<b>(0.09)%</b>
<b>Adjusted net underwriting ratio</b>	<b>1.49 %</b>	<b>1.49 %</b>	<b>1.40 %</b>	<b>1.55 %</b>	<b>1.59 %</b>	<b>(0.10)%</b>	<b>1.49 %</b>	<b>1.59 %</b>	<b>(0.10)%</b>
Adjusted general and administrative expense ratio	(0.52)%	(0.61)%	(0.57)%	(0.56)%	(0.59)%	0.07 %	(0.52)%	(0.59)%	0.07 %
Adjusted interest expense ratio	(0.10)%	(0.10)%	(0.09)%	(0.08)%	(0.09)%	(0.01)%	(0.10)%	(0.09)%	(0.01)%
Adjusted operating return on assets, before taxes	0.87 %	0.78 %	0.74 %	0.91 %	0.91 %	(0.04)%	0.87 %	0.91 %	(0.04)%
Adjusted income tax expense ratio	0.03 %	0.07 %	0.04 %	(0.14)%	(0.13)%	0.16 %	0.03 %	(0.13)%	0.16 %
<b>Adjusted operating return on assets, net of tax</b>	<b>0.90 %</b>	<b>0.85 %</b>	<b>0.78 %</b>	<b>0.77 %</b>	<b>0.78 %</b>	<b>0.12 %</b>	<b>0.90 %</b>	<b>0.78 %</b>	<b>0.12 %</b>
<b>Components of adjusted operating earnings:</b>									
<b>Adjusted net investment income</b>	<b>\$ 783</b>	<b>\$ 752</b>	<b>\$ 753</b>	<b>\$ 740</b>	<b>\$ 696</b>	<b>13 %</b>	<b>\$ 783</b>	<b>\$ 696</b>	<b>13 %</b>
Adjusted net cost of insurance	481	458	483	449	410	17 %	481	410	17 %
<b>Adjusted net underwriting income</b>	<b>302</b>	<b>294</b>	<b>270</b>	<b>291</b>	<b>286</b>	<b>6 %</b>	<b>302</b>	<b>286</b>	<b>6 %</b>
Interest expenses	21	19	17	15	16	31 %	21	16	31 %
Adjusted general and administrative expenses	105	120	110	105	107	(2)%	105	107	(2)%
Adjusted operating earnings, before income taxes	176	155	143	171	163	8 %	176	163	8 %
Adjusted operating income tax expense	7	13	7	(27)	(23)	130 %	7	(23)	130 %
<b>Adjusted operating earnings, net of tax</b>	<b>\$ 183</b>	<b>\$ 168</b>	<b>\$ 150</b>	<b>\$ 144</b>	<b>\$ 140</b>	<b>31 %</b>	<b>\$ 183</b>	<b>\$ 140</b>	<b>31 %</b>
<b>Average total assets<sup>(2)</sup></b>	<b>\$ 88,697</b>	<b>\$ 87,837</b>	<b>\$ 85,390</b>	<b>\$ 82,683</b>	<b>\$ 77,971</b>	<b>14 %</b>	<b>\$ 88,697</b>	<b>\$ 77,971</b>	<b>14 %</b>
<b>Average adjusted total assets<sup>(2)</sup></b>	<b>81,309</b>	<b>79,233</b>	<b>76,804</b>	<b>75,092</b>	<b>72,052</b>	<b>13 %</b>	<b>81,309</b>	<b>72,052</b>	<b>13 %</b>

(1) Interim periods are annualized.

(2) For year-to-date periods, calculated by averaging total assets and adjusted total assets, as of the end of each quarter in the applicable trailing period; For quarterly periods, calculated by averaging the current and immediately preceding quarter.



**Financial Supplement – First Quarter 2020**  
**Consolidated Balance Sheets**  
*Unaudited (\$ in millions, except percentages)*

	Balances as of					YoY Change
	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019	
<b>Assets</b>						
Fixed maturity securities, available-for-sale, at fair value	\$ 46,572	\$ 49,765	\$ 49,260	\$ 49,294	\$ 45,943	1 %
Fixed maturity securities, trading, at fair value	916	984	993	992	853	7 %
Equity securities at fair value	60	58	58	493	228	(74)%
Mortgage and other loan receivables	15,364	13,506	12,112	10,904	10,407	48 %
Policy loans	710	711	625	629	629	13 %
Derivative instruments	518	823	716	636	497	4 %
Funds withheld receivable at interest	2,061	2,428	2,420	2,425	2,461	(16)%
Other invested assets	5,995	5,847	5,388	5,110	4,906	22 %
<b>Total investments</b>	<b>72,196</b>	<b>74,122</b>	<b>71,572</b>	<b>70,483</b>	<b>65,924</b>	<b>10 %</b>
Cash and cash equivalents	2,187	2,458	1,873	1,192	1,808	21 %
Accrued investment income	545	544	536	505	497	10 %
Reinsurance recoverable	4,224	4,189	4,252	4,223	4,204	— %
Deferred policy acquisition costs	2,464	1,704	1,596	1,716	1,790	38 %
Value of business acquired	511	424	399	495	583	(12)%
Other assets	1,099	611	553	577	431	155 %
Separate account assets	4,612	5,504	5,336	5,472	5,465	(16)%
<b>Total assets</b>	<b>\$ 87,838</b>	<b>\$ 89,556</b>	<b>\$ 86,117</b>	<b>\$ 84,663</b>	<b>\$ 80,702</b>	<b>9 %</b>

## Financial Supplement – First Quarter 2020

### Consolidated Balance Sheets (continued)

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

	Balances as of					YoY Change
	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019	
<b>Liabilities</b>						
Future policyholder benefits	\$ 5,901	\$ 5,744	\$ 5,036	\$ 4,771	\$ 4,765	24 %
Outstanding claims	168	179	181	227	230	(27)%
Contractholder deposit funds and other policyholder liabilities	67,268	66,321	64,012	62,850	60,567	11 %
<b>Total policyholder liabilities</b>	<b>73,337</b>	<b>72,244</b>	<b>69,229</b>	<b>67,848</b>	<b>65,562</b>	<b>12 %</b>
Debt	1,162	1,105	1,032	1,026	901	29 %
Tax payable to former parent company	84	90	89	88	87	(3)%
Collateral on derivative instruments	238	724	579	526	421	(43)%
Funds withheld payable at interest	1,817	2,144	2,140	2,123	2,139	(15)%
Securities sold under agreements to repurchase	704	—	—	—	—	— %
Accrued expenses and other liabilities	1,325	1,187	1,227	1,730	1,253	6 %
Reinsurance liabilities	262	304	296	321	363	(28)%
Separate account liabilities	4,612	5,504	5,336	5,472	5,465	(16)%
<b>Total liabilities</b>	<b>\$ 83,541</b>	<b>\$ 83,302</b>	<b>\$ 79,928</b>	<b>\$ 79,134</b>	<b>\$ 76,191</b>	<b>10 %</b>
<b>Redeemable non-controlling interests</b>	<b>\$ 90</b>	<b>\$ 94</b>	<b>\$ 124</b>	<b>\$ 119</b>	<b>\$ 117</b>	<b>(23)%</b>
<b>Shareholders' Equity</b>						
Common stock	\$ —	\$ —	\$ —	\$ —	\$ —	— %
Additional paid-in capital	1,650	1,662	1,657	1,650	1,645	— %
Retained earnings	2,704	2,451	2,253	2,109	1,992	36 %
Accumulated other comprehensive income (loss)	(315)	1,912	2,091	1,587	696	(145)%
<b>Total shareholders' equity</b>	<b>4,039</b>	<b>6,025</b>	<b>6,001</b>	<b>5,346</b>	<b>4,333</b>	<b>(7)%</b>
Non-controlling interests	168	135	64	64	61	175 %
<b>Total equity</b>	<b>4,207</b>	<b>6,160</b>	<b>6,065</b>	<b>5,410</b>	<b>4,394</b>	<b>(4)%</b>
<b>Total liabilities, redeemable non-controlling interests and equity</b>	<b>\$ 87,838</b>	<b>\$ 89,556</b>	<b>\$ 86,117</b>	<b>\$ 84,663</b>	<b>\$ 80,702</b>	<b>9 %</b>
<b>Shareholders' equity, excluding AOCI</b>	<b>\$ 4,354</b>	<b>\$ 4,113</b>	<b>\$ 3,910</b>	<b>\$ 3,759</b>	<b>\$ 3,637</b>	<b>20 %</b>
Average shareholders' equity, excluding AOCI <sup>(1)</sup>	4,233	4,011	3,698	3,698	3,556	19 %

(1) Calculated by averaging shareholders' equity excluding AOCI as of the current and immediately preceding quarter.

## Financial Supplement – First Quarter 2020

### Capitalization

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

	Balances as of					YoY Change
	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019	
Debt	\$ 1,162	\$ 1,105	\$ 1,032	\$ 1,026	\$ 901	29 %
25% of subordinated debentures	(63)	(63)	(63)	(63)	(63)	— %
Fair value adjustment to senior notes hedged with interest rate swap <sup>(1)</sup>	(42)	15	—	—	—	— %
Adjusted debt	<u>1,057</u>	<u>1,057</u>	<u>969</u>	<u>963</u>	<u>838</u>	26 %
Total Global Atlantic Financial Limited shareholders' equity	4,039	6,025	6,001	5,346	4,333	(7)%
Less: Accumulated other comprehensive income (AOCI)	(315)	1,912	2,091	1,587	696	(145)%
Shareholders' equity, excluding AOCI	<u>\$ 4,354</u>	<u>\$ 4,113</u>	<u>\$ 3,910</u>	<u>\$ 3,759</u>	<u>\$ 3,637</u>	20 %
Capitalization	\$ 5,201	\$ 7,130	\$ 7,033	\$ 6,372	\$ 5,234	(1)%
Capitalization, excluding AOCI	5,516	5,218	4,942	4,785	4,538	22 %
Capitalization, excluding AOCI and debt fair value adjustments	5,474	5,233	4,942	4,785	4,538	21 %
<b>Debt-to-capitalization</b>	<b>22.3%</b>	<b>15.5%</b>	<b>14.7%</b>	<b>16.1%</b>	<b>17.2%</b>	<b>5.1 %</b>
Debt-to-capitalization, excluding AOCI	21.1%	21.2%	20.9%	21.4%	19.9%	1.2 %
<b>Adjusted debt-to-capitalization excluding AOCI and debt fair value adjustments</b>	<b>19.3%</b>	<b>20.2%</b>	<b>19.6%</b>	<b>20.1%</b>	<b>18.5%</b>	<b>0.8 %</b>
					<b>Risk-based capital</b>	
					<b>as of December 31, 2019</b>	
U.S. insurance subsidiaries <sup>(2)</sup>						431%
Estimated consolidated RBC, including Bermuda subsidiaries <sup>(3)</sup>						481%

(1) The Company has designated an interest rate swap to hedge the interest rate risk associated with the Senior Notes issued in October 2019 and due in 2029 in a fair value hedge. The 2029 Senior Notes are reported in debt in the consolidated balance sheets and are hedged through their maturity in October 2029. For the quarter ended March 31, 2020, the carrying amount of the hedged 2029 Senior Notes was \$536 million, which is increased by a fair value hedge adjustment of \$42 million. A gain due to changes in the fair value of the swap of \$57 million was recognized in interest expense in the consolidated statements of income for the quarter ended March 31, 2020, fully offsetting the fair value change in the hedged 2029 Senior Notes.

(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.

# Segment Results

## Financial Supplement – First Quarter 2020

### Retirement Segment Results

Unaudited (\$ in millions, except percentages)

	Three Months Ended					YoY Change	Three Months Ended		YoY Change
	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019		3/31/2020	3/31/2019	
<b>Operating revenues</b>									
Premiums	\$ 189	\$ 800	\$ 271	\$ 19	\$ 141	34 %	\$ 189	\$ 141	34 %
Policy fees	62	62	64	63	57	9 %	62	57	9 %
Net investment income	590	570	565	553	505	17 %	590	505	17 %
Other income	12	13	13	13	13	(8)%	12	13	(8)%
Total operating revenues	853	1,445	913	648	716	19 %	853	716	19 %
<b>Operating benefits and expenses</b>									
Policy benefits and claims	533	1,145	607	354	445	20 %	533	445	20 %
Amortization of policy acquisition costs	57	60	41	51	50	14 %	57	50	14 %
Insurance expenses	23	18	12	11	14	64 %	23	14	64 %
Total benefit and insurance expenses	613	1,223	660	416	509	20 %	613	509	20 %
Net underwriting income	240	222	253	232	207	16 %	240	207	16 %
General and administrative expenses <sup>(1)</sup>	60	67	69	64	65	(8)%	60	65	(8)%
<b>Adjusted operating earnings, before income tax</b>	<b>\$ 180</b>	<b>\$ 155</b>	<b>\$ 184</b>	<b>\$ 168</b>	<b>\$ 142</b>	<b>27 %</b>	<b>\$ 180</b>	<b>\$ 142</b>	<b>27 %</b>
<b>Total assets (as of period end)</b>									
Average adjusted invested assets <sup>(2)</sup>	53,484	51,766	49,994	48,183	45,500	18 %	53,484	45,500	18 %
Average total assets <sup>(2)</sup>	60,992	59,711	57,918	56,137	53,218	15 %	60,992	53,218	15 %
<b>Adjusted operating return on assets, before income taxes<sup>(3)</sup></b>									
	1.18 %	1.04 %	1.27 %	1.20 %	1.07 %	0.11 %	1.18 %	1.07 %	0.11 %

(1) In the first quarter of 2020, we revised our methodology for the segment allocation of general and administrative expenses. This change resulted in the movement of certain expenses to Corporate & Other that are attributable to the corporate entity and not core to the operations of the Retirement or Life segments. This change is being applied prospectively and the prior period segment results have not been adjusted to conform to the current quarter.

(2) For year-to-date periods, calculated by averaging total assets and adjusted invested assets, as of the end of each quarter in the applicable trailing period; For quarterly periods, calculated by averaging the current and immediately preceding quarter.

(3) Interim periods are annualized.

## Financial Supplement – First Quarter 2020

### Life Segment Results

Unaudited (\$ in millions, except percentages)

	Three Months Ended					YoY Change	Three Months Ended		YoY Change
	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019		3/31/2020	3/31/2019	
<b>Operating revenues</b>									
Premiums	\$ 19	\$ 11	\$ 16	\$ 11	\$ 17	12 %	\$ 19	\$ 17	12 %
Policy fees	227	226	261	220	231	(2)%	227	231	(2)%
Net investment income	185	178	184	181	182	2 %	185	182	2 %
Other income	1	1	1	1	1	— %	1	1	— %
Total operating revenues	432	416	462	413	431	— %	432	431	— %
<b>Operating benefits and expenses</b>									
Policy benefits and claims	338	327	375	335	343	(1)%	338	343	(1)%
Amortization of policy acquisition costs	21	11	65	10	15	40 %	21	15	40 %
Insurance expenses	15	14	10	10	7	114 %	15	7	114 %
Total benefit and insurance expenses	374	352	450	355	365	2 %	374	365	2 %
Net underwriting income	58	64	12	58	66	(12)%	58	66	(12)%
General and administrative expenses <sup>(1)</sup>	35	33	33	32	34	3 %	35	34	3 %
<b>Adjusted operating earnings (losses), before income tax</b>	<b>\$ 23</b>	<b>\$ 31</b>	<b>\$ (21)</b>	<b>\$ 26</b>	<b>\$ 32</b>	<b>(28)%</b>	<b>\$ 23</b>	<b>\$ 32</b>	<b>(28)%</b>
<b>Total assets (as of period end)</b>									
Total assets (as of period end)	\$ 19,057	\$ 19,375	\$ 18,076	\$ 18,038	\$ 17,850	7 %	\$ 19,057	\$ 17,850	7 %
Average adjusted invested assets <sup>(2)</sup>	16,265	15,755	15,291	15,189	15,095	8 %	16,265	15,095	8 %
Average total assets <sup>(2)</sup>	19,216	18,726	18,057	17,944	17,721	8 %	19,216	17,721	8 %
<b>Adjusted operating return on assets, before income taxes<sup>(3)</sup></b>									
Adjusted operating return on assets, before income taxes <sup>(3)</sup>	0.48 %	0.66 %	(0.47)%	0.58 %	0.72 %	(0.24)%	0.48 %	0.72 %	(0.24)%

(1) In the first quarter of 2020, we revised our methodology for the segment allocation of general and administrative expenses. This change resulted in the movement of certain expenses to Corporate & Other that are attributable to the corporate entity and not core to the operations of the Retirement or Life segments. This change is being applied prospectively and the prior period segment results have not been adjusted to conform to the current quarter.

(2) For year-to-date periods, calculated by averaging total assets and adjusted invested assets, as of the end of each quarter in the applicable trailing period; For quarterly periods, calculated by averaging the current and immediately preceding quarter.

(3) Interim periods are annualized.

## Financial Supplement – First Quarter 2020 Corporate & Other<sup>(1)</sup> – Operating Earnings

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

	Three Months Ended					YoY Change	Three Months Ended		YoY Change
	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019		3/31/2020	3/31/2019	
<b>Operating revenues</b>									
Premiums	\$ 2	\$ 2	\$ 3	\$ 3	\$ 3	(33)%	\$ 2	\$ 3	(33)%
Policy fees	—	2	2	2	3	(100)%	—	3	(100)%
Net investment income	8	4	4	6	9	(11)%	8	9	(11)%
Other income	1	1	1	1	1	— %	1	1	— %
Total operating revenues	<u>11</u>	<u>9</u>	<u>10</u>	<u>12</u>	<u>16</u>	(31)%	<u>11</u>	<u>16</u>	(31)%
<b>Operating benefits and expenses</b>									
Policy benefits and claims	5	—	4	7	1	400 %	5	1	400 %
Amortization of policy acquisition costs	—	—	—	1	—	— %	—	—	— %
Insurance expenses	2	1	1	2	2	— %	2	2	— %
Total benefit and insurance expenses	<u>7</u>	<u>1</u>	<u>5</u>	<u>10</u>	<u>3</u>	133 %	<u>7</u>	<u>3</u>	133 %
Net underwriting income	4	8	5	2	13	(69)%	4	13	(69)%
Interest expenses	21	19	17	16	16	31 %	21	16	31 %
General and administrative expenses <sup>(2)</sup>	10	20	8	9	8	25 %	10	8	25 %
<b>Adjusted operating earnings (losses), before income tax</b>	<u>\$ (27)</u>	<u>\$ (31)</u>	<u>\$ (20)</u>	<u>\$ (23)</u>	<u>\$ (11)</u>	<b>(145)%</b>	<u>\$ (27)</u>	<u>\$ (11)</u>	<b>(145)%</b>

(1) Corporate and Other includes items not allocated to our Retirement and Life segments, such as unallocated general and administrative expenses, net investment income on assets not attributable to the Retirement and Life segments, debt costs, and the economic results from regulatory closed blocks where the economic performance of assets are largely passed on to the policyholders through dividends.

(2) In the first quarter of 2020, we revised our methodology for the segment allocation of general and administrative expenses. This change resulted in the movement of certain expenses to Corporate & Other that are attributable to the corporate entity and not core to the operations of the Retirement or Life segments. This change is being applied prospectively and the prior period segment results have not been adjusted to conform to the current quarter.

# **Product and Operational Data**



## Financial Supplement – First Quarter 2020

### New Business Volume by Product and Origination Channel

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

	Three Months Ended					YoY Change	Three Months Ended		YoY Change
	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019		3/31/2020	3/31/2019	
<b>Retirement</b>									
<i>Individual channel:</i>									
Fixed-Rate Annuities	\$ 853	\$ 747	\$ 851	\$ 1,663	\$ 1,424	(40)%	\$ 853	\$ 1,424	(40)%
Fixed-Indexed Annuities	822	790	822	1,142	876	(6)%	822	876	(6)%
Variable Annuities	16	25	28	28	24	(33)%	16	24	(33)%
<b>Total Retirement individual channel</b>	<b>\$ 1,691</b>	<b>\$ 1,562</b>	<b>\$ 1,701</b>	<b>\$ 2,833</b>	<b>\$ 2,324</b>	<b>(27)%</b>	<b>\$ 1,691</b>	<b>\$ 2,324</b>	<b>(27)%</b>
<i>Institutional channel:</i>									
Reinsurance	\$ 355	\$ 1,468	\$ 325	\$ 99	\$ 1,812	(80)%	\$ 355	\$ 1,812	(80)%
<b>Life</b>									
<i>Individual channel:</i>									
Indexed Universal Life	24	38	27	27	15	60 %	24	15	60 %
Fixed Universal and Term Life	—	1	1	1	—	— %	—	—	— %
<b>Total Traditional Life individual channel</b>	<b>\$ 24</b>	<b>\$ 39</b>	<b>\$ 28</b>	<b>\$ 28</b>	<b>\$ 15</b>	<b>60 %</b>	<b>\$ 24</b>	<b>\$ 15</b>	<b>60 %</b>
<b>Total Preneed Life</b>	<b>\$ 50</b>	<b>\$ 47</b>	<b>\$ 52</b>	<b>\$ 50</b>	<b>\$ 45</b>	<b>11 %</b>	<b>\$ 50</b>	<b>\$ 45</b>	<b>11 %</b>
<i>Institutional channel:</i>									
Reinsurance	\$ —	\$ 620	\$ —	\$ —	\$ 27	(100)%	\$ —	\$ 27	(100)%

Note: In our Retirement segment, individual channel 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.

## Financial Supplement – First Quarter 2020

### Reserves by Product

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

	Balances as of										YoY Change	
	3/31/2020		12/31/2019		9/30/2019		6/30/2019		3/31/2019			
	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	\$ 34,956	\$ 10	\$ 34,956	\$ 13	\$ 33,782	\$ 12	\$ 33,429	\$ 12	\$ 32,754	\$ 12	7 %	(17)%
Fixed-Indexed Annuity	15,129	—	14,659	—	13,575	—	12,733	—	11,504	—	32 %	— %
Variable Annuity	2,548	4,163	2,296	4,934	2,386	4,791	2,349	4,910	2,339	4,912	9 %	(15)%
FHLB funding agreements	1,977	—	1,782	—	1,782	—	1,782	—	1,583	—	25 %	— %
<b>Total Retirement</b>	<b>54,610</b>	<b>4,173</b>	<b>53,693</b>	<b>4,947</b>	<b>51,525</b>	<b>4,803</b>	<b>50,293</b>	<b>4,922</b>	<b>48,180</b>	<b>4,924</b>	<b>13 %</b>	<b>(15)%</b>
Indexed Universal Life	8,597	—	8,658	—	8,445	—	8,218	—	7,995	—	8 %	— %
Fixed Universal Life	3,497	—	3,529	—	2,931	—	2,983	—	2,996	—	17 %	— %
Variable Universal Life	414	439	415	557	394	533	385	550	393	541	5 %	(19)%
Term & Whole Life	1,001	—	1,025	—	1,036	—	1,067	—	1,087	—	(8)%	— %
Preneed	3,150	—	2,995	—	3,004	—	3,048	—	3,093	—	2 %	— %
FHLB funding agreements	615	—	500	—	420	—	420	—	420	—	46 %	— %
<b>Total Life</b>	<b>17,274</b>	<b>439</b>	<b>17,122</b>	<b>557</b>	<b>16,230</b>	<b>533</b>	<b>16,121</b>	<b>550</b>	<b>15,984</b>	<b>541</b>	<b>8 %</b>	<b>(19)%</b>
Closed Block	1,395	—	1,368	—	1,410	—	1,369	—	1,331	—	5 %	— %
Other Corporate <sup>(1)</sup>	58	—	61	—	64	—	65	—	67	—	(13)%	— %
<b>Total Corporate &amp; Other</b>	<b>1,453</b>	<b>—</b>	<b>1,429</b>	<b>—</b>	<b>1,474</b>	<b>—</b>	<b>1,434</b>	<b>—</b>	<b>1,398</b>	<b>—</b>	<b>4 %</b>	<b>— %</b>
<b>Total Reserves</b>	<b>\$ 73,337</b>	<b>\$ 4,612</b>	<b>\$ 72,244</b>	<b>\$ 5,504</b>	<b>\$ 69,229</b>	<b>\$ 5,336</b>	<b>\$ 67,848</b>	<b>\$ 5,472</b>	<b>\$ 65,562</b>	<b>\$ 5,465</b>	<b>12 %</b>	<b>(16)%</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.

## Financial Supplement – First Quarter 2020

### General Account Reserve Roll Forward by Segment

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

	Balances as of					YoY Change
	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019	
<b>Retirement</b>						
Reserve liability, gross, opening balance	\$ 53,693	\$ 51,525	\$ 50,293	\$ 48,180	\$ 44,989	19 %
Deposits	2,077	1,613	1,759	3,357	2,411	(14)%
Block reinsurance	180	1,438	253	—	1,763	(90)%
Surrenders, benefits and fees	(1,337)	(1,059)	(1,050)	(1,503)	(1,204)	(11)%
Other reserve changes	(3)	176	270	259	221	(101)%
Reserve liability, gross, ending	<u>54,610</u>	<u>53,693</u>	<u>51,525</u>	<u>50,293</u>	<u>48,180</u>	13 %
Reinsurance recoverable	(2,375)	(2,379)	(2,380)	(2,392)	(2,432)	2 %
<b>Net retirement reserve liability</b>	<b><u>\$ 52,235</u></b>	<b><u>\$ 51,314</u></b>	<b><u>\$ 49,145</u></b>	<b><u>\$ 47,901</u></b>	<b><u>\$ 45,748</u></b>	<b>14 %</b>
<b>Life</b>						
Reserve liability, gross, opening balance	\$ 17,122	\$ 16,230	\$ 16,121	\$ 15,984	\$ 15,755	9 %
Deposits	381	380	240	229	237	61 %
Block reinsurance	—	660	—	—	10	(100)%
Surrenders, benefits and fees	(179)	(161)	(122)	(118)	(229)	22 %
Other reserve changes	(50)	13	(9)	26	211	(124)%
Reserve liability, gross, ending	<u>17,274</u>	<u>17,122</u>	<u>16,230</u>	<u>16,121</u>	<u>15,984</u>	8 %
Reinsurance recoverable	(447)	(433)	(449)	(450)	(429)	(4)%
<b>Net life reserve liability</b>	<b><u>\$ 16,827</u></b>	<b><u>\$ 16,689</u></b>	<b><u>\$ 15,781</u></b>	<b><u>\$ 15,671</u></b>	<b><u>\$ 15,555</u></b>	<b>8 %</b>
<b>Consolidated</b>						
Reserve liability, gross, opening balance	\$ 72,244	\$ 69,229	\$ 67,848	\$ 65,562	\$ 62,117	16 %
Deposits	2,458	1,993	1,999	3,586	2,648	(7)%
Block reinsurance	180	2,097	—	—	1,773	(90)%
Surrenders, benefits and fees	(1,516)	(1,220)	(1,172)	(1,621)	(1,433)	(6)%
Other reserve changes	(29)	145	554	321	457	(106)%
Reserve liability, gross, ending	<u>73,337</u>	<u>72,244</u>	<u>69,229</u>	<u>67,848</u>	<u>65,562</u>	12 %
Reinsurance recoverable	(4,224)	(4,189)	(4,252)	(4,223)	(4,204)	— %
<b>Net reserve liability</b>	<b><u>\$ 69,113</u></b>	<b><u>\$ 68,055</u></b>	<b><u>\$ 64,977</u></b>	<b><u>\$ 63,625</u></b>	<b><u>\$ 61,358</u></b>	<b>13 %</b>

## Financial Supplement – First Quarter 2020

### Retirement – Account Value Roll Forwards

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

	Three Months Ended					YoY Change	Three Months Ended		YoY Change
	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019		3/31/2020	3/31/2019	
<b>Fixed-rate Annuities</b>									
Balance, beginning-of-period	\$ 28,214	\$ 27,555	\$ 27,395	\$ 26,654	\$ 24,409	16 %	\$ 28,214	\$ 24,409	16 %
Deposits <sup>(1)</sup>	986	1,330	835	1,650	3,114	(68)%	986	3,114	(68)%
Surrenders, benefits and fees	(1,112)	(852)	(855)	(1,085)	(1,037)	(7)%	(1,112)	(1,037)	(7)%
Net flows	(126)	478	(20)	565	2,077	(106)%	(126)	2,077	(106)%
Interest credited	183	182	181	175	169	8 %	183	169	8 %
Transfers and other charges	(1)	(1)	(1)	1	(1)	— %	(1)	(1)	— %
<b>Balance, end-of-period</b>	<b>\$ 28,270</b>	<b>\$ 28,214</b>	<b>\$ 27,555</b>	<b>\$ 27,395</b>	<b>\$ 26,654</b>	<b>6 %</b>	<b>\$ 28,270</b>	<b>\$ 26,654</b>	<b>6 %</b>
<b>Fixed-indexed Annuities</b>									
Balance, beginning-of-period	\$ 13,711	\$ 12,953	\$ 12,183	\$ 11,053	\$ 10,241	34 %	\$ 13,711	\$ 10,241	34 %
Deposits	863	840	876	1,212	922	(6)%	863	922	(6)%
Surrenders, benefits and fees	(188)	(168)	(162)	(148)	(134)	(40)%	(188)	(134)	(40)%
Net flows	675	672	714	1,064	788	(14)%	675	788	(14)%
Interest credited	80	85	54	65	24	233 %	80	24	233 %
Transfers and other charges	1	1	2	1	—	— %	1	—	— %
<b>Balance, end-of-period</b>	<b>\$ 14,467</b>	<b>\$ 13,711</b>	<b>\$ 12,953</b>	<b>\$ 12,183</b>	<b>\$ 11,053</b>	<b>31 %</b>	<b>\$ 14,467</b>	<b>\$ 11,053</b>	<b>31 %</b>
<b>FHLB funding agreements</b>									
Balance, beginning-of-period	\$ 1,782	\$ 1,782	\$ 1,782	\$ 1,583	\$ 1,583	13 %	\$ 1,782	\$ 1,583	13 %
Deposits	195	—	—	438	—	— %	195	—	— %
Surrenders, benefits and fees	—	—	—	(238)	—	— %	—	—	— %
Net flows	195	—	—	200	—	— %	195	—	— %
Transfers and other charges	—	—	—	(1)	—	— %	—	—	— %
<b>Balance, end-of-period</b>	<b>\$ 1,977</b>	<b>\$ 1,782</b>	<b>\$ 1,782</b>	<b>\$ 1,782</b>	<b>\$ 1,583</b>	<b>25 %</b>	<b>\$ 1,977</b>	<b>\$ 1,583</b>	<b>25 %</b>

## Financial Supplement – First Quarter 2020 Retirement – Account Value Roll Forwards

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

	Three Months Ended					YoY Change	Three Months Ended		
	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019		3/31/2020	3/31/2019	YoY Change
<b>Variable annuities (General account)</b>									
Balance, beginning-of-period	\$ 1,272	\$ 1,288	\$ 1,293	\$ 1,301	\$ 1,307	(3)%	\$ 1,272	\$ 1,307	(3)%
Deposits	11	9	11	10	10	10 %	11	10	10 %
Surrenders, benefits and fees	(36)	(40)	(33)	(31)	(33)	(9)%	(36)	(33)	(9)%
Net flows	(25)	(31)	(22)	(21)	(23)	(9)%	(25)	(23)	(9)%
Interest credited	10	10	10	10	11	(9)%	10	11	(9)%
Transfers and other charges	10	5	7	3	6	67 %	10	6	67 %
<b>Balance, end-of-period</b>	<b>\$ 1,267</b>	<b>\$ 1,272</b>	<b>\$ 1,288</b>	<b>\$ 1,293</b>	<b>\$ 1,301</b>	<b>(3)%</b>	<b>\$ 1,267</b>	<b>\$ 1,301</b>	<b>(3)%</b>
<b>Variable annuities (Separate account)</b>									
Balance, beginning-of-period	\$ 6,150	\$ 5,968	\$ 6,112	\$ 6,120	\$ 5,773	7 %	\$ 6,150	\$ 5,773	7 %
Deposits	16	20	18	21	14	14 %	16	14	14 %
Surrenders, benefits and fees	(155)	(148)	(157)	(168)	(131)	(18)%	(155)	(131)	(18)%
Net flows	(139)	(128)	(139)	(147)	(117)	(19)%	(139)	(117)	(19)%
Investment performance	(799)	336	36	178	531	(250)%	(799)	531	(250)%
Transfers and other charges	(36)	(26)	(41)	(39)	(67)	46 %	(36)	(67)	46 %
<b>Balance, end-of-period</b>	<b>\$ 5,176</b>	<b>\$ 6,150</b>	<b>\$ 5,968</b>	<b>\$ 6,112</b>	<b>\$ 6,120</b>	<b>(15)%</b>	<b>\$ 5,176</b>	<b>\$ 6,120</b>	<b>(15)%</b>
<b>Total Retirement</b>									
Balance, beginning-of-period	\$ 51,129	\$ 49,546	\$ 48,765	\$ 46,711	\$ 43,313	18 %	\$ 51,129	\$ 43,313	18 %
Deposits	2,071	2,199	1,740	3,331	4,060	(49)%	2,071	4,060	(49)%
Surrenders, benefits and fees	(1,491)	(1,208)	(1,207)	(1,670)	(1,335)	(12)%	(1,491)	(1,335)	(12)%
Net flows	580	991	533	1,661	2,725	(79)%	580	2,725	(79)%
Interest credited/Investment performance	(526)	613	281	428	735	(172)%	(526)	735	(172)%
Transfers and other charges	(26)	(21)	(33)	(35)	(62)	58 %	(26)	(62)	58 %
<b>Balance, end-of-period</b>	<b>\$ 51,157</b>	<b>\$ 51,129</b>	<b>\$ 49,546</b>	<b>\$ 48,765</b>	<b>\$ 46,711</b>	<b>10 %</b>	<b>\$ 51,157</b>	<b>\$ 46,711</b>	<b>10 %</b>

(1) The three months ended December 31, 2019 and March 31, 2019 include \$589 million and \$1,683 million, respectively, of account value assumed at inception under block reinsurance agreements.

**Financial Supplement – First Quarter 2020**  
**Surrender Charge Protection by Product**  
*Unaudited (\$ in millions, except percentages)*

Years of Surrender Charge Remaining	Fixed-rate and Fixed-indexed Annuities					
	March 31, 2020			December 31, 2019		
	Account Values	Percent of total	Average Surrender Charge Percent	Account Values	Percent of total	Average Surrender Charge Percent
No surrender charge	\$ 6,976	16.3%	—%	\$ 6,826	16.3%	—%
Greater than 0 to less than 3	9,857	23.1%	5.2%	9,623	23.0%	5.2%
3 to less than 6	17,786	41.6%	6.6%	17,570	41.9%	7.2%
6 to less than 9	6,381	14.9%	7.1%	6,335	15.1%	7.1%
9 or greater	1,737	4.1%	7.7%	1,571	3.7%	7.7%
Total	<u>\$ 42,737</u>	<u>100.0%</u>	<u>5.3%</u>	<u>\$ 41,925</u>	<u>100.0%</u>	<u>5.6%</u>

  

Years of Surrender Charge Remaining	Indexed and Fixed Universal Life					
	March 31, 2020			December 31, 2019		
	Account Values	Percent of total	Average Surrender Charge Percent	Account Values	Percent of total	Average Surrender Charge Percent
No surrender charge	\$ 3,972	41.4%	0.4%	\$ 3,923	41.2%	—%
Greater than 0 to less than 3	1,230	12.8%	3.1%	1,182	12.4%	3.2%
3 to less than 6	1,532	16.0%	8.0%	1,501	15.8%	8.1%
6 to less than 9	1,815	18.9%	11.9%	1,906	20.0%	12.2%
9 or greater	1,035	10.8%	31.2%	1,008	10.6%	31.0%
Total	<u>\$ 9,584</u>	<u>100.0%</u>	<u>7.5%</u>	<u>\$ 9,520</u>	<u>100.0%</u>	<u>7.6%</u>

## Financial Supplement – First Quarter 2020

### 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 March 31, 2020)</i>						
Individual channel	\$ 1,748	\$ 622	\$ 2,046	\$ 3,125	\$ 15,904	\$ 23,445
Institutional channel and strategic acquisitions	10,956	277	96	438	339	12,106
<b>Total</b>	<b>\$ 12,704</b>	<b>\$ 899</b>	<b>\$ 2,142</b>	<b>\$ 3,563</b>	<b>\$ 16,243</b>	<b>\$ 35,551</b>
<b>Percentage in total</b>	<b>35.7%</b>	<b>2.5%</b>	<b>6.0%</b>	<b>10.0%</b>	<b>45.7%</b>	<b>100.0%</b>
Percentage from institutional channel and strategic acquisitions	86.2%	30.8%	4.5%	12.3%	2.1%	34.1%

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, 2019)</i>						
Individual channel	\$ 1,737	\$ 320	\$ 2,132	\$ 3,452	\$ 15,700	\$ 23,341
Institutional channel and strategic acquisitions	11,269	230	24	436	336	12,295
<b>Total</b>	<b>\$ 13,006</b>	<b>\$ 550</b>	<b>\$ 2,156</b>	<b>\$ 3,888</b>	<b>\$ 16,036</b>	<b>\$ 35,636</b>
<b>Percentage in total</b>	<b>36.5%</b>	<b>1.5%</b>	<b>6.1%</b>	<b>10.9%</b>	<b>45.0%</b>	<b>100.0%</b>
Percentage from institutional channel and strategic acquisitions	86.6%	41.8%	1.1%	11.2%	2.1%	34.5%

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 Management



## Financial Supplement – First Quarter 2020

### Investments Summary

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

	March 31, 2020		December 31, 2019	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
AFS fixed maturity securities	\$ 46,572	64.5%	\$ 49,765	67.1%
Trading fixed maturity securities	916	1.3%	984	1.3%
Equity securities	60	0.1%	58	0.1%
Mortgage and other loan receivables	15,364	21.3%	13,506	18.2%
Policy loans	710	1.0%	711	1.0%
Derivative instruments	518	0.7%	823	1.1%
Funds withheld receivable at interest	2,061	2.8%	2,428	3.3%
Other investments	5,995	8.3%	5,847	7.9%
<b>Total investments</b>	<b>\$ 72,196</b>	<b>100.0%</b>	<b>\$ 74,122</b>	<b>100.0%</b>

Other investments, as above, consists of the following:	March 31, 2020		December 31, 2019	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
Investments in renewable energy <sup>(1)</sup>	\$ 3,133	52.3%	\$ 2,947	50.4%
Investments in transportation and other leased assets <sup>(2)</sup>	1,772	29.5%	1,796	30.7%
Other investment partnerships	532	8.9%	558	9.5%
Investments in real estate	385	6.4%	384	6.6%
Federal Home Loan Bank, or "FHLB," common stock and other investments	173	2.9%	162	2.8%
<b>Total other investments</b>	<b>\$ 5,995</b>	<b>100.0%</b>	<b>\$ 5,847</b>	<b>100.0%</b>

(1) Net of accumulated depreciation attributed to consolidated renewable energy assets of \$43 million and \$38 million as of March 31, 2020 and December 31, 2019, respectively.

(2) Net of accumulated depreciation of \$176 million and \$158 million as of March 31, 2020 and December 31, 2019, respectively.

## Financial Supplement – First Quarter 2020

### Adjusted Invested Assets (a non-GAAP measure)

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

	March 31, 2020		December 31, 2019	
	Amount	Percent of Total	Amount	Percent of Total
<b>U.S. and foreign governments</b>	<b>\$ 553</b>	<b>0.8%</b>	<b>\$ 671</b>	<b>1.0%</b>
U.S. corporate debt	22,157	30.8%	22,417	32.1%
U.S. municipalities	2,418	3.4%	2,335	3.3%
<b>Credit</b>	<b>24,575</b>	<b>34.2%</b>	<b>24,752</b>	<b>35.4%</b>
Residential mortgage-backed securities, or "RMBS"	8,331	11.6%	8,060	11.5%
Commercial mortgage-backed securities, or "CMBS"	3,789	5.3%	3,742	5.4%
Collateralized loan obligations, or "CLOs"	2,567	3.6%	2,906	4.2%
All other structured securities <sup>(1)</sup>	7,246	10.1%	6,550	9.4%
<b>Structured products</b>	<b>21,933</b>	<b>30.6%</b>	<b>21,258</b>	<b>30.5%</b>
Residential mortgage loans	4,575	6.4%	4,004	5.7%
Commercial mortgage loans	6,965	9.7%	6,735	9.6%
Consumer loans and other lending facilities	4,759	6.6%	3,769	5.4%
Investments in renewable energy	2,843	4.0%	2,680	3.8%
Investments in transportation and other leased assets	1,772	2.4%	1,796	2.6%
Investments in real estate	495	0.7%	485	0.7%
<b>Loans and income-generating assets</b>	<b>21,409</b>	<b>29.8%</b>	<b>19,469</b>	<b>27.8%</b>
Alternative assets	244	0.3%	283	0.4%
Policy loans	710	1.0%	711	1.0%
Other invested assets	173	0.2%	162	0.2%
Cash, cash equivalents and other	2,219	3.1%	2,575	3.7%
<b>Total adjusted invested assets</b>	<b>\$ 71,816</b>	<b>100.0%</b>	<b>\$ 69,881</b>	<b>100.0%</b>

(1) "All other structured securities" primarily consists of asset-backed securities and collateralized bond obligations.

**Financial Supplement – First Quarter 2020**  
**Fixed Maturity Securities - Unrealized Gains and Losses**  
*Unaudited (\$ in millions, except percentages)*

	As of March 31, 2020				
	Cost or amortized cost	Gross unrealized temporary		Fair value	Percent of total
		gain	loss		
AFS fixed maturity securities portfolio by type:					
U.S. government and agencies	\$ 474	\$ 40	\$ (4)	\$ 510	1.1%
U.S. state, municipal and political subdivisions	2,281	376	(5)	2,652	5.7%
Corporate	21,950	1,231	(694)	22,487	48.3%
RMBS	8,297	149	(643)	7,803	16.7%
CMBS	3,756	27	(260)	3,523	7.6%
CLOs	2,568	1	(373)	2,196	4.7%
All other structured securities <sup>(1)</sup>	7,631	127	(357)	7,401	15.9%
<b>Total AFS fixed maturity securities</b>	<b>\$ 46,957</b>	<b>\$ 1,951</b>	<b>\$ (2,336)</b>	<b>\$ 46,572</b>	<b>100.0%</b>

	As of December 31, 2019				
	Cost or amortized cost	Gross unrealized temporary		Fair value	Percent of total
		gain	loss		
AFS fixed maturity securities portfolio by type:					
U.S. government and agencies	\$ 583	\$ 20	\$ (1)	\$ 602	1.2%
U.S. state, municipal and political subdivisions	2,206	378	(2)	2,582	5.2%
Corporate	22,262	1,736	(43)	23,955	48.1%
RMBS	8,005	774	(32)	8,747	17.6%
CMBS	3,727	164	(6)	3,885	7.8%
CLOs	2,905	4	(57)	2,852	5.7%
All other structured securities <sup>(1)</sup>	6,938	222	(18)	7,142	14.4%
<b>Total AFS fixed maturity securities</b>	<b>\$ 46,626</b>	<b>\$ 3,298</b>	<b>\$ (159)</b>	<b>\$ 49,765</b>	<b>100.0%</b>

(1) "All other structured securities" primarily consists of asset-backed securities and collateralized bond obligations.

## Financial Supplement – First Quarter 2020

### Fixed Maturity Securities by NAIC and NRSRO ratings

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

	AFS Fixed Maturity Securities by NAIC Rating					
	March 31, 2020			December 31, 2019		
	Cost or Amortized Cost	Fair Value	Percent of Total	Cost or Amortized Cost	Fair Value	Percent of Total
<b>NAIC designation:</b>						
1	\$ 31,966	\$ 31,634	67.9%	\$ 32,421	\$ 34,502	69.3%
2	14,131	14,188	30.5%	13,588	14,641	29.4%
Total investment grade	46,097	45,822	98.4%	46,009	49,143	98.7%
3	584	509	1.1%	275	278	0.6%
4	119	108	0.2%	142	146	0.3%
5	9	10	—%	23	22	—%
6	1	1	—%	—	—	—%
5*( <sup>1</sup> )	147	122	0.3%	177	176	0.4%
Total below investment grade	860	750	1.6%	617	622	1.3%
<b>Total AFS fixed maturity securities</b>	<b>\$ 46,957</b>	<b>\$ 46,572</b>	<b>100.0%</b>	<b>\$ 46,626</b>	<b>\$ 49,765</b>	<b>100.0%</b>

  

	AFS Fixed Maturity Securities by NRSRO Rating					
	March 31, 2020			December 31, 2019		
	Cost or Amortized Cost	Fair Value	Percent of Total	Cost or Amortized Cost	Fair Value	Percent of Total
<b>NRSRO rating designation:</b>						
AAA/AA/A	\$ 22,776	\$ 23,107	49.6%	\$ 22,810	\$ 24,109	48.5%
BBB	14,806	14,774	31.7%	14,838	15,977	32.1%
Non-rated <sup>(2)</sup>	2,796	2,606	5.6%	2,885	3,044	6.1%
Total Investment Grade	40,378	40,487	86.9%	40,533	43,130	86.7%
BB	730	654	1.4%	432	441	0.9%
B	234	221	0.5%	198	207	0.4%
CCC	1,821	1,765	3.8%	1,781	2,044	4.1%
CC and lower	2,574	2,418	5.2%	2,367	2,633	5.3%
Non-rated <sup>(3)</sup>	1,220	1,027	2.2%	1,315	1,310	2.6%
Total below investment grade	6,579	6,085	13.1%	6,093	6,635	13.3%
<b>Total AFS fixed maturity securities</b>	<b>\$ 46,957</b>	<b>\$ 46,572</b>	<b>100.0%</b>	<b>\$ 46,626</b>	<b>\$ 49,765</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.

## Financial Supplement – First Quarter 2020

### Corporate Fixed Maturity Securities by NAIC and NRSRO Ratings

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

	Corporate Fixed Maturity Securities by NAIC Rating					
	March 31, 2020			December 31, 2019		
	Cost or Amortized Cost	Fair Value	Percent of Total	Cost or Amortized Cost	Fair Value	Percent of Total
<b>NAIC designation:</b>						
1	\$ 9,209	\$ 9,590	42.6%	\$ 10,082	\$ 10,829	45.2%
2	12,343	12,569	55.9%	11,911	12,858	53.7%
Total investment grade	21,552	22,159	98.5%	21,993	23,687	98.9%
3	243	198	0.9%	68	68	0.3%
4	6	6	—%	22	22	0.1%
5	149	124	0.6%	179	178	0.7%
Total below investment grade	398	328	1.5%	269	268	1.1%
<b>Total Corporate fixed maturity securities</b>	<b>\$ 21,950</b>	<b>\$ 22,487</b>	<b>100.0%</b>	<b>\$ 22,262</b>	<b>\$ 23,955</b>	<b>100.0%</b>

  

	Corporate Fixed Maturity Securities by NRSRO Rating					
	March 31, 2020			December 31, 2019		
	Cost or Amortized Cost	Fair Value	Percent of Total	Cost or Amortized Cost	Fair Value	Percent of Total
<b>NRSRO rating designation:</b>						
AAA/AA/A	\$ 8,672	\$ 9,245	41.1%	\$ 8,884	\$ 9,620	40.1%
BBB	11,761	11,950	53.1%	11,887	12,852	53.6%
Non-rated <sup>(1)</sup>	1,075	921	4.1%	1,216	1,210	5.1%
Total Investment Grade	21,508	22,116	98.3%	21,987	23,682	98.8%
BB	180	153	0.7%	12	12	0.1%
B	54	46	0.2%	22	22	0.1%
Non-rated <sup>(2)</sup>	208	172	0.8%	241	239	1.0%
Total below investment grade	442	371	1.7%	275	273	1.2%
<b>Total Corporate fixed maturity securities</b>	<b>\$ 21,950</b>	<b>\$ 22,487</b>	<b>100.0%</b>	<b>\$ 22,262</b>	<b>\$ 23,955</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) Includes securities that were not rated by an NRSRO but have an NAIC designation of 1 or 2.

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

## Financial Supplement – First Quarter 2020

### Residential Mortgage-backed Securities by Ratings

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

	RMBS by NAIC Ratings			
	March 31, 2020		December 31, 2019	
	Fair value	Percent of total	Fair Value	Percent of total
<b>NAIC designation:</b>				
1	\$ 7,171	91.9%	\$ 8,046	92.0%
2	360	4.6%	441	5.0%
Total investment grade	7,531	96.5%	8,487	97.0%
3	272	3.5%	166	1.9%
4	—	—%	89	1.0%
5	—	—%	5	0.1%
Total below investment grade	272	3.5%	260	3.0%
Total RMBS	\$ 7,803	100.0%	\$ 8,747	100.0%

	RMBS by NRSRO Ratings			
	March 31, 2020		December 31, 2019	
	Fair value	Percent of total	Fair Value	Percent of total
<b>NRSRO rating designation:</b>				
AAA/AA/A	\$ 950	12.2%	\$ 1,162	13.3%
BBB	577	7.4%	662	7.6%
BIG	4,775	61.2%	5,273	60.3%
Non-rated investment grade	1,501	19.2%	1,650	18.9%
Total RMBS	\$ 7,803	100.0%	\$ 8,747	100.0%

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.

## Financial Supplement – First Quarter 2020

### Commercial Mortgage-backed Securities by Ratings

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

	CMBS by NAIC Ratings			
	March 31, 2020		December 31, 2019	
	Fair value	Percent of total	Fair Value	Percent of total
<b>NAIC designation:</b>				
1	\$ 3,480	98.8%	\$ 3,838	98.8%
2	33	0.9%	36	0.9%
Total investment grade	3,513	99.7%	3,874	99.7%
4	10	0.3%	11	0.3%
Total below investment grade	10	0.3%	11	0.3%
Total CMBS	\$ 3,523	100.0%	\$ 3,885	100.0%

	CMBS by NRSRO Ratings			
	March 31, 2020		December 31, 2019	
	Fair value	Percent of total	Fair Value	Percent of total
<b>NRSRO rating designation:</b>				
AAA/AA/A	\$ 2,182	61.9%	\$ 2,361	60.8%
BBB	989	28.1%	1,153	29.7%
BIG	352	10.0%	371	9.5%
Total CMBS	\$ 3,523	100.0%	\$ 3,885	100.0%

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.

**Financial Supplement – First Quarter 2020**  
**Collateralized Loan Obligations & All Other Structured Securities by Ratings**  
*Unaudited (\$ in millions, except percentages)*

	Collateralized Loan Obligations			
	March 31, 2020		December 31, 2019	
	Fair value	Percent of total	Fair value	Percent of total
<b>NAIC designation:</b>				
1	\$ 2,053	93.5%	\$ 2,669	93.6%
2	128	5.8%	165	5.8%
Total investment grade	2,181	99.3%	2,834	99.4%
3	15	0.7%	18	0.6%
Total below investment grade	15	0.7%	18	0.6%
Total CLO	\$ 2,196	100.0%	\$ 2,852	100.0%

	All Other Structured Securities			
	March 31, 2020		December 31, 2019	
	Fair value	Percent of total	Fair value	Percent of total
<b>NAIC designation:</b>				
1	\$ 6,610	89.3%	\$ 6,439	90.2%
2	666	9.0%	638	8.9%
Total investment grade	7,276	98.3%	7,077	99.1%
3	106	1.4%	26	0.4%
4	19	0.3%	24	0.3%
5	—	—%	15	0.2%
Total below investment grade	125	1.7%	65	0.9%
Total all other structured securities	\$ 7,401	100.0%	\$ 7,142	100.0%

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**

## Financial Supplement – First Quarter 2020

### 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 operating earnings, before income taxes	Income before income taxes
Adjusted income tax expense (benefit)	Income tax expense (benefit)
Adjusted operating tax rate	Effective tax rate
ROE excluding AOCI	ROE
Adjusted operating ROE excluding AOCI	ROE
Adjusted invested assets	Total investments
Adjusted net investment income	Net investment income
Net investment earned rate	Investment yield
Adjusted total assets	Total assets
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
Shareholders' equity excluding AOCI	Total Global Atlantic Financial Limited shareholders' equity
Debt-to-capitalization excluding AOCI	Debt-to-capitalization
Adjusted debt-to-capitalization excluding AOCI	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 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 DAC, VOBA, unearned revenue reserves and deferred sales inducements, policy fees charged to policyholders to cover benefits, and changes to reserves for certain guaranteed benefits.

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 should not be used as a substitute for net income attributable to Global Atlantic Financial Limited shareholders as calculated in accordance with GAAP. However, we believe the adjustments to net income attributable to Global Atlantic Financial Limited shareholders are useful to gaining an understanding of our results of operations. 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.**
  - **Change in assumed and ceded modified coinsurance and funds withheld at interest embedded derivatives and related trading securities, net of offsets** — 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.

- **Unrealized (gains) losses, impairments and other investment, derivative and hedging (gains) losses, net of offsets** — are comprised of (1) fair value adjustments related to certain policyholder and closed block liabilities held under the fair value option, (2) hedging derivative gains and losses not related to fixed-indexed annuities, indexed universal life contracts and variable annuities, (3) allowance for loan losses and (4) net OTTI.
- **Renewable energy income, net of offsets and non-controlling interest** — 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. We adjust for 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 those investments, net of offsets.
- **Equity-method (income) loss attributable to strategic equity investments** — the equity method income or loss attributable to our strategic equity investments, which currently consists of our investments in the limited partnership interest in the acquisition vehicle formed in connection with the sale of The Hartford's run-off life and annuity business, or "Talcott Resolution," and Origis USA, LLC in which we acquired a minority equity interest in September 2018. Origis USA, LLC is the holding company of Origis Energy, or "Origis," a utility-scale solar developer. We exclude these investments from adjusted operating earnings as our investments in these entities are strategic in nature, and not for the purpose of generating investment income.
- **Change in the fair value of derivatives and embedded derivatives for fixed-indexed annuities, indexed universal life contracts and variable annuities, net of offsets** — consists primarily of (1) the period-to-period change in the fair value of derivatives hedging the market risk of fixed-indexed annuities, indexed universal life contracts and variable annuities, (2) the change in the fair value of embedded derivatives associated with changes in financial market conditions, such as the level of interest rates and equities and (3) the rider fees attributable to the guaranteed minimum withdrawal benefit offered under certain variable annuities.
- **Transaction, conversion and integration expenses** — the expenses incurred in connection with our potential initial public offering, in connection with converting and integrating a policy administration platform acquired as part of a business combination, which are not part of our core operations, and certain other expenses that are not related to our underlying profitability drivers. Conversion and integration costs include reserves for regulatory, legal and related costs and the cost of providing benefits in recognition of the administrative disruption imposed by the conversion.
- **Income tax adjustments** — the income tax impact of the foregoing adjustments. The income tax impact is calculated using our estimate of the annual adjusted operating tax rate. The adjusted operating tax rate could differ from the company's effective tax rate as determined under GAAP.

#### **Adjusted operating earnings, before income taxes**

Adjusted operating earnings, before income taxes is equal to reported income before income taxes adjusted for the adjustments as described above under "—Adjusted operating earnings, net of tax," with the exception of the adjustments for income taxes and the non-controlling interest component of the adjustment for renewable energy income (loss). Adjusted operating earnings, before income taxes should not be used as a substitute for income before income taxes as calculated in accordance with GAAP. However, we believe the adjustments to income before income taxes are useful to gaining an understanding of our results of operations.

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

Adjusted income tax expense is equal to reported income tax expense adjusted for income tax and tax reform 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.

#### **ROE excluding AOCI and adjusted operating ROE excluding AOCI**

We use ROE excluding AOCI and adjusted operating ROE, excluding AOCI 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. AOCI varies period-to-period 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 AOCI is more effective in analyzing the trends of our operations. ROE excluding AOCI and adjusted operating ROE, excluding AOCI 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 policyholder 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) derivative assets and derivative collateral liabilities (offsetting the related cash positions), (3) embedded derivatives associated with funds withheld at interest receivables, (4) securities sold under repurchase agreements, (5) investment related receivables and payables, (6) redeemable and non-redeemable non-controlling interests in consolidated renewable energy partnerships, and (7) strategic equity investments, which currently consists of our investments in Talcott Resolution and 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 are allocated to our Retirement and Life segments based on the segment's respective statutory reserves and management's estimate of the statutory capital levels necessary to support each segment's business, which takes into account regulatory, rating agency and business requirements. The remainder of consolidated adjusted invested assets over the portion allocated to Retirement and Life is reflected within Corporate & Other.

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) and equity-method (income) loss attributable to strategic equity investments 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 total assets**

Adjusted total assets includes adjusted invested assets, as defined above, plus (1) separate accounts, (2) separate account assets associated with variable annuities and variable universal life policies whereby those assets are withheld by the cedent by terms of the reinsurance contract on a funds-withheld coinsurance basis, and (3) gross insurance intangible assets and liabilities.

Adjusted total assets should not be used as a substitute for total assets as calculated in accordance with GAAP. However, we believe the adjustments to derive adjusted total assets are necessary to reflect those assets from which we generate earnings.

### **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 assets. 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 asset 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 assets and adjusted net investment income as a percentage of average adjusted total assets, (2) net cost of insurance as a percentage of average total assets and adjusted net cost of insurance as a percentage of average adjusted total assets (the combination of (1) and (2) is also referred to as the “net underwriting ratio”, or the “adjusted net underwriting ratio”), (3) general and administrative expenses as a percentage of average total assets and adjusted general and administrative expenses as a percentage of average adjusted total assets (4) interest expense as a percentage of average total assets and average adjusted total assets and (5) income-tax expense as a percentage of average total assets and adjusted tax expense as a percentage of adjusted total 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 in a similar way to “Net Investment Earned Rate,” as discussed above, but divides adjusted net investment income by average adjusted total assets as the denominator, instead of 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 (1) investment gains (losses) other than renewable energy income (loss) and strategic equity investment income (loss); (2) change in the fair value of derivatives and embedded derivatives associated with fixed-indexed annuities, indexed universal life contracts and variable annuities; and (3) transaction, conversion and integration expenses. These adjustments are reported gross of income tax and, where applicable, net of offsets related to (1) DAC, VOBA, URR and DSI amortization; (2) changes to reserves for certain guaranteed benefits; and (3) policy fees to cover benefits, as described above. Adjusted net cost of insurance ratio is calculated as adjusted net cost of insurance divided by average adjusted total assets. Net cost of insurance ratio is calculated as net cost of insurance divided by average total assets. Refer to “Adjusted operating earnings, net of tax” above for additional details regarding the foregoing adjustments.

#### **Adjusted general and administrative expenses and adjusted general and administrative expense ratio**

Adjusted general and administrative expense is equal to reported general and administrative expense adjusted for certain transaction, conversion and integration expense, as described above. Adjusted general and administrative expense ratio is adjusted general and administrative expense divided by average adjusted total assets.

#### **Adjusted interest expense ratio**

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

### **Shareholders’ equity excluding AOCI**

Shareholders’ equity excluding AOCI is calculated as total Global Atlantic Financial Limited shareholders’ equity, as reported, less AOCI, as reported. Shareholders’ equity excluding AOCI should not be used as a substitute for total Global Atlantic Financial 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-capitalization excluding AOCI and adjusted debt-to-capitalization excluding AOCI and debt fair value adjustments**

Debt-to-capitalization excluding AOCI 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-capitalization excluding AOCI and debt fair value adjustments is calculated using debt adjusted to exclude 25% 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-capitalization excluding AOCI 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 Retirement segment, individual channel new business volume of annuities include all money paid into new and existing contracts. In our Life segment, individual channel new business volume of traditional life are based on commissionable premium, a commonly used industry sales metric, and individual channel new business volume for preneed life are based on the face amount of insurance issued. Traditional life products include indexed universal, fixed universal and term life sold both to individuals in the individual life market, and to corporations in the corporate life market. 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.

## Financial Supplement – First Quarter 2020

### Non-GAAP Reconciliation: Adjusted Operating Earnings, Net of Tax

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

	Three Months Ended					YoY Change	Three Months Ended		
	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019		3/31/2020	3/31/2019	YoY Change
<b>Net income attributable to Global Atlantic Financial Limited shareholders</b>	\$ 253	\$ 198	\$ 144	\$ 117	\$ 174	45 %	\$ 253	\$ 174	45 %
Adjustments:									
Realized (gains) losses on the sale of AFS securities, net of offsets	(33)	(66)	(15)	6	(8)	(313)%	(33)	(8)	(313)%
Change in assumed and ceded modified coinsurance and funds withheld at interest embedded derivatives and related trading securities, net of offsets	66	(9)	2	(6)	(18)	467 %	66	(18)	467 %
Unrealized (gains) losses, impairments and other investment, derivative and hedging (gains) losses, net of offsets	29	44	7	(24)	(14)	307 %	29	(14)	307 %
Renewable energy income, net of offsets and non-controlling interest	(8)	(52)	4	32	28	(129)%	(8)	28	(129)%
Equity-method (income) loss attributable to strategic equity investments	4	(19)	(13)	(3)	(25)	NM	4	(25)	NM
Total investment (gains) losses, net of offsets	58	(102)	(15)	5	(37)	257 %	58	(37)	257 %
Change in the fair value of derivatives and embedded derivatives for fixed-indexed annuities, indexed universal life contracts and variable annuities, net of offsets	(143)	30	13	5	(16)	(794)%	(143)	(16)	(794)%
Transaction, conversion and integration expenses	9	31	11	21	14	(36)%	9	14	(36)%
Tax effect on adjustments	6	11	(3)	(4)	5	20 %	6	5	20 %
Total adjustments	(70)	(30)	6	27	(34)	(106)%	(70)	(34)	(106)%
<b>Adjusted operating earnings, net of tax</b>	<b>\$ 183</b>	<b>\$ 168</b>	<b>\$ 150</b>	<b>\$ 144</b>	<b>\$ 140</b>	<b>31 %</b>	<b>\$ 183</b>	<b>\$ 140</b>	<b>31 %</b>

## Financial Supplement – First Quarter 2020

### Non-GAAP Reconciliation: Invested Assets, Adjusted Total Assets

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

	Balances as of					YoY Change
	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019	
<b>Total investments</b>	\$ 72,196	\$ 74,122	\$ 71,572	\$ 70,483	\$ 65,924	10 %
Adjustments to reconcile total investments and adjusted invested assets:						
Cash, cash equivalents, and restricted cash	2,341	2,639	1,992	1,375	1,970	19 %
Accrued investment income	545	544	536	505	497	10 %
Unrealized gains on fixed maturity and equity securities	428	(3,205)	(3,559)	(2,680)	(1,315)	133 %
Funds withheld payable at interest	(1,817)	(2,144)	(2,140)	(2,123)	(2,139)	15 %
Derivative instruments receivables	(518)	(823)	(716)	(636)	(497)	(4)%
Derivative collateral	(238)	(724)	(579)	(526)	(421)	43 %
Funds withheld on embedded derivatives	12	(18)	7	(13)	(37)	132 %
Securities sold under repurchase agreements	(704)	—	—	—	—	— %
Non-controlling interests in consolidated renewable energy partnerships	(168)	(135)	(64)	(64)	(61)	(175)%
Redeemable non-controlling interests in consolidated renewable energy partnerships	(90)	(94)	(124)	(119)	(117)	23 %
Net investment receivable (payable)	87	(12)	51	(486)	(305)	129 %
Strategic equity investments	(258)	(269)	(225)	(243)	(209)	(23)%
<b>Adjusted invested assets</b>	<b>\$ 71,816</b>	<b>\$ 69,881</b>	<b>\$ 66,751</b>	<b>\$ 65,473</b>	<b>\$ 63,290</b>	<b>13 %</b>
<b>Retirement</b>						
<b>Adjusted invested assets</b>	<b>\$ 54,211</b>	<b>\$ 52,756</b>	<b>\$ 50,775</b>	<b>\$ 49,213</b>	<b>\$ 47,153</b>	<b>15 %</b>
Adjustments:						
Separate account assets	4,173	4,947	4,803	4,922	4,924	(15)%
Off-balance sheet separate account assets associated with variable annuities and variable universal life policies assumed via reinsurance on a funds-withheld coinsurance basis	1,343	1,638	1,598	1,646	1,665	(19)%
Gross insurance intangibles	1,474	1,441	1,464	1,414	1,336	10 %
<b>Adjusted retirement segment total assets</b>	<b>\$ 61,201</b>	<b>\$ 60,782</b>	<b>\$ 58,640</b>	<b>\$ 57,195</b>	<b>\$ 55,078</b>	<b>11 %</b>
<b>Life</b>						
<b>Adjusted invested assets</b>	<b>\$ 16,352</b>	<b>\$ 16,177</b>	<b>\$ 15,333</b>	<b>\$ 15,248</b>	<b>\$ 15,130</b>	<b>8 %</b>
Adjustments:						
Separate account assets	439	557	533	550	541	(19)%
Off-balance sheet separate account assets associated with variable annuities and variable universal life policies assumed via reinsurance on a funds-withheld coinsurance basis	1,587	1,950	1,583	1,611	1,587	— %
Gross insurance intangibles	679	691	627	629	592	15 %
<b>Adjusted life segment total assets</b>	<b>\$ 19,057</b>	<b>\$ 19,375</b>	<b>\$ 18,076</b>	<b>\$ 18,038</b>	<b>\$ 17,850</b>	<b>7 %</b>

**Financial Supplement – First Quarter 2020**  
**Non-GAAP Reconciliation: Adjusted Net Investment Income and Net Investment Earned Rate**  
*Unaudited (\$ in millions, except percentages)*

	Three Months Ended					YoY Change	Three Months Ended		
	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019		3/31/2020	3/31/2019	YoY Change
Net investment income	\$ 746	\$ 756	\$ 766	\$ 712	\$ 689	8 %	\$ 746	\$ 689	8 %
Average total investments <sup>(1)</sup>	\$ 73,159	\$ 72,847	\$ 71,028	\$ 68,204	\$ 63,537	15 %	\$ 73,159	\$ 63,537	15 %
<b>Investment yield<sup>(2)</sup></b>	<b>4.08%</b>	<b>4.15%</b>	<b>4.31%</b>	<b>4.18%</b>	<b>4.34%</b>	<b>(0.26)%</b>	<b>4.08%</b>	<b>4.34%</b>	<b>(0.26)%</b>
<b>Net investment income</b>	<b>\$ 746</b>	<b>\$ 756</b>	<b>\$ 766</b>	<b>\$ 712</b>	<b>\$ 689</b>	<b>8 %</b>	<b>\$ 746</b>	<b>\$ 689</b>	<b>8 %</b>
Renewable energy income	33	15	—	31	32	3 %	33	32	3 %
Equity-method (income) loss attributable to strategic equity investments	4	(19)	(13)	(3)	(25)	116 %	4	(25)	116 %
<b>Total adjustments</b>	<b>\$ 37</b>	<b>\$ (4)</b>	<b>\$ (13)</b>	<b>\$ 28</b>	<b>\$ 7</b>	<b>429 %</b>	<b>\$ 37</b>	<b>\$ 7</b>	<b>429 %</b>
<b>Adjusted net investment income</b>	<b>\$ 783</b>	<b>\$ 752</b>	<b>\$ 753</b>	<b>\$ 740</b>	<b>\$ 696</b>	<b>13 %</b>	<b>\$ 783</b>	<b>\$ 696</b>	<b>13 %</b>
Average adjusted invested assets <sup>(1)</sup>	\$ 70,849	\$ 68,316	\$ 66,112	\$ 64,382	\$ 61,708	15 %	\$ 70,849	\$ 61,708	15 %
<b>Net investment earned rate<sup>(2)</sup></b>	<b>4.42%</b>	<b>4.40%</b>	<b>4.56%</b>	<b>4.60%</b>	<b>4.51%</b>	<b>(0.09)%</b>	<b>4.42%</b>	<b>4.51%</b>	<b>(0.09)%</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 quarterly periods, calculated by averaging the current and immediately preceding quarter.

(2) Interim periods are annualized.



## Financial Supplement – First Quarter 2020

### Non-GAAP Reconciliation: Adjusted Operating ROA

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

	Three Months Ended					YoY Change	Three Months Ended		YoY Change
	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019		3/31/2020	3/31/2019	
Net income attributable to Global Atlantic Financial Limited shareholders	\$ 253	\$ 198	\$ 144	\$ 117	\$ 174	45 %	\$ 253	\$ 174	45 %
Average total assets <sup>(1)</sup>	88,697	87,837	85,390	82,683	77,971	14 %	88,697	77,971	14 %
<b>ROA<sup>(2)</sup></b>	<b>1.14%</b>	<b>0.90%</b>	<b>0.67%</b>	<b>0.57%</b>	<b>0.89%</b>	<b>0.25 %</b>	<b>1.14%</b>	<b>0.89%</b>	<b>0.25 %</b>
Adjusted operating earnings, before income taxes	\$ 176	\$ 155	\$ 143	\$ 171	\$ 163	8 %	\$ 176	\$ 163	8 %
Average adjusted total assets <sup>(1)</sup>	81,309	79,233	76,804	75,092	72,052	13 %	81,309	72,052	13 %
<b>Adjusted operating ROA, before tax<sup>(2)</sup></b>	<b>0.87%</b>	<b>0.78%</b>	<b>0.74%</b>	<b>0.91%</b>	<b>0.91%</b>	<b>(0.04)%</b>	<b>0.87%</b>	<b>0.91%</b>	<b>(0.04)%</b>
Adjusted operating earnings, net of tax	\$ 183	\$ 168	\$ 150	\$ 144	\$ 140	31 %	\$ 183	\$ 140	31 %
Average adjusted total assets <sup>(1)</sup>	81,309	79,233	76,804	75,092	72,052	13 %	81,309	72,052	13 %
<b>Adjusted operating ROA, net of tax<sup>(2)</sup></b>	<b>0.90%</b>	<b>0.85%</b>	<b>0.78%</b>	<b>0.77%</b>	<b>0.78%</b>	<b>0.12 %</b>	<b>0.90%</b>	<b>0.78%</b>	<b>0.12 %</b>

(1) For year-to-date periods, calculated by averaging total assets and adjusted total assets, as of the end of each quarter in the applicable trailing period; For quarterly periods, calculated by averaging the current and immediately preceding quarter.

(2) Interim periods are annualized.

## Financial Supplement – First Quarter 2020

### Non-GAAP Reconciliation: Adjusted Total Assets

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

	Balances as of					YoY Change
	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019	
<b>Adjusted invested assets</b>	<b>71,816</b>	<b>69,881</b>	<b>66,751</b>	<b>65,473</b>	<b>63,290</b>	<b>13 %</b>
Separate account assets	4,612	5,504	5,336	5,472	5,465	(16)%
Separate account assets withheld by the cedent on a funds-withheld coinsurance basis	2,930	3,588	3,181	3,257	3,252	(10)%
Gross insurance intangibles	2,154	2,133	2,092	2,045	1,929	12 %
<b>Adjusted total assets</b>	<b>\$ 81,512</b>	<b>\$ 81,106</b>	<b>\$ 77,360</b>	<b>\$ 76,247</b>	<b>\$ 73,936</b>	<b>10 %</b>
<b>Total assets</b>	<b>\$ 87,838</b>	<b>\$ 89,556</b>	<b>\$ 86,117</b>	<b>\$ 84,663</b>	<b>\$ 80,702</b>	<b>9 %</b>
Adjustments:						
Separate account assets withheld by the cedent on a funds-withheld coinsurance basis	2,930	3,588	3,181	3,257	3,252	(10)%
Deferred revenue liabilities and unearned revenue reserves	(859)	(854)	(839)	(861)	(865)	1 %
Insurance intangibles associated with unrealized gains on fixed maturity and equity securities ("Shadow adjustments")	8	828	904	662	386	(98)%
Reinsurance recoverable	(4,224)	(4,189)	(4,252)	(4,223)	(4,204)	— %
Other assets, excluding DSI and restricted cash	(915)	(399)	(402)	(361)	(234)	(291)%
Unrealized gains on fixed maturity and equity securities	428	(3,205)	(3,559)	(2,680)	(1,315)	133 %
Derivative collateral	(238)	(724)	(579)	(526)	(421)	43 %
Derivative instruments receivables	(518)	(823)	(716)	(636)	(497)	(4)%
Funds withheld payable at interest	(1,817)	(2,144)	(2,140)	(2,123)	(2,139)	15 %
Embedded derivatives on funds withheld	12	(18)	7	(13)	(37)	132 %
Securities sold under repurchase agreements	(704)	—	—	—	—	NM
Net investment receivable (payable)	87	(12)	51	(486)	(305)	129 %
Non-controlling interests in consolidated renewable energy partnerships	(168)	(135)	(64)	(64)	(61)	(175)%
Redeemable non-controlling interests in consolidated renewable energy partnerships	(90)	(94)	(124)	(119)	(117)	23 %
Strategic equity investments	(258)	(269)	(225)	(243)	(209)	(23)%
Total adjustments	(6,326)	(8,450)	(8,757)	(8,416)	(6,766)	7 %
<b>Adjusted total assets</b>	<b>\$ 81,512</b>	<b>\$ 81,106</b>	<b>\$ 77,360</b>	<b>\$ 76,247</b>	<b>\$ 73,936</b>	<b>10 %</b>

## Financial Supplement – First Quarter 2020

### Non-GAAP Reconciliation: Components of Adjusted Operating ROA and related derived ratios

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

	Three Months Ended					YoY Change	Three Months Ended		YoY Change
	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019		3/31/2020	3/31/2019	
<b>Reconciliation of adjusted net cost of insurance</b>									
Net underwriting margin, as reported	\$ 340	\$ 273	\$ 277	\$ 273	\$ 335	1 %	\$ 340	\$ 335	1 %
Less: Net investment income, as reported	746	756	766	712	689	8 %	746	689	8 %
<b>Net cost of insurance</b>	<b>406</b>	<b>483</b>	<b>489</b>	<b>439</b>	<b>354</b>	<b>15 %</b>	<b>406</b>	<b>354</b>	<b>15 %</b>
Adjustments:									
Realized (gains) losses on the sale of AFS securities, net of offsets	(33)	(66)	(15)	6	(8)	(313)%	(33)	(8)	(313)%
Change in assumed modified coinsurance and funds withheld embedded derivatives, net of offsets	66	(9)	2	(6)	(18)	467 %	66	(18)	467 %
Unrealized (gains) losses, impairments and other investment, derivative and hedging (gains) losses, net of offsets	29	44	7	(24)	(14)	307 %	29	(14)	307 %
Offsets to adjustments for renewable energy investments	3	14	(2)	(3)	(6)	150 %	3	(6)	150 %
Change in the fair value of derivatives and embedded derivatives for fixed indexed annuities and indexed universal life contracts, net of offsets	(143)	30	13	5	(16)	NM	(143)	(16)	NM
Transaction, conversion and integration expense	3	12	1	12	6	(50)%	3	6	(50)%
Total adjustments	(75)	25	6	(10)	(56)	(34)%	(75)	(56)	(34)%
<b>Adjusted net cost of insurance</b>	<b>\$ 481</b>	<b>\$ 458</b>	<b>\$ 483</b>	<b>\$ 449</b>	<b>\$ 410</b>	<b>17 %</b>	<b>\$ 481</b>	<b>\$ 410</b>	<b>17 %</b>
<b>Reconciliation of adjusted net underwriting margin</b>									
Net underwriting margin, as reported	340	273	277	273	335	1 %	340	335	1 %
Total adjustments, as above	(75)	25	6	(10)	(56)	(34)%	(75)	(56)	(34)%
Adjustment to derive adjusted net investment income	37	(4)	(13)	28	7	429 %	37	7	429 %
<b>Adjusted net underwriting margin</b>	<b>\$ 302</b>	<b>\$ 294</b>	<b>\$ 270</b>	<b>\$ 291</b>	<b>\$ 286</b>	<b>6 %</b>	<b>\$ 302</b>	<b>\$ 286</b>	<b>6 %</b>
<b>Reconciliation of adjusted G&amp;A expense</b>									
General and administrative expenses, as reported	\$ 111	\$ 139	\$ 120	\$ 114	\$ 115	(3)%	\$ 111	\$ 115	(3)%
Adjustments:									
Transaction, conversion and integration expense	6	19	10	9	8	(25)%	6	8	(25)%
<b>Adjusted general and administrative expenses</b>	<b>\$ 105</b>	<b>\$ 120</b>	<b>\$ 110</b>	<b>\$ 105</b>	<b>\$ 107</b>	<b>(2)%</b>	<b>\$ 105</b>	<b>\$ 107</b>	<b>(2)%</b>

## Financial Supplement – First Quarter 2020

### Non-GAAP Reconciliation: Components of Adjusted Operating ROA and related derived ratios (continued)

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

	Three Months Ended					YoY Change	Three Months Ended		YoY Change
	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019		3/31/2020	3/31/2019	
Average total assets <sup>(1)</sup>	\$ 88,697	\$ 87,837	\$ 85,390	\$ 82,683	\$ 77,971	14 %	\$ 88,697	\$ 77,971	14 %
Average adjusted total assets <sup>(1)</sup>	\$ 81,309	\$ 79,233	\$ 76,804	\$ 75,092	\$ 72,052	13 %	\$ 81,309	\$ 72,052	13 %
<b>Ratios derived from average total assets and average adjusted total assets<sup>(2)</sup>:</b>									
Adjusted net investment income	\$ 783	\$ 752	\$ 753	\$ 740	\$ 696	13 %	\$ 783	\$ 696	13 %
Adjusted net investment return ratio	3.86 %	3.80 %	3.92 %	3.94 %	3.87 %	(0.01)%	3.86 %	3.87 %	(0.01)%
Net investment earned rate	4.42 %	4.40 %	4.56 %	4.60 %	4.51 %	(0.09)%	4.42 %	4.51 %	(0.09)%
Adjustment to change net investment earned rate basis from adjusted invested assets to adjusted total assets	(0.56)%	(0.60)%	(0.64)%	(0.66)%	(0.64)%	0.08 %	(0.56)%	(0.64)%	0.08 %
Net cost of insurance ratio	(1.83)%	(2.20)%	(2.29)%	(2.12)%	(1.82)%	(0.01)%	(1.83)%	(1.82)%	(0.01)%
Adjusted net cost of insurance ratio	(2.37)%	(2.31)%	(2.52)%	(2.39)%	(2.28)%	(0.09)%	(2.37)%	(2.28)%	(0.09)%
Net underwriting return	1.53 %	1.24 %	1.30 %	1.32 %	1.72 %	(0.19)%	1.53 %	1.72 %	(0.19)%
Adjusted net underwriting return ratio	1.49 %	1.49 %	1.40 %	1.55 %	1.59 %	(0.10)%	1.49 %	1.59 %	(0.10)%
General and administrative expenses ratio	(0.50)%	(0.63)%	(0.56)%	(0.55)%	(0.59)%	0.09 %	(0.50)%	(0.59)%	0.09 %
Adjusted general and administrative expenses ratio	(0.52)%	(0.61)%	(0.57)%	(0.56)%	(0.59)%	0.07 %	(0.52)%	(0.59)%	0.07 %
Interest expense	\$ 21	\$ 19	\$ 17	\$ 15	\$ 16	31 %	\$ 21	\$ 16	31 %
Interest expense ratio	(0.09)%	(0.09)%	(0.08)%	(0.07)%	(0.08)%	(0.01)%	(0.09)%	(0.08)%	(0.01)%
Adjusted Interest expense ratio	(0.10)%	(0.10)%	(0.09)%	(0.08)%	(0.09)%	(0.01)%	(0.10)%	(0.09)%	(0.01)%
Adjusted operating income tax expense	\$ (7)	\$ (13)	\$ (7)	\$ 27	\$ 23	(130)%	\$ (7)	\$ 23	(130)%
Adjusted operating income tax expense ratio	0.03 %	0.07 %	0.04 %	(0.14)%	(0.13)%	0.16 %	0.03 %	(0.13)%	0.16 %

(1) For year-to-date periods, calculated by averaging total assets and adjusted total assets, as of the end of each quarter in the applicable trailing period; For quarterly periods, calculated by averaging the current and immediately preceding quarter.

(2) Interim periods are annualized

## Financial Supplement – First Quarter 2020

### Non-GAAP Reconciliation: ROE excluding AOCI and Adjusted Operating ROE excluding AOCI

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

	Three Months Ended					YoY Change	Three Months Ended		YoY Change
	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019		3/31/2020	3/31/2019	
Net income attributable to Global Atlantic Financial Limited shareholder	\$ 253	\$ 198	\$ 144	\$ 117	\$ 174	45 %	\$ 253	\$ 174	45 %
Adjusted operating earnings, net of tax	\$ 183	\$ 168	\$ 150	\$ 144	\$ 140	31 %	\$ 183	\$ 140	31 %
Total Global Atlantic Financial Limited shareholders' equity	\$ 4,039	\$ 6,025	\$ 6,001	\$ 5,346	\$ 4,333	(7)%	\$ 4,039	\$ 4,333	(7)%
Less: AOCI	(315)	1,912	2,091	1,587	696	(145)%	(315)	696	(145)%
Shareholders' equity excluding AOCI	\$ 4,354	\$ 4,113	\$ 3,910	\$ 3,759	\$ 3,637	20 %	\$ 4,354	\$ 3,637	20 %
Average total Global Atlantic Financial Limited shareholders' equity <sup>(1)</sup>	\$ 5,032	\$ 6,013	\$ 5,674	\$ 4,840	\$ 3,876	30 %	\$ 5,032	\$ 3,876	30 %
Average shareholders' equity, excluding AOCI <sup>(1)</sup>	\$ 4,233	\$ 4,011	\$ 3,835	\$ 3,698	\$ 3,556	19 %	\$ 4,233	\$ 3,556	19 %
<b>ROE<sup>(2)</sup></b>	<b>20.1%</b>	<b>13.2%</b>	<b>10.2%</b>	<b>9.7%</b>	<b>18.0%</b>	<b>2.1 %</b>	<b>20.1%</b>	<b>18.0%</b>	<b>2.1 %</b>
<b>ROE excluding AOCI<sup>(2)</sup></b>	<b>23.9%</b>	<b>19.7%</b>	<b>15.0%</b>	<b>12.7%</b>	<b>19.6%</b>	<b>4.3 %</b>	<b>23.9%</b>	<b>19.6%</b>	<b>4.3 %</b>
<b>Adjusted Operating ROE, excluding AOCI<sup>(2)</sup></b>	<b>17.3%</b>	<b>16.8%</b>	<b>15.6%</b>	<b>15.6%</b>	<b>15.7%</b>	<b>1.6 %</b>	<b>17.3%</b>	<b>15.7%</b>	<b>1.6 %</b>

(1) For year-to-date periods, calculated by averaging total shareholders' equity and shareholders' equity excluding AOCI, as applicable, as of the end of each quarter in the applicable trailing period; For quarterly periods, calculated by averaging the current and immediately preceding quarter.

(2) Interim periods are annualized.