



NON-RATING ACTION COMMENTARY

Proposed Acquisition by KKR Credit Neutral to GAFG's Ratings; No Rating Impact

Wed 08 Jul, 2020 - 11:38 AM ET

Fitch Ratings-New York-08 July 2020: Fitch Ratings views the proposed sale of Global Atlantic Financial Group (GAFG: IFS 'A') to KKR Group Partnership LP (KKR: IDR 'A') as neutral to GAFG's credit ratings. Fitch does not expect any material change in GAFG's business and financial profile over the near term. Longer term, Fitch believes that there could be a positive impact on GAFG's ratings based on the company's improved financial flexibility and asset origination capabilities.

GAFG has agreed to be acquired by KKR for 1.0x book value at closing. The investment in GAFG will be primarily held on KKR's balance sheet. The proposed transaction represents a significant expansion of KKR's existing insurance business, which largely consists of managing assets on behalf of unaffiliated insurance companies, and reflects a broader industry trend towards increased affiliations between alternative investment managers and life insurance companies. Fitch views KKR's acquisition of GAFG as a long-term investment.

Fitch last reviewed GAFG on May 19, 2020 and affirmed the ratings with a Stable Outlook at that time. The ratings assigned to GAFG continue to reflect the

company's strong business profile with a strong competitive position in the retail fixed annuities and life insurance markets. The company has reported solid operating performance over the last five years with return metrics that have exceeded rating expectations.

The ratings also consider the company's strong reported risk-adjusted capitalization and high quality investment portfolio, as well as the challenging operating environment due to ongoing low rates and competitive challenges in the company's core markets.

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