

Financial supplement

Global Atlantic Financial Limited

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

Third Quarter 2021

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 interim consolidated financial statements (unaudited) for the quarter ended September 30, 2021

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Important notice

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

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

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

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Certain information contained in this financial supplement constitutes “forward-looking statements,” which can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “expect,” “anticipate,” “project,” “estimate,” “target,” “intend,” “continue” or “believe,” or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance may differ materially from those reflected or contemplated in such forward-looking statements. Past performance is not a guarantee of future results.

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

Credit ratings

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

	Ratings as of November 12, 2021			
	A.M. Best	Fitch	Moody's	Standard & Poor's
Credit ratings⁽¹⁾				
Global Atlantic Financial Limited				
Issuer Credit Rating / Issuer Default Rating / Issuer Rating				
Rating	N/A	BBB+	N/A	BBB-
Outlook	N/A	Stable	N/A	Stable
Global Atlantic (Fin) Company				
Issuer Credit Rating / Issuer Default Rating / Issuer Rating				
Rating	bbb	BBB+	Baa3	BBB-
Outlook	Positive	Stable	Positive	Stable
Financial strength ratings				
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 highlights⁽¹⁾

Unaudited (\$ in millions, except percentages)

	Three Months Ended			Two Months Ended	One Month Ended	Three Months Ended			YoY Change	Eight Months Ended	Nine Months Ended	YoY Change
	9/30/2021	6/30/2021	3/31/2021	3/31/2021	1/31/2021	12/31/2020	9/30/2020	YoY Change	9/30/2021	9/30/2020	YoY Change	
	Successor			Predecessor					Successor	Predecessor		
Consolidated results of operations												
Net income (loss) attributable to Global Atlantic Financial Limited shareholders	\$ 173	\$ 255	\$ (138)	\$ 57	\$ 124	\$ 131	32 %	\$ 290	\$ 386	(25)%		
Adjusted operating income, net of tax	195	216	107	56	185	147	33 %	518	446	16 %		
ROE ⁽²⁾	14.0 %	25.0 %	(21.0)%	8.7 %	6.6 %	7.7 %	6.3 %	9.8 %	8.7 %	1.1 %		
Adjusted ROE ⁽²⁾	13.3 %	20.8 %	(17.7)%	14.9 %	11.0 %	11.9 %	1.4 %	8.8 %	11.9 %	(3.1)%		
Adjusted Operating ROE ⁽²⁾	15.0 %	17.6 %	13.7 %	14.6 %	16.4 %	13.3 %	1.7 %	15.7 %	13.8 %	1.9 %		
ROA ⁽²⁾	0.62 %	1.02 %	(0.84)%	0.70 %	0.55 %	0.66 %	(0.04)%	0.42 %	0.67 %	(0.25)%		
Adjusted operating ROA, net of tax ⁽²⁾	0.79 %	0.94 %	0.72 %	0.83 %	0.95 %	0.79 %	— %	0.83 %	0.82 %	0.01 %		
Effective income tax rate	22.9 %	1.5 %	17.1 %	22.7 %	(23.2)%	9.9 %	13.0 %	6.3 %	(9.6)%	15.9 %		
Adjusted operating tax rate	4.4 %	15.0 %	12.9 %	15.2 %	(0.5)%	20.0 %	(15.6)%	10.8 %	0.7 %	10.1 %		
Balance sheet items												
Total assets	\$ 165,819	\$ 136,526	\$ 131,353	\$ 126,710	\$ 125,760	\$ 99,367	67 %	\$ 165,819	\$ 99,367	67 %		
Adjusted invested assets	103,113	93,213	90,841	81,905	80,826	75,372	37 %	103,113	75,372	37 %		
Total liabilities	160,602	131,388	127,881	118,652	117,590	91,984	75 %	160,602	91,984	75 %		
Total shareholders' equity	4,955	4,912	3,249	7,775	7,946	7,131	(31)%	4,955	7,131	(31)%		
Adjusted shareholders' equity	5,303	5,093	4,730	4,638	4,574	4,474	19 %	5,303	4,474	19 %		

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

(2) Interim periods are annualized.

Consolidated statements of income

Unaudited (\$ in millions, except percentages)

	Two Months Ended			One Month Ended	Three Months Ended			YoY Change	Eight Months Ended	Nine Months Ended	YoY Change
	Three Months Ended		3/31/2021	1/31/2021	Three Months Ended		9/30/2021		9/30/2020		
	9/30/2021	6/30/2021			12/31/2020	9/30/2020				Successor	
Revenues											
Premiums	\$ 975	\$ (452)	\$ 1,176	\$ 77	\$ 2,253	\$ 380	157 %	\$ 1,699	\$ 647	163 %	
Policy fees	310	312	202	98	310	328	(5)%	824	923	(11)%	
Net investment income	713	679	422	266	797	782	(9)%	1,814	2,312	(22)%	
Net investment gains (losses) ⁽¹⁾	162	327	(456)	(56)	136	86	88 %	33	35	(6)%	
Other income	32	32	18	8	17	15	113 %	82	42	95 %	
Total revenues	\$ 2,192	\$ 898	\$ 1,362	\$ 393	\$ 3,513	\$ 1,591	38 %	\$ 4,452	\$ 3,959	12 %	
Benefits and expenses											
Policy benefits and claims ⁽¹⁾	\$ 1,697	\$ 412	\$ 1,485	\$ 226	\$ 3,115	\$ 1,191	42 %	\$ 3,594	\$ 2,960	21 %	
Amortization of policy acquisition costs	(16)	(21)	(20)	44	83	84	(119)%	(57)	185	(131)%	
Insurance expenses	87	102	52	24	62	54	61 %	241	138	75 %	
Total benefits and insurance expenses	1,768	493	1,517	294	3,260	1,329	33 %	3,778	3,283	15 %	
Net underwriting income	424	405	(155)	99	253	262	62 %	674	676	— %	
Interest expenses	22	11	11	4	16	17	29 %	44	52	(15)%	
General and administrative expenses	166	128	80	20	155	124	34 %	374	352	6 %	
Income (loss) before income taxes	236	266	(246)	75	82	121	95 %	256	272	(6)%	
Income tax expense (benefit)	54	4	(42)	17	(19)	12	350 %	16	(26)	162 %	
Net income (loss)	182	262	(204)	58	101	109	67 %	240	298	(19)%	
Net income (loss) attributable to non-controlling interests and redeemable non-controlling interests	9	7	(66)	1	(23)	(22)	141 %	(50)	(88)	43 %	
Net income (loss) attributable to Global Atlantic Financial Limited shareholders	\$ 173	\$ 255	\$ (138)	\$ 57	\$ 124	\$ 131	32 %	\$ 290	\$ 386	(25)%	

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

Components of return on assets

Unaudited (\$ in millions, except percentages)

	Three Months Ended		Two Months Ended	One Month Ended	Three Months Ended		YoY Change	Eight Months Ended	Nine Months Ended	YoY Change
	9/30/2021	6/30/2021	3/31/2021	1/31/2021	12/31/2020	9/30/2020		9/30/2021	9/30/2020	
	Successor			Predecessor			Successor	Predecessor		
Components of return on assets⁽¹⁾										
Net investment return ratio	2.55 %	2.72 %	2.56 %	3.26 %	3.55 %	3.92 %	(1.37)%	2.58 %	4.05 %	(1.47)%
Net cost of insurance ratio	(1.03)%	(1.10)%	(3.50)%	(2.04)%	(2.42)%	(2.61)%	1.58 %	(1.62)%	(2.87)%	1.25 %
Net underwriting ratio	1.52 %	1.62 %	(0.94)%	1.22 %	1.13 %	1.31 %	0.21 %	0.96 %	1.18 %	(0.22)%
General and administrative expense ratio	(0.59)%	(0.51)%	(0.49)%	(0.24)%	(0.69)%	(0.62)%	0.03 %	(0.53)%	(0.62)%	0.09 %
Interest expense ratio	(0.08)%	(0.04)%	(0.07)%	(0.05)%	(0.07)%	(0.09)%	0.01 %	(0.06)%	(0.09)%	0.03 %
Income tax expense ratio	(0.19)%	(0.02)%	0.25 %	(0.21)%	0.08 %	(0.06)%	(0.13)%	(0.02)%	0.05 %	(0.07)%
Non-controlling interest ratio	(0.04)%	(0.03)%	0.40 %	(0.02)%	0.10 %	0.12 %	(0.16)%	0.07 %	0.15 %	(0.08)%
Return on assets	0.62 %	1.02 %	(0.84)%	0.70 %	0.55 %	0.66 %	(0.04)%	0.42 %	0.67 %	(0.25)%

(1) Interim periods are annualized.

Components of adjusted operating return on assets, net of tax

Unaudited (\$ in millions, except percentages)

	Three Months Ended		Two Months Ended	One Month Ended	Three Months Ended		YoY Change	Eight Months Ended	Nine Months Ended	YoY Change
	9/30/2021	6/30/2021	3/31/2021	1/31/2021	12/31/2020	9/30/2020		9/30/2021	9/30/2020	
	<i>Successor</i>				<i>Predecessor</i>			<i>Successor</i>	<i>Predecessor</i>	
Adjusted operating return on assets, net of tax⁽¹⁾	0.79 %	0.94 %	0.72 %	0.83 %	0.95 %	0.79 %	— %	0.83 %	0.82 %	0.01 %
Components of adjusted operating return on assets, net of tax:⁽¹⁾										
Net investment earned rate⁽²⁾	3.15 %	3.30 %	3.00 %	4.37 %	4.24 %	4.29 %	(1.14)%	3.17 %	4.18 %	(1.01)%
Adjusted net cost of insurance ratio	(1.75)%	(1.66)%	(1.66)%	(2.80)%	(2.68)%	(2.69)%	0.94 %	(1.70)%	(2.77)%	1.07 %
Adjusted net underwriting ratio	1.40 %	1.64 %	1.34 %	1.57 %	1.56 %	1.60 %	(0.20)%	1.47 %	1.41 %	0.06 %
Adjusted general and administrative expense ratio	(0.48)%	(0.49)%	(0.44)%	(0.53)%	(0.54)%	(0.52)%	0.04 %	(0.47)%	(0.49)%	0.02 %
Adjusted interest expense ratio	(0.09)%	(0.05)%	(0.07)%	(0.06)%	(0.08)%	(0.09)%	— %	(0.07)%	(0.10)%	0.03 %
Adjusted operating return on assets, before taxes	0.83 %	1.10 %	0.83 %	0.98 %	0.94 %	0.99 %	(0.16)%	0.93 %	0.82 %	0.11 %
Adjusted income tax expense ratio	(0.04)%	(0.16)%	(0.11)%	(0.15)%	0.01 %	(0.20)%	0.16 %	(0.10)%	— %	(0.10)%
Adjusted operating return on assets, net of tax	0.79 %	0.94 %	0.72 %	0.83 %	0.95 %	0.79 %	— %	0.83 %	0.82 %	0.01 %
Components of adjusted operating earnings:										
Adjusted net investment income⁽²⁾	772	760	446	296	827	794	(3)%	1,978	2,272	(13)%
Adjusted net cost of insurance	429	384	246	190	522	496	(14)%	1,059	1,505	(30)%
Adjusted net underwriting income	343	376	200	106	305	298	15 %	919	767	20 %
Interest expenses	22	11	11	4	16	17	29 %	44	52	(15)%
Adjusted general and administrative expenses	117	112	65	36	105	96	22 %	294	266	11 %
Adjusted operating earnings, before income taxes	204	253	124	66	184	185	10 %	581	449	29 %
Adjusted operating income tax expense	(9)	(38)	(16)	(10)	1	(37)	76 %	(63)	(3)	NM
Adjusted operating earnings, net of tax	\$ 195	\$ 216	\$ 107	\$ 56	\$ 185	\$ 147	33 %	\$ 518	\$ 446	16 %
Average total investments ⁽³⁾	\$ 111,852	\$ 99,726	\$ 98,955	\$ 98,058	\$ 89,904	\$ 79,700	40 %	\$ 105,403	\$ 76,094	39 %
Average adjusted invested assets ⁽³⁾	98,163	92,027	89,314	81,366	78,099	73,988	33 %	93,739	72,418	29 %

(1) Interim periods are annualized.

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

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

Consolidated balance sheets

Unaudited (\$ in millions, except percentages)

	Balances as of						YoY Change
	9/30/2021	6/30/2021	3/31/2021	12/31/2020	9/30/2020		
	Successor			Predecessor			
Assets							
Fixed maturity securities, available-for-sale, at fair value	\$ 68,812	\$ 60,864	\$ 60,310	\$ 61,154	\$ 55,577		24 %
Fixed maturity securities, trading, at fair value	16,907	9,301	10,641	11,193	2,394		NM
Equity securities at fair value	37	149	116	95	69		(46)%
Mortgage and other loan receivables	25,367	19,970	16,808	15,479	15,057		68 %
Policy loans	766	779	831	696	700		9 %
Funds withheld receivable at interest	3,066	3,084	3,095	2,446	2,320		32 %
Other invested assets	7,627	6,974	6,530	6,478	6,149		24 %
Total investments	122,582	101,121	98,331	97,541	82,266		49 %
Cash and cash equivalents	4,717	6,492	5,409	3,177	2,124		122 %
Restricted cash and cash equivalent	399	188	400	240	107		273 %
Accrued investment income	825	697	770	709	620		33 %
Reinsurance recoverable	25,234	16,385	15,682	15,140	5,615		349 %
Insurance Intangibles	1,279	1,194	1,090	1,847	1,991		(36)%
Other assets	5,338	4,811	4,201	1,647	1,508		254 %
Separate account assets	5,445	5,638	5,470	5,459	5,136		6 %
Total assets	\$ 165,819	\$ 136,526	\$ 131,353	\$ 125,760	\$ 99,367		67 %

Consolidated balance sheets (continued)

Unaudited (\$ in millions, except percentages)

	Balances as of						YoY Change
	9/30/2021	6/30/2021	3/31/2021	12/31/2020	9/30/2020		
	Successor			Predecessor			
Liabilities							
Future policyholder benefits	\$ 17,801	\$ 16,143	\$ 15,802	\$ 13,858	\$ 6,584		170 %
Outstanding claims	283	257	304	266	184		54 %
Contractholder deposit funds and other policyholder liabilities	106,528	89,434	86,502	79,817	72,280		47 %
Total policyholder liabilities	124,612	105,834	102,608	93,941	79,048		58 %
Debt	2,163	1,436	1,400	1,421	1,161		86 %
Funds withheld payable at interest	23,615	14,623	13,446	13,636	3,646		NM
Other liabilities	4,505	3,681	4,535	2,873	2,734		65 %
Reinsurance liabilities	262	176	422	260	259		1 %
Separate account liabilities	5,445	5,638	5,470	5,459	5,136		6 %
Total liabilities	\$ 160,602	\$ 131,388	\$ 127,881	\$ 117,590	\$ 91,984		75 %
Redeemable non-controlling interests	\$ 93	\$ 92	\$ 92	\$ 91	\$ 88		6 %
Shareholders' Equity							
Common stock	\$ —	\$ —	\$ —	\$ —	\$ —		— %
Additional paid-in capital	5,003	4,991	4,877	1,668	1,665		200 %
Retained earnings	290	117	(138)	2,961	2,837		(90)%
Accumulated other comprehensive income (loss)	(338)	(196)	(1,490)	3,317	2,629		(113)%
Total shareholders' equity	4,955	4,912	3,249	7,946	7,131		(31)%
Non-controlling interests	169	134	131	133	164		3 %
Total equity	5,124	5,046	3,380	8,079	7,295		(30)%
Total liabilities, redeemable non-controlling interests and equity	\$ 165,819	\$ 136,526	\$ 131,353	\$ 125,760	\$ 99,367		67 %
Adjusted shareholders' equity	\$ 5,303	\$ 5,093	\$ 4,730	\$ 4,574	\$ 4,474		19 %
Average adjusted shareholders' equity ⁽¹⁾	5,198	4,912	4,691	4,524	4,405		18 %

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

Capitalization

Unaudited (\$ in millions, except percentages)

	Balances as of						YoY Change
	Successor			Predecessor			
	9/30/2021	6/30/2021	3/31/2021	12/31/2020	9/30/2020		
Debt	\$ 2,163	\$ 1,436	\$ 1,400	\$ 1,421	\$ 1,161	86 %	
50% of subordinated debentures	(500)	(125)	(125)	(125)	(125)	(300) %	
Fair value adjustment to senior notes hedged with interest rate swap ⁽¹⁾	20	10	26	(32)	(42)	148 %	
Adjusted debt	\$ 1,683	\$ 1,321	\$ 1,301	\$ 1,264	\$ 994	69 %	
Total Global Atlantic Financial Limited shareholders' equity	4,955	4,912	3,249	7,946	7,131	(31) %	
Less: Accumulated other comprehensive income (AOCI)	(338)	(196)	(1,490)	3,317	2,629	(113) %	
Less: Accumulated change in fair value of reinsurance balances and related assets	(10)	15	9	55	28	(136) %	
Adjusted shareholders' equity	\$ 5,303	\$ 5,093	\$ 4,730	\$ 4,574	\$ 4,474	19 %	
Capitalization	\$ 7,118	\$ 6,348	\$ 4,649	\$ 9,367	\$ 8,292	(14) %	
Adjusted capitalization	7,466	6,529	6,130	5,995	5,635	32 %	
Adjusted capitalization, excluding debt fair value adjustments	7,486	6,539	6,156	5,963	5,593	34 %	
Debt-to-capitalization	30.4 %	22.6 %	30.1 %	15.2 %	14.0 %	16.4 %	
Debt-to-adjusted capitalization	29.0 %	22.0 %	22.8 %	23.7 %	20.6 %	8.4 %	
Adjusted debt-to-adjusted capitalization, excluding debt fair value adjustments	22.5 %	20.2 %	21.1 %	21.2 %	17.8 %	4.7 %	

	Risk-based capital as of December 31, 2020
U.S. insurance subsidiaries ⁽²⁾	398 %
Estimated consolidated RBC, including Bermuda subsidiaries ⁽³⁾	441 %

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

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

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

Assumption Review

Unaudited (\$ in millions, except percentages)

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

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

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

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

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

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

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

Product and operational data

New business volume by origination channel and product

Unaudited (\$ in millions, except percentages)

	Three Months Ended			Two Months Ended	One Month Ended	Three Months Ended			YoY Change	Eight Months Ended	Nine Months Ended	YoY Change
	9/30/2021	6/30/2021	3/31/2021	3/31/2021	1/31/2021	12/31/2020	9/30/2020		9/30/2021	9/30/2020		
	Successor			Predecessor					Successor	Predecessor		
Individual channel:												
Fixed-Rate Annuities	\$ 854	\$ 1,545	\$ 1,038	\$ 1,038	\$ 339	\$ 610	\$ 1,047	(18)%	\$ 3,437	\$ 2,947		17 %
Fixed-Indexed Annuities	809	901	595	595	227	869	783	3 %	2,305	2,219		4 %
Variable Annuities	17	15	8	8	7	19	15	13 %	40	53		(25)%
Total retirement products	\$ 1,680	\$ 2,461	\$ 1,641	\$ 1,641	\$ 573	\$ 1,498	\$ 1,845	(9)%	\$ 5,782	\$ 5,219		11 %
Life insurance products	\$ 11	\$ 11	\$ 6	\$ 6	\$ 2	\$ 15	\$ 7	57 %	\$ 28	\$ 47		(40)%
Preneed Life	\$ 64	\$ 62	\$ 38	\$ 38	\$ 15	\$ 48	\$ 53	21 %	\$ 164	\$ 140		17 %
Institutional channel:												
Retirement ¹	\$ 12,278	\$ 1,639	\$ 1,843	\$ 1,843	\$ 412	\$ 14,054	\$ 1,338	NM	\$ 15,760	\$ 1,944		NM
Life	\$ 4,816	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ 2,268	112 %	\$ 4,816	\$ 2,278		111 %
Funding agreements - FABN	\$ 1,500	\$ 700	\$ —	\$ —	\$ 650	\$ —	\$ —	— %	\$ 2,200	\$ —		— %

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

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

Reserves by product

Unaudited (\$ in millions, except percentages)

	Balances as of												YoY Change	
	9/30/2021		6/30/2021		3/31/2021		12/31/2020		9/30/2020		General Account	Separate Account		
	Successor						Predecessor							
	General Account	Separate Account	General Account	Separate Account	General Account	Separate Account	General Account	Separate Account	General Account	Separate Account	General Account	Separate Account		
Fixed-Rate Annuity	\$ 22,293	\$ —	\$ 22,204	\$ —	\$ 21,672	\$ —	\$ 20,695	\$ —	\$ 20,767	\$ —	7 %	— %		
Fixed-Indexed Annuity	19,914	—	19,287	—	18,414	—	17,085	—	16,119	—	24 %	— %		
Variable Annuity	361	3,036	324	3,147	308	3,083	410	3,098	489	2,962	(26)%	2 %		
Indexed Universal Life	11,979	—	11,893	—	11,767	—	9,588	—	9,187	—	30 %	— %		
Fixed Universal Life	1,471	—	1,467	—	1,529	—	1,554	—	1,559	—	(6)%	— %		
Term & Whole Life	626	—	623	—	635	—	570	—	548	—	14 %	— %		
Preneed	2,902	—	2,899	—	2,885	—	2,832	—	2,885	—	1 %	— %		
Funding agreements - FHLB	2,240	—	2,224	—	2,205	—	2,207	—	2,208	—	1 %	— %		
Total Individual	61,786	3,036	60,921	3,147	59,415	3,083	54,941	3,098	53,762	2,962	15 %	2 %		
Retirement	48,393	1,780	36,792	1,845	35,745	1,778	32,247	1,771	18,541	1,637	161 %	9 %		
Life	9,820	629	5,018	646	5,041	609	4,975	590	4,973	537	97 %	17 %		
Funding agreements - FHLB	326	—	321	—	311	—	313	—	313	—	4 %	— %		
Funding agreements - FABN	2,860	—	1,362	—	659	—	—	—	—	—	— %	— %		
Total Institutional	61,399	2,409	43,493	2,491	41,756	2,387	37,535	2,361	23,827	2,174	158 %	11 %		
Closed Block	1,375	—	1,341	—	1,367	—	1,410	—	1,404	—	(2)%	— %		
Other Corporate ⁽¹⁾	52	—	79	—	70	—	55	—	55	—	(5)%	— %		
Total Corporate & Other	1,427	—	1,420	—	1,437	—	1,465	—	1,459	—	(2)%	— %		
Total Reserves	\$ 124,612	\$ 5,445	\$ 105,834	\$ 5,638	\$ 102,608	\$ 5,470	\$ 93,941	\$ 5,459	\$ 79,048	\$ 5,136	58 %	6 %		

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

General account reserve roll forward by origination channel

Unaudited (\$ in millions, except percentages)

	Balances as of						YoY Change
	9/30/2021	6/30/2021	3/31/2021	1/31/2021	12/31/2020	9/30/2020	
	Successor			Predecessor			
Individual							
Reserve liability, gross, opening balance ⁽¹⁾	\$ 60,921	\$ 59,415	\$ 58,372	\$ 54,941	\$ 53,762	\$ 52,609	16 %
Deposits	1,941	2,692	1,811	642	1,780	2,045	(5)%
Surrenders, benefits and fees	(1,243)	(1,513)	(935)	(357)	(1,192)	(1,244)	— %
Other reserve changes	167	327	167	(73)	591	352	(53)%
Reserve liability, gross, ending	61,786	60,921	59,415	55,153	54,941	53,762	15 %
Reinsurance recoverable	(443)	(445)	(487)	(477)	(492)	(406)	(9)%
Net individual reserve liability	\$ 61,343	\$ 60,476	\$ 58,928	\$ 54,676	\$ 54,449	\$ 53,356	15 %
Institutional							
Reserve liability, gross, opening balance ⁽¹⁾	\$ 43,493	\$ 41,756	\$ 40,531	\$ 37,535	\$ 23,827	\$ 20,488	112 %
Deposits ⁽²⁾	18,345	2,328	1,697	1,019	14,089	3,547	417 %
Surrenders, benefits and fees	(521)	(462)	(203)	(161)	(379)	(219)	(138)%
Other reserve changes	82	(129)	(270)	58	(2)	11	NM
Reserve liability, gross, ending	61,399	43,493	41,756	38,450	37,535	23,827	158 %
Reinsurance recoverable	(23,447)	(14,630)	(13,851)	(13,368)	(13,256)	(3,821)	NM
Net institutional reserve liability	\$ 37,952	\$ 28,863	\$ 27,905	\$ 25,082	\$ 24,279	\$ 20,006	90 %
Consolidated							
Reserve liability, gross, opening balance ⁽¹⁾	\$ 105,834	\$ 102,608	\$ 100,339	\$ 93,941	\$ 79,048	\$ 74,525	42 %
Deposits ⁽²⁾	20,286	5,020	3,508	1,661	15,869	5,592	263 %
Surrenders, benefits and fees	(1,764)	(1,975)	(1,138)	(518)	(1,571)	(1,463)	(21)%
Other reserve changes	256	181	(102)	(29)	595	394	(35)%
Reserve liability, gross, ending	124,612	105,834	102,608	95,054	93,941	79,048	58 %
Reinsurance recoverable	(25,234)	(16,385)	(15,682)	(15,223)	(15,140)	(5,615)	(349)%
Net reserve liability	\$ 99,378	\$ 89,449	\$ 86,926	\$ 79,831	\$ 78,801	\$ 73,433	35 %

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

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

Surrender charge protection by product

Unaudited (\$ in millions, except percentages)

Years of Surrender Charge Remaining	Fixed-rate and Fixed-indexed Annuities					
	September 30, 2021			December 31, 2020		
	Successor			Predecessor		
	Account Values	Percent of total	Average Surrender Charge Percent	Account Values	Percent of total	Average Surrender Charge Percent
No surrender charge	\$ 17,438	26.5 %	— %	\$ 9,518	18.3 %	— %
Greater than 0 to less than 3	13,613	20.7 %	4.9 %	11,430	22.0 %	5.1 %
3 to less than 6	26,012	39.6 %	6.1 %	22,641	43.5 %	6.3 %
6 to less than 9	5,897	9.0 %	6.7 %	6,037	11.6 %	7.0 %
9 or greater	2,755	4.2 %	8.1 %	2,367	4.6 %	8.0 %
Total	\$ 65,715	100.0 %	4.6 %	\$ 51,993	100.0 %	5.3 %

Years of Surrender Charge Remaining	Indexed and Fixed Universal Life					
	September 30, 2021			December 31, 2020		
	Successor			Predecessor		
	Account Values	Percent of total	Average Surrender Charge Percent	Account Values	Percent of total	Average Surrender Charge Percent
No surrender charge	\$ 6,519	53.9 %	0.3 %	\$ 6,271	52.8 %	0.3 %
Greater than 0 to less than 3	1,330	11.0 %	2.7 %	1,326	11.2 %	2.8 %
3 to less than 6	2,191	18.1 %	7.2 %	1,744	14.7 %	7.7 %
6 to less than 9	807	6.7 %	11.7 %	1,377	11.6 %	11.2 %
9 or greater	1,244	10.3 %	25.2 %	1,156	9.7 %	27.7 %
Total	\$ 12,091	100.0 %	5.1 %	\$ 11,874	100.0 %	5.6 %

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 September 30, 2021)</i>						
<i>Successor</i>						
Individual channel	\$ 4,243	\$ 327	\$ 1,348	\$ 3,827	\$ 15,244	\$ 24,989
Institutional channel and strategic acquisitions	18,732	1,557	1,089	3,022	1,437	25,837
Total	\$ 22,975	\$ 1,884	\$ 2,437	\$ 6,849	\$ 16,681	\$ 50,826
Percentage of total	45.2 %	3.7 %	4.8 %	13.5 %	32.8 %	100.0 %
Percentage from institutional channel and strategic acquisitions	81.5 %	82.6 %	44.7 %	44.1 %	8.6 %	50.8 %

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

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

Investment portfolio

Investments summary

Unaudited (\$ in millions, except percentages)

	September 30, 2021		December 31, 2020	
	Successor		Predecessor	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
AFS fixed maturity securities	\$ 68,812	56.1 %	\$ 61,154	62.7 %
Trading fixed maturity securities ⁽¹⁾	16,907	13.8 %	11,193	11.5 %
Equity securities	37	— %	95	0.1 %
Mortgage and other loan receivables	25,367	20.7 %	15,479	15.9 %
Policy loans	766	0.7 %	696	0.7 %
Funds withheld receivable at interest	3,066	2.5 %	2,446	2.5 %
Other investments	7,627	6.2 %	6,478	6.6 %
Total investments	\$ 122,582	100.0 %	\$ 97,541	100.0 %

Other investments, as above, consists of the following:	September 30, 2021		December 31, 2020	
	Successor		Predecessor	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
Investments in renewable energy ⁽²⁾	\$ 3,977	52.1 %	\$ 3,443	53.1 %
Investments in transportation and other leased assets ⁽³⁾	2,206	29.0 %	1,978	30.6 %
Other investment partnerships	189	2.5 %	487	7.5 %
Investments in real estate	1,090	14.3 %	395	6.1 %
Federal Home Loan Bank, or "FHLB," common stock and other investments	165	2.1 %	175	2.7 %
Total other investments	\$ 7,627	100.0 %	\$ 6,478	100.0 %

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

(2) Net of accumulated depreciation attributed to consolidated renewable energy assets of \$140 million and \$83 million as of September 30, 2021 and December 31, 2020, respectively.

(3) Net of accumulated depreciation of \$75 million and \$232 million as of September 30, 2021 and December 31, 2020, respectively.

Fixed maturity securities – unrealized gains and losses

Unaudited (\$ in millions, except percentages)

	As of September 30, 2021 (Successor)					
	<i>Successor</i>					
	Cost or amortized cost	Allowance for credit losses ⁽²⁾	Gross unrealized temporary		Fair value	Percent of total
gain			loss			
AFS fixed maturity securities portfolio by type:						
U.S. government and agencies	\$ 1,031	\$ —	\$ —	\$ (12)	\$ 1,019	1.5 %
U.S. state, municipal and political subdivisions	5,137	—	29	(61)	5,105	7.4 %
Corporate	42,299	—	205	(690)	41,814	60.8 %
RMBS	8,074	(72)	146	(70)	8,078	11.7 %
CMBS	3,981	—	29	(17)	3,993	5.8 %
CLOs	3,128	(1)	9	(2)	3,134	4.5 %
CBOs	3,171	(17)	10	(17)	3,147	4.6 %
All other structured securities ⁽¹⁾	2,525	(6)	21	(18)	2,522	3.7 %
Total AFS fixed maturity securities	\$ 69,346	\$ (96)	\$ 449	\$ (887)	\$ 68,812	100.0 %

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

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

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

Fixed maturity securities by ratings

Unaudited (\$ in millions, except percentages)

	AFS Fixed Maturity Securities by NAIC Rating			
	September 30, 2021		December 31, 2020	
	<i>Successor</i>		<i>Predecessor</i>	
	Fair Value	Percent of Total	Fair Value	Percent of Total
NAIC designation:				
1	\$ 42,586	61.9 %	\$ 37,647	61.6 %
2	24,569	35.7 %	22,083	36.1 %
Total investment grade	67,155	97.6 %	59,730	97.7 %
3	702	1.0 %	817	1.3 %
4	260	0.4 %	182	0.3 %
5	12	— %	15	— %
6	14	— %	—	— %
5 ^{*(1)}	669	1.0 %	410	0.7 %
Total below investment grade	1,657	2.4 %	1,424	2.3 %
Total AFS fixed maturity securities	\$ 68,812	100.0 %	\$ 61,154	100.0 %
	AFS Fixed Maturity Securities by NRSRO Rating			
	September 30, 2021		December 31, 2020	
	<i>Successor</i>		<i>Predecessor</i>	
	Fair Value	Percent of Total	Fair Value	Percent of Total
NRSRO rating designation:				
AAA/AA/A	\$ 32,147	46.7 %	\$ 29,353	48.0 %
BBB	24,541	35.7 %	21,589	35.3 %
Non-rated ⁽²⁾	5,343	7.8 %	2,227	3.6 %
Total Investment Grade	62,031	90.2 %	53,169	86.9 %
BB	754	1.1 %	585	1.0 %
B	638	0.9 %	491	0.8 %
CCC	1,816	2.6 %	1,971	3.2 %
CC and lower	2,571	3.7 %	2,870	4.7 %
Non-rated ⁽³⁾	1,002	1.5 %	2,068	3.4 %
Total below investment grade	6,781	9.8 %	7,985	13.1 %
Total AFS fixed maturity securities	\$ 68,812	100.0 %	\$ 61,154	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.

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

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

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

Corporate fixed maturity securities by ratings

Unaudited (\$ in millions, except percentages)

	Corporate Fixed Maturity Securities by NAIC Rating			
	September 30, 2021		December 31, 2020	
	Successor		Predecessor	
	Fair Value	Percent of Total	Fair Value	Percent of Total
NAIC designation:				
1	\$ 17,743	42.4 %	\$ 12,638	38.8 %
2	22,900	54.8 %	19,123	58.6 %
Total investment grade	40,643	97.2 %	31,761	97.4 %
3	331	0.8 %	370	1.1 %
4	169	0.4 %	1	— %
5	2	— %	61	0.2 %
5* ⁽¹⁾	669	1.6 %	412	1.3 %
Total below investment grade	1,171	2.8 %	844	2.6 %
Total Corporate fixed maturity securities	\$ 41,814	100.0 %	\$ 32,605	100.0 %
	Corporate Fixed Maturity Securities by NRSRO Rating			
	September 30, 2021		December 31, 2020	
	Successor		Predecessor	
	Fair Value	Percent of Total	Fair Value	Percent of Total
NRSRO rating designation:				
AAA/AA/A	\$ 18,175	43.5 %	\$ 13,625	41.8 %
BBB	21,977	52.5 %	17,984	55.1 %
Non-rated ⁽²⁾	492	1.2 %	207	0.6 %
Total Investment Grade	40,644	97.2 %	31,816	97.5 %
BB	323	0.8 %	317	1.0 %
B	153	0.4 %	60	0.2 %
Non-rated ⁽³⁾	694	1.6 %	412	1.3 %
Total below investment grade	1,170	2.8 %	789	2.5 %
Total Corporate fixed maturity securities	\$ 41,814	100.0 %	\$ 32,605	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.

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

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

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

Residential mortgage-backed securities by ratings

Unaudited (\$ in millions, except percentages)

	RMBS by NAIC Ratings			
	September 30, 2021		December 31, 2020	
	<i>Successor</i>		<i>Predecessor</i>	
	Fair value	Percent of total	Fair Value	Percent of total
NAIC designation:				
1	\$ 7,336	90.8 %	\$ 7,631	88.3 %
2	372	4.6 %	602	7.0 %
Total investment grade	7,708	95.4 %	8,233	95.3 %
3 and below	370	4.6 %	406	4.7 %
Total below investment grade	370	4.6 %	406	4.7 %
Total RMBS	\$ 8,078	100.0 %	\$ 8,639	100.0 %

	RMBS by NRSRO Ratings			
	September 30, 2021		December 31, 2020	
	<i>Successor</i>		<i>Predecessor</i>	
	Fair value	Percent of total	Fair Value	Percent of total
NRSRO rating designation:				
AAA/AA/A	\$ 899	11.1 %	\$ 741	8.6 %
BBB	312	3.9 %	525	6.1 %
BIG	4,940	61.2 %	5,396	62.5 %
Non-rated investment grade	1,927	23.8 %	1,977	22.9 %
Total RMBS	\$ 8,078	100.0 %	\$ 8,639	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.

Commercial mortgage-backed securities by ratings

Unaudited (\$ in millions, except percentages)

	CMBS by NAIC Ratings			
	September 30, 2021		December 31, 2020	
	Successor		Predecessor	
	Fair value	Percent of total	Fair Value	Percent of total
NAIC designation:				
1	\$ 3,678	92.1 %	\$ 3,121	85.5 %
2	253	6.3 %	435	11.9 %
Total investment grade	3,931	98.4 %	3,556	97.4 %
3	62	1.6 %	94	2.6 %
4	—	— %	—	— %
Non-rated	—	— %	—	— %
Total below investment grade	62	1.6 %	94	2.6 %
Total CMBS	\$ 3,993	100.0 %	\$ 3,650	100.0 %

	CMBS by NRSRO Ratings			
	September 30, 2021		December 31, 2020	
	Successor		Predecessor	
	Fair value	Percent of total	Fair Value	Percent of total
NRSRO rating designation:				
AAA/AA/A	\$ 1,856	46.5 %	\$ 2,284	62.6 %
BBB	1,432	35.9 %	1,226	33.6 %
BIG	609	15.2 %	117	3.2 %
Non-rated investment grade	96	2.4 %	23	0.6 %
Total CMBS	\$ 3,993	100.0 %	\$ 3,650	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.

Collateralized loan obligations & collateralized bond obligations by ratings

Unaudited (\$ in millions, except percentages)

	Collateralized Loan Obligations			
	September 30, 2021		December 31, 2020	
	Successor		Predecessor	
	Fair value	Percent of total	Fair Value	Percent of total
NAIC designation:				
1	\$ 3,034	96.8 %	\$ 2,797	93.2 %
2	80	2.6 %	173	5.8 %
Total investment grade	3,114	99.4 %	2,970	99.0 %
3	20	0.6 %	19	0.6 %
5	—	— %	13	0.4 %
Total below investment grade	20	0.6 %	32	1.0 %
Total CLO	\$ 3,134	100.0 %	\$ 3,002	100.0 %

	Collateralized Bond Obligations			
	September 30, 2021		December 31, 2020	
	Successor		Predecessor	
	Fair value	Percent of total	Fair Value	Percent of total
NAIC designation:				
1	\$ 3,147	100.0 %	\$ 3,593	100.0 %
Total investment grade	3,147	100.0 %	3,593	100.0 %
Total CBO	\$ 3,147	100.0 %	\$ 3,593	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.

All other structured securities by ratings

Unaudited (\$ in millions, except percentages)

	All Other Structured Securities			
	September 30, 2021		December 31, 2020	
	Successor		Predecessor	
	Fair value	Percent of total	Fair Value	Percent of total
NAIC designation:				
1	\$ 2,167	85.9 %	\$ 2,917	73.2 %
2	322	12.8 %	1,019	25.6 %
Total investment grade	2,489	98.7 %	3,936	98.8 %
3	6	0.3 %	13	0.3 %
4	26	1.0 %	36	0.9 %
5	1	— %	—	— %
Total below investment grade	33	1.3 %	49	1.2 %
Total all other structured securities	\$ 2,522	100.0 %	\$ 3,985	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

Non-GAAP financial measures

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

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

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

Adjusted operating earnings, net of tax

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

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

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

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

Adjusted income tax expense and adjusted operating tax rate

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

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

Adjusted ROE and adjusted operating ROE

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

Adjusted invested assets

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

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

Adjusted net investment income and net investment earned rate

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

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

Adjusted operating return on assets, net of tax

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

Components of adjusted operating return on assets, net of tax

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

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

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

Adjusted net investment return ratio

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

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

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

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

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

Adjusted interest expense ratio

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

Adjusted income tax expense ratio

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

Adjusted shareholders’ equity

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

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

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

New business volume

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

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

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

Unaudited (\$ in millions, except percentages)

	Three Months Ended			Two Months Ended	One Month Ended	Three Months Ended			Eight Months Ended	Nine Months Ended	YoY Change
	9/30/2021	6/30/2021	3/31/2021	1/31/2021	12/31/2020	9/30/2020	YoY Change	9/30/2021	9/30/2020		
	<i>Successor</i>						<i>Predecessor</i>			<i>Successor</i>	
Net income (loss) attributable to Global Atlantic Financial Limited shareholders	\$ 173	\$ 255	\$ (138)	\$ 57	\$ 124	\$ 131	32 %	\$ 290	\$ 386	(25)%	
Adjustments:											
Investment (gains) losses, net of offsets	(134)	(30)	242	9	(78)	(41)	(227)%	78	29	169 %	
Derivative (gains) losses, net of offsets	59	—	46	1	117	66	(11)%	105	—	— %	
Transaction, integration and equity-based compensation expenses	52	25	15	(18)	40	16	225 %	92	60	53 %	
Income tax adjustments	45	(34)	(58)	7	(18)	(25)	280 %	(47)	(29)	(62)%	
Total adjustments	22	(39)	245	(1)	61	16	38 %	228	60	280 %	
Adjusted operating earnings, net of tax	\$ 195	\$ 216	\$ 107	\$ 56	\$ 185	\$ 147	33 %	\$ 518	\$ 446	16 %	

Non-GAAP reconciliation: Adjusted invested assets

Unaudited (\$ in millions, except percentages)

	Balances as of						YoY Change
	9/30/2021	6/30/2021	3/31/2021	12/31/2020	9/30/2020		
	Successor			Predecessor			
Total investments	\$ 122,582	\$ 101,121	\$ 98,331	\$ 97,541	\$ 82,266	49 %	
Adjustments to reconcile total investments and adjusted invested assets:							
Cash, cash equivalents, and restricted cash	5,116	6,680	5,809	3,417	2,231	129 %	
Accrued investment income	825	697	770	709	620	33 %	
Exclude:							
Unrealized losses (gains) on fixed maturity and equity securities	552	242	2,173	(5,791)	(4,520)	112 %	
Funds withheld payable at interest	(23,615)	(14,623)	(13,446)	(13,636)	(3,646)	NM	
Derivative collateral	(968)	(922)	(804)	(758)	(577)	(68)%	
Funds withheld on embedded derivatives	(117)	(23)	(369)	84	24	NM	
Securities sold under repurchase agreements	(318)	(302)	(301)	(301)	(301)	(6)%	
Non-controlling interests in consolidated renewable energy partnerships	(169)	(134)	(131)	(133)	(164)	(3)%	
Redeemable non-controlling interests in consolidated renewable energy partnerships	(93)	(92)	(92)	(91)	(88)	(6)%	
Net investment receivable (payable)	(347)	610	(779)	104	(166)	(109)%	
Strategic equity investments	(335)	(41)	(320)	(319)	(307)	(9)%	
Adjusted invested assets	\$ 103,113	\$ 93,213	\$ 90,841	\$ 80,826	\$ 75,372	37 %	

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

Unaudited (\$ in millions, except percentages)

	Three Months Ended			Two Months Ended	One Month Ended	Three Months Ended			YoY Change	Eight Months Ended	Nine Months Ended	YoY Change
	9/30/2021	6/30/2021	3/31/2021		1/31/2021	12/31/2020	9/30/2020		9/30/2021	9/30/2020		
	Successor				Predecessor				Successor	Predecessor		
Net investment income	\$ 713	\$ 679	\$ 422		\$ 266	\$ 797	\$ 782	(9)%	\$ 1,814	\$ 2,312	(22)%	
Average total investments ⁽¹⁾	\$ 111,852	\$ 99,726	\$ 98,955		\$ 98,058	\$ 89,904	\$ 79,700	40 %	\$ 105,403	\$ 76,094	39 %	
Investment yield⁽²⁾	2.55 %	2.72 %	2.56 %		3.26 %	3.55 %	3.92 %	(1.37)%	2.58 %	4.05 %	(1.47)%	
Net investment income	\$ 713	\$ 679	\$ 422		\$ 266	\$ 797	\$ 782	(9)%	\$ 1,814	\$ 2,312	(22)%	
Renewable energy income	8	32	25		27	33	9	(11)%	65	68	(4)%	
Unrealized (gains) losses attributable to equity-method investments	—	2	(1)		3	(3)	1	(100)%	1	(38)	103 %	
Variable investment income (loss) ⁽³⁾	51	47	—		—	—	2	NM	98	(70)	240 %	
Total adjustments	\$ 59	\$ 81	\$ 24		\$ 30	\$ 30	\$ 12	392 %	\$ 164	\$ (40)	NM	
Adjusted net investment income⁽³⁾	\$ 772	\$ 760	\$ 446		\$ 296	\$ 827	\$ 794	(3)%	\$ 1,978	\$ 2,272	(13)%	
Average adjusted invested assets ⁽¹⁾	\$ 98,163	\$ 92,027	\$ 89,314		\$ 81,366	\$ 78,099	\$ 73,988	33 %	\$ 93,739	\$ 72,418	29 %	
Net investment earned rate^{(2) (3)}	3.15 %	3.30 %	3.00 %		4.37 %	4.24 %	4.29 %	(1.14)%	3.17 %	4.18 %	(1.01)%	

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

(2) Interim periods are annualized.

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

Non-GAAP reconciliation: Adjusted operating ROA

Unaudited (\$ in millions, except percentages)

	Three Months Ended			Two Months Ended	One Month Ended	Three Months Ended			YoY Change	Eight Months Ended	Nine Months Ended	YoY Change
	9/30/2021	6/30/2021	3/31/2021		1/31/2021	12/31/2020	9/30/2020		9/30/2021	9/30/2020		
	<i>Successor</i>				<i>Predecessor</i>				<i>Successor</i>	<i>Predecessor</i>		
Net income (loss) attributable to Global Atlantic Financial Limited shareholders	\$ 173	\$ 255	\$ (138)		\$ 57	\$ 124	\$ 131	32 %	\$ 290	\$ 386	(25)%	
Average total investments ⁽¹⁾	111,852	99,726	98,955		98,058	89,904	79,700	40 %	105,403	76,094	39 %	
ROA⁽²⁾	0.62 %	1.02 %	(0.84)%		0.70 %	0.55 %	0.66 %	(0.04)%	0.42 %	0.67 %	(0.25)%	
Adjusted operating earnings, net of tax	\$ 195	\$ 216	\$ 107		\$ 56	\$ 185	\$ 147	33 %	\$ 518	\$ 446	16 %	
Average adjusted invested assets ⁽¹⁾	98,163	92,027	89,314		81,366	78,099	73,988	33 %	93,739	72,418	29 %	
Adjusted operating ROA, net of tax⁽²⁾	0.79 %	0.94 %	0.72 %		0.83 %	0.95 %	0.79 %	— %	0.83 %	0.82 %	0.01 %	

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

(2) Interim periods are annualized.

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

Unaudited (\$ in millions, except percentages)

	Three Months Ended			Two Months Ended	One Month Ended	Three Months Ended			YoY Change	Eight Months Ended	Nine Months Ended	YoY Change
	9/30/2021	6/30/2021	3/31/2021		1/31/2021	12/31/2020	9/30/2020		9/30/2021	9/30/2020		
	Successor				Predecessor				Successor	Predecessor		
Reconciliation of adjusted net cost of insurance												
Net underwriting margin, as reported	\$ 424	\$ 405	\$ (155)		\$ 99	\$ 253	\$ 262	62 %	\$ 674	\$ 676		— %
Less: Net investment income, as reported	713	679	422		266	797	782	(9)%	1,814	2,312		(22)%
Net cost of insurance	289	274	577		167	544	520	(44)%	1,140	1,636		(30)%
Adjustments:												
Investment gains (losses), net of offsets included in net cost of insurance	(203)	(118)	285		(22)	(85)	(30)	NM	(36)	157		(123)%
Derivative gains (losses), net of offsets	59	—	46		1	117	66	(11)%	105	—		— %
Transaction, integration and equity-based compensation expense included in net cost of insurance	4	8	—		(2)	(10)	(12)	133 %	12	(26)		146
Total adjustments	(140)	(110)	331		(23)	22	24	NM	81	131		(38)%
Adjusted net cost of insurance	\$ 429	\$ 384	\$ 246		\$ 190	\$ 522	\$ 496	(14)%	\$ 1,059	\$ 1,505		(30)%
Reconciliation of adjusted net underwriting margin												
Net underwriting margin, as reported	424	405	(155)		99	253	262	62 %	674	676		— %
Total adjustments, as above	(140)	(110)	331		(23)	22	24	NM	81	131		(38)%
Adjustment to derive adjusted net investment income	59	81	24		30	30	12	392 %	164	(40)		NM
Adjusted net underwriting margin	\$ 343	\$ 376	\$ 200		\$ 106	\$ 305	\$ 298	15 %	\$ 919	\$ 767		20 %
Reconciliation of adjusted G&A expense												
General and administrative expenses, as reported	\$ 166	\$ 128	\$ 80		\$ 20	\$ 155	\$ 124	34 %	\$ 374	\$ 352		6 %
Adjustments:												
Transaction, conversion and integration expense	49	16	15		(16)	50	28	75 %	80	86		(7)%
Adjusted general and administrative expenses	\$ 117	\$ 112	\$ 65		\$ 36	\$ 105	\$ 96	22 %	\$ 294	\$ 266		11 %

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

Unaudited (\$ in millions, except percentages)

	Three Months Ended			Two Months Ended	One Month Ended	Three Months Ended			YoY Change	Eight Months Ended	Nine Months Ended	YoY Change
	9/30/2021	6/30/2021	3/31/2021		1/31/2021	12/31/2020	9/30/2020		9/30/2021	9/30/2020		
	Successor				Predecessor				Successor		Predecessor	
Average total investments ⁽¹⁾	\$ 111,852	\$ 99,726	\$ 98,955		\$ 98,058	\$ 89,904	\$ 79,700	40 %	\$ 105,403	\$ 76,094	39 %	
Average adjusted invested assets ⁽¹⁾	\$ 98,163	\$ 92,027	\$ 89,314		\$ 81,366	\$ 78,099	\$ 73,988	33 %	\$ 93,739	\$ 72,418	29 %	
Ratios derived from average total investments and average total adjusted invested assets⁽²⁾:												
Adjusted net investment income ⁽³⁾	\$ 772	\$ 760	\$ 446		\$ 296	\$ 827	\$ 794	(3)%	\$ 1,978	\$ 2,272	(13)%	
Adjusted net investment return ratio	2.76 %	3.05 %	2.70 %		3.62 %	3.68 %	3.98 %	(1.22)%	2.81 %	3.98 %	(1.17)%	
Net investment earned rate ⁽³⁾	3.15 %	3.30 %	3.00 %		4.37 %	4.24 %	4.29 %	(1.14)%	3.17 %	4.18 %	(1.01)%	
Net cost of insurance ratio	(1.03)%	(1.10)%	(3.50)%		(2.04)%	(2.42)%	(2.61)%	1.58 %	(1.62)%	(2.87)%	1.25 %	
Adjusted net cost of insurance ratio	(1.75)%	(1.66)%	(1.66)%		(2.80)%	(2.68)%	(2.69)%	0.94 %	(1.70)%	(2.77)%	1.07 %	
Net underwriting return	1.52 %	1.62 %	(0.94)%		1.22 %	1.13 %	1.31 %	0.21 %	0.96 %	1.18 %	(0.22)%	
Adjusted net underwriting return ratio	1.40 %	1.64 %	1.34 %		1.57 %	1.56 %	1.60 %	(0.20)%	1.47 %	1.41 %	0.06 %	
General and administrative expenses ratio	(0.59)%	(0.51)%	(0.49)%		(0.24)%	(0.69)%	(0.62)%	0.03 %	(0.53)%	(0.62)%	0.09 %	
Adjusted general and administrative expenses ratio	(0.48)%	(0.49)%	(0.44)%		(0.53)%	(0.54)%	(0.52)%	0.04 %	(0.47)%	(0.49)%	0.02 %	
Interest expense	\$ 22	\$ 11	\$ 11		\$ 4	\$ 16	\$ 17	29 %	\$ 44	\$ 52	(15)%	
Interest expense ratio	(0.08)%	(0.04)%	(0.07)%		(0.05)%	(0.07)%	(0.09)%	0.01 %	(0.06)%	(0.09)%	0.03 %	
Adjusted Interest expense ratio	(0.09)%	(0.05)%	(0.07)%		(0.06)%	(0.08)%	(0.09)%	— %	(0.07)%	(0.10)%	0.03 %	
Adjusted operating income tax expense	\$ 9	\$ 38	\$ 16		\$ 10	\$ (1)	\$ 37	(76)%	\$ 63	\$ 3	NM	
Adjusted operating income tax expense ratio	(0.04)%	(0.16)%	(0.11)%		(0.15)%	0.01 %	(0.20)%	0.16 %	(0.10)%	— %	(0.10)%	

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

(2) Interim periods are annualized

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

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

Unaudited (\$ in millions, except percentages)

	Three Months Ended			Two Months Ended	One Month Ended	Three Months Ended			YoY Change	Eight Months Ended	Nine Months Ended	YoY Change
	9/30/2021	6/30/2021	3/31/2021		1/31/2021	12/31/2020	9/30/2020		9/30/2021	9/30/2020		
	<i>Successor</i>				<i>Predecessor</i>				<i>Successor</i>	<i>Predecessor</i>		
Net income (loss) attributable to Global Atlantic Financial Limited shareholders	\$ 173	\$ 255	\$ (138)		\$ 57	\$ 124	\$ 131	32 %	\$ 290	\$ 386	(25)%	
Adjusted operating earnings, net of tax	\$ 195	\$ 216	\$ 107		\$ 56	\$ 185	147	33 %	\$ 518	\$ 446	16 %	
Total Global Atlantic Financial Limited shareholders' equity	\$ 4,955	\$ 4,912	\$ 3,249		\$ 3,249	\$ 7,946	\$ 7,131	(31)%	\$ 4,955	\$ 7,131	(31)%	
Less: AOCI	(338)	(196)	(1,490)		(1,490)	3,317	2,629	(113)%	(338)	2,629	(113)%	
Less: Accumulated change in fair value of reinsurance balances and related assets	(10)	15	9		52	55	28	(136)%	(10)	28	(136)%	
Adjusted shareholders' equity	\$ 5,303	\$ 5,093	\$ 4,730		\$ 4,638	\$ 4,574	\$ 4,474	19 %	\$ 5,303	\$ 4,474	19 %	
Average total Global Atlantic Financial Limited shareholders' equity ⁽¹⁾	\$ 4,934	\$ 4,081	\$ 3,951		\$ 7,861	\$ 7,539	\$ 6,762	(27)%	\$ 4,442	\$ 5,897	(25)%	
Average adjusted shareholders' equity ⁽¹⁾	5,198	4,912	4,691		4,606	4,524	4,405	18 %	4,944	4,309	15 %	
ROE⁽²⁾	14.0 %	25.0 %	(21.0)%		8.7 %	6.6 %	7.7 %	6.3 %	9.8 %	8.7 %	1.1 %	
Adjusted ROE⁽²⁾	13.3 %	20.8 %	(17.7)%		14.9 %	11.0 %	11.9 %	1.4 %	8.8 %	11.9 %	(3.1)%	
Adjusted Operating ROE⁽²⁾	15.0 %	17.6 %	13.7 %		14.6 %	16.4 %	13.3 %	1.7 %	15.7 %	13.8 %	1.9 %	

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

(2) Interim periods are annualized.