Global Atlantic Financial Limited

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

Consolidated financial statements

As of December 31, 2021 (Successor) and 2020 (Predecessor)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Global Atlantic Financial Limited

Opinion

We have audited the consolidated financial statements of Global Atlantic Financial Limited and subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2021 (Successor), and the related consolidated statements of income, comprehensive income, redeemable non-controlling interests and equity, and cash flows for the eleven months ended December 31,2021 (Successor) and the one month ended January 31, 2021 (Predecessor), and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 (Successor), and the results of its operations and its cash flows for the eleven months ended December 31,2021 (Successor), and the one month ended January 31, 2021 (Predecessor), in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Predecessor Auditor's Opinion on 2020 Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2020 were audited by other auditors whose report, dated February 26, 2021, expressed an unmodified opinion on those statements.

Emphasis of a Matter

As discussed in Notes 2 and 20 to the financial statements, on February 1, 2021, KKR & Co. Inc. completed the acquisition of the Company's ultimate parent Global Atlantic Financial Group by The Global Atlantic Financial Group (formerly, Magnolia Parent LLC), a KKR & Co. Inc. subsidiary. As a result of the application of pushdown accounting, the Company's financial statements for the Successor Period are not comparable to the Predecessor Period, which is from January 1, 2021, to January 31, 2021.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair

presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

March 10, 2022

Global Atlantic Financial Limited and subsidiaries

Consolidated balance sheets

($ in millions, except share data)	December 31, 2021 *Successor*	December 31, 2020 *Predecessor*
Assets		
Investments:		
Fixed maturity securities, available-for-sale, at fair value (amortized cost: $71,172 and $55,576, respectively; variable interest entities: $6,265 and $2,316, respectively; net of allowances: $88 and $–, respectively; and related party: $1,679 and $368, respectively)	$ 70,523	$ 61,154
Fixed maturity securities, trading, at fair value (amortized cost: $14,168 and $11,025, respectively; variable interest entities: $– and $–, respectively; and related party: $295 and $–, respectively)	14,049	11,193
Equity securities at fair value (cost: $277 and $51, respectively)	289	95
Mortgage and other loan receivables (portion at fair value: $833 and $842, respectively; variable interest entities: $6,008 and $2,894, respectively; net of allowances: $374 and $135, respectively; and related party: $27 and $558, respectively)	28,877	15,479
Funds withheld receivable at interest (portion at fair value: $32 and $407, respectively; related party: $– and $35, respectively)	2,999	2,446
Other investments (portion at fair value: $1,713 and $558, respectively; variable interest entities: $7,770 and $5,732, respectively; and related party: $1 and $140, respectively)	8,975	7,174
Total investments	**125,712**	**97,541**
Cash and cash equivalents (variable interest entities: $1,407 and $417, respectively)	3,392	3,177
Restricted cash and cash equivalents	300	240
Accrued investment income (variable interest entities: $101 and $58, respectively)	839	709
Reinsurance recoverable (portion at fair value: $1,294 and $1,355, respectively; net of allowances: $8 and $–, respectively; related party: $– and $11, respectively)	25,062	15,140
Insurance intangibles	1,407	1,847
Other assets (variable interest entities: $507 and $201, respectively; related party: $– and $35, respectively)	4,254	1,647
Separate account assets	5,586	5,459
Total assets	**$ 166,552**	**$ 125,760**
Liabilities		
Policy liabilities:		
Future policy benefits (portion at fair value: $1,228 and $1,300, respectively; related party: $– and $2,397, respectively)	$ 18,053	$ 13,858
Outstanding claims (portion at fair value: $29 and $20, respectively)	290	266
Contractholder deposit funds and other policy liabilities (portion at fair value: $3,153 and $3,275, respectively; related party: $– and $4,485, respectively)	108,177	79,817
Total policy liabilities	**126,520**	**93,941**
Debt	1,908	1,421
Funds withheld payable at interest (portion at fair value: $(49) and $132, respectively)	23,460	13,636
Other liabilities (portion at fair value: $145 and $85, respectively; variable interest entities: $595 and $345, respectively; and related party: $53 and $17, respectively)	3,332	2,873
Reinsurance liabilities (related party: $– and $49, respectively)	379	260
Separate account liabilities	5,586	5,459
Total liabilities	**$ 161,185**	**$ 117,590**

Consolidated balance sheets

($ in millions, except share data)	December 31, 2021 Successor	December 31, 2020 Predecessor
		(continued)
Commitments and contingencies (Note 19)		
Redeemable non-controlling interests (Note 14)	$ 82	$ 91
Equity		
Common stock, $1 par value, 100,000,000 shares authorized, 304 shares issued and outstanding, respectively	$ —	$ —
Additional paid-in capital	5,005	1,668
Retained earnings	452	2,961
Accumulated other comprehensive (loss) income	(387)	3,317
Total shareholder's equity	**5,070**	**7,946**
Non-controlling interests	215	133
Total equity	**5,285**	**8,079**
Total liabilities, redeemable non-controlling interests and equity	**$ 166,552**	**$ 125,760**

See accompanying notes to the consolidated financial statements.

Global Atlantic Financial Limited and subsidiaries

Consolidated statements of income

($ in millions)	Eleven months ended December 31, 2021	One month ended January 31, 2021	Year ended December 31, 2020
	Successor	*Predecessor*	*Predecessor*
Revenues			
Premiums (related party: $9, $3 and $32, respectively)	$ 2,226	$ 77	$ 2,900
Policy fees (related party: $6, $2 and $15, respectively)	1,148	98	1,233
Net investment income (related party investment income: $119, $5 and $56, respectively; related party investment expense: $159, $2 and $16, respectively)	2,723	266	3,109
Net investment-related gains (losses) (related party: $30, $(2) and $1, respectively)	204	(56)	171
Other income	120	8	59
Total revenues	**6,421**	**393**	**7,472**
Benefits and expenses			
Policy benefits and claims (related party: $76, $20 and $259, respectively)	5,056	226	6,075
Amortization of policy acquisition costs	(66)	44	268
Interest expense	62	4	68
Insurance expenses (related party: $4, $1 and $6, respectively)	359	24	200
General, administrative and other expenses (related party: $3, $– and $9, respectively)	560	20	507
Total benefits and expenses	**5,971**	**318**	**7,118**
Income before income taxes	**450**	**75**	**354**
Income tax expense (benefit)	44	17	(45)
Net income	**406**	**58**	**399**
Less: net (loss) income attributable to non-controlling interests and redeemable non-controlling interests	(46)	1	(111)
Net income attributable to Global Atlantic Financial Limited shareholder	**$ 452**	**$ 57**	**$ 510**

See accompanying notes to consolidated financial statements.

Global Atlantic Financial Limited and subsidiaries

Consolidated statements of comprehensive income

($ in millions)	Eleven months ended December 31, 2021	One month ended January 31, 2021	Year ended December 31, 2020
	Successor	*Predecessor*	*Predecessor*
Net income	$ 406	$ 58	$ 399
Other comprehensive income (loss), before tax:			
Unrealized (losses) gains on securities and other investments for the period	(698)	(372)	2,609
Reclassification adjustment for (losses) gains on hedging instruments reclassified to available-for-sale securities and other instruments	(40)	—	16
Less: reclassification adjustment for (losses) gains included in net income	(178)	1	139
Unrealized (losses) gains on available-for-sale securities and other investments	**(560)**	**(373)**	**2,486**
Unrealized gains (losses) on hedging instruments	47	—	18
Less: reclassification adjustment for gains (losses) on hedging instruments reclassified to available-for-sale securities and other instruments	40	—	16
Unrealized gains on hedging instruments	**7**	**—**	**2**
Net effect of unrealized gains (losses) on policy balances	77	75	(764)
Unrealized gains (losses) on pension plans	1	(1)	(1)
Other comprehensive (loss) income, before taxes	**(475)**	**(299)**	**1,723**
Income tax benefit (expense) related to other comprehensive (loss) income	88	67	(318)
Other comprehensive (loss) income before non-controlling interests and redeemable non-controlling interests, net of tax	**(387)**	**(232)**	**1,405**
Comprehensive income	**19**	**(174)**	**1,804**
Less: total comprehensive income (loss) attributable to non-controlling interests and redeemable non-controlling interests:			
Net income (loss)	(46)	1	(111)
Total comprehensive income (loss) attributable to non-controlling interests and redeemable non-controlling interests	**(46)**	**1**	**(111)**
Comprehensive income (loss) attributable to Global Atlantic Financial Limited shareholder	**$ 65**	**$ (175)**	**$ 1,915**

See accompanying notes to consolidated financial statements.

Global Atlantic Financial Limited and subsidiaries

Consolidated statements of redeemable non-controlling interests and equity

($ in millions)	Redeemable non-controlling interests	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total shareholder's equity	Non-controlling interest	Total equity
Balance as of December 31, 2019, Predecessor	**$ 94**	**$ —**	**$ 1,662**	**$ 2,451**	**$ 1,912**	**$ 6,025**	**$ 135**	**$ 6,160**
Net income	—	—	—	510	—	510	(111)	399
Other comprehensive income	—	—	—	—	1,405	1,405	—	1,405
Equity-based compensation	—	—	6	—	—	6	—	6
Change in equity of non-controlling interests and redeemable non-controlling interests	—	—	—	—	—	—	5	5
Capital contributions from non-controlling interests and redeemable non-controlling interests	—	—	—	—	—	—	116	116
Distribution to non-controlling interests and redeemable non-controlling interests	(3)	—	—	—	—	—	(12)	(12)
Balance as of December 31, 2020, Predecessor	**$ 91**	**$ —**	**$ 1,668**	**$ 2,961**	**$ 3,317**	**$ 7,946**	**$ 133**	**$ 8,079**
Net income	$ (55)	$ —	$ —	$ 57	$ —	$ 57	$ 56	$ 113
Other comprehensive loss	—	—	—	—	(232)	(232)	—	(232)
Equity-based compensation	—	—	4	—	—	4	—	4
Change in equity of non-controlling interests and redeemable non-controlling interests	56	—	—	—	—	—	(56)	(56)
Capital contributions from non-controlling interests and redeemable non-controlling interests	—	—	—	—	—	—	63	63
Distribution to non-controlling interests and redeemable non-controlling interests	—	—	—	—	—	—	(5)	(5)
Balance as of January 31, 2021, Predecessor	**$ 92**	**$ —**	**$ 1,672**	**$ 3,018**	**$ 3,085**	**$ 7,775**	**$ 191**	**$ 7,966**

Global Atlantic Financial Limited and subsidiaries

Consolidated statements of redeemable non-controlling interests and equity

($ in millions)	Redeemable non-controlling interests	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total shareholder's equity	Non-controlling interest	Total equity
Balance as of February 1, 2021, Predecessor	**$ 92**	**$ —**	**$ 4,653**	**$ —**	**$ —**	**$ 4,653**	**$ 190**	**$ 4,843**
Net income	4	—	—	452	—	452	(50)	402
Other comprehensive loss	—	—	—	—	(387)	(387)	—	(387)
Equity-based compensation	—	—	20	—	—	20	—	20
Capital contributions	—		332	—	—	332	—	332
Change in equity of non-controlling interests and redeemable non-controlling interests	(12)	—	—	—	—	—	1	1
Capital contributions from non-controlling interests and redeemable non-controlling interests	—	—	—	—	—	—	86	86
Distribution to non-controlling interests and redeemable non-controlling interests	(2)	—	—	—	—	—	(12)	(12)
Balance as of December 31, 2021, Successor	**$ 82**	**$ —**	**$ 5,005**	**$ 452**	**$ (387)**	**$ 5,070**	**$ 215**	**$ 5,285**

See accompanying notes to consolidated financial statements.

Global Atlantic Financial Limited and subsidiaries

Consolidated statements of cash flows

($ in millions)	Eleven months ended December 31, 2021	One month ended January 31, 2021	Year ended December 31, 2020
	Successor	*Predecessor*	*Predecessor*
Cash flows from operating activities			
Net income	**$ 406**	**$ 58**	**$ 399**
Adjustments to reconcile net income to net cash provided by operating activities:			
Net investment-related (gains) losses (related party: $–, $– and $5, respectively)	860	11	221
Net accretion and amortization (related party: $2, $5 and $–, respectively)	385	72	57
Interest credited to policy account balances less policy fees	1,741	140	1,599
Deferred income tax benefit	(26)	12	(168)
Changes in operating assets and liabilities:			
Reinsurance transactions and acquisitions, net of cash provided	1,374	137	1,750
Change in premiums, notes receivable and reinsurance recoverable, net of reinsurance premiums payable	686	(27)	(57)
Change in deferred policy acquisition costs	(413)	(42)	(422)
Change in policy liabilities and accruals, net	(1,167)	(259)	475
Other operating activities, net (related party: $–, $– and $2, respectively)	6	(240)	247
Net cash provided by (used in) operating activities	**$ 3,852**	**$ (138)**	**$ 4,101**
Cash flows from investing activities			
Proceeds from disposals of available-for-sale fixed maturity securities	$ 17,459	$ 817	$ 13,721
Proceeds from maturities of available-for-sale fixed maturity securities (related party: $2,974, $– and $–, respectively)	8,862	—	552
Proceeds from disposals and maturities of trading fixed maturity securities	15,794	1,693	1,806
Proceeds from disposals of equity securities	1,015	—	5
Proceeds from mortgage and other loan receivables sold, matured or collected (related party: $707, $9 and $4, respectively)	5,731	422	4,232
Proceeds from disposals of other investments (related party: $59, $– and $197, respectively)	3,705	130	2,640
Purchase of available-for-sale fixed maturity securities (related party: $(4,598), $– and $–, respectively)	(29,350)	(1,934)	(18,246)
Purchase of trading fixed maturity securities (related party: $(282), $– and $–, respectively)	(10,405)	(1,540)	(2,506)
Purchase of equity securities	(1,109)	(1)	—
Purchase of mortgage and other loan receivables (related party: $(120), $(20) and $(321), respectively)	(17,787)	(586)	(6,320)
Purchase of other investments (related party: $(31), $(1) and $(364), respectively)	(4,823)	(195)	(3,074)
Other investing activities, net	22	16	(27)
Net cash used in investing activities	**$ (10,886)**	**$ (1,178)**	**$ (7,217)**
Cash flows from financing activities			
Settlement of repurchase agreements	$ (3,693)	$ (301)	$ (3,519)
Proceeds from issuance of repurchase agreements	3,693	300	3,820
Reinsurance transactions, net of cash provided	610	—	760
Additions to contract and policy account balances	14,721	1,947	10,508
Withdrawals contract and policy account balances	(8,777)	(748)	(8,034)
Issuance of long-term debt	1,551	—	270

Consolidated statements of cash flows

($ in millions)	Eleven months ended December 31, 2021	One month ended January 31, 2021	Year ended December 31, 2020
	Successor	*Predecessor*	*Predecessor*
Payment of debt principal and origination fees	$ (1,067)	$ —	$ —
Capital contributions	273	—	—
Capital contributions from non-controlling interests and redeemable non-controlling interests	87	63	116
Distribution to non-controlling interests and redeemable non-controlling interests	(16)	—	—
Other financing activities, net	—	(18)	(27)
Net cash provided by financing activities	**7,382**	**1,243**	**3,894**
Net change in cash, cash equivalents and restricted cash	**348**	**(73)**	**778**
Cash, cash equivalents and restricted cash, beginning of period	3,344	3,417	2,639
Cash, cash equivalents and restricted cash, end of period	**$ 3,692**	**$ 3,344**	**$ 3,417**
Supplemental cash flow information			
Cash and cash equivalents per consolidated balance sheets	$ 3,392	$ 3,059	$ 3,177
Restricted cash and cash equivalents per consolidated balance sheets	300	285	240
Total cash, cash equivalents and restricted cash	**$ 3,692**	**$ 3,344**	**$ 3,417**
Cash paid for interest	$ 78	$ 4	$ 70
Income taxes paid	201	—	189
Non-cash transactions			
Available-for-sale fixed maturity securities acquired through reinsurance agreements	$ 6,928	$ —	$ 4,939
Trading fixed maturity securities acquired through reinsurance agreements	8,640	—	9,395
Mortgage loans acquired through reinsurance agreements	771	—	—
Policy liabilities and accruals acquired through reinsurance agreements	4,070	137	8,185
Contractholder deposit funds acquired through reinsurance agreements	14,773	—	8,428

1. Nature of business

Global Atlantic Financial Limited, a Bermuda company, (together with its subsidiaries, “Global Atlantic,” the “Company,” we, our, or us) is a leading United States, or “U.S.,” retirement and life insurance company focused on delivering meaningful long-term value for our customers and shareholders.

The Company is an insurance and reinsurance company that provides retirement and life insurance products, and reinsurance solutions through its subsidiaries. The Company’s retirement products principally include fixed-rate annuities, fixed-indexed annuities and annuity block reinsurance. The Company’s life products principally include indexed universal life, preneed life and life block reinsurance.

KKR acquisition of Global Atlantic Financial Group Limited

On February 1, 2021, KKR & Co. Inc., or together with its subsidiaries, “KKR,” completed the acquisition of the Company’s ultimate parent, Global Atlantic Financial Group Limited, or “GAFG,” by Magnolia Parent LLC (“Magnolia”), a KKR subsidiary, as contemplated by the Agreement and Plan of Merger, dated July 7, 2020 (as amended, the “Merger Agreement”), by and among GAFG, Global Atlantic Financial Life Limited, or “GAFLL,” Magnolia, Magnolia Merger Sub Limited (“Merger Sub”), LAMC LP, and Goldman Sachs & Co. LLC, solely in its capacity as the equity representative, referred to here-in as the “KKR Acquisition.” The total purchase price for the transaction was $4.7 billion, subject to certain post-closing purchase price adjustments as provided in the Merger Agreement. See Note 20—“Acquisition” for additional information.

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.

Coronavirus Disease 2019 and related matters

The novel strain of coronavirus ("COVID-19") has caused, and continues to cause in certain cases, severe disruptions to the U.S. and global economies. The outbreak of COVID-19 and the actions taken in response have had far reaching impact on the U.S. and global economies, contributing to significant volatility in the financial markets, resulting in increased volatility in currencies, interest rates, and equity prices. Shutdowns in some locations have caused furloughs and layoffs. Furthermore, supply chain disruptions has caused wage, freight and material prices to rise, resulting in margin pressure in certain sectors. Although a number of vaccines for COVID-19 have been developed and have been deployed in certain countries, including the United States, the timing for widespread vaccination and immunity is uncertain, and these vaccines may be less effective against new mutated strains of the virus.

Given the ongoing nature of the pandemic, at this time Global Atlantic cannot reasonably predict the ultimate impact that COVID-19 will have on its business, financial performance and operating results. Global Atlantic believes COVID-19's adverse impact on its business, financial performance and operating results will be significantly driven by a number of factors that it is unable to predict or control, including, for example: the severity and duration of the pandemic; the pandemic's impact on the U.S. economy; the timing, scope and effectiveness of additional governmental responses to the pandemic; the timing and speed of economic recovery, including the availability and distribution of treatments and vaccines for COVID-19; and the negative impact on Global Atlantic’s policyholders, vendors and other business partners that may indirectly adversely affect Global Atlantic.

Federal, state, and local governments and governmental agencies have taken several actions attempting to cushion the economic fallout. One such measure was the Coronavirus Aid, Relief, and Economic Security Act, or “CARES Act,” signed into law at the end of March 2020. Please refer to Note 2—“Basis of presentation and significant accounting policies” to our consolidated financial statements for additional information on regulations impacting the Company under the CARES Act.

2. Basis of presentation and significant accounting policies

Basis of presentation

Upon the acquisition, the Company established a new accounting basis, applying push-down accounting to reflect the Company’s assets and liabilities at fair value as of the acquisition date, and recognizing goodwill for any excess of the purchase price over the fair value of net assets assumed by Magnolia in the acquisition. In addition, the Company conformed its accounting policies and procedures to those of its new ultimate parent, KKR.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, or “U.S. GAAP.” The preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of any contingent assets and liabilities as of the date of the consolidated financial statements, and the amounts of revenues and expenses recognized during the reporting period. Amounts based on such estimates involve numerous assumptions subject to varying and potentially significant degrees of judgment and uncertainty, particularly related to the future performance of the underlying business. Actual experience could materially differ from these estimates and assumptions.

The most significant estimates are those used in determining valuation of policyholder liabilities, valuation of embedded derivatives, valuation and impairment of investments, amortization of deferred revenues and expenses, and income taxes.

The consolidated financial statements include the results of operations and financial position of the Company and all other entities in which the Company has a controlling financial interest. All material intercompany accounts and transactions have been eliminated in consolidation.

We are involved in certain entities that are considered variable interest entities, or “VIEs,” as defined under U.S. GAAP. Our involvement with VIEs is primarily to invest in assets that allow us to gain exposure to a broadly diversified portfolio of asset classes. A VIE is an entity that does not have sufficient equity to finance its own activities without additional financial support or where investors lack certain characteristics of a controlling financial interest. We assess our relationships to determine if we have the ability to direct the activities, or otherwise exert control to evaluate if we are the primary beneficiary of the VIE.

Significant accounting policies

The following are the Company’s significant accounting policies with references to notes providing additional information on such policies:

Accounting policy	Note
Investments	3, 4 and 5
Investment impairment	3 and 5
Variable interest entities	3 and 5
Derivative instruments	4, 5 and 7
Policy liabilities	5 and 7
Deferred policy acquisition costs	6
Value of business acquired	6
Unearned revenue reserves and unearned front-end loads	6
Closed blocks	8
Reinsurance	9
Debt	10
Equity-based compensation	15
Income taxes	16

Investments

In the normal course of business, the Company enters into transactions involving various types of investments.

Investments include the following: U.S. government and agency obligations; commercial mortgage-backed securities ("CMBS"), residential mortgage-backed securities ("RMBS"), collateralized loan obligations (“CLOs”), collateralized bond obligations ("CBOs") and all other structured securities (consisting primarily of asset-backed securities ("ABS")) (collectively, "structured securities"); corporate bonds; state and political subdivision obligations; foreign government obligations; equity securities; mortgage and other loan receivables; policy loans; and other non-derivative investments.

Available-for-sale fixed maturity securities

The Company primarily accounts for its fixed maturity securities (including bonds, structured securities and redeemable preferred stock) as available-for-sale ("AFS"). AFS fixed maturity securities are generally recorded on a trade-date basis and are carried at fair value. Impairment associated with AFS fixed maturity securities is recognized as an allowance for credit losses. The allowance for credit losses is established either by a charge to net investment-related losses in the consolidated statements of income, for securities identified as credit impaired after purchase, or by a gross-up recognition of an initial allowance for purchased credit deteriorated ("PCD") securities.

PCD securities are those purchased by the Company that were assessed at acquisition as having experienced a more-than-insignificant deterioration in credit quality since their origination. The Company considers an AFS fixed maturity security to be PCD if there are indicators of a credit loss at the acquisition date or, in the case of structured securities, if there is a significant difference between contractual cash flows and expected cash flows at acquisition. PCD securities also include those AFS fixed maturity securities previously held by the Company that were similarly assessed at the time of the GA acquisition. The initial amortized cost for a PCD security equals the purchase price plus the initial allowance for credit losses. The initial allowance for credit losses is determined using a discounted cash flow method based on the best estimate of the present value of cash flows expected to be collected. After purchase, the accounting for a PCD security is consistent with that applied to all other securities.

Unrealized gains and losses on AFS fixed maturity securities, net of tax and insurance intangible amortization, are reported in accumulated other comprehensive income ("AOCI") in the consolidated balance sheets. Realized investment gains and losses are recognized on a first-in first-out ("FIFO") basis and are reported in net investment-related losses in the consolidated statements of income. The amortized cost of fixed maturity securities is adjusted for impairment charge-offs, amortization of premiums and accretion of discounts. Such amortization and accretion is calculated using the effective yield method and included in net investment income in the consolidated statements of income.

For structured securities, the Company recognizes interest income using a constant effective yield based on estimated cash flows generated from internal models utilizing interest rate, default and prepayment assumptions. Effective yields for structured securities that are not of high credit quality are recalculated and adjusted prospectively based on changes in expected undiscounted future cash flows, after consideration of any appropriate recognition or release of an allowance for credit losses. For structured securities that are of high credit quality, effective yields are recalculated based on payments received and updated prepayment expectations, and amortized cost is adjusted to the amount that would have existed had the new effective yield been applied since acquisition with a corresponding charge or credit to net investment income. Prepayment fees are recorded when earned in net investment income in the consolidated statements of income.

The Company generally suspends accrual of interest for securities that are more than 90 days past due and reverses any related accrued interest to net investment income in the consolidated statements of income. When a security is in non-accrual status, coupon payments are recognized as interest income as cash is received, subject to consideration as to the overall collectibility of the security. A security is returned to accrual status when the Company determines that the collection of amounts due is probable. The allowance for credit losses excludes accrued interest from the amortized cost basis for which losses are estimated.

Trading fixed maturity securities

The Company accounts for certain fixed maturity securities as trading at acquisition, based on intent or via the election of the fair value option. Trading securities are generally recorded on a trade-date basis and are carried at fair value, with realized and unrealized gains and losses reported in net investment-related gains (losses) in the consolidated statements of income. Interest income from these securities is reported in net investment income. Trading securities, which are primarily used to match asset and liability accounting, back funds withheld payable at interest where the investment performance is ceded to reinsurers under the terms of the respective reinsurance agreements.

Equity securities

The Company accounts for its investments in equity securities (including common stock and non-redeemable preferred stock) that do not require equity method accounting or result in consolidation, at fair value. Realized and unrealized investment gains and losses are reported in net investment-related gains (losses) in the consolidated statements of income.

Mortgage and other loan receivables

The Company purchases and originates mortgage and other loan receivables, and these loans are carried at cost, less the allowance for credit losses and as adjusted for amortization/accretion of premiums/discounts. The allowance for credit losses is established either by a charge to net investment-related losses in the consolidated statements of income or, for PCD mortgage and other loan receivables, by a gross-up recognition of the initial allowance in the consolidated balance sheets.

PCD mortgage and other loan receivables are those purchased by the Company that were assessed at acquisition as having experienced a more-than-insignificant deterioration in credit quality since their origination. PCD mortgage and other loan receivables also include those mortgage and other loan receivables previously held by the Company that were similarly assessed at the time of the KKR Acquisition. The initial amortized cost for a PCD mortgage or other loan receivable equals the purchase price plus the initial allowance for credit losses. The initial allowance for credit losses is determined using a method consistent with that used for other similar loans. See further discussion of allowance methods below. After purchase, the accounting for a PCD mortgage or other loan receivable is consistent with that applied to all other mortgage and other loan receivables. As part of the KKR Acquisition, the Company identified $3.7 billion of PCD mortgage and other loan receivables with a related allowance of $120.3 million. The initial allowance on the non-PCD mortgage and other loan receivables was recognized outside the purchase accounting analysis and had an impact on the consolidated statements of income of $183.6 million.

Loan premiums or discounts are amortized or accreted using the effective yield method. Interest income is accrued on the principal balance of each loan based on its contractual interest rate. The accrual of interest is generally suspended when the collection of interest is no longer probable or the collection of any portion of principal is doubtful. The Company generally suspends accrual of interest for loans that are more than 90 days past due and reverses any related accrued interest to net investment income in the consolidated statements of income. When a loan is in non-accrual status, coupon payments are generally recognized as interest income as cash is received, subject to consideration as to the overall collectibility of the loan. A loan is returned to accrual status when the Company determines that the collection of amounts due is probable. The allowance for credit losses excludes accrued interest from the amortized cost basis for which losses are estimated.

Policy loans

Policy loans are loans policyholders take out against their life insurance policies. Each policy loan is fully collateralized by the cash surrender value of the policyholder’s life insurance policy. Policy loans are carried at unpaid principal balances. Interest income on such loans is recognized as earned using the contractually agreed upon interest rate and reflected in net investment income in the consolidated statements of income. Generally, interest is capitalized on the associated policy’s anniversary date.

Other investments

Other investments in the consolidated balance sheets include the Company’s investments in investment partnerships, for which the Company does not have voting control or power to direct activities. These investments are accounted for using the equity method of accounting unless the Company’s interest is so minor that it has virtually no influence over partnership operating or financial policies. The equity method of accounting requires that the investments be initially recorded at cost and the carrying amount of the investment subsequently be adjusted to recognize the Company’s share of the earnings and losses of the investee. Where there is a difference between the cost of the investment and the Company’s proportionate share of the equity method investee’s net assets, this basis difference is accreted to net investment income over the life of the underlying assets. In applying the equity method, the Company uses financial information provided by the investee, generally on a one to three month lag due to the timing of the receipt of related financial statements.

The income from the Company’s equity method investments is included in net investment income in the consolidated statements of income. In limited circumstances, the Company elects to apply the fair value option to investment partnerships, which are carried at fair value with unrealized gains and losses reported in net investment-related gains (losses) in the consolidated statements of income. The contributions to and distributions from investment partnerships are classified as investing activities within the consolidated statements of cash flows.

The Company consolidates investment partnerships and other entities when it is deemed to control or is considered the primary beneficiary of a VIE. The results of certain consolidated investment entities are reported on a one to three month lag and intervening events are evaluated for materiality and recognition by disclosure or otherwise, as appropriate.

Included in other investments are the Company's investments in renewable energy entities, including partnerships and limited liability companies. Respective investments are consolidated when the Company has control, or are accounted for using the equity method of accounting when the Company has the ability to exercise significant influence but not control. These investments involve tiered capital structures that facilitate a waterfall of returns and allocations to ensure the efficient use of tax credits. A conventional income statement oriented approach to the equity method of accounting, or to the recognition of non-controlling interests (when the Company is consolidating the investment), based on ownership percentages does not accurately reflect the proper allocation of income and cash flows for these investments. Instead, the Company uses the hypothetical liquidation at book value method ("HLBV") which is a balance sheet oriented approach to the equity method of accounting and to the recognition of non-controlling interests that allocates income and cash flows based on changes to each investor's claim to net assets assuming a liquidation of the investee as of each reporting date, including an assessment of the likelihood of liquidation in determining the contractual provisions to utilize when applying the HLBV method.

Investments in real assets included in other investments in the consolidated balance sheets relate to the Company's consolidated investments in renewable energy entities and investments in transportation assets. The income, as well as the depreciation and other expenses associated with these tangible assets is reported in net investment income in the consolidated statements of income.

Income on consolidated investments in renewable energy entities is earned from the sale of the energy generated under long-term contracts. Income on investments in transportation assets is earned from the lease of these assets. Tangible assets associated with renewable energy entities primarily comprise solar energy systems, which are depreciated on a straight-line basis over their estimated useful lives of generally 35 years. Transportation assets are primarily aircraft and railcars, which are depreciated to their estimated salvage value on a straight-line basis over their remaining useful lives. These useful lives generally range up to 25 years for aircraft and 45 years for railcars, as determined from the date of manufacture.

The Company has investments in real estate held in consolidated investment companies that account for such real estate at fair value under investment company accounting. Real estate investments are generally valued using a combination of direct income capitalization and discounted cash flow analysis. Certain real estate investments are valued based on ranges of valuations determined by independent valuation firms. Net rental income on the investments in real estate is recognized in net investment income and changes in the fair value of real estate are recognized in net investment-related gains (losses) in the consolidated statements of income.

Investments in Federal Home Loan Bank ("FHLB") common stock are also included in other investments in the consolidated balance sheets and are accounted at cost.

Derivative instruments

Derivatives are instruments that derive their values from underlying asset prices, indices, foreign exchange rates, reference rates and other inputs or a combination of these factors. Derivatives may be privately negotiated contracts, which are usually referred to as over-the-counter ("OTC") derivatives, or they may be listed and traded on an exchange ("exchange-traded"). The Company's derivative instruments are primarily used to hedge certain risks, including interest rate risk and equity market risk,

and to a lesser extent foreign exchange and inflation risks. Where certain criteria are met, some of these hedging arrangements may achieve hedge accounting.

Derivative instruments are recognized at estimated fair value in either funds withheld receivable at interest, other assets, funds withheld payable at interest or accrued expenses and other liabilities in the consolidated balance sheets, with changes in fair value recorded in net investment-related gains (losses) in the consolidated statements of income. Where certain qualifying criteria are met, some derivative instruments are designated as accounting hedges and are recognized at estimated fair value in derivative assets or accrued expenses and other liabilities in the consolidated balance sheets. For derivative instruments designated as fair value hedges, changes in fair value are recognized in the consolidated statements of income, in the same line where the hedged item is reported. For derivative instruments designated as cash flow hedges, changes in fair value are initially recognized in accumulated other comprehensive income (loss) in the consolidated balance sheets and subsequently reclassified to the consolidated statements of income when the hedged item affects earnings, in the same line item where the hedged item is reported.

Derivative receivables and payables with a counterparty that are subject to an International Swaps and Derivatives Association Master Agreement ("ISDA") or other similar agreement that provides a legal right of setoff, are presented at their net amounts. Where the legal right of setoff exists, the Company also offsets the fair value of cash collateral received or posted under an ISDA, or other similar agreement with a counterparty, against the related derivative balances as appropriate.

Investment credit losses and impairment

Available-for-sale fixed maturity securities

One of the significant estimates related to AFS securities is the evaluation of those investments for credit losses. The evaluation of investments for credit losses is a quantitative and qualitative quarterly process that is subject to risks and uncertainties and involves significant estimates and judgments by management. Changes in the estimates and judgments used in such analysis can have a significant impact on the consolidated statements of income. Considerations relevant to the evaluation of credit losses may include the severity of any loss position, as well as changes in market interest rates, changes in business climate, management changes, litigation, government actions, and other similar factors that may impact an issuer’s ability to meet current and future principal and interest obligations. Indicators of credit impairment may also include changes in credit ratings, the frequency of late payments, pricing levels and deterioration in any, or a combination of, key financial ratios, financial statements, revenue forecasts and cash flow projections.

For AFS fixed maturity securities in an unrealized loss position, the Company first considers the intent to sell a security, or whether it is more-likely-than-not that it will be required to sell the security, before the recovery of its amortized cost. If the Company intends to sell an AFS fixed maturity security with an unrealized loss or it is more-likely-than-not that it will be required to sell an AFS fixed maturity security with an unrealized loss before recovery of its amortized cost basis, the amortized cost is written down to fair value and a corresponding charge is recognized to net investment-related losses.

For AFS fixed maturity securities in an unrealized loss position that the Company does not intend to sell, and will not be required to sell, the Company bifurcates the impairment into two components: credit impairment and non-credit impairment. Credit impairments are measured as the difference between the security’s cost or amortized cost and its estimated recoverable value, which is the present value of its expected future cash flows discounted at the current effective interest rate. The estimated recoverable value is subject to a floor equal to the fair value of the security. The remaining difference between the security’s fair value and the recoverable value, if any, is the non-credit impairment. Credit impairments are recognized in the allowance for credit losses on AFS fixed maturity securities, which is established via a

charge to net investment-related losses in the consolidated statements of income, and non-credit impairments are charged to accumulated other comprehensive income in the consolidated balance sheets.

The review of each AFS fixed maturity in an unrealized loss position for credit losses includes an analysis of gross unrealized losses by severity. A severe unrealized loss position on a fixed maturity security may not impact the recoverability of all contractual cash flows or the ability to recover an amount at least equal to the investment's amortized cost. The facts and circumstances available relevant to the severity of the loss position are analyzed, including changes in market interest rates, credit issues, changes in business climate, management changes, litigation, government actions, and other similar factors that may impact the issuer's ability to meet current and future principal and interest obligations. Indicators of credit impairment may include changes in the issuers' credit ratings, the frequency of late payments, pricing levels and deterioration in any, or a combination of, key financial ratios, financial statements, revenue forecasts and cash flow projections.

In determining the estimated recoverable value, the review of expected future cash flows for structured securities includes assumptions about key systemic risks (e.g., unemployment rates, housing prices) and loan-specific information (e.g., delinquency rates, loan-to-value ratios). Estimating future cash flows is a quantitative and qualitative process that incorporates information received from third parties, along with assumptions and judgments about the future performance of the underlying collateral. For corporate and government bonds the recoverable value is determined using cash flow estimates that consider facts and circumstances relevant to the security and the issuer, including overall financial strength and secondary sources of repayment as well as pending restructuring or disposition of assets. Where information for such cash flow estimates is limited or deemed not reliable, fair value is considered the best estimate of the recoverable value.

In periods subsequent to the initial recognition of an allowance for credit losses on a fixed maturity security, whether for a PCD security or a security impaired since purchase, the Company continues to monitor credit loss expectations. Deterioration in the estimated recoverable value of a credit impaired security is recognized as an addition to the allowance for credit losses, as limited by the amount by which the security's fair value is less than amortized cost. Improvements in the estimated recoverable value of a credit impaired security or improvements in the fair value of a credit impaired security that limit the amount of the allowance result in reductions in the allowance for credit losses, which are recognized as a credit to net investment-related gains in the consolidated statements of income.

Amounts are charged off against the allowance for credit losses when deemed uncollectible or when the Company determines that it intends to sell, or more likely than not will be required to sell, the security. Charge-offs are reflected as a decrease in the allowance and a direct write down in the amortized cost of the security. If the Company recovers all or a portion of an amount previously written off on a credit impaired security, the recovery is recognized as a realized investment gain.

Mortgage and other loan receivables

The Company updates its estimate of the expected credit losses on its investments in mortgage and other loan receivables each quarter. For loans that share similar risk characteristics, expected credit losses are measured on a pool basis.

For commercial mortgage loans, the current expected credit losses are estimated using a model that evaluates the probability that each loan will default and estimates the amount of loss given the occurrence of such a default over the life of each loan in the portfolio. The model incorporates historical and current data on the relevant property market and projects potential future paths for each loan's collateral, considering both the net income to be generated by the collateral real estate and its market value. The model considers how macroeconomic forecasts (such as gross domestic product, unemployment, and

interest rates) influence commercial real estate market factors (including vacancy rates, rental and income growth rates, property value changes), and in turn how commercial real estate market conditions, in combination with loan specific information (including debt service coverage and loan to value), drive commercial mortgage loan credit risk.

For residential mortgage loans and consumer loans, the current expected credit losses are primarily estimated using a discounted cash flow model. The model considers loan-specific information as well as current, historical and forecasted data relevant to the respective loans, including home prices, interest rates and unemployment. Expected cash flows are projected for each loan and are discounted using the effective interest rate of the respective loan. Any shortfalls between the discounted cash flows and the amortized cost of each individual loan are aggregated to determine the total allowances on the residential mortgage loan and consumer loan portfolios. For certain residential mortgage loans secured by single-family rental properties, current expected credit losses are determined using a model consistent with that described above for commercial mortgage loans.

With regard to the use of forecasts in the determination of the Company's current expected credit losses, the reversion of forecasts to historical data is based on reversion dynamics that depend on the specific variable and its interaction with the other parameters of the respective model; however, the forecasts generally tend to revert to a long-term equilibrium trend within two to three years from the forecast start date.

For the investment in other loan receivables, a variety of methodologies are used to estimate the respective current expected credit losses. These methodologies consider the terms specific to each loan, including the value of any collateral, and evaluate the risk of loss over the life of these loans.

The Company also assesses and measures an allowance for credit losses arising from off-balance sheet commitments, including loan commitments, that are not unconditionally cancellable by the Company. This allowance for credit losses for off-balance sheet commitments is determined using methods consistent with those used for the associated mortgage and other loan receivable class, as described above, and is recognized in other liabilities in the consolidated balance sheets, since there is no funded asset for the committed amount.

When all or a portion of a loan is deemed uncollectible, the uncollectible portion of the carrying amount of the loan is charged off against the allowance. If the Company recovers all or a portion of an amount previously written off on a credit impaired loan, the recovery is recognized as a realized investment gain.

Other investments

The determination of the amount of impairment on other classes of investments also requires significant judgment and is based upon a periodic evaluation and assessment of known and inherent risks associated with the respective asset class. Such assessments are revised as conditions change and new information becomes available.

Impairment of consolidated renewable energy assets and transportation assets is assessed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When indicators of impairment are present, a recoverability test is performed to determine if the sum of the estimated undiscounted future cash flows attributable to the assets is greater than the carrying amount. If the undiscounted estimated future cash flows are less than the carrying amount, an impairment loss is recognized based on the amount by which the carrying amount exceeds its estimated fair value.

Impairment of investments subject to the equity method of accounting is assessed whenever events or circumstances suggest that the carrying amount may not be recoverable. An impairment charge is

recognized in earnings for a decline in value that is determined to be other than temporary and is measured as the difference between the carrying amount and the fair value of the equity method investment as of the balance sheet date.

Deferral and amortization of certain revenues and expenses

Deferrals

Deferred policy acquisition costs ("DAC") consist of commissions and other costs that are directly related to the successful acquisition of new or renewal life insurance or annuity contracts. Deferred sales inducements ("DSI") are generated by annuities that offer enhanced crediting rates or bonus payments to policyholders and is included in other assets in the consolidated balance sheets. DAC is recorded in insurance intangibles in the consolidated balance sheets.

Value of business acquired ("VOBA") represents the difference between the carrying value of the purchased in-force insurance contract liabilities at the time of the business combination and the estimated fair value of insurance and reinsurance contracts. VOBA can be either positive or negative. Positive VOBA is recorded in insurance intangibles. Negative VOBA is recorded in the same financial statement line in the consolidated balance sheets as the associated reserves.

Revenues from certain universal life insurance products are deferred to future periods and an unearned revenue reserve ("URR") liability is established. The amount deferred is equal to the excess of the revenue collected over an estimate of the ultimate future level of these revenues and included in policy liabilities in the consolidated balance sheets.

Deferred revenue liability ("DRL") represents the gross premium less the net premium on limited pay contracts (i.e., payout annuities). DRL is included in policy liabilities in the consolidated balance sheets.

For certain preneed contracts, the gross premium is in excess of the benefit reserve plus additional insurance liability. An unearned front-end load ("UFEL") is established to defer the recognition of this front-end load. UFEL is included in policy liabilities in the consolidated balance sheets.

Amortization

For interest-sensitive products (fixed-indexed annuities and variable annuities, most universal life including preneed contracts, and variable universal life), DAC and DSI assets are generally amortized in proportion to actual historical gross profits and estimated future gross profits over the estimated lives of the contracts. The amount of gross profit consists principally of investment returns (including hedge gains and losses) in excess of the amounts credited to policyholders, asset-based and other policy fees, and surrender charges reduced by death and other excess benefits and expenses. Numerous factors including mortality, benefit utilization, surrender activity, premium persistency, and the economic environment influence the level and timing of gross profits.

Estimated gross profits are updated each reporting period with actual gross profits as part of the amortization process for the interest-sensitive policies. When actual gross profits are higher in the period than had been previously estimated, more amortization is recognized than planned. When actual gross profits are lower than had been previously estimated, less amortization is recognized than planned. These relationships hold provided that future estimates of gross profits remain unchanged, which may not always be true.

VOBA is generally amortized on a constant level basis using policy count over the estimated lives of the contracts.

When a different basis of amortization is determined to be more representative of the economics, such as when negative estimated gross profits or margins occur, an alternative basis of amortization may be selected for DAC and VOBA.

For most term and whole life products, DAC is amortized in proportion to premium revenue recognized.

DRL is amortized on a straight-line basis for whole life and term life insurance policies. For annuities, universal life and indexed universal life policies, DRL is amortized in proportion to the pattern of policyholder death benefits in-force. For payout annuities, DRL is recognized in income in a constant relationship with the amount of expected future payments.

URR is amortized consistent with the amortization of DAC on similar products. UFEL is amortized consistent with the method used in the amortization of DAC for preneed contracts.

The key assumptions used in the calculation of the amortization of DAC, VOBA and DSI are periodically updated as part of the assumptions review process, which results in revisions to the estimated future gross profits. The effects of changes in assumptions are recorded as unlocking in the period in which the changes are made. The following are types of changes to future assumptions that would generally result in a negative unlocking (i.e., an acceleration of amortization resulting in a reduction to net income): lower equity returns, lower investment returns, higher operating expenses, higher mortality, and unfavorable lapses.

The carrying amounts of DAC, DSI, URR and UFEL are adjusted for the effects of realized and unrealized gains and losses on debt and equity securities classified as AFS and certain derivatives.

Internal replacements

An internal replacement is a modification in product benefits, features, rights, or coverages that occurs by the legal extinguishment of one contract and the issuance of another contract (a contract exchange), or by amendment, endorsement, or rider to a contract, or by the election of a benefit, feature, right, or coverage within a contract. If the modification does not substantially change the contract, the Company does not change the accounting and amortization of existing DAC and related actuarial balances (i.e., continuation of contract accounting). If an internal replacement represents a substantial change, the original contract is considered to be extinguished and any related DAC or other policy balances are charged or credited to income, and any new deferrable costs associated with the replacement contract are deferred.

Separate accounts

Separate account assets and liabilities represent segregated funds administered and invested by the Company for the benefit of variable annuities and variable universal life insurance contractholders and certain pension funds. The Company reports separately, as assets and liabilities, investments held in the separate accounts and liabilities of separate accounts if: (1) such separate accounts are legally recognized; (2) assets supporting the contract liabilities are legally insulated from the Company's general account liabilities; (3) investments are directed by the contract owner or participant; and (4) all investment performance, net of contract fees and assessments, is passed through to the contract owner.

Separate account assets consist principally of mutual funds at fair value. The investment income and gains and losses of these accounts generally accrue to the contractholders and therefore, are not included in the Company's net income. However, the Company's net income reflects fees assessed and earned on fund values of these contracts which are presented as a component of policy fees in the

consolidated statements of income. Realized investment gains and losses related to separate accounts that meet the conditions for separate account reporting accrue to and are borne by the contractholder.

Policy liabilities

Policy liabilities, or collectively, "reserves," are the portion of past premiums or assessments received that are set aside to meet future policy and contract obligations as they become due. Interest accrues on these reserves and on future premiums, which may also be available to pay for future obligations. The Company establishes reserves to pay future policyholder benefits, claims, and certain expenses for its life policies and annuity contracts.

Reserves are estimates based on models that include many actuarial assumptions and projections. These assumptions and projections, which are inherently uncertain, involve significant judgment, including assumptions as to the levels and/or timing of premiums, benefits, claims, expenses, interest credits, investment results (including equity market returns), mortality, longevity, and persistency.

The assumptions on which reserves are based are intended to represent an estimation of experience for the period that policyholder benefits are payable. The adequacy of these reserves and the assumptions underlying those reserves are reviewed at least annually. The Company cannot, however, determine with precision the amount or the timing of actual policyholder benefit payments. If actual experience is better than or equal to the assumptions, then reserves would be adequate to provide for future policyholder benefits and expenses. If experience is worse than the assumptions, additional reserves may be required to meet future policy and contract obligations. This would result in a charge to the Company's net income during the period in which excess policyholder benefits are paid or an increase in reserves occurs.

For a majority of the Company's in-force policies, including its universal life policies and most annuity contracts, the base policy reserve is equal to the account value. For these products, the account value represents the Company's obligation to repay to the policyholder the amounts held on deposit. However, there are several significant blocks of business where additional policyholder reserves are explicitly calculated, including variable annuities, fixed-indexed annuities, universal life with secondary guarantees, indexed universal life and preneed policies.

Fixed-rate and fixed-indexed annuities

Contractholder deposits fund reserves for fixed-indexed annuities earning a fixed rate of interest and certain other fixed-rate annuity products are computed under a retrospective deposit method and represent policyholder account balances before applicable surrender charges. For certain fixed-rate annuity products, an additional reserve was established for above market interest rate guarantees upon acquisition. These reserves are amortized on a straight-line basis over the remaining guaranteed interest rate period.

Certain of the Company's fixed-indexed annuity products enable the policyholder to allocate contract value between a fixed crediting rate and strategies which reflect the change in the value of an index, such as the S&P 500 Index or other indices. These products are accounted for as investment-type contracts. The liability for these products consists of a combination of the underlying account value and an embedded derivative value. The liability for the underlying account value is primarily based on policy guarantees and its initial value is the difference between the premium payment and the fair value of the embedded derivative. Thereafter, the account value liability is determined in a manner consistent with the accounting for a deposit liability under the "constant yield method." All future host balances are determined as: (1) the initial host balance; (2) plus interest; (3) less applicable policyholder benefits. The interest rate used in the prior roll forward is re-determined on each valuation date, per the constant yield method. The embedded derivative component's fair value is based on an estimate of the policyholders'

expected participation in future increases in the relevant index. The fair value of this embedded derivative component includes assumptions, including those about future interest rates and investment yields, future costs for options used to hedge the contract obligations, projected withdrawal and surrender activity, benefit utilization and the level and limits on contract participation in any future increases in the respective index option. The account value liability and embedded derivative are recorded in policy liabilities in the consolidated balance sheets, with changes in value of the liabilities recorded in policy benefits and claims in the consolidated statements of income.

The Company issues funding agreements to certain unaffiliated (and non-unconsolidated) special purpose entities that have issued debt securities for which payment of interest and principal is secured by such funding agreements. The Company’s funding agreements are considered investment type contracts and liabilities are calculated as the present value of future payments. The Company's obligation is reported in policy liabilities in the consolidated balance sheets. Interest expense is calculated using the effective interest method and recorded in policy benefits and claims in the consolidated statements of income.

Contractholder deposit funds reserves for certain assumed blocks of fixed-indexed and fixed-rate annuity products are accounted for as investment-type contracts. A net liability (consisting of the benefit reserve plus deferred revenue liability less DAC) is established at inception and amortized under the constant yield method.

Guaranteed benefits

Certain fixed-rate and fixed-indexed annuity contracts provide the contractholder with guaranteed minimum death benefits ("GMDB") and/or guaranteed minimum withdrawal benefits ("GMWB"). The associated reserves for these benefits are calculated by estimating the present value of total expected (excess) benefit payments over the life of the contract divided by the present value of total expected assessments over the life of the contract, or the “benefit ratio,” and multiplying this ratio by the cumulative assessments recorded from the contract inception through the balance sheet date less cumulative benefit payments plus interest on the reserves. The liabilities are included in policy liabilities in the consolidated balance sheets. The change in the reserve is included in policy benefits and claims in the consolidated statements of income.

Long-term care benefit riders

Certain fixed-rate contracts provide the policyholder with long-term care benefit riders. The long-term care benefit rider permits access to the policy’s account value, along with a supplemental rider benefit value, free of a surrender charge, to reimburse the policyholder for certain qualified long-term care expenses. Depending on the outcome of simplified underwriting, the rider benefit is capped at the return of account value plus one or two times the account value. The benefit rider paid to the policyholder is subject to a monthly maximum such that the benefit is typically paid out over a period of six years or longer. The liabilities for these benefits are calculated by using the benefit ratio multiplied by the cumulative assessments recorded from the contract inception through the balance sheet date less cumulative benefit payments plus interest on the reserves. The change in the reserve is included in policy benefits and claims in the consolidated statements of income.

Variable annuities

Variable annuity contracts offered and assumed by the Company provide the contractholder with GMDB and/or GMWB. The liabilities for these benefits are included in policy liabilities in the consolidated balance sheets. The change in the liabilities for these benefits is included in policy benefits and claims in the consolidated statements of income.

The Company issued variable annuity contracts with GMDB features. The Company elected the fair value option to measure the liability for certain of these variable annuity contracts. Fair value is calculated as the present value of the estimated death benefits less the present value of the GMDB fees, using 1,000 risk neutral scenarios. The Company discounts the cash flows using the U.S. Treasury rates plus an adjustment for own company credit risk.

The Company also issues variable annuity contracts with a GMWB. The GMWB feature represents an embedded derivative. The embedded derivative is required to be bifurcated and measured at fair value. This liability is calculated as the present value of the excess GMWB claims less the present value of GMWB fees, using 1,000 risk neutral scenarios. The Company discounts the cash flows using U.S. Treasury rates plus an adjustment for own company credit risk.

Payout annuities

Payout annuities include single premium immediate annuities, annuitizations of deferred annuities and structured settlements. These contracts subject the insurer to risks over a period that extends beyond the period or periods in which premiums are collected. These contracts may be either non-life contingent or life contingent. Non-life contingent annuities are accounted for as financial instruments. For life contingent annuities, the Company records a liability at the present value of future annuity payments and estimated future expenses calculated using expected mortality and costs, and interest assumptions. Any gross premiums received in excess of the net premium is the DRL and is recognized in income in a constant relationship with the amount of expected future payments. The liabilities are recorded in policy liabilities in the consolidated balance sheets.

Also included under payout annuities are liabilities for disability income benefits which pertain primarily to disability income policies that are already in claim payout status. Liabilities for disability income benefits are calculated as the present value of future disability payments and estimated future expenses using expected mortality and costs, and interest assumptions. The liabilities are recorded in policy liabilities in the consolidated balance sheets.

Universal life policies

For universal life policies, the base benefit reserves are deemed to be equal to the policyholder account value.

Policy liabilities for indexed universal life with returns linked to the performance of a specified market index are equal to the sum of two components: (1) the fair value of the embedded derivative; and (2) the host (or guaranteed) component. The fair value of the embedded derivative component is based on the fair value of the policyholders' expected participation in future increases in the relevant index over the life of the contract. The fair value of this embedded derivative component includes assumptions, including those about future interest rates and investment yields, future costs for options used to hedge the contract obligations, projected benefits, benefit utilization and the level and limits on contract participation in any future increases in the respective index option.

The initial host balance is established at the time of premium payment and is equal to the total account value less the embedded derivative component. Thereafter, the balance of the host component is determined in a manner consistent with the accounting for a deposit liability under the "constant yield method." All future host balances are determined as: (1) the initial host balance; (2) plus interest; (3) less applicable policyholder benefits. The interest rate used in the prior roll forward is re-determined on each valuation date, per the constant yield method.

The Company holds additional liabilities for universal life products with secondary guarantees, sometimes referred to as no-lapse guarantees. For these products, the fair value of the embedded

derivative is the present value of the best estimate option budget projection minus the guaranteed surrender benefits over the life of the contract. The additional liabilities are measured using the benefit ratio approach where excess benefits are spread over the life of the contract based on assessments collected from the policyholder. Generally, total expected excess benefit payments are the aggregate of death claims after the policyholder account value is exhausted. The exception is when the cost of insurance charges are insufficient to produce consistently positive earnings in the future. In this case, all death benefits are deemed to be excess benefits.

Variable universal life policies

Certain assumed variable universal life policies include several forms of secondary guarantees. The Company holds additional liabilities for its secondary guarantees as discussed above.

Preneed policies

The Company's preneed life insurance contracts are accounted for as universal life-type contracts which require that the retrospective deposit method be used. That accounting method establishes a liability for policyholder benefits in an amount determined by the account or contract balance that accrues to the benefit of the policyholder. This account value is deemed to be equal to the contract's statutory cash surrender value. The majority of the Company's preneed insurance contracts feature death benefits with a discretionary death benefit growth rate. The Company has the discretion to adjust these rates up or down. The Company has established an additional reserve for expected future discretionary benefits which is reflected as policy liabilities in the consolidated balance sheets. The Company has also issued preneed insurance contracts with crediting rates tied to inflation as measured by the U.S. Consumer Price Index.

Whole and term life

The Company has established liabilities for amounts payable under insurance policies, including whole life insurance and term life insurance policies. Generally, liabilities for these policies are calculated as the present value of future expected benefits to be paid reduced by the present value of future expected net premiums. Principal assumptions used in the establishment of liabilities for future policyholder benefits are mortality, policy lapse, renewal, investment returns, inflation, expenses and other contingent events as appropriate for the respective product. These assumptions, which include provisions for adverse deviations, are established at the time the policy is issued and are intended to estimate the experience for the period the policyholder benefits are payable. By utilizing these assumptions, liabilities are established on a block-of-business basis. For whole life and term long-duration insurance contracts, assumptions such as mortality, morbidity and interest rates are locked-in upon the issuance of new business. However, significant adverse changes in experience on such contracts may require the Company to establish premium deficiency reserves. Premium deficiency reserves are established, if necessary, when the liability for future policyholder benefits plus the present value of expected future gross premiums are determined to be insufficient to provide for expected future policyholder benefits and expenses. Such reserves are determined based on assumptions at the time the premium deficiency reserve is established and do not include a provision for adverse deviation.

Policy liabilities for participating whole life insurance policies are equal to the aggregate of: (1) net level premium reserves for death and endowment policyholder benefits (calculated based upon the non-forfeiture interest rate, and mortality rated guarantee in calculating the cash surrender values described in such contracts); and (2) the liability for terminal dividends.

Policy liabilities for non-participating whole life and term life insurance policies are equal to the aggregate of the present value of expected future policyholder benefit payments and related expenses less the present value of expected future net premiums. Assumptions as to the mortality and persistency

are based upon the Company's experience when the basis of the liability is established, and are periodically updated. Interest rate assumptions for the aggregate policy liabilities are calculated based on the portfolio rate, net of investment expenses.

Outstanding claims

Outstanding claims include amounts payable relating to in course of settlement and incurred but not reported claim liabilities. In course of settlement claim liabilities are established for policies when the Company is notified of the death of the policyholder but the claim has not been paid as of the reporting date. Incurred but not reported claim liabilities are determined using studies of past experience and are estimated using actuarial assumptions of historical claims expense, adjusted for current trends and conditions. These estimates are continually reviewed and the ultimate liability may vary significantly from the amounts initially recognized, which are reflected in net income in the period in which they are determined. Changes in policyholder and contract claims are recorded in policy benefits and claims in the consolidated statements of income.

Closed blocks

Through its insurance companies, the Company has acquired several closed blocks of participating life insurance policies. The Company has elected to account for the closed block policy liabilities using the fair value option.

The assets and cash flow generated by the closed blocks inure solely to the benefit of the holders of policies included in the closed blocks. All closed block assets will ultimately be paid out as policyholder benefits and through policyholder dividends. In the event that the closed blocks' assets are insufficient to meet the benefits of the closed blocks' benefits, general assets of the Company would be used to meet the contractual benefits to the closed blocks' policyholders.

The closed block liabilities are measured at fair value, which comprises the fair value of the closed block assets plus the present value of projected expenses including commissions and the cost of capital charges associated with the closed blocks. In calculating the present value, the Company used a discount rate based on current U.S. Treasury rates, with a risk margin to reflect uncertainties in the closed block liability and a provision for the Company's nonperformance risk.

Reinsurance

Consistent with the overall business strategy, the Company assumes certain policy risks written by other insurance companies on a coinsurance, modified coinsurance or funds withheld coinsurance basis. Reinsurance accounting is applied for ceded and assumed transactions when risk transfer provisions have been met. To meet risk transfer requirements, a long-duration reinsurance contract must transfer mortality or morbidity risks, and subject the reinsurer to a reasonable possibility of a significant loss. Those contracts that do not meet risk transfer requirements are accounted for using deposit accounting. The Company seeks to diversify risk and limits its overall financial exposure through reinsurance.

With respect to ceded reinsurance, the Company values reinsurance recoverables on reported claims at the time the underlying claim is recognized in accordance with contract terms. For future policyholder benefits, the Company estimates the amount of reinsurance recoverables based on the terms of the reinsurance contracts and historical reinsurance recovery information. The reinsurance recoverables are based on what the Company believes are reasonable estimates and the balance is reported as an asset in the consolidated balance sheets. However, the ultimate amount of the reinsurance recoverable is not known until all claims are settled.

The cost of reinsurance, which is the difference between the amount paid for a reinsurance contract and the amount of the liabilities for policy benefits relating to the underlying reinsured contracts, is deferred and amortized over the reinsurance contract period for short-duration contracts, or over the terms of the reinsured policies on a basis consistent with the reporting of those policies for long-duration contracts. Cost of reinsurance assets and liabilities are reported in insurance intangibles and policy liabilities in the consolidated balance sheets, respectively. Reinsurance contracts do not relieve the Company from its obligations to policyholders, and failure of reinsurers to honor their obligations could result in losses to the Company; consequently, allowances are established for expected credit losses, via a charge to policy benefits and claims in the consolidated statements of income. The Company's funds withheld receivable at interest and reinsurance recoverable assets are reviewed for expected credit losses by considering credit ratings for each reinsurer, historical insurance industry specific default rate factors, rights of offset, expected recovery rates upon default and the impact of other terms specific to the reinsurance arrangement.

For funds withheld and modified coinsurance agreements, the Company has the right to receive or obligation to pay the total return on assets supporting the funds withheld receivable at interest or funds withheld payable at interest. This indirectly exposes the Company to the credit risk of the underlying assets. As a result, funds withheld coinsurance and modified coinsurance agreements are viewed as total return swaps and treated as embedded derivatives. Embedded derivatives are required to be separated from the host contracts and measured at fair value with changes in fair value recognized in net income. Generally, the embedded derivative is measured as the difference between the fair value of the underlying assets and the carrying value of the host contract at the balance sheet date. The fair value of the embedded derivative is included in the funds withheld receivable at interest or the funds withheld payable at interest on the consolidated balance sheets. Changes in the fair value of the embedded derivative are reported in operating activities on the consolidated statements of cash flows.

Recognition of insurance revenue and related benefits

Premiums related to whole life and term life insurance contracts and payout contracts with life contingencies are recognized in premiums in the consolidated statements of income when due from the contractholders.

Amounts received as payment for universal life and investment-type contracts are reported as deposits to contractholder account balances and recorded in policy liabilities in the consolidated balance sheets. Amounts received as payment for the Company's fixed fund variable annuities are reported as a component of policy liabilities in the consolidated balance sheets. Revenues from these contracts consist primarily of fees assessed against the contractholder account balance for mortality, policy administration, separate account administration and surrender charges, and are reported in policy fees in the consolidated statements of income. Additionally, the Company earns investment income from the investment of contract deposits in the Company's insurance companies' general account portfolio, which is reported in net investment income in the consolidated statements of income.

Fees assessed that represent compensation to the Company for benefits to be provided in future periods and certain other fees are established as an unearned revenue reserve liability and amortized into revenue over the expected life of the related contracts in proportion to estimated gross profits in a manner consistent with DAC for these contracts. Unearned revenue reserves are reported in policy liabilities in the consolidated balance sheets and amortized into policy fees in the consolidated statements of income. Benefits and expenses for these products include claims in excess of related account balances, expenses for contract administration and interest credited to contractholder account balances in the consolidated statements of income.

Other income

Other income is primarily comprised of expense allowances on ceded reinsurance, administration fees, management fees and distribution fees.

Insurance expenses

Insurance expenses are primarily comprised of commissions expense, premium taxes, amortization of acquired distribution and trade name intangibles, and other expenses related to insurance products and reinsurance transactions.

General, administrative and other expenses

General, administrative and other expenses are primarily comprised of employee compensation and benefit expenses, administrative and professional services and other operating expenses.

Equity-based, incentive and other deferred compensation

The Company has established a long-term incentive plan to foster and promote its long-term financial success. Compensation expense for the Company's incentive awards is recognized only when vesting is deemed to be probable.

The Company measures compensation cost for service-based, equity-classified share-based payment awards at fair value as of the grant date and recognizes it in general, administrative and other expenses in the consolidated statements of income as compensation expense over the requisite service period for awards expected to vest. The Company recognizes the expense using the straight-line attribution method, with adjustments for estimated forfeitures. For awards with performance-based vesting, expense recognition is deferred until the performance factor occurs or becomes probable.

The Company measures compensation cost for liability-classified share-based payment awards or other deferred compensation plans using the fair value method, beginning on the grant date, and re-measures the fair value of the awards at each reporting period until the awards are settled. Accrued compensation expense is recognized, net of an estimated forfeiture rate, in general, administrative and other expenses in the consolidated statements of income and within accrued expenses and other liabilities in the consolidated balance sheets, respectively.

Adoption of new accounting pronouncements

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and related regulatory actions

On March 27, 2020, the CARES Act was enacted in response to the COVID-19 pandemic. The CARES Act, among other things, permits net operating loss ("NOL") carryovers and carrybacks to offset 100% of taxable income for taxable years beginning before 2021. In addition, the CARES Act allows NOLs incurred in 2018, 2019 and 2020 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes.

The provisions of the CARES Act, as amended by the Consolidated Appropriations Act, also permit financial institutions to suspend requirements under U.S. GAAP for loan modifications that otherwise would be categorized as troubled debt restructurings ("TDRs") if (1) the borrower was not more than 30 days past due as of December 31, 2019, and (2) the modifications are related to arrangements that defer or delay the payment of principal or interest, or change the interest rate on the loan, provided the

modifications are made between March 1, 2020 and the earlier of 60 days after the end of the national emergency related to the COVID-19 pandemic or January 1, 2022. The Company has applied this guidance to loan forbearance requests that meet the requirements.

See Note 3 — "Investments" and Note 16 — "Income taxes" for additional information on loan modifications and NOL carryback impacts, respectively.

Simplifying the accounting for income taxes

On December 18, 2019, the Financial Accounting Standards Board (the "FASB") issued ASU No. 2019-12, which modifies ASC 740 to simplify the accounting for income taxes. This guidance eliminates the exceptions to the incremental approach, to accounting for basis differences when there are changes in ownership of foreign investments, and to interim period tax accounting for year-to-date losses that exceed anticipated losses. The guidance also simplifies the application of tax guidance related to franchise taxes, transactions with government entities, separate financial statements of legal entities that are not subject to tax, and enacted changes in tax laws in interim periods. The guidance is effective for public business entities that meet the definition of an SEC filer for fiscal years beginning after December 15, 2020, including interim period within those fiscal years. The Company adopted the standard effective January 1, 2021. The adoption of this new guidance did not have a significant impact on the financial statements.

Reference rate reform

In March 2020, the FASB issued new guidance to ease the accounting implications of the transition away from the London Interbank Offering Rate, or "LIBOR," and other reference rates, which are scheduled to be discontinued in 2021 (other than for U.S. dollar LIBORs, which are expected to be extended until June 2023 except for the one-week and two-month tenors). The new guidance offers a variety of optional expedients and exceptions related to accounting for contract modifications and hedging relationships. These expedients and exceptions apply only to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The new guidance is effective for contract modifications made and hedging relationships existing or entered into from January 1, 2020 (Predecessor) through December 31, 2022 (Successor). For the year ended December 31, 2021 (Successor), the Company has elected to not apply the temporary optional expedients and exceptions, subject to reevaluation for application each subsequent quarter within the effective period.

Future application of accounting standards

Targeted improvements to the accounting for long-duration contracts

In August 2018, the FASB issued new guidance for insurance and reinsurance companies that issue long-duration contracts such as life insurance and annuities. The objective of this guidance is to improve, simplify and enhance the financial reporting of long-duration contracts by providing financial statement users with useful information in a timely and transparent manner. The primary changes include:

(1) *more timely recognition of assumption changes in the liability for future policy benefits and use of a current rate for the discounting of future cash flows* – The assumptions used to calculate the liability for future policy benefits on traditional and limited-payment contracts are required to be reviewed and updated periodically (versus set at inception and not changed under the current guidance). Cash flow assumptions are required to be reviewed at least annually with the impact recognized in net income. The standard also prescribes that the discount rate assumption should be based on a current upper-medium grade (i.e., low credit risk) fixed income instrument yield (e.g., a single A credit-rating) with the impact recognized in other comprehensive income ("OCI").

(2) *standardization and improvement in the accounting for certain market-based options or guarantees associated with deposit (or account balance) contracts* – The new guidance creates a new category of benefits referred to as market risk benefits, which are contracts or contract features that provide both protection to the policyholder from capital market risk and expose the insurer to other-than-nominal capital market risk. Market risk benefits are required to be measured at fair value with the change in fair value recognized in net income, except for changes in the entity's non-performance risk, which is recognized in OCI.

(3) *simplification of the amortization of deferred acquisition costs* - DAC and other similar actuarial balances (e.g., deferred sales inducements) for life and annuity contracts are required to be amortized on a constant basis over the term of the related contracts.

(4) *enhanced disclosures* – Additional disclosures are required including disaggregated roll-forwards of significant insurance liabilities as well as disclosures about significant inputs, judgments, assumptions and methods used in measurement.

The guidance is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted. For changes related to the liability for future policy benefits and deferred acquisition costs, the new guidance requires adoption using a modified retrospective approach upon transition with an option to elect a retrospective approach. For changes related to market risk benefits, the new guidance requires a retrospective approach.

The Company intends to implement this standard using the retrospective approach for the liability for future policy benefits, deferred acquisition costs and market risk benefits with an adoption date of January 1, 2023. The Company has completed the design and planning phase of its implementation effort and has begun detailed implementation activities. The Company has established a governance framework to manage the implementation activities and support timely application of the guidance. The Company has made progress in the following areas:

- High level impact assessment;
- Identification of key accounting policy decisions;
- Evaluation and selection of actuarial system solutions;
- Development of detailed business requirements document inclusive of roll-forward disclosures; and
- Preliminary modeling of market risk benefits.

The Company continues to evaluate the impact of this guidance but anticipates that the new standard will have a material impact on the consolidated financial statements. The new guidance is expected to increase financial statement volatility primarily due to the requirement to measure market risk benefits at fair value, which is recorded in net income, except for changes in value attributable to changes in an entity's non-performance risk, which is recognized in OCI. In addition, the new guidance is expected to have a significant impact on the Company's systems, processes and controls.

3. Investments

Fixed maturity securities

The cost or amortized cost and fair value for AFS fixed maturity securities were as follows:

As of December 31, 2021 (Successor)	Cost or amortized cost	Allowance for credit losses[4][5]	Gross unrealized gains	Gross unrealized losses	Fair value
($ in millions)					
AFS fixed maturity securities portfolio by type:					
U.S. government and agencies	$ 785	$ —	$ 4	$ (5)	$ 784
U.S. state, municipal and political subdivisions	5,123	—	42	(55)	5,110
Corporate[1]	42,979	(3)	191	(689)	42,478
RMBS	7,703	(51)	126	(113)	7,665
CMBS	5,953	—	16	(57)	5,912
CLOs[2]	3,091	(1)	7	(6)	3,091
CBOs	3,112	(22)	7	(27)	3,070
All other structured securities[3]	2,426	(11)	20	(22)	2,413
Total AFS fixed maturity securities	**$ 71,172**	**$ (88)**	**$ 413**	**$ (974)**	**$ 70,523**

(1) Includes related party KKR-issued investments with amortized cost, gross unrealized gains, gross unrealized losses and fair value of $1.6 billion, $1 million, $(1) million and $1.6 billion, respectively.

(2) Includes related party KKR-issued investments with amortized cost, gross unrealized gains, gross unrealized losses and fair value of $109 million, $— million, $— million and $109 million, respectively.

(3) Includes primarily asset-backed securities, or "ABS."

(4) 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.

(5) Includes PCD allowances of $(46) million.

As of December 31, 2020 (Predecessor)	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	OTTI in AOCI[3]
($ in millions)					
AFS fixed maturity securities portfolio by type:					
U.S. government and agencies	$ 654	$ 33	$ (8)	$ 679	$ —
U.S. state, municipal and political subdivisions	4,303	700	(2)	5,001	—
Corporate[1]	28,847	3,796	(38)	32,605	—
RMBS	7,989	705	(55)	8,639	2
CMBS	3,449	234	(33)	3,650	(2)
CLOs	3,026	22	(46)	3,002	5
CBOs	3,482	111	—	3,593	—
All other structured securities[2]	3,826	179	(20)	3,985	(4)
Total AFS fixed maturity securities	**$ 55,576**	**$ 5,780**	**$ (202)**	**$ 61,154**	**$ 1**

(1) Includes related party corporate AFS fixed maturity securities with amortized cost, gross unrealized gains, gross unrealized losses and fair value of $289 million, $79 million, $0 million and $368 million, respectively.

(2) Includes primarily ABS.

(3) Represents the amount of OTTI recognized in accumulated other comprehensive (loss) income. Amount includes unrealized gains and losses on impaired securities relating to changes in the fair value of such securities subsequent to the impairment measurement date.

The maturity distribution for AFS fixed maturity securities is as follows:

As of December 31, 2021 (Successor)	Cost or amortized cost	Fair value
($ in millions)		
Due in one year or less	$ 1,461	$ 1,459
Due after one year through five years	9,256	9,172
Due after five years through ten years	12,389	12,279
Due after ten years	25,778	25,462
Subtotal[1]	**48,884**	**48,372**
RMBS	7,652	7,665
CMBS	5,953	5,912
CLOs[2]	3,090	3,091
CBOs	3,090	3,070
All other structured securities	2,415	2,413
Total AFS fixed maturity securities	**$ 71,084**	**$ 70,523**

(1) Includes related party KKR-issued investments with amortized cost and fair value of $1.6 billion and $1.6 billion, respectively.

(2) Includes related party KKR-issued investments with amortized cost and fair value of $109 million and $109 million, respectively.

Actual maturities may differ from contractual maturities, because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties, or the Company may have the right to put or sell the obligations back to the issuers.

Purchased credit deteriorated fixed maturity securities

Certain securities purchased by the Company were assessed at acquisition as having experienced a more-than-insignificant deterioration in credit quality since their origination. These securities are identified as PCD, and a reconciliation of the difference between the purchase price and the par value of these PCD securities is below:

	December 31, 2021
($ in millions)	*Successor*
Purchase price of PCD securities acquired during the current period	$ 1,734
Allowance for credit losses at acquisition	129
Discount (premium) attributable to other factors	312
Par value	**$ 2,175**

Purchased credit impaired securities

The following tables present information on our purchased credit impaired securities, which are included in AFS fixed maturity securities:

As of December 31, 2020 (Predecessor)	As of the date of acquisition
($ in millions)	
Contractually required payments (principal and interest)	$ 2,183
Cash flows expected to be collected[1]	2,007
Recorded investment in acquired securities	1,551

(1) Represents undiscounted expected cash flows, including both principal and interest

($ in millions)	December 31, 2020 Predecessor
Outstanding principal balance	$ 1,960
Amortized cost	1,440
Fair value	1,539

The following table presents activities for the accretable yield on purchased credit impaired securities:

($ in millions)	January 31, 2021 Predecessor	December 31, 2020 Predecessor
Balance, as of beginning of the period	$ 372	$ —
Newly purchased credit impaired securities	2	486
Disposals	—	(23)
Accretion	(6)	(53)
Effect of changes in interest rate indices	2	9
New reclassification from (to) non-accretable difference, including effects of prepayments	(4)	(47)
Balance, as of end of the period	**$ 366**	**$ 372**

Securities in a continuous unrealized loss position

The following tables provide information about the Company's AFS fixed maturity securities that have been continuously in an unrealized loss position:

As of December 31, 2021 (Successor)	Less than 12 months		12 months or more		Total	
($ in millions)	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
AFS fixed maturity securities portfolio by type:						
U.S. government and agencies	$ 311	$ (5)	$ —	$ —	$ 311	$ (5)
U.S. state, municipal and political subdivisions	2,802	(55)	—	—	2,802	(55)
Corporate	30,386	(689)	—	—	30,386	(689)
RMBS	3,197	(113)	—	—	3,197	(113)
CMBS	3,406	(57)	—	—	3,406	(57)
CLOs	1,172	(6)	—	—	1,172	(6)
CBOs	2,153	(27)	—	—	2,153	(27)
All other structured securities	1,348	(22)	—	—	1,348	(22)
Total AFS fixed maturity securities in a continuous loss position	**$ 44,775**	**$ (974)**	**$ —**	**$ —**	**$ 44,775**	**$ (974)**

As of December 31, 2020 (Predecessor)	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
($ in millions)						
AFS fixed maturity securities portfolio by type:						
U.S. government and agencies	$ 338	$ (8)	$ —	$ —	$ 338	$ (8)
U.S. state, municipal and political subdivisions	221	(2)	—	—	221	(2)
Corporate	2,386	(31)	340	(7)	2,726	(38)
RMBS	1,075	(33)	398	(22)	1,473	(55)
CMBS	550	(33)	3	—	553	(33)
CLOs	632	(7)	1,421	(39)	2,053	(46)
CBOs	24	—	—	—	24	—
All other structured securities	334	(10)	156	(10)	490	(20)
Total AFS fixed maturity securities in a continuous loss position	**$ 5,560**	**$ (124)**	**$ 2,318**	**$ (78)**	**$ 7,878**	**$ (202)**

Unrealized gains and losses can be created by changing interest rates or several other factors, including changing credit spreads. The Company had gross unrealized losses on below investment grade AFS fixed maturity securities of $77 million and $12 million as of December 31, 2021 (Successor) and 2020 (Predecessor), respectively. The single largest unrealized loss on AFS fixed maturity securities was $7 million as of both December 31, 2021 (Successor) and 2020 (Predecessor). The Company had 4,370 and 1,026 securities in an unrealized loss position as of December 31, 2021 (Successor) and 2020 (Predecessor), respectively.

As of December 31, 2020 (Predecessor), AFS fixed maturity securities in an unrealized loss position for over 12 months consisted of 338 debt securities. These debt securities primarily relate to CLO, corporate and RMBS fixed maturity securities, which have depressed values due primarily to an increase in interest rates since the purchase of these securities. Unrealized losses were not recognized in earnings on these debt securities since the Company neither intends to sell the securities nor does it believe that it is more-likely-than-not that it will be required to sell these securities before recovery of their cost or amortized cost basis. For securities with significant declines in value, individual security level analysis was performed utilizing underlying collateral default expectations, market data and industry analyst reports.

Allowance for credit losses on fixed maturity securities

The table below presents a roll-forward of the allowance for credit losses recognized for fixed maturity securities held by the Company:

	Eleven months ended December 31, 2021 (Successor)		
	Corporate	Structured	Total
($ in millions)			
Balance, as of beginning of period[1]	$ —	$ 121	$ 121
Initial impairments for credit losses recognized on securities not previously impaired	3	55	58
Initial credit loss allowance recognized on PCD securities	—	8	8
Accretion of initial credit loss allowance on PCD securities	—	3	3
Reductions due to sales (or maturities, pay downs or prepayments) during the period of securities previously identified as credit impaired	—	(19)	(19)
Net additions / reductions for securities previously impaired	—	(83)	(83)
Balance, as of end of period	**$ 3**	**$ 85**	**$ 88**

(1) Includes securities designated as purchased credit deteriorated as of the time of the KKR Acquisition.

The table below presents a roll-forward of the cumulative credit loss component of OTTI losses recognized in net investment-related gains in the consolidated statements of income on AFS fixed maturity securities still held by the Company for the one month ended January 31, 2021 (Predecessor) and year ended December 31, 2020 (Predecessor):

	One month ended	Year ended
	January 31, 2021	December 31, 2020
($ in millions)	*Predecessor*	*Predecessor*
Balance, as of beginning of year	$ 30	$ 1
Additions:		
Initial impairments – credit loss OTTI recognized on securities not previously impaired	1	27
Additional impairments – credit loss OTTI recognized on securities previously impaired	—	6
Reductions:		
Due to sales (or maturities, pay downs or prepayments) during the period of securities previously impaired as credit loss OTTI	—	(4)
Balance, as of end of year	**$ 31**	**$ 30**

Mortgage and other loan receivables

Mortgage and other loan receivables consist of the following:

($ in millions)	December 31, 2021 Successor	December 31, 2020 Predecessor
Commercial mortgage loans[(1)]	$ 13,825	$ 7,286
Residential mortgage loans[(1)]	8,725	4,626
Consumer loans	5,618	2,894
Other loan receivables[(2)(3)]	1,083	808
Total mortgage and other loan receivables	**29,251**	**15,614**
Allowance for loan losses[(4)]	(374)	(135)
Total mortgage and other loan receivables, net of allowance for loan losses	**$ 28,877**	**$ 15,479**

(1) Includes $805 million and $283 million of loans carried at fair value using the fair value option as of December 31, 2021 and 2020, respectively. The fair value option was elected for these loans for asset-liability matching purposes. These loans had unpaid principal balances of $794 million and $276 million as of December 31, 2021 and 2020, respectively.

(2) As of December 31, 2021 and 2020, respectively, other loan receivables consisted primarily of loans collateralized by aircraft of $850 million and $— million, warehouse facilities backed by residential and commercial real estate of $— million and $55 million and renewable energy development loans of $27 million and $693 million.

(3) Includes $27 million and $558 million of related party loans carried at fair value using the fair value option as of December 31, 2021 and 2020, respectively. These loans had unpaid principal balances of $27 million and $552 million as of December 31, 2021 and 2020, respectively.

(4) Includes PCD allowances of $(78) million.

The maturity distribution for residential and commercial mortgage loans was as follows as of December 31, 2021 (Successor):

Years *($ in millions)*	Residential	Commercial	Total mortgage loans
2022	$ 503	$ 1,166	$ 1,669
2023	37	1,103	1,140
2024	604	1,811	2,415
2025	17	1,191	1,208
2026	703	2,934	3,637
2027 and thereafter	6,861	5,620	12,481
Total	**$ 8,725**	**$ 13,825**	**$ 22,550**

Actual maturities could differ from contractual maturities, because borrowers may have the right to prepay (with or without prepayment penalties) and loans may be refinanced.

Notes to the consolidated financial statements

The Company diversifies its mortgage loan portfolio by both geographic region and property type to reduce concentration risk. The following tables present the Company's mortgage loans by geographic region and property type:

Mortgage loans - carrying value by geographic region	December 31, 2021	December 31, 2020
($ in millions)	*Successor*	Predecessor
Pacific	$ 6,675	$ 3,413
West South Central	2,676	2,191
South Atlantic	4,996	1,733
Middle Atlantic	3,143	1,251
East North Central	591	616
Mountain	1,957	606
New England	1,099	407
East South Central	1,036	299
West North Central	351	207
Other regions	26	1,189
Total by geographic region	**$ 22,550**	**$ 11,912**

Mortgage loans - carrying value by property type	December 31, 2021	December 31, 2020
($ in millions)	*Successor*	Predecessor
Residential	$ 8,725	$ 4,700
Office building	4,185	2,669
Apartment	6,195	1,755
Industrial	1,982	1,523
Retail	780	781
Other property types	484	293
Warehouse	199	191
Total by property type	**$ 22,550**	**$ 11,912**

Allowance for loan losses

Changes in the allowance for loan losses are summarized below:

	Eleven months ended December 31, 2021 (Successor)			
($ in millions)	Commercial mortgage loans	Residential mortgage loans	Consumer and other loan receivables	Total
Balance, at beginning of period	$ 58	$ 62	$ —	$ 120
Net provision	8	10	235	253
Loans purchased with credit deterioration	—	1	1	2
Charge-offs	—	(1)	—	(1)
Balance, as of end of period	**$ 66**	**$ 72**	**$ 236**	**$ 374**

	One month ended January 31, 2021 (Predecessor)			
($ in millions)	Commercial mortgage loans	Residential mortgage loans	Consumer and other loan receivables	Total
Balance, at beginning of period	$ 61	$ 31	$ 45	$ 137
Net provision	—	—	—	—
Balance, as of end of period	**$ 61**	**$ 31**	**$ 45**	**$ 137**

	Year ended December 31, 2020 (Predecessor)			
($ in millions)	Commercial mortgage loans	Residential mortgage loans	Consumer and other loan receivables	Total
Balance, at beginning of period	$ 5	$ 7	$ 10	$ 22
Net provision	66	26	50	142
Charge-offs	(11)	(3)	(15)	(29)
Balance, as of end of period	**$ 60**	**$ 30**	**$ 45**	**$ 135**

As of December 31, 2021 (Successor) and 2020 (Predecessor), the Company had $203 million and $260 million, respectively, of mortgage loans that were 90 days or more past due or in the process of foreclosure. The Company ceases accrual of interest on loans that are more than 90 days past due, and recognizes income as cash is received. As of December 31, 2021 (Successor) and 2020 (Predecessor), there were $203 million and $68 million, respectively, of mortgage loans that were non-income producing.

As of December 31, 2021 (Successor), 1% of residential mortgage loans have been granted forbearance due to COVID-19. This forbearance, which generally involves a 3-month period in which payments are not required (though must subsequently be made up), is not considered to result in troubled debt restructurings for the eleven months ended December 31, 2021 (Successor) and one month ended January 31, 2021 (Predecessor). Interest continues to accrue on loans in temporary forbearance. Please refer to Note 2—“Basis of presentation and significant accounting policies” to our consolidated financial statements for additional information on regulations impacting the Company under the CARES Act.

As of December 31, 2021 (Successor) and 2020 (Predecessor), the Company had $5 million and $9 million, respectively, of other loan receivables that were delinquent by more than 120 days or in default.

Purchased credit deteriorated loans

Certain residential mortgage loans purchased by the Company were assessed at acquisition as having experienced a more-than-insignificant deterioration in credit quality since their origination. These loans are identified as PCD, and a reconciliation of the difference between the purchase price and the par value of these PCD loans is below:

($ in millions)	December 31, 2021 Successor
Purchase price of PCD loans acquired during the current period	$ 4,231
Allowance for credit losses at acquisition	122
Discount (premium) attributable to other factors	(136)
Par value	**$ 4,217**

Credit quality indicators

Mortgage and loan receivable performance status

The following table represents our portfolio of commercial and residential mortgage loan receivables by origination year and performance status:

	December 31 (Successor)						
Performance status ($ in millions)	2021	2020	2019	2018	2017	Prior	Total
Commercial mortgage loans							
Current	$ 6,832	$ 976	$ 1,884	$ 1,374	$ 818	$ 1,941	$ 13,825
30 to 59 days past due	—	—	—	—	—	—	—
60 to 89 days past due	—	—	—	—	—	—	—
Over 90 days past due	—	—	—	—	—	—	—
Total commercial mortgage loans	**$ 6,832**	**$ 976**	**$ 1,884**	**$ 1,374**	**$ 818**	**$ 1,941**	**$ 13,825**
Residential mortgage loans							
Current	$ 4,507	$ 1,576	$ 393	$ 124	$ 65	$ 1,711	$ 8,376
30 to 59 days past due	25	6	6	1	1	75	114
60 to 89 days past due	4	1	1	—	—	27	33
Over 90 days past due	5	14	22	3	—	158	202
Total residential mortgage loans	**$ 4,541**	**$ 1,597**	**$ 422**	**$ 128**	**$ 66**	**$ 1,971**	**$ 8,725**

The following table represents our portfolio of consumer loan receivables by performance status:

	December 31, 2021
($ in millions)	*Successor*
Consumer loans	
Current	$ **5,557**
30 to 59 days past due	34
60 to 89 days past due	17
Over 90 days past due	10
Total consumer loans	**$ 5,618**

Loan-to-value ratio on mortgage loans

The loan-to-value ratio is expressed as a percentage of the current amount of the loan relative to the value of the underlying collateral. The following table summarizes the Company’s loan-to-value ratios for its commercial mortgage loans as of December 31, 2021 (Successor) and 2020 (Predecessor):

Loan-to-value as of December 31, 2021 (Successor), by year of origination	Carrying value loan-to-value 70% and less	Carrying value loan-to-value 71% - 90%	Carrying value loan-to-value over 90%	Total carrying value
($ in millions)				
2021	$ 4,911	$ 1,921	$ —	$ 6,832
2020	819	122	35	976
2019	1,748	136	—	1,884
2018	1,325	49	—	1,374
2017	773	45	—	818
2016	426	2	—	428
Prior	1,498	15	—	1,513
Total commercial mortgage loans	**$ 11,500**	**$ 2,290**	**$ 35**	**$ 13,825**

	December 31, 2020 (Predecessor)	
Loan-to-value	Carrying value	Percentage of commercial mortgage loans
($ in millions, except percentages)		
70% and less	$ 6,810	93 %
71% - 90%	439	6 %
Over 90%	37	1 %
Total commercial mortgage loans	**$ 7,286**	**100 %**

Changing economic conditions affect the Company’s valuation of commercial mortgage loans. Changing vacancies and rents are incorporated into the discounted cash flow analysis that the Company performs for monitored loans and may contribute to the establishment of (or increase or decrease in) a commercial mortgage loan valuation allowance for losses. In addition, the Company continuously monitors its commercial mortgage loan portfolio to identify risk. Areas of emphasis are properties that have exposure to specific geographic events, or have deteriorating credit.

The weighted average loan-to-value ratio for the Company’s residential mortgage loans was 68% and 71% as of December 31, 2021 (Successor) and 2020 (Predecessor), respectively.

Other investments

Other investments consist of the following:

($ in millions)	As of December 31, 2021 Successor	As of December 31, 2020 Predecessor
Investments in renewable energy[1][2][3]	$ 3,574	$ 3,443
Investments in transportation and other leased assets[4]	2,664	1,978
Other investment partnerships[5]	235	487
Investments in real estate	1,565	395
FHLB common stock and other investments	172	175
Policy loans	765	696
Total other investments	**$ 8,975**	**$ 7,174**

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

(2) Includes related party balance of $140 million as of December 31, 2020.

(3) Includes an equity investment in Origis USA, LLC of $48 million carried at fair value using the fair value option as of December 31, 2020.

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

(5) Includes related party balance of $1 million as of December 31, 2021.

The total amount of other investments accounted for using the equity method of accounting was $1.2 billion and $1.5 billion as of December 31, 2021 (Successor) and 2020 (Predecessor), respectively. The Company's maximum exposure to loss related to these equity method investments is limited to the carrying value of these investments plus unfunded commitments of $22 million and $38 million as of December 31, 2021 (Successor) and 2020 (Predecessor), respectively.

In addition, the Company has investments that would otherwise require the equity method of accounting for which the fair value option has been elected. The carrying amount of these investments was $148 million and $166 million as of December 31, 2021 (Successor) and 2020 (Predecessor), respectively.

Variable interest entities

The Company has created certain VIEs to hold investments, including fixed maturity securities, consumer and other loans, renewable energy, transportation and real estate. These VIEs issue beneficial interests primarily to the Company's insurance entities and the Company maintains the power to direct the activities of the VIEs that most significantly impact their economic performance and bears the obligation to absorb losses or receive benefits from the VIEs that could potentially be significant. Accordingly, the Company is the primary beneficiary of these VIEs, which are consolidated. Where these VIEs or entities consolidated by these VIEs issue beneficial interests to third-parties, they are reported as non-controlling interests by the Company.

The following table illustrates the Company's consolidated VIE positions:

($ in millions)	December 31, 2021 Successor	December 31, 2020 Predecessor
Assets of consolidated variable interest entities:		
Investments:		
AFS fixed maturity securities, at fair value	$ 6,265	$ 2,316
Mortgage and other loan receivables	6,008	2,894
Other investments:		
Investments in renewable energy	3,543	3,359
Investments in transportation and other leased assets	2,663	1,978
Investments in real estate	1,564	395
Total other investments	**7,770**	**5,732**
Total investments	**20,043**	**10,942**
Cash and cash equivalents	1,407	417
Accrued investment income	101	58
Other assets	507	201
Total assets of consolidated variable interest entities	**$ 22,058**	**$ 11,618**
Liabilities of consolidated variable interest entities:		
Accrued expenses and other liabilities	$ 595	$ 345
Total liabilities of consolidated variable interest entities	**595**	**345**
Redeemable non-controlling interests	82	91
Non-controlling interests of consolidated variable interest entities	215	133
Total liabilities, redeemable non-controlling interests and non-controlling interests of consolidated variable interest entities	**$ 892**	**$ 569**

The carrying amount and maximum exposure to loss relating to VIEs in which the Company holds a significant variable interest but is not the primary beneficiary and which have not been consolidated were as follows:

	December 31, 2021 (Successor)		December 31, 2020 (Predecessor)	
($ in millions)	Carrying amount	Maximum exposure to loss[(1)]	Carrying amount	Maximum exposure to loss[(1)]
Other investment partnerships	$ 190	$ 190	$ 474	$ 512
Investments in renewable energy partnerships	31	31	84	84
Total	**$ 221**	**$ 221**	**$ 558**	**$ 596**

(1) The maximum exposure to loss relating to other limited and renewable energy partnership interests is equal to the carrying amounts. The Company also has unfunded commitments of $26 million.

Funding agreements

Certain of the Company's subsidiaries are members of regional banks in the FHLB system. These subsidiaries have also entered into funding agreements with their respective FHLB. The funding agreements are issued in exchange for cash. The funding agreements require that the Company pledge eligible assets, such as commercial mortgage loans, as collateral. With respect to certain classes of eligible assets, the FHLB holds the pledged eligible assets in custody at the respective FHLB. The liabilities for the funding agreements are included in contractholder deposit funds and other policy

liabilities in the consolidated balance sheets. Information related to the FHLB investment and funding agreements as of December 31, 2021 (Successor) and 2020 (Predecessor) is as follows:

	Investment in common stock		Funding agreements issued to FHLB member banks		Collateral	
	As of December 31, 2021	As of December 31, 2020	As of December 31, 2021	As of December 31, 2020	As of December 31, 2021	As of December 31, 2020
($ in millions)	*Successor*	*Predecessor*	*Successor*	*Predecessor*	*Successor*	*Predecessor*
Indianapolis	$ 81	$ 75	$ 1,620	$ 1,593	$ 2,578	$ 2,603
Des Moines	35	34	620	615	1,005	951
Boston	22	18	326	313	553	520
Total	**$ 138**	**$ 127**	**$ 2,566**	**$ 2,521**	**$ 4,136**	**$ 4,074**

In addition, in January 2021, the Company launched an inaugural funding-agreement backed note ("FABN") program, through which GA Global Funding Trust, a special purpose, statutory trust, was established to offer its senior secured medium-term notes. Net proceeds from each sale of the aforementioned notes are used to purchase one or more funding agreements from Forethought Life Insurance Company, an indirect insurance subsidiary of the Company. As of December 31, 2021 (Successor), the Company had $3.5 billion of such funding agreements outstanding, with $6.5 billion of remaining capacity under that program. Subsequent to year-end, in January 2022, the Company issued an additional $1.1 billion of funding-agreements in connection with the program.

Repurchase agreement transactions

As of December 31, 2021 (Successor) and 2020 (Predecessor), the Company participated in third-party repurchase agreements with a notional value of $300 million and $301 million, respectively. As collateral for these transactions, as of December 31, 2021 (Successor) and 2020 (Predecessor), the Company posted fixed maturity securities with a fair value and amortized cost of $313 million and $317 million, and $316 million and $289 million, respectively, which are included in fixed maturity securities available for sale in the consolidated balance sheets.

The fair value of securities pledged for repurchase agreements by class of collateral and remaining contractual maturity as of December 31, 2021 (Successor) is presented in the following table:

As of December 31, 2021 (Successor)	Overnight	<30 Days	30 - 90 Days	>90 Days	Total
($ in millions)					
Corporate Securities	$ —	$ —	$ —	$ 313	$ 313
Total borrowing	**$ —**	**$ —**	**$ —**	**$ 313**	**$ 313**

Other

As of December 31, 2021 (Successor) and 2020 (Predecessor), the Company had exposure to 2 and 1 issuers, respectively, that exceeded 10% of equity.

The carrying value of the Company's 33% interest in SP Solar Holdings I, LP, a holding company for 26 operating renewable energy plants, was $1.0 billion and $1.1 billion as of December 31, 2021 (Successor) and 2020 (Predecessor), respectively. The Company also held investments in US treasuries of $872 million as of December 31, 2021 (Successor).

Notes to the consolidated financial statements

As of December 31, 2021 (Successor) and 2020 (Predecessor), the cost or amortized cost and fair value of the assets on deposit with various state and governmental authorities were $183 million and $181 million, and $149 million and $189 million, respectively.

Net investment income

Net investment income is comprised primarily of interest income, including amortization of premiums and accretion of discounts, based on yields which change due to expectations in projected cash flows, dividend income from common and preferred stock, earnings from investments accounted for under equity method accounting, and lease income on other investments.

The components of net investment income were as follows:

	Eleven months ended	One month ended	Year ended
	December 31, 2021	January 31, 2021	December 31, 2020
($ in millions)	*Successor*	*Predecessor*	*Predecessor*
Fixed maturity securities - interest and other income	$ 2,298	$ 224	$ 2,285
Equity securities - dividends and other income	1	—	—
Mortgage and other loan receivables	953	74	785
Income assumed from funds withheld receivable at interest	80	9	114
Income ceded to funds withheld payable at interest	(462)	(27)	(141)
Policy loans	35	1	34
Investments in transportation and other leased assets	208	18	191
Investments in renewable energy	142	10	115
Investments in real estate	16	2	17
Short-term and other investment income	56	4	75
Gross investment income[(1)]	**3,327**	**315**	**3,475**
Less investment expenses:			
Investment management and administration[(2)(3)]	431	28	168
Transportation and renewable energy asset depreciation and maintenance	171	21	190
Interest expense on derivative collateral and repurchase agreements	2	—	8
Net investment income	**$ 2,723**	**$ 266**	**$ 3,109**

(1) Includes income from related parties of $119 million, $5 million and $56 million for the eleven months ended December 31, 2021, one month ended January 31, 2021 and year ended December 31, 2020, respectively.

(2) Includes expenses from Goldman Sachs Asset Management LP, or "GSAM," an affiliate of Goldman Sachs, a related party, and Centaurus Renewable Energy, a related party, of $2 million and $16 million for the one month ended January 31, 2021 and year ended December 31, 2020, respectively.

(3) Includes investment management fees paid to KKR, a related party, of $159 million for the eleven months ended December 31, 2021.

Net investment-related gains

Net investment-related gains were as follows:

	Eleven months ended	One month ended	Year ended
	December 31, 2021	January 31, 2021	December 31, 2020
($ in millions)	*Successor*	*Predecessor*	*Predecessor*
Realized gains (losses) on equity investments[1]	$ 511	$ —	$ 190
Realized gains (losses) on available-for-sale fixed maturity debt securities	(201)	1	137
Credit loss allowances on AFS securities	25	—	—
Credit loss allowances on mortgage and other loan receivables	(253)	—	9
Credit loss allowances on unfunded commitments	(21)	—	12
OTTI on AFS fixed maturity securities	—	(4)	(241)
Unrealized gains (losses) on fixed maturity securities classified as trading	(119)	(77)	88
Unrealized gains (losses) on investments recognized under the fair-value option	75	27	69
Net gains (losses) on derivative instruments	223	3	96
Realized gains (losses) on funds withheld at interest, payable	(30)	(5)	24
Realized gains (losses) on funds withheld at interest, receivable	12	—	8
Other realized gains (losses)	(18)	(1)	(221)
Net investment-related gains	**$ 204**	**$ (56)**	**$ 171**

(1) Includes gains (losses) from related party of $30 million, $(2) million and $1 million for the eleven months ended December 31, 2021, one month ended January 31, 2021 and year ended December 31, 2020, respectively.

Proceeds and gross gains and losses from voluntary sales

The proceeds from voluntary sales and the gross gains and losses on those sales of AFS fixed maturity securities were as follows:

	Eleven months ended	One month ended	Year ended
	December 31, 2021	January 31, 2021	December 31, 2020
($ in millions)	*Successor*	*Predecessor*	*Predecessor*
AFS fixed maturity securities:			
Proceeds from voluntary sales	$ 17,946	$ 375	$ 10,335
Gross gains	46	3	261
Gross losses	(188)	(1)	(126)

4. Derivative instruments

The Company holds derivative instruments that are primarily used in its hedge program. The Company has established a hedge program that seeks to mitigate economic impacts primarily from interest rate and equity price movements, while taking into consideration accounting and capital impacts.

The Company hedges interest rate and equity market risks associated with its insurance liabilities including fixed-indexed annuities, indexed universal life policies, variable annuity policies and variable

universal life policies, among others. For fixed-indexed annuities and indexed universal life policies, the Company generally seeks to use static hedges to offset the exposure primarily created by changes in its embedded derivative balances. The Company generally purchases options which replicate the crediting rate strategies, often in the form of call spreads. Call spreads are the purchase of a call option matched by the sale of a different call option. For variable annuities and variable universal life policies, the Company generally seeks to dynamically hedge its exposure to changes in the value of the guarantee it provides to policyholders. Doing so requires the active trading of several financial instruments to respond to changes in market conditions. In addition, the Company enters into inflation swaps to manage inflation risk associated with inflation-indexed preneed policies.

In the context of specific reinsurance transactions in the institutional channel or acquisitions, the Company may also enter into hedges which are designed to limit short-term market risks to the economic value of the target assets. From time to time, the Company also enters into hedges designed to mitigate interest rate and credit risk in investment income, interest expense, and fair value of assets and liabilities. In addition, the Company enters into currency swaps and forwards to manage any foreign exchange rate risks that may arise from investments denominated in foreign currencies.

The Company attempts to mitigate the risk of loss due to ineffectiveness under these derivative investments through a regular monitoring process which evaluates the program’s effectiveness. The Company is exposed to risk of loss in the event of non-performance by the counterparties and, accordingly, all option contracts are purchased from counterparties that have been evaluated for creditworthiness. All of these counterparties are nationally recognized financial institutions with a Moody’s or S&P investment-grade credit rating. Management monitors the Company’s derivative activities by reviewing portfolio activities and risk levels. Management also oversees all derivative transactions to ensure that the types of transactions entered into and the results obtained from those transactions are consistent with both the Company’s risk management strategy and the Company’s policies and procedures.

The restricted cash which was held in connection with open derivative transactions with exchange brokers was $151 million and $147 million as of December 31, 2021 (Successor) and 2020 (Predecessor), respectively.

The Company also has embedded derivatives related to reinsurance contracts that are accounted for on a modified coinsurance and funds withheld basis. An embedded derivative exists because the arrangement exposes the reinsurer to third-party credit risk. These embedded derivatives are included in funds withheld receivable at interest in the consolidated balance sheets.

Derivatives designated as accounting hedges

Where the Company has derivative instruments that are designated and qualify as accounting hedges, these derivative instruments receive hedge accounting.

The Company has designated interest rate swaps to hedge the interest rate risk associated with the $500 million senior unsecured notes due 2029, $650 million senior unsecured notes due 2031 and FHLB funding agreement liabilities in fair value hedges. The 2029 Senior Notes and 2031 Senior Notes are reported in debt and FHLB funding agreement liabilities are reported in policy liabilities in the consolidated balance sheets and are hedged through their respective maturities. These hedges qualify for the shortcut method of assessing hedge effectiveness.

The following table represents the gains (losses) recognized on derivative instruments and related hedged items in fair value hedging relationship:

Eleven months ended December 31, 2021 (Successor)	Derivatives	Hedged items	Net
($ in millions)			
2029 Senior Notes	$ (19)	$ 19	$ —
2031 Senior Notes	(6)	6	—
FHLB funding agreement liabilities	(16)	16	—

One month ended January 31, 2021 (Predecessor)	Derivatives	Hedged items	Net
($ in millions)			
2029 Senior Notes	$ (10)	$ 10	$ —
FHLB funding agreement liabilities	(1)	1	—

The following table represents the carrying values and fair value adjustments for the hedged items:

	As of December 31, 2021 (Successor)		As of December 31, 2020 (Predecessor)	
	Carrying value	Fair value of hedge adjustments	Carrying value	Fair value of hedge adjustments
($ in millions)				
2029 Senior Notes	$ 474	$ (19)	$ 527	$ 32
2031 Senior Notes	644	(6)	—	—
FHLB funding agreement liabilities	1,071	(16)	1,085	(1)

The Company has designated bond forwards to hedge the interest rate risk associated with the planned purchase of AFS debt securities in cash flow hedges. Regression analysis is used to assess the effectiveness of these hedges. As of December 31, 2021 (Successor), there was a cumulative gain of $9 million on the bond forwards recorded in accumulated other comprehensive (loss) income. Amounts deferred in accumulated other comprehensive (loss) income are reclassified to net investment income following the qualifying purchases of AFS securities, as an adjustment to the yield earned over the life of the purchased securities, using the effective interest method. These arrangements are hedging purchases from July 2021 through January 2027 and are expected to affect earnings until 2051. There were $1.6 billion of securities purchased for the eleven months ended December 31, 2021 (Successor). The Company estimates that the amount of gains/losses in accumulated other comprehensive (loss) income to be reclassified into net income in the next 12 months will not be material.

In December 2019 and August 2020, the Company designated an interest rate swap and a Treasury bond forward to hedge the interest rate risk associated with the planned purchase of AFS debt securities in a cash flow hedge. Regression analysis was used to assess the effectiveness of this hedge. As of December 31, 2020 (Predecessor), there was a cumulative gain of $2 million on the interest rate swap recorded in accumulated other comprehensive (loss) income. There were no securities purchased for the one month ended January 31, 2021 (Predecessor). There were $464 million securities purchased and $2 million reclassified to income for the year ended December 31, 2020 (Predecessor). These 2019 and 2020 hedges were discontinued and any associated amounts in accumulated other comprehensive (loss) income were eliminated concurrent with the KKR Acquisition of the Company.

The Company has designated foreign exchange forward purchase contracts (“FX forwards”) to hedge the foreign currency risk associated with foreign currency-denominated bonds in fair value hedges. These foreign currency-denominated bonds are accounted for as AFS fixed maturity securities. Changes in the fair value of the hedged AFS fixed maturity securities due to changes in spot exchange rates are reclassified from AOCI to earnings, which offsets the earnings impact of the spot changes of the FX forwards. The effectiveness of these hedges is assessed using the spot method. Changes in the fair value

of the FX forwards related to changes in the spot-forward difference are excluded from the assessment of hedge effectiveness and are deferred in AOCI and recognized in earnings using a systematic and rational method over the life of the FX forwards.

The following table represents the gains (losses) related to the FX forwards hedging instruments:

	Eleven months ended December 31, 2021	One month ended January 31, 2021
($ in millions)	*Successor*	*Predecessor*
Net investment-related gains (losses)	$ 21	$ (1)
AOCI	2	—
Amortization - excluded component	3	—

The fair value and notional value of the derivative assets and liabilities were as follows:

As of December 31, 2021 (Successor)	Notional value	Derivative assets	Derivative liabilities
($ in millions)			
Equity market contracts	$ 31,294	$ 1,217	$ 186
Interest rate contracts	16,692	199	101
Foreign currency contracts	1,517	32	8
Credit risk contracts	108	—	2
Impact of netting[(1)]		(152)	(152)
Fair value included within derivative assets and derivative instruments payable		**1,296**	**145**
Embedded derivative – indexed universal life products		—	557
Embedded derivative – annuity products		—	1,984
Fair value included within policyholder liabilities		**—**	**2,541**
Embedded derivative – funds withheld at interest		32	(49)
Fair value included within total assets and liabilities		**$ 1,328**	**$ 2,637**

(1) Represents netting of derivative exposures covered by qualifying master netting agreements.

As of December 31, 2020 (Predecessor)	Notional value	Derivative assets	Derivative liabilities
($ in millions)			
Equity market contracts	$ 19,602	$ 933	$ 172
Interest rate contracts	8,156	161	38
Foreign currency contracts	102	3	2
Credit risk contracts	60	—	2
Impact of netting[(1)]		(129)	(129)
Fair value included within derivative assets and derivative instruments payable		**968**	**85**
Embedded derivative – indexed universal life products		—	832
Embedded derivative – annuity products		—	1,813
Fair value included within policyholder liabilities		**—**	**2,645**
Embedded derivative – funds withheld at interest		48	132
Fair value included within total assets and liabilities		**$ 1,016**	**$ 2,862**

(1) Represents netting of derivative exposures covered by qualifying master netting agreements.

The amounts of derivative gains and losses recognized for the eleven months ended December 31, 2021 (Successor), one month ended January 31, 2021 (Predecessor) and year ended December 31, 2020 (Predecessor), respectively, are reported in the consolidated statements of income as follows:

Derivative contracts not designated as hedges	Eleven months ended December 31, 2021	One month ended January 31, 2021	Year ended December 31, 2020
($ in millions)	*Successor*	*Predecessor*	*Predecessor*
Net investment-related gains (losses):			
Funds withheld receivable embedded derivatives	$ 32	$ 4	$ (31)
Funds withheld payable embedded derivatives	49	73	(71)
Equity index options	550	(32)	124
Equity future contracts	(264)	5	(118)
Interest rate contracts	(147)	(48)	199
Credit risk contracts	—	—	(9)
Total included in net investment-related gains (losses)	**$ 220**	**$ 2**	**$ 94**

Derivative contracts designated as hedges	Eleven months ended December 31, 2021	One month ended January 31, 2021	Year ended December 31, 2020
($ in millions)	*Successor*	*Predecessor*	*Predecessor*
Revenues:			
Foreign currency forwards	$ 3	$ 1	$ 2
Total included in net investment-related gains	**$ 3**	**$ 1**	**$ 2**
Policy benefits and claims:			
Interest rate swap	$ (16)	$ (1)	$ (1)
Total included in policy benefits and claims	**$ (16)**	**$ (1)**	**$ (1)**
Interest expense:			
Interest rate swap	$ (15)	$ (8)	$ 49
Total included in interest expense	**$ (15)**	**$ (8)**	**$ 49**

The amount of the Company's net derivative assets and liabilities after consideration of collateral received or pledged were as follows:

As of December 31, 2021 (Successor)	Gross amount recognized	Gross amounts offset in the consolidated balance sheets[1]	Net amounts presented in the consolidated balance sheets	Collateral (received) / pledged	Net amount after collateral
($ in millions)					
Derivative assets (excluding embedded derivatives)	$ 1,448	$ (152)	$ 1,296	$ (1,086)	$ 210
Derivative liabilities (excluding embedded derivatives)	$ 297	$ (152)	$ 145	$ 50	$ 95

(1) Represents netting of derivative exposures covered by qualifying master netting agreements.

As of December 31, 2020 (Predecessor)	Gross amount recognized	Gross amounts offset in the consolidated balance sheets[1]	Net amounts presented in the consolidated balance sheets	Collateral (received) / pledged	Net amount after collateral
($ in millions)					
Derivative assets (excluding embedded derivatives)	$ 1,097	$ (129)	$ 968	$ (758)	$ 210
Derivative liabilities (excluding embedded derivatives)	$ 214	$ (129)	$ 85	$ —	$ 85

(1) Represents netting of derivative exposures covered by qualifying master netting agreements.

5. Fair value disclosure of financial instruments

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date (the exit price). The best evidence of fair value is a quoted price in an active market. If listed prices or quotations are not available, fair value is determined by reference to prices of similar instruments and quoted prices or recent prices in less active markets.

U.S. GAAP establishes a three-level valuation hierarchy based upon observable and non-observable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. The fair value hierarchy prioritizes inputs to the valuation techniques used to measure fair value, giving the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. A financial instrument's level in the fair value hierarchy is based on the lowest level of any input that is significant to fair value measurement of the financial instrument. The three levels of the fair value hierarchy are described below:

Basis of fair value measurement

Level 1: Unadjusted quoted prices in active markets to which the Company had access as of the measurement date for identical, unrestricted assets and liabilities.

Level 2: Inputs to valuation techniques are observable either directly or indirectly through quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable; and

Level 3: Model-derived where one or more inputs to the valuation techniques are significant and unobservable.

The measurement of Level 3 financial instrument fair values uses unobservable inputs that are based on management judgment and the internal determination of assumptions that market participants would use in valuing them. Valuation subjectivity increases when markets are less liquid due to the lack of more transparent market-based inputs, which may increase the potential that estimated fair values are not reflective of the price at which an actual transaction would occur.

The following tables represent the Company's hierarchy for its assets and liabilities measured at fair value on a recurring basis:

As of December 31, 2021 (Successor)	Level 1	Level 2	Level 3	Total
($ in millions)				
Assets:				
AFS fixed maturity securities:				
U.S. government and agencies	$ 500	$ 284	$ —	$ 784
U.S. state, municipal and political subdivisions	—	5,110	—	5,110
Corporate	—	33,308	9,170	42,478
Structured securities	—	21,316	835	22,151
Total AFS fixed maturity securities	**500**	**60,018**	**10,005**	**70,523**
Trading fixed maturity securities:				
U.S. government and agencies	371	252	—	623
U.S. state, municipal and political subdivisions	—	879	—	879
Corporate	—	8,504	789	9,293
Structured securities	—	2,781	473	3,254
Total trading fixed maturity securities	**371**	**12,416**	**1,262**	**14,049**
Equity securities	256	—	33	289
Mortgage and other loan receivables(1)	—	—	833	833
Other investments(2)	—	—	1,604	1,604
Funds withheld receivable at interest	—	—	32	32
Reinsurance recoverable	—	—	1,294	1,294
Derivative assets:				
Equity market contracts	67	1,150	—	1,217
Interest rate contracts	44	155	—	199
Foreign currency contracts	—	32	—	32
Impact of netting(3)	(26)	(126)	—	(152)
Total derivative assets	**85**	**1,211**	**—**	**1,296**
Separate account assets	5,586	—	—	5,586
Total assets at fair value	**$ 6,798**	**$ 73,645**	**$ 15,063**	**$ 95,506**
Liabilities:				
Policyholder liabilities	$ —	$ —	$ 519	$ 519
Closed block policy liabilities	—	—	1,350	1,350
Funds withheld payable at interest	—	—	(49)	(49)
Derivative instruments payable:				
Equity market contracts	34	152	—	186
Interest rate contracts	14	87	—	101
Credit contracts	—	2	—	2
Foreign currency contracts	—	8	—	8
Impact of netting(3)	(26)	(126)	—	(152)
Total derivative instruments payable	**22**	**123**	**—**	**145**
Embedded derivative – indexed universal life products	—	—	557	557
Embedded derivative – annuity products	—	—	1,984	1,984
Total liabilities at fair value	**$ 22**	**$ 123**	**$ 4,361**	**$ 4,506**

(1) Includes related party balance of $27 million in Level 3 for mortgage and other loan receivables.

(2) Other investments excluded from the fair value hierarchy include certain real estate and private equity funds for which fair value is measured at net asset value per share as a practical expedient. As of December 31, 2021, the fair value of these investments was $109 million.

(3) Represents netting of derivative exposures covered by qualifying master netting agreements.

As of December 31, 2020 (Predecessor)	Level 1	Level 2	Level 3	Total
($ in millions)				
Assets:				
AFS fixed maturity securities:				
U.S. government and agencies	$ 468	$ 211	$ —	$ 679
U.S. state, municipal and political subdivisions	—	5,001	—	5,001
Corporate[1]	—	29,946	2,659	32,605
Structured securities	—	21,389	1,480	22,869
Total AFS fixed maturity securities	**468**	**56,547**	**4,139**	**61,154**
Trading fixed maturity securities:				
U.S. government and agencies	416	338	—	754
U.S. state, municipal and political subdivisions	—	735	3	738
Corporate	—	8,346	127	8,473
Structured securities	—	1,188	40	1,228
Total trading fixed maturity securities	**416**	**10,607**	**170**	**11,193**
Equity securities	46	—	49	95
Mortgage and other loan receivables[2]	—	284	558	842
Other investments[3]	—	—	444	444
Funds withheld receivable at interest	—	359	48	407
Reinsurance recoverable	—	—	1,355	1,355
Derivative assets:				
Equity market contracts	31	902	—	933
Interest rate contracts	1	160	—	161
Foreign currency contracts	—	3	—	3
Impact of netting[4]	(14)	(115)	—	(129)
Total derivative assets	**18**	**950**	**—**	**968**
Separate account assets	5,459	—	—	5,459
Total assets at fair value	**$ 6,407**	**$ 68,747**	**$ 6,763**	**$ 81,917**
Liabilities:				
Policyholder liabilities	$ —	$ —	$ 541	$ 541
Closed block policy liabilities	—	—	1,409	1,409
Funds withheld payable at interest	—	—	132	132
Derivative instruments payable:				
Equity market contracts	47	125	—	172
Interest rate contracts	6	32	—	38
Credit contracts	—	2	—	2
Foreign currency contracts	—	2	—	2
Impact of netting[4]	(14)	(115)	—	(129)
Total derivative instruments payable	39	46	—	85
Embedded derivative – indexed universal life products	—	—	832	832
Embedded derivative – annuity products	—	—	1,813	1,813
Total liabilities at fair value	**$ 39**	**$ 46**	**$ 4,727**	**$ 4,812**

(1) Includes related party balance of $368 million in Level 2 for corporate AFS fixed maturity securities.

(2) Includes related party balance of $558 million in Level 3 for mortgage and other loan receivables.

(3) Other investments excluded from the fair value hierarchy include certain real estate and private equity funds for which fair value is measured at net asset value per share as a practical expedient. As of December 31, 2020, the fair value of these investments was $114 million.

(4) Represents netting of derivative exposures covered by qualifying master netting agreements.

Fair value techniques and inputs

The following is a description of the valuation techniques and inputs used for instruments carried at fair value. The observability of the inputs used in the valuation determines the appropriate level in the fair value hierarchy for the respective asset or liability.

Investments

Investments in U.S. Treasury, government and agency securities, foreign government securities, short-term money market securities and mutual funds held in separate accounts are valued using quoted market prices for identical unrestricted instruments in active markets. Investments such as fixed maturity securities for which quoted market prices from active markets are not available are priced using observable inputs, which can be verified to quoted prices, recent trading activity for identical or similar instruments, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. Consideration is given to the nature of the quotations and the relationship of recent market activity to the prices provided from alternative pricing sources. Other investments having one or more significant valuation inputs that are not observable are initially valued at transaction price, which is considered to be the best initial estimate of fair value. Subsequently, the Company uses other methodologies to determine fair value, which vary based on the type of investment.

Valuation inputs and assumptions are changed when corroborated by substantive observable evidence, including values realized on sales.

Derivative instruments

Derivative instruments such as exchange-traded futures and options are valued at their quoted market price. Most of the over the counter derivative instruments used by the Company are those for which all significant valuation inputs are corroborated by market evidence. These derivative instruments are principally valued using an income approach. The Company calculates the fair value of derivative assets by discounting future cash flows at a rate that incorporates counterparty credit spreads and the fair value of derivative liabilities by discounting future cash flows at a rate that incorporates the Company's own credit spreads. When appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads and credit considerations. Such adjustments are generally based on available market evidence.

Valuations for non-option based interest rate derivatives are based on present value techniques, which utilize significant inputs that may include the swap yield curve, London Interbank Offered Rate, or "LIBOR," basis curves and repurchase rates. Valuations for option based interest rate derivatives are based on option pricing models, which utilize significant inputs that may include the swap yield curve, LIBOR basis curves and interest rate volatility.

Prices for foreign currency derivatives based on the exchange rates of leading industrialized nations, including those with longer tenors, are generally observable. The valuation of other derivative instruments including credit derivatives and equity market derivatives have significant unobservable inputs, such as equity volatility inputs for options that are very long dated, and are principally valued using an income approach.

Funds withheld at interest, reinsurance assets and insurance liabilities

The funds withheld receivable at interest carried at fair value is primarily valued based on the fair value of the underlying investments, which have quoted prices or other observable inputs to pricing. A portion of the funds withheld receivable at interest carried at fair value represents embedded derivatives

and is valued using present value techniques that consider inputs including contractholder persistency and contract duration. Reinsurance recoverables carried at fair value are valued using present value techniques that consider inputs including mortality and surrender rates for the associated policies, as well as estimates of policy expenses and the cost of capital held in support of the related closed block policy liabilities.

Policyholder liabilities carried at fair value are valued using present value techniques that discount estimated liability cash flows at a rate that reflects the riskiness of those cash flows and also consider policyholder behavior (lapse rates, surrender rates and mortality). Closed block policy liabilities carried at fair value are valued using present value techniques that consider inputs including mortality and surrender rates for the respective policies, as well as estimates of policy expenses and the cost of capital held in support of the liabilities. The funds withheld payable at interest carried at fair value represents embedded derivatives and is valued based on the change in the fair value of the assets supporting the payable. Other embedded derivative liabilities are related to our fixed-indexed annuity, variable annuity and indexed universal life products, which contain equity-indexed features. We calculate the embedded derivative liabilities as the present value of future projected benefits in excess of the projected guaranteed benefits, using an option budget as the indexed account value growth rate and considering an adjustment to reflect the risk of nonperformance on our obligation and inputs such as projected withdrawal and surrender activity, and mortality. We calculate nonperformance risk using a blend of observable peer holding company credit spreads, adjusted to reflect the claims paying ability of our insurance entities, as well as an adjustment to reflect the priority of policyholder claims. See details in the table below.

Fair value of assets and liabilities

Significant unobservable inputs

The tables below present the ranges of significant unobservable inputs used to value the Company's Level 3 financial assets and liabilities, and includes only those items for which information is reasonably available, such as data from internal determinations of fair value. These ranges represent the significant unobservable inputs that were used in the valuation of each type of financial asset and liability. Weighted averages in the tables below are calculated by weighting each input by the relative fair value of the respective financial instruments. The ranges and weighted averages of these inputs are not representative of the appropriate inputs to use when calculating the fair value of any one financial asset or liability. Accordingly, the ranges of inputs presented below do not represent uncertainty in, or possible ranges of, fair value measurements of the Company's Level 3 financial assets and liabilities as of December 31, 2021 (Successor) and 2020 (Predecessor):

As of December 31, 2021 (Successor)				
Level 3 assets	Level 3 assets ($ in millions)	Valuation techniques and significant unobservable inputs	Range of significant unobservable inputs (weighted average, or "WA")	Impact of an increase in the input on fair value
Corporate fixed maturity securities	$ 1,751	Discounted cash flows - discount spread	0.00% to 4.73% (WA 2.01%)	Decrease
Structured securities	139	Discounted cash flows - discount spread	2.15% - 5.80% (WA 3.01%)	Decrease
		Discounted cash flows - constant prepayment rate	5.00% - 15.00% (WA 7.3%)	Increase/ Decrease
		Discounted cash flows - constant default rate	1.00% - 2.50% (WA 1.17%)	Decrease
		Discounted cash flows - loss severity	100.00%	Decrease
Other investments (single-family rental real estate property)	1,448	Direct capitalization - capitalization rate	4.95% to 6.05% (WA 5.54%)	Decrease

As of December 31, 2021 (Successor)				
Level 3 assets	Level 3 assets ($ in millions)	Valuation techniques and significant unobservable inputs	Range of significant unobservable inputs (weighted average, or "WA")	Impact of an increase in the input on fair value
		Direct capitalization - vacancy rate	5.00%	Decrease
		Discounted cash flows - discount yield	8.00%	Decrease
Funds withheld receivable at interest	32	Discounted cash flow - duration/ weighted average life	0 to 23.2 years (WA 9.88 years)	Increase
		Discounted cash flow - contractholder persistency	3.3% to 17.1% (WA 6.03%)	Increase
		Nonperformance risk	0.37% to 1.1%	Decrease
Reinsurance recoverable	1,294	Present value of expenses paid from the open block plus the cost of capital held in support of the liabilities.	The average expense assumption is between $5.26 and $78 per policy, increased by inflation.	Increase
		Unobservable inputs are a market participant's view of the expenses, a risk margin on the uncertainty of the level of expenses and a cost of capital on the capital held in support of the liabilities.	Expense risk margin: 9.42%	Decrease
			Cost of capital: 3.69% to 13.85%.	Increase
		Discounted cash flow - mortality rate	2.55%	Increase
		Discounted cash flow - surrender rate	5.33%	Increase

As of December 31, 2020 (Predecessor)				
Level 3 assets	Level 3 assets ($ in millions)	Valuation techniques and significant unobservable inputs	Range of significant unobservable inputs (WA)	Impact of an increase in the input on fair value
Corporate fixed maturity securities	$ 734	Discounted cash flows - discount spread	1.70% to 4.31% (WA 2.52%)	Decrease
Structured securities	1,442	Discounted cash flows - discount spread	1.58% to 5.53% (WA 2.77%)	Decrease
		Discounted cash flows - constant prepayment rate	5.00% to 15.00% (WA 5.06%)	Increase/ Decrease
		Discounted cash flows - constant default rate	0.75% to 15.00% (WA 1.98%)	Decrease
		Discounted cash flows - loss severity	90.00% to 100.00% (WA 98.47%)	Decrease
		Discounted cash flows - principal prepayment rate	7.00%	Increase/ Decrease
Equity securities	48	Discounted cash flows — discount rate	17.50%	Decrease
Other investments	395	Discounted cash flows- capitalization rate	5.08% to 6.10% (WA 5.57%)	Increase
		Discounted cash flows- vacancy rate	5.00%	Decrease
Funds withheld receivable at interest	48	Discounted cash flow - duration/ weighted average life	0 to 23.7 years (WA 10.81 years)	Increase
		Discounted cash flow - contractholder persistency	3.5% to 16% (WA 6%)	Increase

Notes to the consolidated financial statements

As of December 31, 2020 (Predecessor)				
Level 3 assets	Level 3 assets ($ in millions)	Valuation techniques and significant unobservable inputs	Range of significant unobservable inputs (WA)	Impact of an increase in the input on fair value
		Nonperformance risk	0.37% to 1.12%	Decrease
Reinsurance recoverable	1,355	Present value of expenses paid from the open block plus the cost of capital held in support of the liabilities.	The average expense assumption is between $10.20 and $78 per policy, increased by inflation.	Increase
		Unobservable inputs are a market participant's view of the expenses, a risk margin on the uncertainty of the level of expenses and a cost of capital on the capital held in support of the liabilities.	Expense risk margin: 9.42%	Decrease
			Cost of capital: 3.69% to 9.86%	Increase
		Discounted cash flow - mortality rate	2.57%	Increase
		Discounted cash flow - surrender rate	5.25%	Increase

As of December 31, 2021 (Successor)				
Level 3 liabilities	Level 3 liabilities ($ in millions)	Valuation techniques and significant unobservable inputs	Range of significant unobservable inputs (WA)	Impact of an increase in the input on fair value
Policy liabilities	$ 519	Present value of best estimate liability cash flows. Unobservable inputs include a market participant view of the risk margin included in the discount rate which reflects the variability of the cash flows.	Risk margin rate: 0.37% to 1.25%	Decrease
		Policyholder behavior is also a significant unobservable input, including surrender and mortality.	Surrender rate: 3.1% to 7.09%	Decrease
			Mortality rate: 3.73% to 8.34%	Increase
Closed block policy liabilities	1,350	Present value of expenses paid from the open block plus the cost of capital held in support of the liabilities.	The average expense assumption is between $5.26 and $78 per policy, increased by inflation.	Increase
		Nonperformance risk	0.37% to 1.1%	Decrease
		Unobservable inputs are a market participant's view of the expenses, a risk margin on the uncertainty of the level of expenses and a cost of capital on the capital held in support of the liabilities.	Expense risk margin: 9.42%	Decrease
			Cost of capital: 3.69% to 13.85%.	Increase
		Discounted cash flow - mortality rate	2.55%	Increase
		Discounted cash flow - surrender rate	5.33%	Increase
Funds withheld payable at interest	(49)	Discounted cash flow - duration/ weighted average life	0 to 20.3 years (WA 9.87 years)	Decrease

As of December 31, 2021 (Successor)				
Level 3 liabilities	Level 3 liabilities ($ in millions)	Valuation techniques and significant unobservable inputs	Range of significant unobservable inputs (WA)	Impact of an increase in the input on fair value
		Discounted cash flow - contractholder persistency	3.3% to 17.1% (WA 6.03%)	Decrease
		Nonperformance risk	0.37% to 1.1%	Decrease
Embedded derivative – indexed universal life products	557	Policy persistency is a significant unobservable input.	Lapse rate is 3.71%	Decrease
			Mortality rate: 0.68%	Decrease
		Future costs for options used to hedge the contract obligations	Option budget assumption 3.6%	Increase
		Nonperformance risk	0.37% to 1.1%	Decrease
Embedded derivative – annuity products	1,984	Policyholder behavior is a significant unobservable input, including utilization and lapse.	Utilization: Fixed-indexed annuity WA 3.69%; Variable annuity: 2.3% to 33.23% (WA 4.23%)	Decrease
			Surrender rate: Fixed-indexed annuity WA 10.13%; Variable annuity: 3.86% to 41.56%	Decrease
			Mortality rate: Fixed-indexed annuity WA 1.97%; Variable annuity: 1.36% to 7.44%	Decrease
		Future costs for options used to hedge the contract obligations	Option budget assumption: Retail FIA WA 1.61%; Institutional FIA WA 2.03%; Variable annuity: n/a	Increase
		Nonperformance risk	0.37% to 1.1%	Decrease

As of December 31, 2020 (Predecessor)				
Level 3 liabilities	Level 3 liabilities ($ in millions)	Valuation techniques and significant unobservable inputs	Range of significant unobservable inputs (WA)	Impact of an increase in the input on fair value
Policy liabilities	$ 541	Present value of best estimate liability cash flows. Unobservable inputs include a market participant view of the risk margin included in the discount rate which reflects the riskiness of the cash flows.	Risk margin rate: 0.09%	Decrease
		Policyholder behavior is also a significant unobservable input, including lapse, surrender and mortality.	Lapse rate: 0.7% to 1.4%	Decrease
			Surrender rate: 0.7% to 2.1%	Increase
			Mortality rate: 0.3% to 21.1%	Increase
Closed block policy liabilities	1,409	Present value of expenses paid from the open block plus the cost of capital held in support of the liabilities.	The average expense assumption is between $10.20 and $78 per policy, increased by inflation.	Increase
		Nonperformance risk	0.37% to 1.12%	Decrease

As of December 31, 2020 (Predecessor)				
Level 3 liabilities	**Level 3 liabilities ($ in millions)**	**Valuation techniques and significant unobservable inputs**	**Range of significant unobservable inputs (WA)**	**Impact of an increase in the input on fair value**
		Unobservable inputs are a market participant's view of the expenses, a risk margin on the uncertainty of the level of expenses and a cost of capital on the capital held in support of the liabilities.	Expense risk margin: 9.42%	Decrease
			Cost of capital: 3.69% to 9.86%	Increase
		Discounted cash flow - mortality rate	2.57%	Increase
		Discounted cash flow - surrender rate	5.25%	Increase
Funds withheld payable at interest	132	Discounted cash flow - duration/ weighted average life	0 to 20.3 years (WA 10.95 years)	Decrease
		Discounted cash flow - contractholder persistency	3.5% to 16% (WA 6%)	Decrease
		Nonperformance risk	0.37% to 1.12%	Decrease
Embedded derivative – indexed universal life products	832	Policy persistency is a significant unobservable input.	Lapse rate: 5.01%	Decrease
			Mortality rate: 0.13%	Decrease
		Future costs for options used to hedge the contract obligations	Option budget assumption: 3.66%	Increase
		Nonperformance risk	0.37% to 1.12%	Decrease
Embedded derivative – annuity products	1,813	Policyholder behavior is a significant unobservable input, including utilization and lapse.	Utilization: Fixed-indexed annuity WA 3.90%; Variable annuity: 2.12% to 32.42% (WA 4%)	Decrease
			Surrender rate: Fixed-indexed annuity WA 9.92%; Variable annuity: 3.40% to 28.33%	Decrease
			Mortality rate: Fixed-indexed annuity WA 1.80%; Variable annuity: 1.24% to 8.97%	Decrease
		Future costs for options used to hedge the contract obligations	Option budget assumption: Fixed-indexed annuity WA 1.74%; Variable annuity: n/a	Increase
		Nonperformance risk	0.37% to 1.12%	Decrease

Transfers between levels

Overall, transfers into and out of Level 3 are attributable to a change in the observability of inputs. Assets and liabilities are transferred into Level 3 when a significant input cannot be corroborated with market observable data. This occurs when market activity decreases significantly and underlying inputs cannot be observed, current prices are not available, and when there are significant variances in quoted prices, thereby affecting transparency. Assets and liabilities are transferred out of Level 3 when circumstances change such that a significant input can be corroborated with market observable data. This may be due to a significant increase in market activity, a specific event, or one or more significant input(s) becoming observable.

The tables below set forth a summary of changes in the fair value of the Company's Level 3 assets and liabilities for the eleven months ended December 31, 2021 (Successor), one month ended January

31, 2021 (Predecessor) and year ended December 31, 2020 (Predecessor), respectively. The tables reflect gains and losses for the full year for all assets and liabilities categorized as Level 3 for the eleven months ended December 31, 2021 (Successor), one month ended January 31, 2021 (Predecessor) and year ended December 31, 2020 (Predecessor):

	Eleven months ended December 31, 2021 (Successor)							
		Net realized and unrealized gains / losses included in					Total unrealized gains / losses included in	
($ in millions)	Beginning balance	Income	OCI	Net settlements / purchases	Transfers into / (out) of Level 3	Ending balance	Income[(1)]	OCI[(1)]
Assets:								
AFS fixed maturity securities:								
Corporate fixed maturity securities	$ 3,505	$ —	$ (12)	$ 5,631	$ 46	$ 9,170	$ —	$ 6
Structured securities	198	—	(4)	248	393	835	—	(1)
Total AFS fixed maturity securities	**3,703**	**—**	**(16)**	**5,879**	**439**	**10,005**	**—**	**5**
Trading fixed maturity securities:								
Corporate fixed maturity securities	677	—	—	112	—	789	(1)	—
Structured securities	15	—	—	289	169	473	1	—
Total trading fixed maturity securities	**692**	**—**	**—**	**401**	**169**	**1,262**	**—**	**—**
Equity securities	67	53	—	(87)	—	33	20	—
Mortgage and other loan receivables	929	2	—	(98)	—	833	(2)	—
Other investments	437	531	—	631	5	1,604	4	—
Funds withheld receivable at interest	—	32	—	—	—	32	—	—
Reinsurance recoverable	1,339	(35)	—	(10)	—	1,294	—	—
Total assets	**$ 7,167**	**$ 583**	**$ (16)**	**$ 6,716**	**$ 613**	**$ 15,063**	**$ 22**	**$ 5**
Liabilities:								
Policy liabilities	$ 638	$ (119)	$ —	$ —	$ —	$ 519	$ —	$ —
Closed block policy liabilities	1,396	(4)	1	(43)	—	1,350	—	—
Funds withheld payable at interest	—	(49)	—	—	—	(49)	—	—
Embedded derivative – indexed universal life products	387	173	—	(3)	—	557	—	—
Embedded derivative – annuity products	1,025	647	—	312	—	1,984	—	—
Total liabilities	**$ 3,446**	**$ 648**	**$ 1**	**$ 266**	**$ —**	**$ 4,361**	**$ —**	**$ —**

(1) As related to financial instruments still held as of the end of the period.

($ in millions)	One month ended January 31, 2021 (Predecessor)							
		Net realized and unrealized gains / losses included in					Total unrealized gains / losses included in	
	Beginning balance	Income	OCI	Net settlements / purchases	Transfers into / (out) of Level 3	Ending balance	Income[1]	OCI[1]
Assets:								
AFS fixed maturity securities:								
Corporate fixed maturity securities	$ 2,659	$ —	$ (42)	$ 110	$ —	$ 2,727	$ —	$ 49
Structured securities	1,480	—	6	(13)	—	1,473	—	84
Total AFS fixed maturity securities	**4,139**	**—**	**(36)**	**97**	**—**	**4,200**	**—**	**133**
Trading fixed maturity securities:								
U.S. state, municipal and political subdivisions	3	—	—	—	—	3	—	—
Corporate fixed maturity securities	127	—	—	1	—	128	5	—
Structured securities	40	—	—	(1)	—	39	(2)	—
Total trading fixed maturity securities	**170**	**—**	**—**	**—**	**—**	**170**	**3**	**—**
Equity securities	49	7	—	—	—	56	18	—
Mortgage and other loan receivables	558	—	—	11	—	569	5	—
Other investments	444	—	—	—	—	444	7	—
Funds withheld receivable at interest	48	4	—	—	—	52	—	—
Reinsurance recoverable	1,355	(16)	—	—	—	1,339	—	—
Total assets	**$ 6,763**	**$ (5)**	**$ (36)**	**$ 108**	**$ —**	**$ 6,830**	**$ 33**	**$ 133**
Liabilities:								
Policy liabilities	$ 541	$ (25)	$ —	$ (1)	$ —	$ 515	$ —	$ —
Closed block policy liabilities	1,409	(11)	(2)	—	—	1,396	—	—
Funds withheld payable at interest	132	(73)	—	—	—	59	—	—
Embedded derivative – indexed universal life products	832	(9)	—	(2)	—	821	—	—
Embedded derivative – annuity products	1,813	(57)	—	16	—	1,772	—	—
Total liabilities	**$ 4,727**	**$ (175)**	**$ (2)**	**$ 13**	**$ —**	**$ 4,563**	**$ —**	**$ —**

(1) As related to financial instruments still held as of the end of the period.

Year ended December 31, 2020 (Predecessor)						
		Net realized and unrealized gains / losses included in				
($ in millions)	Beginning balance	Income	OCI	Net settlements / purchases	Transfers into/ (out) of Level 3	Ending balance
Assets:						
AFS fixed maturity securities:						
U.S. government and agencies	$ 12	$ —	$ (12)	$ —	$ —	$ —
Corporate fixed maturity securities	2,256	—	(552)	1,002	(47)	2,659
Structured securities	1,852	(13)	11	91	(461)	1,480
Total AFS fixed maturity securities	**4,120**	**(13)**	**(553)**	**1,093**	**(508)**	**4,139**
Trading fixed maturity securities:						
U.S. government and agencies	3	(3)	—	—	—	—
U.S. state, municipal and political subdivisions	—	1	—	—	2	3
Corporate fixed maturity securities	37	—	—	81	9	127
Structured securities	2	1	—	36	1	40
Total trading fixed maturity securities	**42**	**(1)**	**—**	**117**	**12**	**170**
Equity securities	58	9	—	1	(19)	49
Mortgage and other loan receivables	253	—	—	305	—	558
Other investments	424	20	—	—	—	444
Funds withheld receivable at interest	79	(31)	—	—	—	48
Reinsurance recoverable	1,316	39	—	—	—	1,355
Total assets	**$ 6,292**	**$ 23**	**$ (553)**	**$ 1,516**	**$ (515)**	**$ 6,763**
Liabilities:						
Policy liabilities	$ 429	$ 112	$ —	$ —	$ —	$ 541
Closed block policy liabilities	1,368	37	4	—	—	1,409
Funds withheld payable at interest	61	71	—	—	—	132
Reinsurance liabilities	5	(5)	—	—	—	—
Embedded derivative – indexed universal life products	820	89	—	(77)	—	832
Embedded derivative – annuity products	1,426	163	—	224	—	1,813
Total liabilities	**$ 4,109**	**$ 467**	**$ 4**	**$ 147**	**$ —**	**$ 4,727**

(1) As related to financial instruments still held as of the end of the period.

Eleven months ended December 31, 2021 (Successor)	Purchases	Issuances	Sales	Settlements	Net settlements / purchases
($ in millions)					
Assets:					
AFS fixed maturity securities:					
Corporate fixed maturity securities	$ 8,684	$ —	$ (71)	$ (2,982)	$ 5,631
Structured securities	275	—	—	(27)	248
Total AFS fixed maturity securities	**8,959**	**—**	**(71)**	**(3,009)**	**5,879**
Trading fixed maturity securities:					
Corporate fixed maturity securities	1,118	—	(2)	(1,004)	112
Structured securities	294	—	—	(5)	289
Total trading fixed maturity securities	**1,412**	**—**	**(2)**	**(1,009)**	**401**
Equity securities	4	—	(84)	(7)	(87)
Mortgage and other loan receivables	413	—	(27)	(484)	(98)
Other investments	1,166	—	(535)	—	631
Reinsurance recoverable	—	—	—	(10)	(10)
Total assets	**$ 11,954**	**$ —**	**$ (719)**	**$ (4,519)**	**$ 6,716**
Liabilities:					
Closed block policy liabilities	$ —	$ —	$ —	$ (43)	$ (43)
Embedded derivative – indexed universal life products	—	16	—	(19)	(3)
Embedded derivative – annuity products	—	312	—	—	312
Total liabilities	**$ —**	**$ 328**	**$ —**	**$ (62)**	**$ 266**

One month ended January 31, 2021 (Predecessor)	Purchases	Issuances	Sales	Settlements	Net settlements / purchases
($ in millions)					
Assets:					
AFS fixed maturity securities:					
Corporate fixed maturity securities	$ 114	$ —	$ —	$ (4)	$ 110
Structured securities	1	—	—	(14)	(13)
Total AFS fixed maturity securities	**115**	**—**	**—**	**(18)**	**97**
Trading fixed maturity securities:					
Corporate fixed maturity securities	2	—	—	(1)	1
Structured securities	1	—	—	(2)	(1)
Total trading fixed maturity securities	**3**	**—**	**—**	**(3)**	**—**
Mortgage and other loan receivables	20	—	(9)	—	11
Total assets	**$ 138**	**$ —**	**$ (9)**	**$ (21)**	**$ 108**
Liabilities:					
Policy liabilities	$ —	$ —	$ —	$ (1)	$ (1)
Embedded derivative – indexed universal life products	—	13	—	(15)	(2)
Embedded derivative – annuity products	—	16	—	—	16
Total liabilities	**$ —**	**$ 29**	**$ —**	**$ (16)**	**$ 13**

Notes to the consolidated financial statements

Year ended December 31, 2020 (Predecessor)	Purchases	Issuances	Sales	Settlements	Net settlements / purchases
($ in millions)					
Assets:					
AFS fixed maturity securities:					
Corporate fixed maturity securities	$ 1,410	$ —	$ (172)	$ (236)	$ 1,002
Structured securities	467	—	(88)	(288)	91
Total AFS fixed maturity securities	**1,877**	**—**	**(260)**	**(524)**	**1,093**
Trading fixed maturity securities:					
Corporate fixed maturity securities	82	—	—	(1)	81
Structured securities	37	—	—	(1)	36
Total trading fixed maturity securities	**119**	**—**	**—**	**(2)**	**117**
Equity securities	1	—	(1)	1	1
Mortgage and other loan receivables	305	—	—	—	305
Total assets	**$ 2,302**	**$ —**	**$ (261)**	**$ (525)**	**$ 1,516**
Liabilities:					
Embedded derivative – indexed universal life products	$ —	$ 105	$ —	$ (182)	$ (77)
Embedded derivative – annuity products	—	224	—	—	224
Total liabilities	**$ —**	**$ 329**	**$ —**	**$ (182)**	**$ 147**

Fair-value option

The following table summarizes financial instruments for which the fair value option has been elected:

	December 31, 2021	December 31, 2020
($ in millions)	*Successor*	*Predecessor*
Assets		
Mortgage and other loan receivables	$ 833	$ 842
Funds withheld receivable at interest	—	359
Other investments	148	166
Reinsurance recoverable	1,294	1,355
Total assets	**$ 2,275**	**$ 2,722**
Liabilities		
Policy liabilities	1,870	1,950
Total liabilities	**$ 1,870**	**$ 1,950**

The following table summarizes the net realized and unrealized gains (losses) recognized on financial instruments for which the fair value option has been elected:

($ in millions)	Eleven months ended December 31, 2021 Successor	One month ended January 31, 2021 Predecessor	Year ended December 31, 2020 Predecessor
Assets			
Mortgage and other loan receivables	$ (2)	$ (2)	$ 11
Funds withheld receivable at interest	—	(6)	28
Other investments	491	—	14
Total assets	**$ 489**	**$ (8)**	**$ 53**
Liabilities			
Policy liabilities	$ 123	$ 4	$ (8)
Total liabilities	**$ 123**	**$ 4**	**$ (8)**

6. Insurance intangibles, unearned revenue reserves and unearned front-end loads

The following reflects the changes to the DAC asset:

($ in millions)	Eleven months ended December 31, 2021 Successor	One month ended January 31, 2021 Predecessor	Year ended December 31, 2020 Predecessor
Balance, as of beginning of year	**$ —**	**$ 1,567**	**$ 1,704**
Acquisition/reinsurance	—	(3)	74
Deferrals	459	42	422
Amortized to expense during the year[1]	(23)	(40)	(219)
Adjustment for unrealized investment losses (gains) during the year	12	26	(414)
Balance, as of end of year	**$ 448**	**$ 1,592**	**$ 1,567**

(1) These amounts are shown within amortization of policy acquisition costs in the consolidated statements of income.

The following reflects the changes to the VOBA asset:

($ in millions)	Eleven months ended December 31, 2021 Successor	One month ended January 31, 2021 Predecessor	Year ended December 31, 2020 Predecessor
Balance, as of beginning of year	**$ 1,025**	**$ 280**	**$ 424**
Amortized to expense during the year[1]	(66)	(4)	(49)
Adjustment for unrealized investment losses (gains) during the year	—	4	(95)
Balance, as of end of year	**$ 959**	**$ 280**	**$ 280**

(1) These amounts are shown within amortization of policy acquisition costs in the consolidated statements of income.

The following reflects the changes to the negative VOBA liability:

Notes to the consolidated financial statements

($ in millions)	Eleven months ended December 31, 2021 Successor
Balance, as of beginning of year	**$ 1,273**
Amortized to expense during the year[1]	(155)
Balance, as of end of year	**$ 1,118**

(1) These amounts are shown within amortization of policy acquisition costs in the consolidated statements of income.

Estimated future amortization of VOBA and Negative VOBA as of December 31, 2021 (Successor) is as follows:

Years ($ in millions)	VOBA	Negative VOBA	Total, net
2022	$ 67	$ (129)	$ (62)
2023	63	(114)	(51)
2024	59	(95)	(36)
2025	56	(79)	(23)
2026	52	(66)	(14)
2027 and thereafter	662	(635)	27
Total	**$ 959**	**$ (1,118)**	**$ (159)**

The following reflects the changes to the URR and UFEL:

($ in millions)	Eleven months ended December 31, 2021 Successor	One month ended January 31, 2021 Predecessor	Year ended December 31, 2020 Predecessor
Balance, as of beginning of year	**$ —**	**$ 79**	**$ 131**
Deferrals	58	12	146
Amortized to revenue during the year[1]	(12)	(6)	(111)
Adjustment for unrealized investment (gains) losses during the year	(12)	5	(87)
Balance, as of end of year	**$ 34**	**$ 90**	**$ 79**

(1) These amounts are shown within policy fees in the consolidated statements of income.

7. Policy liabilities

Future policy benefits, contractholder deposit funds and other policy liabilities

Future policy benefits and contractholder deposit funds and other policy liabilities by product were as follows as of December 31, 2021 (Successor) and 2020 (Predecessor):

	2021		2020	
	Future policy benefits	Contractholder deposit funds and other policy liabilities	Future policy benefits	Contractholder deposit funds and other policy liabilities
($ in millions)	*Successor*		*Predecessor*	
Fixed-rate annuity[(1)(2)]	$ 16,135	$ 45,670	$ 11,843	$ 32,298
Fixed-indexed annuity	6	27,929	5	23,763
Variable annuity	—	2,470	—	2,507
Indexed universal life	—	12,033	—	9,496
Funding agreements	—	6,015	—	2,521
Other life insurance	630	11,096	661	6,330
Preneed	25	2,864	25	2,799
Closed blocks	1,228	93	1,293	96
Other	29	7	31	7
Total	**$ 18,053**	**$ 108,177**	**$ 13,858**	**$ 79,817**

(1) Includes related party balances of $2.4 billion and $4.5 billion in future policy benefits and contractholder deposit funds and other policy liabilities as of December 31, 2020, respectively.

(2) Policy benefits as of December 31, 2021 and 2020 include $7.6 billion and $7.0 billion assumed disability income insurance of which 97% and 96% are comprised of policies in claim payout status, generally for the lifetime of the insured, and the remaining 3% and 4% comprised of an active life reserve where the Company have retroceded the morbidity risk, respectively.

Guaranteed benefits

Guaranteed minimum death benefits

Certain variable annuity and fixed-indexed annuity contracts contain GMDB features that provide a guarantee that the benefit received at death will be no less than a prescribed minimum amount, even if the account balance is reduced to zero. This amount is based on either the net deposits paid into the contract, the net deposits accumulated at a specified rate, the highest historical account value on a contract anniversary, or sometimes a combination of these values. If the GMDB is higher than the current account value at the time of death, the Company pays a benefit equal to the difference.

The following table shows the balance of the GMDB reserves (as well as a rider for a long-term care benefit) reported in contractholder deposit funds and other policy liabilities in the consolidated balance sheets. The GMDB exposure includes reinsurance assumed.

	Eleven months ended December 31, 2021	One month ended January 31, 2021	Year ended December 31, 2020
($ in millions)	Successor	Predecessor	Predecessor
Balance, as of beginning of year	$ 110	$ 250	$ 234
Expense incurred	28	9	45
Claims paid	(15)	(2)	(22)
Reinsurance premium paid	(13)	(1)	(21)
Claims ceded to reinsurers	9	(1)	14
Balance, as of end of year	**$ 119**	**$ 255**	**$ 250**

The reserve is calculated by estimating the present value of total expected excess benefit payments over the life of the contract divided by the present value of total expected assessments over the life of the contract, or the "benefit ratio," multiplied by the cumulative assessments as of the reporting date, less cumulative benefit payments, plus interest.

The GMDB reserve methodology varies by block. For the legacy variable annuity block, a fair value election of the entire contract was made at February 1, 2021 as part of the KKR acquisition of Global Atlantic. The fair value is calculated using 1,000 risk neutral scenarios and discounted using U.S. Treasury rates plus an adjustment for own company credit risk. For the non-legacy variable annuity block, a Gross Premium Valuation ("GPV") approach is used. The GPV is based on the present value of excess GMDB claims less the present value of a portion of the GMDB rider fees. Both the excess claims and rider fees are computed over 1,000 real world scenarios, and an average across all scenarios is calculated.

The following information relates to the reserving methodology and assumptions for GMDB as of December 31, 2021 (Successor):

- The GPV uses stochastic scenarios consistent with the American Academy of Actuaries VM21 paths. Equity volatility is also consistent with the VM21 paths, with lower volatility modelled for the volatility controlled funds (as determined by a third-party proprietary model);

- The projection of equity index returns for the legacy Fair Value variable annuity blocks are determined by a third-party proprietary model. Equity volatilities are also determined by the same third-party proprietary model;

- The mortality assumptions are factors of an industry standard mortality table based on company experience varying by age and gender, with 20 years of mortality improvements; and,

- The partial withdrawal rate assumption varies by tax-qualified status and attained age. For the eleven months ended December 31, 2021 (Successor), total projected partial withdrawals were from 3.0% to 8.1%.

The following table presents the account value, net amount at risk and average attained age of underlying variable annuity contractholders for guarantees in the event of death as of December 31, 2021 (Successor) and 2020 (Predecessor). The net amount at risk is the death benefit coverage in-force or the

amount that the Company would have to pay if all variable annuity contractholders had died as of the specified date, and represents the excess of the guaranteed benefit over the account value.

	As of December 31, 2021	As of December 31, 2020
($ in millions, except for contractholders information)	*Successor*	*Predecessor*
Net deposits paid		
Account value	$ 4,615	$ 4,581
Net amount at risk	$ 95	$ 106
Average attained age of contractholders	69	68
Ratchet (highest historical account value at specified anniversary dates)		
Account value	$ 513	$ 496
Net amount at risk	$ 16	$ 17
Average attained age of contractholders	72	71
Roll-up (net deposits accumulated at a specified rate)		
Account value	$ 11	$ 13
Net amount at risk	$ 2	$ 3
Average attained age of contractholders	84	84
Higher of ratchet or roll-up		
Account value	$ 1,695	$ 1,685
Net amount at risk	$ 278	$ 358
Average attained age of contractholders	77	77
Total of guaranteed benefits categorized above		
Account value	$ 6,834	$ 6,775
Net amount at risk	$ 391	$ 484
Average attained age of contractholders (weighted by account value)	71	70
Number of contractholders	77,059	83,064

Guaranteed minimum withdrawal benefits

Certain fixed-indexed and variable annuity contracts are issued with a guaranteed minimum withdrawal feature. GMWB are an optional benefit where a contractholder is entitled to withdraw up to a specified amount of their benefit base each year.

The feature provides annuity policyholders with a minimum guaranteed stream of income for life, once the option is elected. The annual income amount is based on an annual withdrawal percentage multiplied by the contractual benefit base. The benefit base is defined in the contract and is generally the initial premium, reduced by any partial withdrawals, increased by a contractually defined percentage. Benefit payments are first deducted from the contractual account value. Excess guaranteed benefits are defined as the benefits paid once the underlying account value has reached zero.

The ultimate cost of these benefits will depend on the level of market returns and the level of contractual guarantees, as well as policyholder behavior, including surrenders, withdrawals and benefit utilization. For fixed-indexed annuity products, costs also include certain non-guaranteed terms that impact the ultimate cost, such as caps on crediting rates that can, at the Company’s discretion, reset annually.

Reserves for the fixed indexed annuity GMWB are calculated by estimating the present value of total expected (excess) benefit payments over the life of the contract divided by the present value of total expected assessments over the life of the contract, or the "benefit ratio," and multiplying this ratio by the

cumulative assessments recorded from the contract inception through the balance sheet date less cumulative benefit payments plus interest on reserves.

The variable annuity GMWB meets the criteria for an embedded derivative, which is required to be measured at fair value. Refer to "Variable annuities with guaranteed minimum withdrawal benefits" below for more guidance on how these reserves are valued.

The following table shows the balance of the GMWB reserves reported in contractholder deposit funds and other policy liabilities in the consolidated balance sheets:

($ in millions)	Eleven months ended December 31, 2021 Successor	One month ended January 31, 2021 Predecessor	Year ended December 31, 2020 Predecessor
Balance, as of beginning of period	$ 873	$ 755	$ 501
Expense incurred	138	26	254
Balance, as of end of year	**$ 1,011**	**$ 781**	**$ 755**

The following table presents the account value, net amount at risk and number of contractholders for annuity contracts with guaranteed withdrawal benefits as of December 31, 2021 (Successor) and 2020 (Predecessor):

($ in millions, except for contractholders information)	As of December 31, 2021 Successor	As of December 31, 2020 Predecessor
Account value	$ 11,057	$ 10,461
Net amount at risk	$ 3,656	$ 3,320
Number of contractholders	80,955	79,629

Contractholder deposit funds with embedded derivatives

The following table shows the balances of the account value and embedded derivatives reported in contractholder deposit funds and other policy liabilities in the consolidated balance sheets:

($ in millions)	December 31, 2021 Successor	December 31, 2020 Predecessor
Account value	$ 28,538	$ 19,785
Embedded derivatives	$ 2,541	$ 2,645

The following paragraphs describe the products presented within the above table along with the underlying methodology used to calculate the embedded derivatives.

The Company’s fixed-indexed annuity, indexed universal life and variable annuity products contain equity-indexed features which are considered embedded derivatives and required to be measured at fair value. The fair value of the embedded derivative is calculated as the present value of future projected benefits in excess of the projected guaranteed benefits, using an option budget as the indexed account value growth rate, for fixed-index annuity and indexed universal life products, and the present value of future projected benefits in excess of the future allocated assessments for variable annuity products. In

addition, the fair value of the embedded derivative is reduced to reflect the risk of nonperformance on the Company's obligation, referred to as nonperformance risk. Changes in interest rates, future index credits, nonperformance risk, projected withdrawal and surrender activity, and mortality can have a significant impact on the value of the embedded derivative.

Fixed-indexed annuities

Fixed-indexed annuity contracts allow the policyholder to elect a fixed interest rate return or a market indexed strategy where interest credited is based on the performance of an index, such as S&P 500 or other indices. The equity market strategy is an embedded derivative, similar to a call option. The fair value of the embedded derivative is computed as the present value of benefits attributable to the excess of the projected policy contract values over the projected minimum guaranteed contract values. The projections of policy contract values are based on assumptions for future policy growth, which include assumptions for expected index credits, future equity option costs, volatility, interest rates and policyholder behavior. The projections of minimum guaranteed contract values include the same assumptions for policyholder behavior as are used to project policy contract values. The embedded derivative cash flows are discounted using a risk free interest rate increased by a non-performance risk spread tied to the Company's own credit rating.

Indexed universal life

Indexed universal life contracts allow a policyholder's account value growth to be indexed to certain equity indices, which result in an embedded derivative similar to a call option. The embedded derivative related to the index is bifurcated from the account value and measured at fair value. The valuation of the embedded derivative is the present value of future projected benefits in excess of the projected guaranteed benefits, using the option budget as the indexed account value growth rate and the guaranteed interest rate as the guaranteed account value growth rate. Present values are based on discount rate curves determined at the valuation date/issue date as well as assumed lapse and mortality rates. The discount rate equals the forecast treasury rate plus a non-performance risk spread tied to the Company's own credit rating. Changes in discount rates and other assumptions such as spreads and/or option budgets can have a substantial impact on the embedded derivative.

Variable annuities with guaranteed minimum withdrawal benefits

The Company has issued variable annuity contracts with a GMWB feature. The GMWB feature provides annuity contractholders with a guaranteed stream of payments for life, once income is activated. The annual income amount is based on a percentage multiplied by the contractual benefit base. The benefit base is defined in the contract and may incorporate various combinations of ratchet and roll-up features. Benefit payments are first deducted from the account value. Excess guaranteed benefits are defined as all GMWB paid once the underlying account value has reached zero. The GMWB is considered an embedded derivative and measured at fair value.

The fair value calculation for the embedded derivative includes the following considerations:

- The reserve is based on projections run under a large number of stochastic scenarios;
- All underlying scenarios are generated using risk neutral assumptions;
- The mean of the projected returns is based on a risk free rate;
- Volatilities are based on market implied volatilities; and,
- The discount rate for this fair value calculation equals the risk free rate plus a spread consistent with the Company's risk of non-performance on its obligations, which is referred to as its own credit risk.

Universal life with no-lapse guarantee

The Company has certain in-force universal life contracts which provide a secondary guarantee, or "no-lapse guarantee," to the policyholder. The policy can remain in-force, even if the policyholder's account value is zero, as long as contractual secondary guarantee requirements have been met. The primary risk associated with these guarantees are that the premium collected under these policies, together with the investment return earned on that premium, is ultimately insufficient to pay the policyholder's benefits and the expenses associated with issuing and administering these policies. The Company holds an additional reserve in connection with these guarantees. The change in the reserve is included in policy benefits and claims in the consolidated statements of income.

The additional reserve related to universal life products with secondary guarantees is calculated using methods similar to those described above under "Guaranteed minimum death benefits." The costs related to these secondary guarantees are recognized over the life of the contracts through the accrual and subsequent release of a reserve which is revalued each period. The reserve is determined for any point in time equal to the accumulated value of the assessments since inception times the benefit ratio less the accumulated value of death benefits paid since inception. The benefit ratio is the present value of total expected benefit payments over the life of the contract divided by the present value of total expected assessments over the life of the contract. Generally, total expected excess benefit payments are the aggregate of death claims after the policyholder account value is exhausted. The exception is when the cost of insurance charges are insufficient to produce consistently positive earnings in the future. In this case, all death benefits are deemed to be excess benefits. The reserves for universal life no-lapse guarantees were $4.6 billion and $1.8 billion as of December 31, 2021 (Successor) and 2020 (Predecessor), respectively.

Preneed reserves

Preneed life insurance pays a death benefit that helps cover funeral costs according to a prearranged funeral agreement. A liability for preneed policyholder benefits is established in an amount determined by the account or contract balance that accrues to the benefit of the policyholder. Reserves on preneed business are based on cash surrender values of issued policies. An additional insurance liability is established as of each reporting date where the total liability is equal to the present value of projected future benefits and maintenance expenses, including discretionary death benefits to be credited to policies using current period discretionary death benefit crediting rates under current assumptions. We have the discretion to adjust these death benefit crediting rates up or down. The Company has also issued preneed insurance contracts with crediting rates tied to inflation as measured by the Consumer Price Index or other indices. For these contracts, future death benefit growth is based on the expected yield curve on the swaps hedging the reserves.

These crediting rates utilize the following assumptions:

- *Credited interest rate:* Based on the non-forfeiture rates of 3.0% to 5.5%.
- *Mortality:* Based on the Company's experience.
- *Death benefit inflation:* Based on the discretionary death benefit inflation rates in effect at the current reporting date. To mitigate the risk that a policy will not keep pace with increases in funeral prices or remain competitive, the Company has the discretion to increase or decrease the death benefit. Such increases or decreases are considered on a quarterly basis and vary by plan.
- *Maintenance expenses:* Based on the Company's experience and expressed as a cost per paid-up policy and a cost per premium-paying policy.

The earned interest rate used to calculate estimated gross profits is based on the asset yield.

8. Closed blocks

Summarized financial information of the Company's closed blocks is as follows:

Balance sheets	December 31, 2021	December 31, 2020
($ in millions)	*Successor*	*Predecessor*
Assets		
Total investments	$ 3	$ 1
Cash and cash equivalents	3	4
Reinsurance recoverable	1,294	1,355
Deferred income taxes	60	57
Total assets	**1,360**	**1,417**
Liabilities		
Future policy benefits	1,226	1,290
Outstanding claims	29	20
Contractholder deposit funds and other liabilities	1	1
Policyholder dividend obligation at fair value(1)	81	82
Policyholder dividends payable at fair value(1)	11	13
Total policy liabilities	**1,348**	**1,406**
Accrued expenses and other liabilities	10	14
Total liabilities	**1,358**	**1,420**
Excess of closed block liabilities over assets designated to the closed blocks and maximum future earnings to be recognized from closed block assets and liabilities	**$ (2)**	**$ 3**

(1) Included within contractholder deposit funds and other policyholder liabilities in the consolidated balance sheets.

Statements of income	Eleven months ended December 31, 2021	One month ended January 31, 2021	Year ended December 31, 2020
($ in millions)	*Successor*	*Predecessor*	*Predecessor*
Revenues			
Premiums and other income	$ 1	$ —	$ —
Total revenues	**1**	**—**	**—**
Benefits and expenses			
Policy benefits	(6)	(4)	9
Total benefits and expenses	**(6)**	**(4)**	**9**
Net contribution from the closed blocks	7	4	(9)
Income tax (benefit) expense	(3)	—	(11)
Net income (loss)	**$ 10**	**$ 4**	**$ 2**

Many expenses related to the closed block operations are charged to operations outside the closed blocks; accordingly, the contribution from the closed blocks does not represent the actual profitability of the closed block operations.

The closed blocks of business represents policies acquired through acquisition, which were valued at fair value as of the acquisition date.

9. Reinsurance

The Company maintains a number of reinsurance treaties with third parties whereby the Company assumes fixed annuity, variable annuity, payout annuity, universal life, variable universal life and term life insurance policies on a coinsurance, modified coinsurance and funds withheld basis. The Company also maintains other reinsurance treaties including the cession of certain fixed annuity, variable annuity, payout annuity, universal life policies, individual disability income policies and discontinued accident and health insurance.

The effects of all reinsurance agreements on the consolidated balance sheets were as follows:

	As of December 31, 2021	As of December 31, 2020
($ in millions)	*Successor*	*Predecessor*
Policy liabilities:		
Direct	$ 67,132	$ 54,904
Assumed(1)	59,388	39,037
Total policy liabilities	**126,520**	**93,941**
Ceded(2)	(25,035)	(15,131)
Net policy liabilities	**$ 101,485**	**$ 78,810**

(1) Includes related party balances of $6.9 billion as of December 31, 2020.

(2) Reported within reinsurance recoverable in the consolidated balance sheets.

A key credit quality indicator is a counterparty's A.M. Best financial strength rating. A.M. Best financial strength ratings are an independent opinion of a reinsurer's ability to meet ongoing obligations to

policyholders. The Company mitigates counterparty credit risk by requiring collateral and credit enhancements in various forms including engaging in funds withheld at interest and modified coinsurance transactions. The following shows the amortized cost basis of the Company's reinsurance recoverable and funds withheld receivable at interest by credit quality indicator and any associated credit enhancements the Company has obtained to mitigate counterparty credit risk:

	As of December 31, 2021 (Successor)		
A.M. Best Rating[(1)]	Reinsurance recoverable and funds withheld receivable at interest[(2)]	Credit enhancements[(3)]	Net reinsurance credit exposure
($ in millions)			
A++	$ 8	$ —	$ 8
A+	1,989	—	1,989
A	2,652	—	2,652
A-	5,646	5,167	479
B++	33	—	33
B+	1	—	1
B	9	—	9
B-	1	—	1
Not rated[(4)]	17,699	18,324	—
Total	**$ 28,038**	**$ 23,491**	**$ 5,172**

(1) Ratings are periodically updated (at least annually) as A.M. Best issues new ratings.

(2) At amortized cost, excluding any associated embedded derivative assets and liabilities

(3) Includes funds withheld payable at interest and deferred intangible reinsurance assets and liabilities.

(4) Includes $17.7 billion associated with cessions to Ivy Re Limited, a Bermuda insurance company, and a subsidiary of Ivy Co-Invest Vehicle LLC, an unaffiliated co-investment vehicle that participates in qualifying reinsurance transactions sourced by the Company.

As of December 31, 2021 (Successor) and 2020 (Predecessor), the Company had $3.0 billion and $2.4 billion of funds withheld receivable at interest, respectively, with six and five counterparties related to modified coinsurance and funds withheld contracts. The assets supporting these receivables were held in trusts and not part of the respective counterparty's general accounts.

The effects of reinsurance on the consolidated statements of income were as follows:

	Eleven months ended December 31, 2021	One month ended January 31, 2021	Year ended December 31, 2020
($ in millions)	*Successor*	*Predecessor*	*Predecessor*
Premiums:			
Direct	$ 108	$ 13	$ 152
Assumed[(1)]	4,574	144	8,280
Ceded	(2,456)	(80)	(5,532)
Net premiums	**$ 2,226**	**$ 77**	**$ 2,900**

(1) Includes related party balances of $9 million, $3 million and $32 million for the eleven months ended December 31, 2021, one month ended January 31, 2021 and year ended December 31, 2020, respectively.

($ in millions)	Eleven months ended December 31, 2021 *Successor*	One month ended January 31, 2021 *Predecessor*	Year ended December 31, 2020 *Predecessor*
Policy fees:			
Direct	$ 860	$ 72	$ 905
Assumed[(1)]	289	26	328
Ceded	(1)	—	—
Net policy fees	**$ 1,148**	**$ 98**	**$ 1,233**

(1) Includes related party balances of $6 million, $2 million and $15 million for the eleven months ended December 31, 2021, one month ended January 31, 2021 and year ended December 31, 2020, respectively.

($ in millions)	Eleven months ended December 31, 2021 *Successor*	One month ended January 31, 2021 *Predecessor*	Year ended December 31, 2020 *Predecessor*
Policy benefits and claims:			
Direct	$ 2,610	$ 114	$ 2,727
Assumed[(1)]	5,176	210	9,176
Ceded	(2,730)	(98)	(5,828)
Net policy benefits and claims	**$ 5,056**	**$ 226**	**$ 6,075**

(1) Includes related party balances of $76 million, $20 million and $259 million for the eleven months ended December 31, 2021, one month ended January 31, 2021 and year ended December 31, 2020, respectively.

The Company holds collateral for and provides collateral to our reinsurance clients. The Company held $23.4 billion and $13.2 billion of collateral on behalf of our reinsurers as of December 31, 2021 (Successor) and 2020 (Predecessor), respectively. As of December 31, 2021 (Successor) and 2020 (Predecessor), reinsurers held collateral of $1.3 billion and $1.2 billion, respectively, on behalf of the Company. A significant portion of the collateral that the Company provides to its reinsurance clients is provided in the form of assets held in a trust for the benefit of the counterparty. As of December 31, 2021 (Successor), these trusts held in excess of the $55.2 billion of assets it is required to hold in order to support reserves of $55.8 billion. As of December 31, 2020 (Predecessor), these trusts were required to hold, and held in excess of, $35.3 billion of assets to support reserves of $34.3 billion. Of the cash held in trust, the Company classified $149 million and $93 million as restricted as of December 31, 2021 (Successor) and 2020 (Predecessor), respectively.

10. Debt

Debt was comprised of the following:

	December 31, 2021		December 31, 2020	
	Amount	Rate	Amount	Rate
($ in millions, except interest rates)	*Successor*		*Predecessor*	
Senior notes assumed through acquisition, due April 2021[1]	$ —	— %	$ 150	8.63 %
Revolving credit facility, due August 2026[1]	—	— %	270	1.65 %
Term loan, due December 2023	—	— %	225	1.65 %
Senior notes, due October 2029	500	4.40 %	500	4.40 %
Senior notes, due June 2031	650	3.13 %	—	— %
Subordinated debentures, due October 2046	—	— %	250	9.50 %
Subordinated debentures, due October 2051	750	4.70 %	—	— %
Total debt – principal	**1,900**		**1,395**	
Purchase accounting adjustments[2]	51		1	
Debt issuance costs, net of accumulated amortization[3]	(19)		(7)	
Fair value loss (gain) of hedged senior notes, recognized in net income	(24)		32	
Total debt	**$ 1,908**		**$ 1,421**	

(1) On April 15, 2021, the senior notes due April 2021 matured and were paid off. The pay-off of the maturing senior notes was facilitated by means of a $150 million draw on the revolving credit facility.

(2) The amortization of the purchase accounting adjustment related to the acquired senior notes was $5 million, less than $1 million and $3 million for the eleven months ended December 31, 2021, one month ended January 31, 2021 and year ended December 31, 2020, respectively.

(3) The amortization of the debt issuance costs was less than $1 million, less than $1 million and $2 million for the eleven months ended December 31, 2021, one month ended January 31, 2021 and year ended December 31, 2020, respectively.

Principal payments due on debt are as follows:

($ in millions)	Revolving credit facilities	Notes issued	Other debt obligations	Total
2022	$ —	$ —	$ —	$ —
2023	—	—	—	—
2024	—	—	—	—
2025	—	—	—	—
2026	—	—	—	—
2027 and thereafter	—	1,900	—	1,900
	$ —	**$ 1,900**	**$ —**	**$ 1,900**

Revolving credit facility

On August 4, 2021, Global Atlantic (Fin) Company, or "FinCo," a Delaware corporation and an indirect subsidiary of the Company, as borrower, and the Company, as guarantor, entered into a Credit Agreement (the "GA Credit Agreement") with Wells Fargo Bank, N.A., as administrative agent, and other lenders thereto. The GA Credit Agreement provides for up to $1.0 billion of revolving borrowings (with the option to request an increase of up to an additional $250 million), including up to $500 million of letters of credit, and has a maturity of August 2026.

Interest on any funded balances accrues at LIBOR plus a spread ranging from 1.125% to 2.00% based on the Company's long-term issuer credit ratings. The borrower must pay a commitment fee on any unfunded committed balance under the GA Credit Agreement ranging from 0.125% to 0.325% based on the long-term issuer credit rating. The commitment fee on unfunded balances is paid quarterly in arrears. The GA Credit Agreement contains customary events of default, representations and warranties and covenants, including, among other things, covenants that the Company's consolidated debt to total capitalization, as defined in the GA Credit Agreement, cannot be more than 35% and that the Company's consolidated net worth determined in accordance with GAAP cannot be less than 70% of the value of the Company's consolidated net worth as of June 30, 2021, plus 50% of net income since June 30, 2021. If an event of default occurs, the lenders under the GA Credit Agreement will be entitled to take various actions, including the termination of their commitments and the acceleration of amounts due thereunder.

On June 18, 2021, FinCo repaid approximately $420 million outstanding indebtedness under the GA Credit Agreement along with accrued and unpaid interest, from the proceeds from the 2031 Senior Notes (as discussed below). As of December 31, 2021, there were no revolving borrowings outstanding, and no letters of credit outstanding under the GA Credit Agreement.

The GA Credit Agreement replaced Global Atlantic's prior revolving credit facility, which was terminated in August 2021. The prior revolving credit facility had been amended and restated in May 2018 to, among other things upsize the facility size from $650 million to $1 billion and extend its maturity to May 2023. In November 2020, the prior revolving credit facility had been amended to permit the GA Acquisition. It otherwise had contained customary events of default, representations and warranties and covenants that are substantially similar to those that were in GA Credit Agreement, including the consolidated debt to capitalization and net worth covenants.

Senior notes due 2029

On October 7, 2019, FinCo issued $500 million aggregate principal amount of 4.400% senior unsecured notes due 2029 (the “2029 Senior Notes”). The 2029 Senior Notes were issued pursuant to an indenture, dated as of October 7, 2019, among FinCo, as issuer, GAFL, as guarantor, and U.S. Bank National Association, as trustee as supplemented by the First Supplemental Indenture, dated as of October 7, 2019, among FinCo, GAFL and the trustee. The 2029 Senior Notes are fully and unconditionally guaranteed on a senior unsecured basis by GAFL.

The 2029 Senior Notes bear interest at a rate of 4.400% per year. Interest on the 2029 Senior Notes is payable semi-annually in arrears on April 15 and October 15 of each year, beginning on April 15, 2020. The 2029 Senior Notes will mature on October 15, 2029.

The indenture includes covenants, including limitations on the issuer's and the guarantors' ability to, subject to exceptions, incur indebtedness secured by liens on voting stock or profit participating equity interests of their subsidiaries or merge, consolidate or sell, transfer or convey all or substantially all of their assets. The indenture also provides for events of default and further provides that the trustee or the holders of not less than 25% in aggregate principal amount of the outstanding 2029 Senior Notes may declare the 2029 Senior Notes immediately due and payable upon the occurrence and during the continuance of any event of default after expiration of any applicable grace period. In the case of specified events of bankruptcy, insolvency, rehabilitation or reorganization, the principal amount of the 2029 Senior Notes and any accrued and unpaid interest on the 2029 Senior Notes automatically become due and payable. FinCo may, at its option, redeem some or all of the 2029 Senior Notes at any time: (i) prior to July 15, 2029 at a redemption price equal to 100% of the principal amount of the 2029 Senior Notes to be redeemed plus a “make-whole” premium and accrued and unpaid interest, if any, to the date of redemption; and (ii) on or after July 15, 2029 at a redemption price equal to 100% of the principal amount of the 2029 Senior Notes to be redeemed, plus accrued and unpaid interest to the date of redemption.

Senior notes due 2031

On June 17, 2021, FinCo issued $650 million aggregate principal amount of 3.125% senior unsecured notes due 2031 (the "2031 Senior Notes"). The 2031 Senior Notes were issued pursuant to an indenture, dated as of June 17, 2021, among FinCo, as issuer, GAFL, as guarantor, and U.S. Bank National Association, as trustee, and supplemented by the Second Supplemental Indenture, dated as of June 17, 2021, among FinCo, GAFL and the trustee. The 2031 Senior Notes are fully and unconditionally guaranteed on a senior unsecured basis by GAFL.

The 2031 Senior Notes bear interest at a rate of 3.125% per year. Interest on the 2031 Senior Notes is payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 17, 2021. The 2031 Senior Notes will mature on June 15, 2031. FinCo may, at its option, redeem some or all of the 2031 Senior Notes at any time: (i) prior to March 15, 2031 at a redemption price equal to 100% of the principal amount of the 2031 Senior Notes to be redeemed plus a "make-whole" premium and accrued and unpaid interest, if any, to the date of redemption; and (ii) on or after March 15, 2031 at a redemption price equal to 100% of the principal amount of the 2031 Senior Notes to be redeemed, plus accrued and unpaid interest to the date of redemption.

Subordinated debentures due 2051

On July 6, 2021, FinCo issued $750 million of 4.70% fixed-to-fixed rate subordinated debentures maturing on October 15, 2051. The subordinated debentures were issued pursuant to the Subordinated Indenture, dated as of July 6, 2021, among FinCo, as issuer, GAFL, as guarantor, and U.S. Bank National Association, as trustee, as supplemented by the First Supplemental Indenture, dated as of July 6, 2021.

The subordinated debentures will bear interest (i) from, and including, July 6, 2021 to, but not including, the initial interest reset date of October 15, 2026 at an annual rate of 4.70% and (ii) from and including October 15, 2026, during each interest reset period, at an annual rate equal to the five-year Treasury rate as of the most recent reset interest determination date, plus 3.796%. Interest on the subordinated debentures is payable semi-annually in arrears on April 15 and October 15 of each year, commencing on October 15, 2021, and on the maturity date.

FinCo has the right on one or more occasions to defer the payment of interest on the subordinated debentures due 2051 for up to five consecutive years, each such period, a "deferral period." During an optional deferral period, interest will continue to accrue at the interest rate on the subordinated debentures due 2051, compounded semi-annually as of each interest payment date.

If FinCo has exercised its right to defer interest payments on the subordinated debentures due 2051, FinCo and GAFL generally may not (1) make payments on or redeem or purchase (A) FinCo or GAFL's common stock, or (B) with respect to FinCo, any indebtedness ranking on parity with or junior to the subordinated debentures due 2051, and with respect to GAFL, any indebtedness ranking on parity with or junior to the guarantee or (2) make any guarantee payments with respect to any guarantee by FinCo or GAFL of any securities or any of their respective subsidiaries if such guarantee ranks equally with or junior to the debentures.

FinCo may elect to redeem the subordinated debentures due 2051 either (1) in whole at any time or in part from time to time during the three-month period prior to, and including, October 15, 2026, or the three month period prior to, and including, each subsequent interest reset date, in each case at 100% of the principal amount of the subordinated debentures being redeemed, plus accrued and unpaid interest (including compounded interest, if any) to, but excluding, the redemption date; (2) in whole, but not in part, at any time within 90 days after the occurrence of a tax event at 100% of the principal amount of the subordinated debentures being redeemed, plus accrued and unpaid interest (including compounded

interest, if any) to, but excluding, the redemption date; (3) in whole, but not in part, at any time within 90 days after the occurrence of a rating agency event at 102 % of the principal amount of the subordinated debentures being redeemed, plus accrued and unpaid interest (including compounded interest, if any) to, but excluding, the redemption date; or (4) in whole, but not in part, at any time within 90 days after the occurrence of a regulatory capital event at 100% of the principal amount of the subordinated debentures being redeemed, plus accrued and unpaid interest (including compounded interest, if any) to, but excluding, the redemption date.

Pay-off and maturity of debt

On April 15, 2021, FinCo repaid the maturing $150 million 2021 Senior Notes, along with accrued and unpaid interest. The pay-off was funded by a $150 million draw on the Revolving Credit Facility.

On June 18, 2021, FinCo repaid approximately $420 million outstanding indebtedness under the Revolving Credit Facility and $225 million Term Loan, along with accrued and unpaid interest, from the proceeds from the 2031 Senior Notes. As a result of the pay down of the Term Loan, the GAFL guarantee of the Term Loan was fully released and the Term Loan is terminated.

On October 1, 2021, FinCo redeemed the full principal amount of its $250 million 2046 Subordinated Debentures, and completed the final accrued and unpaid interest payment.

11. Composition of other assets, liabilities, income, insurance expenses and general, administrative and other expenses

Other assets consist of the following:

	As of December 31, 2021	As of December 31, 2020
($ in millions)	*Successor*	*Predecessor*
Unsettled investment sales[(1)]	$ 941	$ 194
Deferred tax asset[(2)]	756	—
Derivative assets	1,296	968
Goodwill	501	—
Intangible assets and deferred sales inducements	294	37
Operating lease right-to-use assets[(3)]	178	135
Miscellaneous assets[(4)]	97	129
Premiums and other account receivables	87	78
Current income tax recoverable	104	106
Total other assets	**$ 4,254**	**$ 1,647**

(1) Represents amounts due from third parties for investments sold for which cash settlement has not occurred.

(2) Deferred tax assets of $756 million reflect the step-up in basis of assets and liabilities at GA Acquisition Date fair value recognized under purchase accounting.

(3) The non-cancelable operating leases consist of leases for office space and land in North America. The operating lease costs were $15 million, $1 million, and $16 million for the eleven months ended December 31, 2021, one month ended January 31, 2021 and year ended December 31, 2020, respectively. The weighted average remaining lease term was 27.9 years as of December 31, 2021.

(4) Includes related party notes receivable of $0 million and $35 million as of December 31, 2021 and 2020, respectively.

The definite life intangible assets are amortized by using the straight-line method over the useful life of the assets which is an average of 16 years. The indefinite life intangible assets are not subject to amortization. The amortization expense of definite life intangible assets was $16 million, less than $1

million and $1 million for the eleven months ended December 31, 2021 (Successor), one month ended January 31, 2021 (Predecessor) and year ended December 31, 2020 (Predecessor), respectively.

Other liabilities consist of the following:

($ in millions)	As of December 31, 2021 Successor	As of December 31, 2020 Predecessor
Collateral on derivative instruments	$ 1,086	$ 758
Accrued expenses[2]	840	681
Unsettled investment purchases[1]	396	184
Securities sold under agreements to repurchase	300	301
Accrued employee related expenses	237	204
Operating lease liabilities[3]	201	154
Derivative liabilities	145	85
Tax payable to former parent company	74	87
Accounts and commissions payables	26	27
Other tax related liabilities	14	10
Interest payable	13	13
Deferred tax liability	—	369
Total other liabilities	**$ 3,332**	**$ 2,873**

(1) Represents amounts owed to third parties for investment purchases for which cash settlement has not occurred.

(2) Includes related party balances of $53 million and $17 million as of December 31, 2021 and 2020, respectively.

(3) Operating leases for office space have remaining lease terms that range from approximately 1 year to 12 years, some of which include options to extend the leases for up to 10 years. The weighted average remaining lease terms was 7.8 years as of December 31, 2021. The weighted average discount rates was 2.9% as of December 31, 2021.

Other income consists of the following:

($ in millions)	Eleven months ended December 31, 2021 Successor	One month ended January 31, 2021 Predecessor	Year Ended December 31, 2020 Predecessor
Administrative, marketing and distribution fees	$ 59	$ 5	$ 36
Miscellaneous income	1	—	1
Reinsurance expense allowance	60	3	22
Total other income	**$ 120**	**$ 8**	**$ 59**

Insurance expenses consist of the following:

	Eleven months ended December 31, 2021		One month ended January 31, 2021		Year Ended December 31, 2020	
($ in millions)	*Successor*		*Predecessor*		*Predecessor*	
Commission expense	$	198	$	15	$	152
Reinsurance expense allowance		80		4		—
Other insurance expenses[(1)]		61		3		28
Premium taxes		20		2		20
Total insurance expenses	**$**	**359**	**$**	**24**	**$**	**200**

(1) Includes related party balances of $4 million, $1 million, and $6 million for the, eleven months ended December 31, 2021, one month ended January 31, 2021 and year ended December 31, 2020, respectively.

General, administrative and other expenses consist of the following:

	Eleven months ended December 31, 2021		One month ended January 31, 2021		Year Ended December 31, 2020	
($ in millions)	*Successor*		*Predecessor*		*Predecessor*	
Employee-related expenses	$	417	$	47	$	315
Administrative and professional services		143		(32)		192
Miscellaneous operating expenses[(1)]		—		5		—
Total general, administrative and other expenses	**$**	**560**	**$**	**20**	**$**	**507**

(1) Includes related party balances of $3 million, $0 million, and $9 million for the eleven months ended December 31, 2021, one month ended January 31, 2021 and year ended December 31, 2020, respectively.

12. Shareholder’s equity

The Company had 304 common shares outstanding, with a par value of $1, and did not have any dividends payable as of December 31, 2021 (Successor). All 304 shares were held by GAFG, the Company’s direct parent, as of December 31, 2021 (Successor). The maximum number of the Company shares authorized for issuance is 100,000,000 common shares.

13. Accumulated other comprehensive income (loss)

Information regarding amounts reclassified out of each component of accumulated other comprehensive (loss) income for the eleven months ended December 31, 2021 (Successor), one month

ended January 31, 2021 (Predecessor) and year ended December 31, 2020 (Predecessor) were as follows:

Components of accumulated other comprehensive income (loss)	Consolidated statements of income and consolidated statements of comprehensive income (loss) location	Eleven months ended December 31, 2021	One month ended January 31, 2021	Year ended December 31, 2020
($ in millions)		*Successor*	*Predecessor*	*Predecessor*
Net unrealized investment-related gains (losses) on AFS fixed maturity securities and other investments:				
Net unrealized investment-related gains (losses)	Net investment-related gains			
Net unrealized investment-related gains (losses), before income tax		$ (179)	$ 1	$ 137
Income tax expense (benefit)		(37)	—	30
Net unrealized investment-related gains (losses), net of income tax, reclassified		**$ (142)**	**$ 1**	**$ 107**

14. Redeemable non-controlling interests

During the first quarter of 2019, the Company acquired controlling interests in certain renewable energy partnerships in which the non-controlling shareholder can sell its ownership back to the Company after a specified date is reached. The Company has redeemable non-controlling interests related to these renewable energy partnerships of $82 million and $91 million as of December 31, 2021 (Successor) and 2020 (Predecessor), respectively, as determined by the HLBV method. The estimated redemption value of redeemable non-controlling interests is calculated as the discounted cash flows subsequent to the expected flip date of the respective renewable energy partnership. The flip date represents the date at which the allocation of income and cash flows among the investors in the partnership is adjusted, pursuant to the redeemable non-controlling interest investors having achieved an agreed-upon return. The flip date of the Company's renewable energy partnerships determines when the redeemable non-controlling interests are eligible to be redeemed. Eligible redemption dates range from 2022 to 2027. For the redeemable non-controlling interests outstanding as of December 31, 2021 (Successor) and 2020 (Predecessor), the estimated redemption value that would be due at the respective redemption dates is $5 million and $7 million, respectively.

15. Equity-based compensation

The components of equity-based compensation and long-term incentives expense were as follows:

($ in millions)	Eleven months ended December 31, 2021 Successor	One month ended January 31, 2021 Predecessor	Year ended December 31, 2020 Predecessor
Book-value awards	$ 48	$ —	$ —
KKR restricted stock units	1	—	—
KKR market condition awards	11	—	—
Service-based restricted share awards, or "RSAs"	—	2	28
Performance-based RSAs	—	—	9
Stock appreciation rights awards, or "SARs"	—	5	—
Carried incentive unit awards	4	14	—
Total equity-based compensation expense	**$ 64**	**$ 21**	**$ 37**
Management equity plan awards	$ 43	$ —	$ —
Total deferred compensation expense	**$ 43**	**$ —**	**$ —**
Deferred tax asset	$ 2	$ —	$ 9

The income tax benefit recognized by the Company with respect to the equity-based compensation and long-term incentive plans for the eleven months ended December 31, 2021 (Successor), one month ended January 31, 2021 (Predecessor) and year ended December 31, 2020 (Predecessor) was $11 million, $0 million and $4 million, respectively, and is recognized as income tax benefit in the consolidated statements of income.

No cash settlements under the Company's equity-based compensation plan were made to employees during the one month ended January 31, 2021, or the years ended December 31, 2020 and 2019. Effective February 1, 2021, all of the Company's equity-classified RSAs were converted to liability-classified book value awards, which are cash-settled upon vesting.

No equity-based compensation costs were capitalized during the eleven months ended December 31, 2021 (Successor), one month ended January 31, 2021 (Predecessor) and year ended December 31, 2020 (Predecessor).

The following table presents the Company's unrecognized compensation expense and the expected weighted average period over which these expenses will be recognized as of December 31, 2021 (Successor):

	December 31, 2021 (Successor)	
	Expense ($ in millions)	Weighted average period (years)
Book-value awards	$ 100	2.67
KKR restricted stock unit awards	7	2.76
Carried incentive unit awards	4	1.09
Unrecognized compensation expense, as of end of period	**$ 111**	

Equity-classified awards

GAFG restricted share awards

The table below presents the activity related to equity-classified RSAs, inclusive of both service-based and performance-based awards for the one month ended January 31, 2021:

One month ended January 31, 2021 (Predecessor)	Restricted shares	Weighted average grant date fair value per share
Outstanding balance, as of beginning of period	3,020,017	$ 23.02
Granted	—	—
Forfeited	—	—
Vested and issued	—	—
Vested and withheld for taxes	—	—
Outstanding balance, as of end of period[1]	**$ 3,020,017**	**23.02**

(1) Refer to "—Liability-classified awards—Book-value awards" below for additional information on the post-acquisition modification of RSAs outstanding as of January 1, 2021.

Parent-company sponsored plans

Prior to the KKR Acquisition, in addition to the Annual Incentive Plan of Global Atlantic Financial Company, certain Global Atlantic employees also participated in equity-based compensation awards under plans sponsored by the predecessor Company's parents, GAFLL and GAFG: the carried interest unit plan, or the "CI Plan," and the long-term incentive plan, or the "LTI Plan", under which stock appreciation rights ("SARs") were granted. The Company recorded expenses related to these plans of $4 million, $18 million and less than $1 million for the eleven months ended December 31, 2021 (Successor), one month ended January 31, 2021 (Predecessor) and year ended December 31, 2020 (Predecessor), respectively.

Awards under the CI Plan represented interests, or "carried interest units," in a limited partnership which, prior to the Closing, held incentive shares of GAFLL. These carried interest units entitled the unit holders to a percentage of distributions from GAFLL once GAFG shareholders received their capital return plus a cumulative annualized internal rate of return of 8% on such capital contributions, or the "Preferred Return." Unamortized performance-based expense of $14 million on awards granted under the CI Plan was deferred until the applicable performance criteria were deemed probable of being met.

SARs granted under the LTI Plan contained both service and performance-based vesting provisions. Half of each grant of SARs were subject to service-based vesting over four years beginning with the second anniversary of the grant date, and the remaining half vested only upon the occurrence of a change in control or an IPO of a certain size of GAFG or GAFLL or an IPO of the Company. Even if vested, no SAR became exercisable until the GAFG shareholders have received their capital return plus a cumulative annualized internal rate of return of 8% on such capital contributions, or the "Performance Hurdle." Unamortized performance-based SARs expense of $5 million was deferred until it was deemed probable that the Performance Hurdle would be met.

The KKR Acquisition provided the required return of capital necessary for the initial GAFG investors to receive an 8% IRR on their initial investment. As a result, effective upon the January 29, 2021 confirmation of all regulatory approvals, and immediately prior to the consummation of the KKR Acquisition, the performance hurdles upon which the vesting of certain carried interest units and SARs awards were based were deemed to have been met. Accordingly, the deferred performance-based

expense on outstanding employee awards, both SARs and carried interest units, was recognized by the Company immediately.

The Company recognized $14 million of unamortized expense for the performance-based carried-interest units on January 31, 2021. Also on January 31, 2021, the Company recognized $5 million of unamortized performance-based expense for the SARs.

On February 1, 2021, immediately following the close of the KKR Acquisition, pursuant to the terms of the Transaction, carried interest units issued and outstanding immediately prior to the liquidation of GAFLL were cancelled for cash consideration equal to the Estimated Life and Annuity Incentive Interest Merger Consideration minus the Life and Annuity Incentive Interest Escrow Amount, each as defined in the Merger Agreement. Included in the total Merger Consideration was approximately $8 million related to certain carried interest units granted by the Company and held by employees which, although cancelled, remain subject to continuing service requirements through the second anniversary of the Acquisition Date. Such Merger Consideration shall be held in escrow accounts, with half of the consideration being released on the first anniversary of the Acquisition Date and the remaining half being released on the second anniversary of the Acquisition Date, unless the employee voluntarily resigns without Good Reason or is terminated for Cause within that period. Forfeited amounts in escrow, if any, will be released to the Company. This deferred settlement arrangement is consistent with the original award agreements between GAFG and the affected employees.

Post-combination service expense of $8 million will be recognized over the two-year service period commencing February 1, 2021. As of December 31, 2021, there was approximately $4 million of unamortized compensation expense related to the carried interest settlement proceeds under escrow.

On February 2, 2021, 24,167 SARs were cancelled for a cash payment equal to the Estimated SAR Value minus the SARs Value Holdback Amount (each as defined in the Merger Agreement), with all withholding taxes being deducted from the amount of such cash amount by the surviving entity. On June 28, 2021, the SARs Value Holdback Amount was released to the holders, net of all applicable withholding taxes deducted.

As of December 31, 2021, there were no SARs or Carried Interest units outstanding.

KKR equity incentive plans

Service-vesting awards

On February 1, 2021, upon the close of the acquisition of Global Atlantic by KKR, current employees of Global Atlantic were awarded a one-time grant of KKR restricted stock units, or “RSUs,” under the terms of KKR’s 2019 Equity Incentive Plan. Awards under the one-time grant are subject to service-based vesting, typically over a five-year vesting period. Expense associated with the vesting of these restricted stock units is based on the 10-day average closing price of KKR & Co. Inc. common stock on the date of grant, discounted for the lack of participation rights in the expected dividends on unvested shares. Expense is recognized on a straight line basis over the life of the award and assumes a forfeiture rate of up to 4% annually based upon expected turnover by class of recipient.

The table below presents the activity related to equity-classified RSUs, for the eleven months ended December 31, 2021:

Eleven months ended December 31, 2021 (Successor)	Restricted shares	Weighted average grant date fair value per share
Granted	324,323	$ 38.03
Forfeited	(42,219)	38.03
Vested	(944)	38.15
Outstanding balance, as of end of period	**281,160**	**38.03**

Market condition awards

Under the terms of KKR's 2019 Equity Incentive Plan, on July 1, 2021 KKR issued 208,482 unvested profits interests (the "units") in the KKR Group Partnership (exchangeable for KKR & Co. Inc common stock) to certain Global Atlantic employees, with the number of such awards that may potentially vest depending upon the market price of KKR common stock reaching and maintaining a 20-day average closing price of $60, $65, and $70 (the "market conditions"), respectively, on or prior to May 1, 2026. The units are equity-classified and will be settled in shares exchangeable on a 1:1 basis with KKR common stock, based on a fixed number of units. Employees are not required to remain employed through the time each market condition is achieved in order to vest in the units, however, for any market conditions not achieved, that portion of the unvested units will be automatically canceled and forfeited. Irrespective of whether market conditions are achieved prior to May 1, 2026, the units do not vest and become exercisable until May 1, 2026.

The weighted-average grant date fair value of the units was $50.52 per unit for a total fair value of $11 million, as determined using a Monte Carlo simulation and an expected life of 4.84 years. For the eleven months ended December 31, 2021, the Company recognized compensation expense of $11 million, representing the full grant date fair value of the units, as no requisite service period applies to the awards.

Below is a summary of the significant assumptions used to estimate the grant date fair value of these market condition awards:

Significant assumptions	Rate
Closing KKR share price as of valuation date	$ 59.75
Risk free rate	0.86 %
Volatility	30.00 %
Dividend yield	0.97 %
Expected cost of capital	9.25 %

As of December 31, 2021, 208,482 of these units have met their market conditions for vesting.

Liability-classified awards

Book-value awards

On February 1, 2021, the Company adopted the Global Atlantic Financial Company Book Value Award Plan, or the "BVA Plan," to enhance the ability of the Company to attract, motivate and retain the best available employees and to promote the success of the business of The Global Atlantic Financial Group LLC, or "TGAFG," and its subsidiaries.

The BVA Plan authorizes the grant of cash-settled awards, or "BVAs," representing the rights to receive one or more payment upon vesting equal to the product of the Initial Value multiplied by the BV Multiple as of each applicable vesting date, or the "BV Payment Amount." The "Initial Value" of each BVA is expressed as a dollar amount determined by the Administrator and set forth in an Award Agreement. The "BVU Multiple" in respect of a BVA (which may be less than, equal to, or greater than one (1)) shall be equal to the quotient determined by dividing the Book Value of one Share of TGAFG (excluding incentive shares expected to be issued to certain senior executives) on the applicable Vesting Date by the Book Value of a Share on the Grant Date applicable to such BVA. The BVAs generally vest in three equal, annual installments, on each of the first three anniversaries of the Grant Date, in each case, subject to the continued employment of the Participant on each such vesting date, with certain exceptions in the event of death, disability or retirement.

On February 1, 2021, under the terms of the Merger Agreement and in accordance with applicable plan documentation, GAFG restricted share awards unvested at closing of the KKR Acquisition of GAFG converted into the right to receive a number of TGAFG book value units having the same value and the same vesting schedule as the GAFG restricted share award immediately prior to the closing. Such book value units were granted under the newly-authorized BVA Plan described above.

An aggregate 3,020,017 unvested restricted share awards having a fair value of $29.47 per share, based on the estimated closing value of GAFG's common shares at the date of acquisition, were converted to TGAFG BVAs having an aggregate grant-date value of approximately $89 million. Each BVA is expressed in dollars, rather than in units. On February 28, 2021, BVAs having an aggregate value of approximately $28 million vested as set forth in the original GAFG grant agreements and resulted in a cash payment of an aggregate $17 million to Participants, net of applicable tax withholdings.

Also in connection with the KKR Acquisition of GAFG, on February 1, 2021, all active employees of TGAFG were issued a one-time grant of BVAs having an aggregate Initial Value of $23 million. These one-time BVAs vest over five years, with the first 25% vesting on April 1, 2023 and the remainder vesting 25% annually on April 1 each subsequent year until fully vested, subject to continued employment, with exceptions in the event of death, disability or retirement. The Company is recording compensation expense over the vesting schedule of these awards, net of an estimated forfeiture rate of 4%.

On March 1, 2021, pursuant to the Company's Annual Incentive Plan, TGAFG granted BVAs having an aggregate Initial Value of $32 million. Such BVAs will generally vest annually over three years in equal increments, subject to continued employment, with exceptions in the event of death, disability or retirement. The Company is recording compensation expense over the vesting schedule of the awards, net of an estimated forfeiture rate of 4%.

The Company began recognizing long-term incentive, or "LTI," expense for the BVAs described above at the grant dates, based on their Initial Value. The Company adjusts expense periodically for changes in book value until the awards are settled or forfeited. Expense recognized on forfeited awards is reversed in the period of forfeiture. The table below presents the activity related to BVAs for the eleven months ended December 31, 2021:

Eleven months ended December 31, 2021 (Successor)	Book value awards
($ in millions)	
Outstanding amount, as of beginning of period	$ —
RSAs converted to book-value awards on February 1, 2021	89
Granted	88
Forfeited	(8)
Impact of change in book value on outstanding awards	7
Vested and cash-settled	(31)
Outstanding amount, as of end of period	**$ 145**

Other deferred compensation plans

Management equity incentive plan awards

On June 24, 2021, TGAFG issued 1,000 non-voting incentive shares to a Bermuda exempted partnership owned by certain Global Atlantic employees, who are eligible to receive incentive units under Global Atlantic's Senior Management Equity Incentive Plan ("GA Equity Incentive Plan"). These incentive units represent an interest in the receipt of certain amounts based on Global Atlantic's book value, market value, and AUM, in each case as derived in part from the value of TGAFG's fully-diluted equity shares.

On June 24, 2021, Global Atlantic granted approximately 808 incentive units under the GA Equity Incentive Plan. The book value component of the incentive units vests 20% per year on the anniversary of the GA Acquisition Date, as long as the grantee remains then employed, and will be settled in cash. The market value and AUM components of the incentive units cliff vest upon the earlier to occur of (i) the fifth (5th) anniversary of the GA Acquisition Date, or (ii) a change of control, and will be settled in a variable number of TGAFG's non-voting common shares. Except in the event of termination due to death or disability, generally, unvested market value and AUM amounts are forfeited upon a termination of employment.

The GA Equity Incentive Plan is accounted for as a hybrid compensation plan, consisting of one component most closely aligned with a profit-sharing plan under ASC 710, Compensation - General, as well as other components within scope of ASC 718, Compensation - Stock Compensation, in all cases with obligations liability-classified. Accordingly, with regard to awards within scope of ASC 710, Global Atlantic records expense based on payouts deemed to be probable and reasonably estimable based on the book value growth of Global Atlantic at the grant date and at each reporting period. For award components subject to liability-classification under ASC 718, Global Atlantic records expense based on the fair value of awards granted, with periodic adjustments to expense for changes in fair value, over the requisite 5-year service period.

The aggregate value of the GA Equity Incentive Plan awards at the initial date of grant was $197 million, based on the intrinsic value of the book value component at the date of grant ($5 million) and the fair value of the market value and AUM components at the date of grant ($192 million, collectively), based on management's best estimate of ultimate book value growth and projected AUM and book value growth, respectively, over the 5-year vesting schedule. A forfeiture rate assumption of 0% is applied for each component. Expense is remeasured accordingly at each reporting period and adjusted as needed until the awards are forfeited or settled.

During the eleven months ended December 31, 2021, approximately 841 incentive units were granted to employees and approximately 10 incentive units were forfeited. As of December 31, 2021, there were approximately 831 incentive units outstanding under the Plan.

The Company recorded compensation expense of $43 million for the eleven months ended December 31, 2021 related to periodic change in expense for Units granted under the MEP, with a corresponding offset to other liabilities. As of December 31, 2021, there was approximately $104 million of unrecognized expense related to the GA Units granted under the GA Equity Incentive Plan with a weighted average service period remaining of 4.09 years.

16. Income taxes

Provision for income taxes

The table below presents the components of the expense (benefit) for taxes attributable to continuing operations:

	Eleven months ended	One month ended	Year ended
	December 31,	January 31,	December 31,
	2021	2021	2020
($ in millions)	*Successor*	*Predecessor*	*Predecessor*
Current income tax expense			
Federal	$ 65	$ 5	$ 114
State/local	5	—	9
Total current income tax expense	**70**	**5**	**123**
Deferred income tax benefit			
Federal	(26)	12	(168)
Total deferred income tax benefit	**(26)**	**12**	**(168)**
Total income tax expense (benefit)	**$ 44**	**$ 17**	**$ (45)**

The table below presents the components of income before income taxes by jurisdiction:

	Eleven months ended	One month ended	Year ended
	December 31,	January 31,	December 31,
	2021	2021	2020
($ in millions)	*Successor*	*Predecessor*	*Predecessor*
Income before income taxes:			
U.S.	$ 395	$ 80	$ 269
Bermuda	55	(5)	85
Total income before income taxes	**$ 450**	**$ 75**	**$ 354**

The Company and all of its Bermuda subsidiaries have obtained an assurance from the Bermuda Minister of Finance that, in the event of an enactment of legislation imposing tax on income, profits or capital, such tax would not be applicable until March 31, 2035.

Certain subsidiaries of the Company operating in the U.S. are subject to tax in the U.S. Income taxes reported in these consolidated financial statements relate to those entities. Certain subsidiaries of the Company operate in Bermuda and intend to operate the business such that they are not considered to be treated as engaged in the conduct of a trade or business in the U.S. Because the U.S. tax code, regulations and court decisions do not definitively identify activities that constitute being engaged in a trade or business in the U.S., the Internal Revenue Service, or “IRS,” may assert that the Company’s non-U.S. subsidiaries are engaged in a trade or business in the U.S. The Company and certain Bermuda

subsidiaries file protective U.S. income tax returns and the Company's U.S. subsidiaries file income tax returns with the U.S. federal government and various U.S. state governments.

Global Atlantic Re Limited, or "Global Atlantic Re," a direct subsidiary of the Company based in Bermuda, made an election under Internal Revenue Code, or "IRC," Section 953(d) for 2018 to be treated as a U.S. domestic insurance company and will be filing Form 1120 L for the tax years ended December 31, 2021 (Successor), 2020 (Predecessor) and onward.

The expected tax provision computed on income before income taxes at the weighted average tax rate has been calculated as the sum of income before income taxes in each jurisdiction multiplied by that jurisdiction's applicable statutory tax rate. The statutory rates by jurisdiction were 0% and 21% for Bermuda and the U.S., respectively. A reconciliation of the differences between the provision for income taxes and the expected tax provision computed at weighted statutory rates is as follows:

	Eleven months ended December 31, 2021	One month ended January 31, 2021	Year ended December 31, 2020
($ in millions)	*Successor*	*Predecessor*	*Predecessor*
Expected income tax expense at weighted average rate	**$ 83**	**$ 17**	**$ 57**
Addition (reduction) in income tax resulting from:			
Dividend received deduction	(2)	—	(3)
Low income housing tax credits	(2)	—	(2)
Change in valuation allowance	—	(1)	—
Prior year taxes, including tax rate differential	(1)	—	1
Carryback claim under CARES Act	—	—	(32)
State taxes	4	—	7
Non-controlling interest tax effect	10	—	23
Investment tax credits	(48)	—	(96)
Other	—	1	—
Total income tax expense (benefit)	**$ 44**	**$ 17**	**$ (45)**

Deferred income taxes

Deferred income taxes reflect the net effects of temporary differences between financial reporting and tax basis of assets and liabilities. These temporary differences result in taxable or deductible amounts in future years and are measured using the tax rates and laws that will be in effect when such differences are expected to reverse. Valuation allowances are established to reduce deferred tax assets to the amount that more-likely-than-not will be realized.

The table below presents the significant components of deferred tax assets and liabilities:

($ in millions)	As of December 31, 2021 Successor	As of December 31, 2020 Predecessor
Deferred tax assets:		
Insurance reserves	$ 1,993	$ 1,012
Net operating loss, capital loss and tax attributes carryforwards	16	11
Insurance intangibles	168	248
Goodwill	—	7
Other	76	89
Total deferred tax assets	**2,253**	**1,367**
Deferred tax liabilities:		
VOBA	—	134
DAC	—	410
Loss reserve adjustment (transition rule)	112	139
Investments, including derivatives	1,385	1,050
Other	—	3
Total deferred tax liabilities	**1,497**	**1,736**
Total deferred tax (liability)/asset, net	**$ 756**	**$ (369)**

Tax attributes

The Company recorded a valuation allowance of $2 million against tax benefits from state net operating loss carryforwards for the tax year ended December 31, 2019 (Predecessor) and during the tax year these state NOLs were fully utilized. Therefore, the valuation allowance was released for the tax year ended December 31, 2020 (Predecessor).

As of December 31, 2021 (Successor), the Company had net operating loss carryforwards of $41 million which will begin to expire in 2034 and capital loss carryforwards of $34 million which will begin to expire in 2025.

Unrecognized tax benefits

The Company recognizes tax positions in the consolidated financial statements only when it is more-likely-than-not that the position will be sustained on examination by the relevant taxing authority based on the technical merits of the position. A position that meets this standard is measured at the largest amount of benefit that will more-likely-than-not be realized on settlement. A liability is established for differences between positions taken in a tax return and amounts recognized in the consolidated financial statements. The Company believes that its income tax filing positions and deductions will be sustained on audit and does not anticipate any adjustments that will impact the Company's financial condition, results of operations or cash flows. As of December 31, 2021 (Successor) and 2020 (Predecessor), the Company did not record a liability related to accounting for uncertainty in income taxes.

Status of open tax years

The Company's U.S. domiciled subsidiaries' federal income tax returns are routinely audited by the Internal Revenue Service, or "IRS," and when appropriate, provisions are made in the consolidated financial statements in anticipation of the results of these audits. The tax years under examination by the IRS vary by company; however the earliest tax year that remains open is 2011. In Q1 2021, the Company signed the Revenue Agent Report to close out the 2014 through 2016 IRS audit for CwA and its

subsidiaries. There were no significant impacts to the financial statements. This audit is currently under Joint Committee Review.

U.S. withholding tax

U.S. withholding taxes have not been provided on undistributed earnings of the Company's U.S. subsidiaries as of December 31, 2021 (Successor) and 2020 (Predecessor). Although U.S. withholding taxes may apply in the event a dividend is paid by the Company's U.S. subsidiaries, the Company has not accrued withholding taxes. Although it may be material to the Company's financial position and results of operations, the cumulative amount subject to U.S. withholding taxes, if distributed, the determination of the tax liability is not practicable to compute.

CARES Act

On March 27, 2020, the CARES Act was enacted in response to the COVID-19 pandemic. Please refer to Note 2—"Basis of presentation and significant accounting policies" to our consolidated financial statements for additional information on regulations impacting the Company sprouting from the CARES Act. The CARES Act, among other things, permits NOL carryovers and carrybacks to offset 100% of taxable income for taxable years beginning before 2021. In addition, the CARES Act allows NOLs incurred in 2018, 2019 and 2020 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. The Company has recorded a rate differential benefit of $32 million for the year ended December 31, 2020 (Predecessor) for 2018 NOLs which were allowed to be carried back to 2014 under the CARES Act. The rate differential is 14%, which is the difference between the 2014 enacted tax rate of 35% and the 2018 enacted tax rate of 21%.

17. Dividend restrictions and statutory information

Several of the Company's subsidiaries are regulated insurance companies and subject to laws governing the payment of dividends to shareholders in the U.S. and Bermuda.

The United States of America

The laws and regulations of each of our U.S. insurance subsidiaries' state of domicile require notice to and approval by the applicable state insurance commissioner prior to the declaration or payment of an extraordinary dividend. An extraordinary dividend is any dividend, which, together with other dividends or distributions made within the preceding 12 months, exceeds the greater of: (1) 10% of the insurer's policyholder surplus as of December 31 of the preceding year; or (2) the statutory net gain from operations for the twelve-month period ending on the last preceding December 31. An ordinary dividend is any dividend that does not exceed such amount. Insurance statutes also generally require an insurance company to pay a dividend or distribution out of earned surplus, unless it receives the prior approval of its domiciliary state insurance regulator. These laws and regulations require, among other things, each U.S. insurance subsidiary to maintain minimum solvency requirements and limit the amount of dividends these subsidiaries can pay.

The Company's primary U.S. insurance subsidiary, Commonwealth Annuity and Life Insurance Company, or "CwA," a stock company of the Commonwealth of Massachusetts, is the sole owner of the Company's other U.S. insurance subsidiaries. As a result, if it receives any dividend payments from those subsidiaries it must further dividend those payments in order for the payments to reach the Company. As such, the ordinary dividend capacity at CwA effectively limits the Company's access to the dividend capacity of its other U.S. insurance subsidiaries unless CwA seeks and receives extraordinary dividend approval from CwA's primary insurance regulator, the Massachusetts Division of Insurance.

The following table sets forth statutory and dividend information of CwA:

($ in millions)	As of and for the year ended December 31, 2021	As of and for the year ended December 31, 2020
Statutory net (loss) income	$ (19)	$ 171
Statutory net gain from operations	21	43
Capital and surplus	3,888	3,366
Dividends permitted without approval during the following year	336	337

The Company's U.S. insurance subsidiaries must meet minimum capital and surplus requirements under a risk-based capital, or "RBC," formula. RBC is the standard measurement of an insurance company's required capital on a statutory basis, and is based on a formula calculated by applying factors to various assets, premium and statutory reserve items. The formula is intended to take into account the risk characteristics of the insurer, including asset risk, insurance risk, interest rate risk and business risk. Regulatory action is tied to maintaining certain levels of a company's surplus deficit under the RBC formula or company action level RBC, or "CAL RBC." All of the Company's U.S. insurance subsidiaries individually exceeded CAL RBC for 2021 and 2020.

Certain of the Company's regulated insurance subsidiaries are required to file financial statements with U.S. state regulatory authorities prepared on an accounting basis prescribed or permitted by their domiciliary state. Statutory surplus computed under those methodologies differ from equity reported in accordance with U.S. GAAP primarily because fixed maturity securities are required to be carried at cost or amortized cost, policy acquisition costs are expensed when incurred and asset valuation and interest maintenance reserves are required to be held. Life insurance reserves are calculated based upon different assumptions and the recognition of deferred tax assets is based on different recoverability assumptions.

The Company's insurance entities cede certain term life and universal life insurance statutory reserves to wholly-owned captives on coinsurance and funds withheld coinsurance bases. The reserves are secured by cash, invested assets and financing provided by highly rated third parties. As of December 31, 2021 (Successor) and 2020 (Predecessor), the Company's wholly-owned captives assumed statutory reserves of $6.5 billion and $6.2 billion, respectively, from the Company's insurance entities. In the states of Vermont and Iowa, the affiliated reinsurers have adopted prescribed practices allowing for the outstanding principal of a contingent note or a parental guarantee serving as collateral in connection with a reinsurance credit to be included in surplus as admitted assets. As of December 31, 2021 (Successor) and 2020 (Predecessor), assets admitted under these practices increased surplus by $2.0 billion and $1.9 billion, respectively.

Bermuda

Global Atlantic Re and Global Atlantic Assurance Limited, or "Global Atlantic Assurance," are subsidiaries of the Company. Beginning in 2018, Global Atlantic Re is treated as a U.S. domestic insurance company under IRC Section 953(d) and began filing Form 1120 L for the tax year ended December 31, 2018. Prior to 2018, Global Atlantic Re was a Bermuda tax exempted company. Global Atlantic Assurance is a Bermuda tax exempted company. Together we refer to both companies as "our Bermuda insurance subsidiaries." Our Bermuda insurance subsidiaries are subject to the Bermuda Insurance Act 1978, as amended and related regulations, or the "Bermuda Insurance Act."

The Bermuda Insurance Act limits the ability of our Bermuda insurance subsidiaries to pay dividends or make capital distributions by stipulating certain margin and solvency requirements and by requiring

approval from the Bermuda Monetary Authority, or the “BMA,” prior to a reduction of 15% or more of an insurer’s total statutory capital as reported on its prior year statutory balance sheet. Moreover, an insurer must submit an affidavit to the BMA, sworn by at least two directors and the principal representative in Bermuda of the respective Bermuda insurance subsidiary, at least seven days prior to payment of any dividend which would exceed 25% of an insurer’s total statutory capital and surplus as reported on its prior year statutory balance sheet. The affidavit must state that, in the opinion of those swearing, the declaration of such dividend has not caused the insurer to fail to meet its relevant margins (a “Bermuda Dividend Affidavit”). Accordingly, our Bermuda insurance subsidiaries may distribute up to (1) 100% of statutory surplus plus (2) an amount less than 15% of statutory capital, upon providing the BMA with a Bermuda Dividend Affidavit and meeting applicable solvency requirements, without BMA approval.

With respect to margin and solvency requirements, the Bermuda Insurance Act prohibits our Bermuda insurance subsidiaries from declaring or paying any dividends during any financial year if it is in breach of its solvency margin or if the declaration or payment of such dividends would cause such a breach. If the insurer has failed to meet its minimum solvency margin on the last day of any financial year, such insurer will also be prohibited, without the approval of the BMA, from declaring or paying any dividends during the next financial year. Our Bermuda insurance subsidiaries are also prohibited from declaring or paying a dividend where it has failed to comply with its enhanced capital requirement, until such noncompliance is rectified. Both of the Company’s Bermuda reinsurance subsidiaries individually exceeded their enhanced capital requirements.

The following table sets forth statutory and dividend information of our Bermuda insurance subsidiaries:

($ in millions)	As of and for the eleven months ended December 31, 2021 Successor	As of and for the one month ended January 31, 2021 Predecessor	As of and for the year ended December 31, 2020 Predecessor
Global Atlantic Re			
Statutory net income	$ 595	$ (22)	$ 130
Capital and surplus	1,212	1,372	1,400
Dividends permitted without approval during the following year	663	1,126	1,154
Global Atlantic Assurance			
Statutory net income	$ 41	$ 10	$ 88
Capital and surplus	1,892	1,175	1,171
Dividends permitted without approval during the following year	284	796	791

Neither of our Bermuda insurance subsidiaries declared or paid a dividend in 2021 or 2020.

In 2021, Global Atlantic Re has the capacity to declare a dividend of $663 million and Global Atlantic Assurance has the capacity to declare a dividend of $284 million, in either case without BMA approval subject to providing the BMA a Bermuda Dividend Affidavit, meeting applicable margin and solvency requirements and complying with Bermuda law more generally. Dividends paid to the Company by Global Atlantic Re (with respect to any period in which it has an effective IRC Section 953(d) election in place) may be subject to a 30% U.S. withholding tax.

The Bermuda Insurance Act requires our Bermuda insurance subsidiaries to prepare and file statutory financial statements with the BMA in accordance with BMA prescribed or permitted practices that may differ from U.S. GAAP. For example, Bermuda statutory surplus differs from U.S. GAAP primarily due to a

modification that permits our Bermuda insurance subsidiaries to not measure the embedded derivative included within certain funds withheld coinsurance agreements at fair value.

The Bermuda Insurance Act also requires our Bermuda insurance subsidiaries to maintain certain measures of solvency and liquidity. The Bermuda statutory financial statements form the basis for assessing our Bermuda insurance subsidiaries' liquidity, minimum solvency margin and class of registration. These financial statements in turn form the basis for the preparation of the insurer's economic balance sheet. Economic balance sheet is a principles-based valuation approach to determine an insurer's capital adequacy and is used as the basis for determination of the Bermuda insurance subsidiary's enhanced capital requirement.

18. Related party transactions

Upon the close of the acquisition of the Company's ultimate parent GAFG by KKR, the Company re-evaluated the parties that would be considered related or affiliated entities under the Company's policies subsequent to February 1, 2021. Based on the aforementioned re-evaluation, the Company determined that certain parties that had previously been considered related or affiliated were now considered non-affiliated entities given the sale of their equity interests in GAFG. Upon the close of the sale, Goldman Sachs, Pine Brook Capital Partners II (Cayman) AV, L.P., Safra Galileo Global Fund Ltd, and Centaurus Capital LP, or "Centaurus," are no longer considered affiliated or related parties. In addition, upon the close of the transaction, KKR and its affiliated entities are now considered related parties.

The Company has investment management service agreements with KKR. KKR provides investment management services across the Company. The Company recorded expenses for these agreements of $159 million for the eleven months ended December 31, 2021 (Successor) and had $50 million payable due to KKR as of December 31, 2021 (Successor).

The Company has agreements to lease office space from KKR. The Company recorded expenses for these agreements of $3 million for the eleven months ended December 31, 2021 (Successor) and had $3 million payable due to KKR as of December 31, 2021 (Successor).

On September 24, 2018, the Company and Origis Energy, or "Origis," a utility-scale renewable energy developer, entered into a series of agreements whereby the Company invested in a minority equity position in Origis USA, LLC, or "Origis USA," the holding company for Origis, and agreed to provide development financing for renewable energy projects that the Company may purchase in the future subject to certain conditions. These agreements enable the Company to exercise significant influence over the operating and financial policies of Origis USA. The Company reported a loan receivable of $507 million and an equity investment of $48 million in Origis USA as of December 31, 2020 (Predecessor). In 2021, the Company sold its equity investment in Origis and received proceeds of $471 million.

In addition, in lieu of funding certain loans to Origis in cash, the Company has arranged for third-party banks to issue letters of credit on behalf of Origis in the amount of less than $1 million as of December 31, 2020 (Predecessor). During 2019, the Company also purchased controlling interests from Origis in projects that we now consolidate. The amount of purchases of controlling interests totaled $5 million, less than $1 million and $182 million for the eleven months ended December 31, 2021 (Successor), one month ended January 31, 2021 (Predecessor) and year ended December 31, 2020 (Predecessor), respectively. As of December 31, 2020 (Predecessor), $2 million of the purchase price was unpaid. See Note 19—"Commitments and contingencies" for more information on the Company's arrangement of letters of credit.

Effective June 1, 2018, the Company entered into coinsurance agreements with Talcott Resolution Life Insurance Company and Talcott Resolution Life and Annuity Insurance Company (formerly Hartford

Life Insurance Company and Hartford Life and Annuity Insurance Company,) subsidiaries of Talcott Resolution Life, Inc., whereby it assumed approximately $8.7 billion of fixed deferred annuities, payout annuities and structured settlement contracts. In addition, on May 31, 2018, the Company also purchased a $150 million limited partnership interest in the acquisition vehicle formed in connection with the sale of The Hartford's run-off life and annuity business, now referred to as Talcott Resolution. As a result of this ownership interest, the aforementioned reinsurance transaction is considered a transaction with an affiliate. On January 20, 2021 the Company, in concert with a consortium of other equity interest holders, agreed to the sale of its minority interest in Talcott Resolution. In June 2021, the sale was completed and transactions with Talcott Resolution will no longer be considered related party transactions.

The Company reported assumed policy liabilities in connection with the reinsurance agreement of $6.9 billion as of December 31, 2020 (Predecessor). The Company recorded assumed premiums of $9 million, $3 million and $32 million for the eleven months ended December 31, 2021 (Successor), one month ended January 31, 2021 (Predecessor) and year ended December 31, 2020 (Predecessor), respectively. The Company reported assumed policy benefits and claims of $76 million, $20 million and $259 million for the eleven months ended December 31, 2021 (Successor), one month ended January 31, 2021 (Predecessor) and year ended December 31, 2020 (Predecessor), respectively.

The Company has certain investments in renewable energy entities that are LLCs where an affiliate of Centaurus, a former shareholder of our ultimate parent GAFG, is the managing member. In connection with the acquisition of a renewable energy project from Centaurus Renewable Energy, or "CRE," an affiliate of Centaurus, the Company has recorded $11 million payable to CRE as of December 31, 2020 (Predecessor). The Company also purchased from Centaurus controlling interests in projects that we now consolidate, and co-invested in investments with Centaurus where we have an equity method investment. The amount of purchases of controlling interests totaled $— million and $183 million for the one month ended January 31, 2021 (Predecessor) and year ended December 31, 2020 (Predecessor), respectively. The Company did not purchase any equity method investments in entities controlled by Centaurus for the one month ended January 31, 2021 (Predecessor) and year ended December 31, 2020 (Predecessor).

The Company has provided financing to a related party, Parasol Renewable Energy Holdings, LLC, in which the Company owns a 20% equity share. The financing is used to fund the development of renewable energy projects. As of December 31, 2021 (Successor) and 2020 (Predecessor), loans funding projects under this facility had a carrying value of $27 million and $51 million, respectively. The Company reported an equity investment of $34 million as of December 31, 2021 (Successor).

During the one month ended January 31, 2021 (Predecessor), the Company did not purchase structured securities and loans directly from Goldman Sachs. During the year ended December 31, 2020 (Predecessor), the Company purchased structured securities and loans directly from Goldman Sachs with a cost of $39 million and $177 million, respectively.

The Company until February 1, 2021, had investment management service agreements with GSAM. GSAM provides investment management services across the Company. The Company recorded expenses for these agreements of $1 million and $15 million for the one month ended January 31, 2021 (Predecessor) and year ended December 31, 2020 (Predecessor), respectively, and had $6 million payable as of December 31, 2020 (Predecessor).

On April 30, 2013, GAFG, GAFLL and FinCo entered into a Tax Benefit Payment Agreement with Goldman Sachs. In connection with the KKR transaction, effective February 1, 2021, GAFLL merged with and into GAFG and is no longer a party to the agreement. The agreement was the result of transactions entered into prior to the separation from Goldman Sachs that resulted in approximately a $234 million tax liability relating to the Company. Under this agreement, FinCo has agreed to pay Goldman Sachs $214 million over a 25-year period, subject to certain deferral conditions. This agreement represents payments to Goldman Sachs corresponding to taxes paid on the Company's behalf prior to the separation from

Goldman Sachs. This payable was established on the Company's balance sheet at its present value of $140 million at April 30, 2013. As of December 31, 2020 (Predecessor), the liability under this agreement was $87 million (and reported in other liabilities in the consolidated balance sheets). The Company recognized less than $1 million and $4 million for the one month ended January 31, 2021 (Predecessor) and year ended December 31, 2020 (Predecessor), respectively, in related interest expense in the consolidated statements of income. The Company made principal payments of $12 million and $3 million as of January 31, 2021 (Predecessor) and December 31, 2020 (Predecessor), respectively.

The Company recorded $18 million and less than $1 million of intercompany expenses related to certain pre-acquisition employee compensation plans for the one month ended January 31, 2021 (Predecessor) and year ended December 31, 2020 (Predecessor), respectively.

The Company had a payable of less than $1 million to Global Atlantic Financial Life as of December 31, 2020 (Predecessor) related to potential IPO transaction costs incurred by the Company. The Company had a payable of less than $1 million to GAFG as of December 31, 2020 (Predecessor) related to payables associated with equity-based compensation awards the Company settled in GAFG ordinary shares. On October 18, 2019, the Company issued a $35 million intercompany loan to its ultimate parent, GAFG, in order to fund the repurchase of GAFG ordinary shares. The loan was repaid on February 1, 2021.

The Company held related party investments in its portfolio as of December 31, 2021 (Successor) and 2020 (Predecessor) as follows:

		As of December 31, 2021 (Successor)		
Type	**Balance sheet classification**	**Asset carrying value**	**Accrued interest**	**Total balance sheet amount**
($ in millions)				
KKR-issued investments	AFS fixed maturity securities	$ 1,679	$ 22	$ 1,701
KKR-issued investments	Trading fixed maturity securities	295	4	299
KKR-issued investments	Other investments	1	—	1
Parasol Renewable Energy loan receivables	Mortgage and other loan receivables	27	1	28
Total related party investments		**$ 2,002**	**$ 27**	**$ 2,029**

		As of December 31, 2020 (Predecessor)		
Type	**Balance sheet classification**	**Asset carrying value**	**Accrued interest**	**Total balance sheet amount**
($ in millions)				
Investments in renewable energy entities managed by an affiliate of Centaurus	Other investments	$ 140	$ —	$ 140
Goldman Sachs Group bonds	AFS fixed maturity securities	368	3	371
Origis loan receivable	Mortgage and other loan receivables	507	5	512
Parasol Renewable Energy loan receivables	Mortgage and other loan receivables	51	—	51
Total related party investments		**$ 1,066**	**$ 8**	**$ 1,074**

In addition to the foregoing related party investments, the Company also invested in funds managed by a related party as of December 31, 2020 (Predecessor), as follows:

Type	Balance sheet classification	As of December 31, 2020 (Predecessor) Asset carrying value	Accrued interest	Total balance sheet amount
($ in millions)				
Goldman Sachs money market funds†	Cash and cash equivalents	$ 697	$ —	$ 697
Total related party investments		**$ 697**	**$ —**	**$ 697**

† After February 1, 2021, no longer classified as a related-party transaction

The Company earned net investment income and net investment-related gains (losses) from related party investments and from investments managed by related parties, as follows:

	Eleven months ended December 31, 2021	One month ended January 31, 2021	Year ended December 31, 2020
($ in millions)	*Successor*	*Predecessor*	*Predecessor*
Net investment income:			
Investments in renewable energy entities managed by an affiliate of Centaurus†	$ —	$ (2)	$ 2
Origis loan receivable	72	5	39
Goldman Sachs Group bonds†	—	1	12
Goldman Sachs money market funds†	—	—	2
GSAM	—	(1)	—
Parasol Renewable Energy loan receivables	6	—	—
Talcott Resolution	—	—	1
KKR investment management	(159)	—	—
KKR debt securities	41	—	—
Total net investment income	**$ (40)**	**$ 3**	**$ 56**
Net investment-related gain (loss)			
Goldman Sachs Group bonds†	$ —	$ —	$ 1
Goldman Sachs exchange traded funds†	—	—	—
Origis loan receivable	(4)	(2)	—
Parasol Renewable Energy investments	34	—	—
KKR securities	—	—	—
Total net investment-related gain (loss)	**$ 30**	**$ (2)**	**$ 1**

† After February 1, 2021, no longer classified as a related-party transaction

19. Commitments and contingencies

Commitments

The Company has operational servicing agreements with third-party administrators for policy administration over certain fixed-rate annuities, universal life, variable annuity, variable universal life, whole life, and term life policies. Additionally, the Company is party to a third-party professional services

agreement regarding the management of aspects of the Company's reinsurance portfolio. The Company leases office space for its operations.

As of December 31, 2021 (Successor), purchase commitments under agreements with third-party administrators and other service providers and lease commitments were as follows:

Years	Amounts
	($ in millions)
2022	$ 54
2023	45
2024	36
2025	22
2026	21
2027 and thereafter	119
Total	**$ 297**

The Company enters into lease contracts, the most significant being leases of office space for its operations and land leases for its consolidated solar subsidiaries. The Company reports these leases as right-to-use assets with a corresponding lease liability in other assets and accrued expenses and other liabilities in the consolidated balance sheets, respectively. The lease liability represents the present value of the lease payments to be made over the lease term and is calculated using a discount rate equal to the Company's incremental borrowing rates, which range from 0.5% to 5.0% depending on the term. As of December 31, 2021 (Successor), the Company has a right-to-use asset of $178 million (net of $23 million in deferred rent and lease incentives) and a corresponding lease liability of $201 million. As of December 31, 2020 (Predecessor), the Company has a right-to-use asset of $135 million (net of $19 million in deferred rent and lease incentives) and a corresponding lease liability of $154 million.

The Company has commitments to purchase or fund investments of $2.0 billion and $917 million as of December 31, 2021 (Successor) and 2020 (Predecessor), respectively. These commitments include those related to commercial mortgage loans, other lending facilities and investments in limited partnerships, joint ventures and LLCs. The commitment periods vary, with most extending for the next 3 years, but some extend longer. Some of these investment commitments may be subject to conditions that must be met prior to funding. For those commitments that represent a contractual obligation to extend credit, the Company has recorded a liability of $22 million for current expected credit losses as of December 31, 2021 (Successor).

In addition, the Company has entered into certain forward flow agreements that allow us to purchase loans. These agreements, and our obligations under them, are subject to change, curtailment, and cancellation based on various provisions including repricing mechanics, due diligence reviews, and performance or pool quality, among other factors.

Contingencies

Guarantees

In connection with the $750 million Subordinated Debentures due 2051 issued by FinCo, GAFL has agreed to fully and unconditionally guarantee the notes on a subordinated, unsecured basis.

In connection with the $650 million Senior Notes due 2031 issued by FinCo, GAFL has agreed to fully and unconditionally guarantee the notes on a senior unsecured basis.

In connection with the $500 million Senior Notes due 2029 issued by FinCo, GAFL has agreed to fully and unconditionally guarantee the notes on a senior unsecured basis.

In connection with the 5-year $1 billion RCF entered into by FinCo on August 4, 2021, GAFL has agreed to jointly and severally guarantee, together with any subsidiary guarantors, payment and performance of FinCo's obligations under the RCF when due if not promptly paid by FinCo for the benefit of the lenders. The guarantees provided by the Company and any subsidiary guarantors are released when all commitments and obligations under the RCF have been paid in full or when the RCF commitments expire, or are terminated upon the merger of certain subsidiary guarantors with or into FinCo in accordance with the terms set forth in the RCF. As of December 31, 2021 (Successor), the Company was the only guarantor under the RCF.

In connection with a Tax Benefit Payment Agreement entered into between FinCo, as payor, and Goldman Sachs, as payee, in 2013, GAFLL and GAFG have agreed to guarantee the payment and performance of FinCo, for the benefit of Goldman Sachs. In connection with the KKR transaction, effective February 1, 2021, GAFLL merged with and into GAFG and is no longer a party to the agreement. See Note 18 —"Related party transactions" for additional information on the Tax Benefit Payment Agreement.

In lieu of funding certain investments in loan facilities to borrowers in cash, the Company has arranged or participated in letters of credit issued by third-party banks on behalf of the borrowers in the amount of $40 million, with expiration dates between March 2022 and December 2024 . The Company has available lines of credit that would allow for additional letters of credit to be issued on behalf of certain borrowers, up to $225 million. For accounting purposes, these letters of credit are considered guarantees of certain obligations of the borrowers. If a letter of credit were drawn, the Company would be obligated to repay the issuing third-party bank, and the Company would recognize a loan receivable from the borrowers on its balance sheet. The Company monitors the likelihood of these letters of credit being drawn, and any related contingent obligation. As of December 31, 2021 (Successor), the expected credit loss on the contingent liability associated with these letters of credit was not material. As of December 31, 2020 (Predecessor), there was no liability recognized for a contingent obligation. See Note 18 —"Related party transactions" for additional information on the letters of credit.

Legal matters

The Company is involved in litigation and regulatory actions in the ordinary course of business. Litigation, including class actions, or regulatory actions could result in the payment of substantial settlements, increase costs, require changes to operations, divert management attention, cause reputational harm or make it more challenging to attract and retain customers, employees and agents at the Company. Given the inherent difficulty of predicting the outcome of the Company's litigation and regulatory matters, particularly in cases or proceedings in which substantial or indeterminate damages or fines are sought, the Company cannot estimate losses or ranges of losses for cases or proceedings where there is only a reasonable possibility that a loss may be incurred.

The Company settled two class actions and a number of regulatory matters stemming from the conversion of administration of certain life insurance policies to a third-party service provider, Alliance-One Services, Inc. Certain regulatory matters relating to the conversion remain ongoing.

On January 29, 2021 the Company entered into a settlement agreement with DXC and its subsidiary, Alliance-One Services, Inc., or "Alliance-One", related to the Conversion. This settlement agreement resolved the Company's claims against DXC and Alliance-One arising from the conversion and provides for payments to Global Atlantic. The Company and Alliance-One also agreed to amend an existing policyholder administration agreement between the two parties, adding additional services, increasing per-policy fees and extending the term to 2036.

Although the Company’s ultimate legal and financial responsibility and our actual future expenditures to address regulatory, litigation and related matters cannot be estimated at this time and could prove to be materially different from the amount that we accrue or reserve for, the Company believes that certain liabilities are probable and can be reasonably estimated and accordingly has recorded a total reserve for all regulatory, litigation and related matters of approximately $14 million and $30 million as of December 31, 2021 (Successor) and 2020 (Predecessor), respectively.

Financing arrangements

The Company has financing arrangements with unaffiliated third parties to support the statutory-based reserves and capital of its affiliated captive reinsurers. Total fees expensed associated with these credit facilities were $16 million, $2 million and $19 million for the eleven months ended December 31, 2021 (Successor), one month ended January 31, 2021 (Predecessor) and year ended December 31, 2020 (Predecessor), respectively, and are included in insurance expenses in the consolidated statements of income. As of December 31, 2021 (Successor) and 2020 (Predecessor), the total capacity of the financing arrangements with third parties was $2.0 billion and $1.8 billion, respectively.

There were no outstanding or unpaid balances from the financing arrangements with unaffiliated third parties as of December 31, 2021 (Successor) or 2020 (Predecessor).

20. Acquisition

On February 1, 2021, KKR completed the acquisition of the Company’s ultimate parent GAFG by TGAFG (formerly, Magnolia Parent LLC), a KKR subsidiary, as contemplated by the Merger Agreement. The total purchase price for the transaction was $4.7 billion. The purchase price was financed by means of an equity contribution from the Company’s parent of $3.0 billion, with remainder being contributed by $0.8 billion of rollover equity interests and $0.9 billion of new equity.

At the closing of the transaction, or the “Closing,” Merger Sub (a direct wholly-owned subsidiary of TGAFG) merged with and into GAFG, or the “GA Merger,” with GAFG continuing as the surviving entity and as a direct wholly-owned subsidiary of Magnolia, and immediately thereafter, GAFLL merged with and into GAFG, or the “Life Merger” and, together with the GA Merger, the “Mergers.”

In connection with the Closing, Magnolia Parent LLC changed its name to The Global Atlantic Financial Group LLC and became the new holding company of GAFG and its subsidiaries’ business. Also in connection with the Closing, certain previous shareholders of GAFG and GAFLL elected to participate in an equity roll-over to become shareholders of TGAFG, and new co-investors agreed to fund in cash a portion of the purchase price to become shareholders of TGAFG. Following these roll-overs and co-investments, and certain post-closing adjustments, KKR owns 61.5% of TGAFG. In addition, the aforementioned equity contribution and syndication process was used to generate $250 million of additional equity capital to fund Global Atlantic’s business needs.

The aggregate merger consideration was allocated among each of GAFG’s and GAFLL’s outstanding ordinary shares, incentive shares and equity awards in accordance with their terms. Under the terms of the Merger Agreement and in accordance with the applicable plan documentation, unvested GAFG restricted share awards converted into the right to receive a number of TGAFG book value units having the same value as the GAFG restricted share award immediately prior to the closing.

Goodwill of $497 million has been recorded based on the amount that the purchase price exceeds the fair value of the net assets acquired. Goodwill consists primarily of intangible assets that do not qualify for separate recognition and it is primarily attributable to the scale, skill sets, operations, and synergies that can be achieved.

($ in millions)		February 1, 2021
Consideration transferred		
Cash	$	3,893
Rollover equity exchanged		846
Total consideration transferred	**$**	**4,739**

The table below details the allocation of consideration transferred to the fair value identifiable assets and liabilities acquired, inclusive of any applicable measurement period adjustments (which were immaterial individually and in the aggregate):

($ in millions)		February 1, 2021
Recognized amounts of identifiable assets acquired and liabilities assumed		
Cash, cash equivalents and restricted cash	$	3,359
Investments		99,605
Accrued investment income		715
Reinsurance recoverable		15,753
Insurance intangibles		1,025
Other assets[(1)]		2,611
Separate account assets		5,371
Policy liabilities		(100,375)
Debt		(1,451)
Funds withheld payable at interest		(13,801)
Accrued expenses and other liabilities		(2,736)
Reinsurance liabilities		(181)
Separate account liabilities		(5,371)
Total identifiable net assets		**4,524**
Redeemable non-controlling interests		(92)
Non-controlling interests		(190)
Goodwill attributable to Global Atlantic		497
Total consideration transferred	**$**	**4,739**

(1) Includes $1.0 billion of deferred tax assets recognized from the step-up in basis under purchase accounting.

Measurement period adjustments

KKR finalized the valuation of the acquired assets and assumed liabilities in December 2021. During the three months ended June 30, 2021, the Company recognized measurement period adjustments to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period adjustments also reflected the increase in the total consideration transferred of $58 million as a result of final purchase price adjustments. Measurement period adjustments consist primarily of a $50 million increase in the value of distribution agreements acquired, a $63 million increase in policy liabilities, a $25 million increase in investments, and a $46 million increase in goodwill. The related impact to net income that would have been recognized in previous periods if the adjustments were recognized as of the acquisition date was not material to the consolidated financial statements.

The gross carrying value and weighted average estimated useful lives of value of business acquired and other intangible assets acquired in the Acquisition consist of the following:

As of February 1, 2021	Gross carrying value	Weighted average useful life
	($ in millions)	*(in years)*
Value of business acquired	$ 1,025	28.6
Negative value of business acquired, included in policy liabilities	(1,273)	22.2
Value of distribution agreements acquired	250	16 to 21
Trade names	50	15 to 18
State insurance licenses	10	Indefinite
Total identifiable other intangible assets	**$ 310**	

The Company performed a valuation of the acquired investments, policy liabilities, VOBA, other identifiable intangibles, and funds withheld at interest payables and receivables. The following is a summary of significant inputs to the valuation:

Investments

The Company's investment portfolio primarily consists of fixed maturity and equity securities, mortgage and other loan receivables, equity securities and investments in real assets, such as renewable energy and transportation assets. All of the assets included within the investment portfolio were measured and reported at their acquisition date fair value. As a result, the cost basis of each respective investment was reset to equal fair value.

The Company's fair value measurement for fixed maturity and equity securities was based on a market approach, which utilizes prices and other relevant information generated by market transactions involving identical or comparable securities. Sources of inputs to the market approach include a third-party pricing service, independent broker quotations, or pricing matrices. The Company uses observable and unobservable inputs in its valuation methodologies. Observable inputs include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data.

The mortgage and other loan receivables fair value was established using a discounted cash flows method at interest rates appropriate for the credit rating of the borrower, tenor of the loan, maturity and future income, including uncertainty of cash flows. This yield-based approach is determined internally based on publicly available market data and indices sourced from a third-party vendor. The credit ratings for mortgages in good standing are based on property type, location, market conditions, occupancy, debt service coverage, loan-to-value, quality of tenancy, borrower and payment record.

Investments in real assets fair value was established using valuations provided by independent third-party appraisers' valuations. Such valuations were determined by determining using the estimated future cash flows discounted to present value at a risk-adjusted discount rate and, for solar, an assessment of fair value using market multiples of comparable companies. The valuation of specific assets within the solar, rail and aviation portfolios relied upon income, market and cost-based approaches based on the nature of the specific assets.

Policy liabilities

Policy liabilities were remeasured based on generally accepted actuarial methods and reported at their acquisition date fair value. Assumptions for future mortality, persistency, policyholder behavior, expenses, investment return and other actuarial factors are based on an evaluation of the Company's recent experience, industry experience, and anticipated future trends. These assumptions are intended to be representative of market assumptions used by buyers and sellers in similar transactions. The approach employed to develop the projection assumptions is described below:

- Discount rates used to calculate fair value ranged from 11% to 15%, depending on product;
- Mortality and persistency assumptions are based on both Company and general industry experience;
- Expenses were projected reflecting the Company's unit expenses with an allocation of a portion of overhead expenses to in-force business;
- Future investment income reflects a runoff of the existing asset portfolios and reinvestment strategies based on the Company's assumptions for asset yield, quality, and maturity. The projections are based forward interest rates implied by the Treasury yield curve. Credited rates reflect the Company's target spreads;
- Separate account and index account growth rates are based on long-term return expectations for different fund types and on the underlying mix of funds; and
- Statutory reserves underlying the appraisal reflect the Company's current reserving methodologies.

Value of business acquired ("VOBA")

VOBA represents the estimated fair value of future net cash flows from in-force life insurance contracts acquired at the acquisition date.

Other identifiable intangible assets

Other intangibles represents distribution relationships, trade names and state licenses. The distribution relationships were valued using the excess earnings method, which derives value based on the present value of the cash flow attributable to the distribution relationships, less returns for contributory assets. The trade name intangible asset represents the Global Atlantic trade name, and was valued using the relief-from-royalty method giving consideration to publicly available third-party trade name royalty rates as well as expected premiums generated by the use of the trade name over its anticipated life. The licenses represent the Company's insurance licenses in 52 jurisdictions, encompassing all 50 U.S. states, the District of Columbia, and the U.S. Virgin Islands. They were protected through registration and were valued using the market approach based on third-party market transactions from which the prices paid for state insurance licenses could be derived.

Funds withheld at interest receivables and payables

Funds withheld at interest receivables and payables were remeasured at fair value based on the fair value of assets held in the underlying portfolios supporting those receivables or payables.

21. Subsequent events

The Company evaluated all events and transactions through March 10, 2022, the date the accompanying consolidated financial statements were available to be issued, that would merit recognition or disclosures in the consolidated financial statements, and determined there were none.