



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

Financial Supplement

Third Quarter 2020

Information in this document is unaudited. This Financial Supplement is for informational purposes only and should be read in conjunction with Global Atlantic Financial Limited's unaudited financial statements for the quarter ended September 30, 2020.

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Credit Ratings

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

	Ratings as of November 12, 2020			
	A.M. Best	Fitch	Moody's	Standard & Poor's
Credit Ratings⁽¹⁾				
Global Atlantic Financial Limited				
Issuer Credit Rating / Issuer Default Rating / Issuer Rating				
Rating	N/A	BBB+	N/A	BBB-
Outlook	N/A	Stable	N/A	Stable
Global Atlantic (Fin) Company				
Issuer Credit Rating / Issuer Default Rating / Issuer Rating				
Rating	bbb	BBB+	Baa3	BBB-
Outlook	Stable	Stable	Positive	Stable
Financial Strength Ratings				
Commonwealth Annuity & Life Insurance	A	A	A3	A-
Forethought Life Insurance Company	A	A	A3	A-
Accordia Life and Annuity Company	A	A	A3	A-
First Allmerica Financial Life Insurance Company	A	A	A3	A-
Global Atlantic Re Limited	A	A	N/A	A-
Global Atlantic Assurance Limited	A	A	N/A	A-

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

Consolidated Results

Financial Supplement – Third Quarter 2020

Financial Highlights

Unaudited (\$ in millions, except percentages)

	Three Months Ended					YoY Change	Nine Months Ended		YoY Change	
	9/30/2020	6/30/2020	3/31/2020	12/31/2019	9/30/2019		9/30/2020	9/30/2019		
Consolidated results of operations										
Net income attributable to Global Atlantic Financial Limited shareholders	\$ 131	\$ 2	\$ 253	\$ 198	\$ 144	(9)%	\$ 386	\$ 435	(11)%	
Adjusted operating income, net of tax	151	143	183	168	150	1 %	477	434	10 %	
ROE ⁽¹⁾	7.7%	0.2 %	20.1 %	13.2 %	10.2 %	(2.5)%	8.7 %	12.1%	(3.4)%	
ROE excluding AOCI ⁽¹⁾	11.8%	0.2 %	23.9 %	19.7 %	15.0 %	(3.2)%	11.9 %	15.7%	(3.8)%	
Adjusted Operating ROE, excluding AOCI ⁽¹⁾	13.6%	13.1 %	17.3 %	16.8 %	15.6 %	(2.0)%	14.7 %	15.7%	(1.0)%	
ROA ⁽¹⁾	0.55%	0.01 %	1.14 %	0.90 %	0.67 %	(0.12)%	0.56 %	0.71%	(0.15)%	
Adjusted operating ROA, net of tax ⁽¹⁾	0.71%	0.69 %	0.90 %	0.85 %	0.78 %	(0.07)%	0.77 %	0.78%	(0.01)%	
Effective income tax rate	9.9%	64.9 %	(0.5)%	(1.7)%	(7.1)%	17.0 %	(9.6)%	8.4%	(18.0)%	
Adjusted operating tax rate	21.4%	(12.6)%	(4.0)%	(8.4)%	(4.9)%	26.3 %	3.6 %	9.0%	(5.4)%	
Balance sheet items										
Total assets	\$ 99,367	\$ 92,159	\$ 87,838	\$ 89,556	\$ 86,117	15 %	\$ 99,367	\$ 86,117	15 %	
Adjusted total assets	86,169	83,157	81,512	81,106	77,360	11 %	86,169	77,360	11 %	
Adjusted invested assets	75,372	72,604	71,816	69,881	66,751	13 %	75,372	66,751	13 %	
Total liabilities	91,984	85,489	83,541	83,302	79,928	15 %	91,984	79,928	15 %	
Total shareholders' equity	7,131	6,393	4,039	6,025	6,001	19 %	7,131	6,001	19 %	
Shareholders' equity, excluding AOCI	4,502	4,363	4,354	4,113	3,910	15 %	4,502	3,910	15 %	

(1) Interim periods are annualized.

Financial Supplement – Third Quarter 2020
Consolidated Statements of Income
Unaudited (\$ in millions, except percentages)

	Three Months Ended					YoY Change	Nine Months Ended		
	9/30/2020	6/30/2020	3/31/2020	12/31/2019	9/30/2019		9/30/2020	9/30/2019	YoY Change
Revenues									
Premiums	\$ 380	\$ 57	\$ 210	\$ 813	\$ 290	31 %	\$ 647	\$ 479	35 %
Policy fees	328	290	305	306	334	(2)%	923	917	1 %
Net investment income	782	784	746	756	766	2 %	2,312	2,167	7 %
Other-than-temporary impairment on available-for-sale fixed maturity securities	(8)	(5)	(17)	—	—	— %	(30)	—	— %
Gains on derivative instruments	3	92	53	51	74	(96)%	148	294	(50)%
Other net investment (losses) gains	91	(37)	(137)	40	33	176 %	(83)	191	(143)%
Other income	15	13	14	15	14	7 %	42	43	(2)%
Total revenues	\$ 1,591	\$ 1,194	\$ 1,174	\$ 1,981	\$ 1,511	5 %	\$ 3,959	\$ 4,091	(3)%
Benefits and expenses									
Policy benefits and claims	\$ 1,191	\$ 1,062	\$ 707	\$ 1,575	\$ 1,111	7 %	2,960	2,946	— %
Amortization of policy acquisition costs	84	15	86	96	100	(16)%	185	191	(3)%
Insurance expenses	54	43	41	37	23	135 %	138	69	100 %
Total benefits and insurance expenses	1,329	1,120	834	1,708	1,234	8 %	3,283	3,206	2 %
Net underwriting income	262	74	340	273	277	(5)%	676	885	(24)%
Interest expenses	17	14	21	19	17	— %	52	48	8 %
General and administrative expenses	124	117	111	139	120	3 %	352	349	1 %
Income before income taxes	121	(57)	208	115	140	(14)%	272	488	(44)%
Income tax (benefit) expense	12	(37)	(1)	(2)	(10)	220 %	(26)	41	(163)%
Net income	109	(20)	209	117	150	(27)%	298	447	(33)%
Net (loss) income attributable to non-controlling interests and redeemable non-controlling interests	(22)	(22)	(44)	(81)	6	(467)%	(88)	12	NM
Net income attributable to Global Atlantic Financial Limited shareholders	\$ 131	\$ 2	\$ 253	\$ 198	\$ 144	(9)%	\$ 386	\$ 435	(11)%
Components of return on assets⁽¹⁾									
Net investment return ratio	3.27 %	3.49 %	3.36 %	3.44 %	3.59 %	(0.32)%	3.34 %	3.54 %	(0.20)%
Net cost of insurance ratio	(2.17)%	(3.16)%	(1.83)%	(2.20)%	(2.29)%	0.12 %	(2.36)%	(2.09)%	(0.27)%
Net underwriting ratio	1.10 %	0.33 %	1.53 %	1.24 %	1.30 %	(0.20)%	0.98 %	1.45 %	(0.47)%
General and administrative expense ratio	(0.52)%	(0.52)%	(0.50)%	(0.63)%	(0.56)%	0.04 %	(0.51)%	(0.57)%	0.06 %
Interest expense ratio	(0.07)%	(0.06)%	(0.09)%	(0.09)%	(0.08)%	0.01 %	(0.08)%	(0.08)%	— %
Income tax expense ratio	(0.05)%	0.16 %	— %	0.01 %	0.04 %	(0.09)%	0.04 %	(0.07)%	0.11 %
Non-controlling interest ratio	0.09 %	0.10 %	0.20 %	0.37 %	(0.03)%	0.12 %	0.13 %	(0.02)%	0.15 %
Return on assets	0.55 %	0.01 %	1.14 %	0.90 %	0.67 %	(0.12)%	0.56 %	0.71 %	(0.15)%

(1) Interim periods are annualized.

Financial Supplement – Third Quarter 2020

Components of Adjusted Operating Return on Assets, net of tax

Unaudited (\$ in millions, except percentages)

	Three Months Ended					YoY Change	Nine Months Ended		YoY Change
	9/30/2020	6/30/2020	3/31/2020	12/31/2019	9/30/2019		9/30/2020	9/30/2019	
Adjusted operating return on assets, net of tax⁽¹⁾	0.71 %	0.69 %	0.90 %	0.85 %	0.78 %	(0.07)%	0.77 %	0.78 %	(0.01)%
Components of adjusted operating return on assets, net of tax:⁽¹⁾									
Net investment earned rate	4.38 %	4.14 %	4.42 %	4.40 %	4.56 %	(0.18)%	4.31 %	4.57 %	(0.26)%
Adjustment to change net investment earned rate basis from adjusted invested assets to adjusted total assets	(0.55)%	(0.51)%	(0.56)%	(0.60)%	(0.64)%	0.09 %	(0.54)%	(0.65)%	0.11 %
Adjusted net cost of insurance ratio	(2.29)%	(2.46)%	(2.37)%	(2.31)%	(2.52)%	0.23 %	(2.37)%	(2.40)%	0.03 %
Adjusted net underwriting ratio	1.54 %	1.17 %	1.49 %	1.49 %	1.40 %	0.14 %	1.40 %	1.52 %	(0.12)%
Adjusted general and administrative expense ratio	(0.55)%	(0.49)%	(0.52)%	(0.61)%	(0.57)%	0.02 %	(0.52)%	(0.58)%	0.06 %
Adjusted interest expense ratio	(0.08)%	(0.07)%	(0.10)%	(0.10)%	(0.09)%	0.01 %	(0.08)%	(0.09)%	0.01 %
Adjusted operating return on assets, before taxes	0.91 %	0.61 %	0.87 %	0.78 %	0.74 %	0.17 %	0.80 %	0.85 %	(0.05)%
Adjusted income tax expense ratio	(0.20)%	0.08 %	0.03 %	0.07 %	0.04 %	(0.24)%	(0.03)%	(0.07)%	0.04 %
Adjusted operating return on assets, net of tax	0.71 %	0.69 %	0.90 %	0.85 %	0.78 %	(0.07)%	0.77 %	0.78 %	(0.01)%
Components of adjusted operating earnings:									
Adjusted net investment income	\$ 810	\$ 748	\$ 783	\$ 752	\$ 753	8 %	\$ 2,341	\$ 2,189	7 %
Adjusted net cost of insurance	485	507	481	458	483	— %	1,473	1,342	10 %
Adjusted net underwriting income	325	241	302	294	270	20 %	868	847	2 %
Interest expenses	17	14	21	19	17	— %	52	48	8 %
Adjusted general and administrative expenses	116	100	105	120	110	5 %	321	322	— %
Adjusted operating earnings, before income taxes	192	127	176	155	143	34 %	495	477	4 %
Adjusted operating income tax expense	(41)	16	7	13	7	(686)%	(18)	(43)	58 %
Adjusted operating earnings, net of tax	\$ 151	\$ 143	\$ 183	\$ 168	\$ 150	1 %	\$ 477	\$ 434	10 %
Average total assets⁽²⁾	\$ 95,763	\$ 89,999	\$ 88,697	\$ 87,837	\$ 85,390	12 %	\$ 92,230	\$ 81,681	13 %
Average adjusted total assets⁽²⁾	84,663	82,335	81,309	79,233	76,804	10 %	82,986	74,428	11 %

(1) Interim periods are annualized.

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

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

	Balances as of					YoY Change
	9/30/2020	6/30/2020	3/31/2020	12/31/2019	9/30/2019	
Assets						
Fixed maturity securities, available-for-sale, at fair value	\$ 55,577	\$ 52,081	\$ 46,572	\$ 49,765	\$ 49,260	13 %
Fixed maturity securities, trading, at fair value	2,394	974	916	984	993	141 %
Equity securities at fair value	69	60	60	58	58	19 %
Mortgage and other loan receivables	15,057	14,995	15,364	13,506	12,112	24 %
Policy loans	700	707	710	711	625	12 %
Derivative instruments	836	741	518	823	716	17 %
Funds withheld receivable at interest	2,320	2,254	2,061	2,428	2,420	(4)%
Other invested assets	6,149	6,063	5,995	5,847	5,388	14 %
Total investments	83,102	77,875	72,196	74,122	71,572	16 %
Cash and cash equivalents	2,124	1,614	2,187	2,458	1,873	13 %
Accrued investment income	620	561	545	544	536	16 %
Reinsurance recoverable	5,615	4,169	4,224	4,189	4,252	32 %
Deferred policy acquisition costs	1,706	1,804	2,464	1,704	1,596	7 %
Value of business acquired	285	310	511	424	399	(29)%
Other assets	779	811	1,099	611	553	41 %
Separate account assets	5,136	5,015	4,612	5,504	5,336	(4)%
Total assets	\$ 99,367	\$ 92,159	\$ 87,838	\$ 89,556	\$ 86,117	15 %

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Consolidated Balance Sheets (continued)

Unaudited (\$ in millions, except percentages)

	Balances as of					YoY Change
	9/30/2020	6/30/2020	3/31/2020	12/31/2019	9/30/2019	
Liabilities						
Future policyholder benefits	\$ 6,584	\$ 5,863	\$ 5,901	\$ 5,744	\$ 5,036	31 %
Outstanding claims	184	225	168	179	181	2 %
Contractholder deposit funds and other policyholder liabilities	72,280	68,437	67,268	66,321	64,012	13 %
Total policyholder liabilities	79,048	74,525	73,337	72,244	69,229	14 %
Debt	1,161	1,163	1,162	1,105	1,032	13 %
Tax payable to former parent company	86	85	84	90	89	(3)%
Collateral on derivative instruments	577	485	238	724	579	— %
Funds withheld payable at interest	3,646	1,980	1,817	2,144	2,140	70 %
Securities sold under agreements to repurchase	301	402	704	—	—	— %
Accrued expenses and other liabilities	1,770	1,579	1,325	1,187	1,227	44 %
Reinsurance liabilities	259	255	262	304	296	(13)%
Separate account liabilities	5,136	5,015	4,612	5,504	5,336	(4)%
Total liabilities	\$ 91,984	\$ 85,489	\$ 83,541	\$ 83,302	\$ 79,928	15 %
Redeemable non-controlling interests	\$ 88	\$ 89	\$ 90	\$ 94	\$ 124	(29)%
Shareholders' Equity						
Common stock	\$ —	\$ —	\$ —	\$ —	\$ —	— %
Additional paid-in capital	1,665	1,657	1,650	1,662	1,657	— %
Retained earnings	2,837	2,706	2,704	2,451	2,253	26 %
Accumulated other comprehensive income (loss)	2,629	2,030	(315)	1,912	2,091	26 %
Total shareholders' equity	7,131	6,393	4,039	6,025	6,001	19 %
Non-controlling interests	164	188	168	135	64	156 %
Total equity	7,295	6,581	4,207	6,160	6,065	20 %
Total liabilities, redeemable non-controlling interests and equity	\$ 99,367	\$ 92,159	\$ 87,838	\$ 89,556	\$ 86,117	15 %
Shareholders' equity, excluding AOCI	\$ 4,502	\$ 4,363	\$ 4,354	\$ 4,113	\$ 3,910	15 %
Average shareholders' equity, excluding AOCI ⁽¹⁾	4,432	4,358	4,233	4,011	3,835	16 %

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

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Capitalization

Unaudited (\$ in millions, except percentages)

	Balances as of					YoY Change
	9/30/2020	6/30/2020	3/31/2020	12/31/2019	9/30/2019	
Debt	\$ 1,161	\$ 1,163	\$ 1,162	\$ 1,105	\$ 1,032	13 %
25% of subordinated debentures	(63)	(63)	(63)	(63)	(63)	— %
Fair value adjustment to senior notes hedged with interest rate swap ⁽¹⁾	(42)	(43)	(42)	15	—	— %
Adjusted debt	1,056	1,057	1,057	1,057	969	9 %
Total Global Atlantic Financial Limited shareholders' equity	7,131	6,393	4,039	6,025	6,001	19 %
Less: Accumulated other comprehensive income (AOCI)	2,629	2,030	(315)	1,912	2,091	26 %
Shareholders' equity, excluding AOCI	<u>\$ 4,502</u>	<u>\$ 4,363</u>	<u>\$ 4,354</u>	<u>\$ 4,113</u>	<u>\$ 3,910</u>	15 %
Capitalization	\$ 8,292	\$ 7,556	\$ 5,201	\$ 7,130	\$ 7,033	18 %
Capitalization, excluding AOCI	5,663	5,526	5,516	5,218	4,942	15 %
Capitalization, excluding AOCI and debt fair value adjustments	5,621	5,483	5,474	5,233	4,942	14 %
Debt-to-capitalization	14.0%	15.4%	22.3%	15.5%	14.7%	(0.7)%
Debt-to-capitalization, excluding AOCI	20.5%	21.0%	21.1%	21.2%	20.9%	(0.4)%
Adjusted debt-to-capitalization excluding AOCI and debt fair value adjustments	18.8%	19.3%	19.3%	20.2%	19.6%	(0.8)%
					Risk-based capital	
					as of December 31, 2019	
U.S. insurance subsidiaries ⁽²⁾						431%
Estimated consolidated RBC, including Bermuda subsidiaries ⁽³⁾						481%

(1) The Company has designated an interest rate swap to hedge the interest rate risk associated with the Senior Notes issued in October 2019 and due in 2029 in a fair value hedge. The 2029 Senior Notes are reported in debt in the consolidated balance sheets and are hedged through their maturity in October 2029. For the quarter ended September 30, 2020, the carrying amount of the hedged 2029 Senior Notes was \$536 million, which is increased by a fair value hedge adjustment of \$42 million. A gain due to changes in the fair value of the swap of \$57 million was recognized in interest expense in the consolidated statements of income for the nine months ended September 30, 2020, fully offsetting the fair value change in the hedged 2029 Senior Notes.

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

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

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Assumption Review

Unaudited (\$ in millions, except percentages)

We review the adequacy of our reserves, deferred revenue and expenses and the assumptions underlying those items at least annually, usually in the third quarter. As we analyze our assumptions, to the extent we choose to update one or more of those assumptions, there may be an “unlocking” impact. Upon completion of assumption review during the Third Quarter 2020, we recognized a \$5 million net favorable unlocking impact on adjusted operating earnings (as compared to a \$30 million net unfavorable unlocking impact on adjusted operating earnings in the Third Quarter 2019)

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

In the Third Quarter 2019, the \$30 million net unfavorable unlocking impact on adjusted operating earnings was primarily due to (1) lower projected investment yields and (2) lower projected partial withdrawals. These unfavorable unlocking impacts were partially offset by favorable unlocking impacts primarily due to (1) a lower projected policyholder lapses as a result of lower interest rates, (2) increase in the nonperformance risk spread assumption, and (3) a lower assumed benefit utilization rate for certain fixed-indexed annuities with guaranteed income features.

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

	Third Quarter	
	2020	2019
<i>(\$ in millions)</i>		
Total assumption review impact on adjusted operating earnings, before income taxes	5	(30)
Assumption review impact on adjustments to derive adjusted operating earnings, before income taxes	(23)	4
Total assumption review impact on income before income taxes	<u>\$ (18)</u>	<u>\$ (26)</u>

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

	Third Quarter	
	2020	2019
<i>(\$ in millions)</i>		
Impacts of assumption review, by statement of income line item:		
Policy fees	\$ 23	\$ 36
Policy benefits and claims	(23)	(29)
Amortization of policy acquisition costs	(18)	(33)
Total assumption review impact on income before income taxes	<u>\$ (18)</u>	<u>\$ (26)</u>

Product and Operational Data

Financial Supplement – Third Quarter 2020

New Business Volume by Product and Origination Channel

Unaudited (\$ in millions, except percentages)

	Three Months Ended					YoY Change	Nine Months Ended		YoY Change
	9/30/2020	6/30/2020	3/31/2020	12/31/2019	9/30/2019		9/30/2020	9/30/2019	
Individual channel:									
Fixed-Rate Annuities	\$ 1,047	\$ 1,047	\$ 853	\$ 747	\$ 851	23 %	\$ 2,947	\$ 3,938	(25)%
Fixed-Indexed Annuities	783	614	822	790	822	(5)%	2,219	2,840	(22)%
Variable Annuities	15	22	16	25	28	(46)%	53	80	(34)%
Total Retirement	\$ 1,845	\$ 1,683	\$ 1,691	\$ 1,562	\$ 1,701	8 %	\$ 5,219	\$ 6,858	(24)%
Indexed Universal Life	7	16	24	38	27	(74)%	47	69	(32)%
Fixed Universal and Term Life	—	—	—	1	1	(100)%	—	2	(100)%
Total Traditional Life	\$ 7	\$ 16	\$ 24	\$ 39	\$ 28	(75)%	\$ 47	\$ 71	(34)%
Preneed Life	\$ 53	\$ 37	\$ 50	\$ 47	\$ 52	2 %	\$ 140	\$ 147	(5)%
Institutional channel:									
Retirement	\$ 1,338	\$ 251	\$ 355	\$ 1,468	\$ 325	312 %	\$ 1,944	\$ 2,236	(13)%
Life	\$ 2,268	\$ 10	\$ —	\$ 620	\$ —	— %	\$ 2,278	\$ 27	NM

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

Financial Supplement – Third Quarter 2020

Reserves by Product

Unaudited (\$ in millions, except percentages)

	Balances as of										YoY Change	
	9/30/2020		6/30/2020		3/31/2020		12/31/2019		9/30/2019			
	General Account	Separate Account	General Account	Separate Account	General Account	Separate Account	General Account	Separate Account	General Account	Separate Account	General Account	Separate Account
Fixed-Rate Annuity	\$ 20,767	\$ —	\$ 20,511	\$ —	\$ 20,263	\$ —	\$ 20,173	\$ —	\$ 19,927	\$ —	4 %	— %
Fixed-Indexed Annuity	16,119	—	15,233	—	14,355	—	14,037	—	13,225	—	22 %	— %
Variable Annuity	489	2,962	516	2,922	539	2,785	347	3,172	403	3,083	21 %	(4)%
Indexed Universal Life	9,187	—	8,974	—	8,597	—	8,658	—	8,445	—	9 %	— %
Fixed Universal Life	1,559	—	1,610	—	1,597	—	1,614	—	1,631	—	(4)%	— %
Term & Whole Life	548	—	568	—	571	—	591	—	596	—	(8)%	— %
Prereed	2,885	—	2,990	—	3,150	—	2,995	—	3,004	—	(4)%	— %
FHLB funding agreements	2,208	—	2,207	—	2,279	—	2,044	—	1,964	—	12 %	— %
Total Individual	53,762	2,962	52,609	2,922	51,351	2,785	50,459	3,172	49,195	3,083	9 %	(4)%
Retirement	18,541	1,637	17,443	1,583	17,477	1,388	17,354	1,775	16,190	1,720	15 %	(5)%
Life	4,973	537	2,731	510	2,743	439	2,764	557	2,132	533	133 %	1 %
FHLB funding agreements	313	—	314	—	313	—	238	—	238	—	32 %	— %
Total Institutional	23,827	2,174	20,488	2,093	20,533	1,827	20,356	2,332	18,560	2,253	28 %	(4)%
Closed Block	1,404	—	1,372	—	1,395	—	1,368	—	1,410	—	— %	— %
Other Corporate ⁽¹⁾	55	—	56	—	58	—	61	—	64	—	(14)%	— %
Total Corporate & Other	1,459	—	1,428	—	1,453	—	1,429	—	1,474	—	(1)%	— %
Total Reserves	\$ 79,048	\$ 5,136	\$ 74,525	\$ 5,015	\$ 73,337	\$ 4,612	\$ 72,244	\$ 5,504	\$ 69,229	\$ 5,336	14 %	(4)%

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

Financial Supplement – Third Quarter 2020

General Account Reserve Roll Forward by Origination Channel

Unaudited (\$ in millions, except percentages)

	Balances as of					YoY Change
	9/30/2020	6/30/2020	3/31/2020	12/31/2019	9/30/2019	
Individual						
Reserve liability, gross, opening balance	\$ 52,609	\$ 51,351	\$ 50,459	\$ 49,195	\$ 47,862	10 %
Deposits	2,045	1,896	2,178	1,921	1,916	7 %
Surrenders, benefits and fees	(1,244)	(1,348)	(1,228)	(948)	(881)	(41)%
Other reserve changes	352	710	(58)	291	298	18 %
Reserve liability, gross, ending	53,762	52,609	51,351	50,459	49,195	9 %
Reinsurance recoverable	(406)	(414)	(412)	(410)	(408)	— %
Net individual reserve liability	\$ 53,356	\$ 52,195	\$ 50,939	\$ 50,049	\$ 48,787	9 %
Institutional						
Reserve liability, gross, opening balance	\$ 20,488	\$ 20,533	\$ 20,356	\$ 18,560	\$ 18,552	10 %
Deposits ⁽¹⁾	3,547	288	460	2,169	336	NM
Surrenders, benefits and fees	(219)	(228)	(288)	(272)	(291)	25 %
Other reserve changes	11	(105)	5	(101)	(37)	130 %
Reserve liability, gross, ending	23,827	20,488	20,533	20,356	18,560	28 %
Reinsurance recoverable	(3,821)	(2,399)	(2,410)	(2,402)	(2,421)	(58)%
Net institutional reserve liability	\$ 20,006	\$ 18,089	\$ 18,123	\$ 17,954	\$ 16,139	24 %
Consolidated						
Reserve liability, gross, opening balance	\$ 74,525	\$ 73,337	\$ 72,244	\$ 69,229	\$ 67,848	10 %
Deposits ⁽¹⁾	5,592	2,184	2,638	4,090	2,252	148 %
Surrenders, benefits and fees	(1,463)	(1,576)	(1,516)	(1,220)	(1,172)	(25)%
Other reserve changes	394	580	(29)	145	301	31 %
Reserve liability, gross, ending	79,048	74,525	73,337	72,244	69,229	14 %
Reinsurance recoverable	(5,615)	(4,169)	(4,224)	(4,189)	(4,252)	(32)%
Net reserve liability	\$ 73,433	\$ 70,356	\$ 69,113	\$ 68,055	\$ 64,977	13 %

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

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

Years of Surrender Charge Remaining	Fixed-rate and Fixed-indexed Annuities					
	September 30, 2020			December 31, 2019		
	Account Values	Percent of total	Average Surrender Charge Percent	Account Values	Percent of total	Average Surrender Charge Percent
No surrender charge	\$ 7,509	16.7%	—%	\$ 6,826	16.3%	—%
Greater than 0 to less than 3	9,937	22.1%	5.3%	9,623	23.0%	5.2%
3 to less than 6	19,256	42.8%	6.4%	17,570	41.9%	7.2%
6 to less than 9	6,137	13.6%	7.0%	6,335	15.1%	7.1%
9 or greater	2,145	4.8%	8.0%	1,571	3.7%	7.7%
Total	<u>\$ 44,984</u>	<u>100.0%</u>	<u>5.2%</u>	<u>\$ 41,925</u>	<u>100.0%</u>	<u>5.6%</u>

Years of Surrender Charge Remaining	Indexed and Fixed Universal Life					
	September 30, 2020			December 31, 2019		
	Account Values	Percent of total	Average Surrender Charge Percent	Account Values	Percent of total	Average Surrender Charge Percent
No surrender charge	\$ 6,188	52.7%	0.3%	\$ 3,923	41.2%	—%
Greater than 0 to less than 3	1,309	11.2%	2.9%	1,182	12.4%	3.2%
3 to less than 6	1,634	13.9%	7.9%	1,501	15.8%	8.1%
6 to less than 9	1,529	13.0%	11.5%	1,906	20.0%	12.2%
9 or greater	1,073	9.1%	30.0%	1,008	10.6%	31.0%
Total	<u>\$ 11,733</u>	<u>100.0%</u>	<u>5.8%</u>	<u>\$ 9,520</u>	<u>100.0%</u>	<u>7.6%</u>

Financial Supplement – Third Quarter 2020

Account Values by Guaranteed Minimum Interest Rates

Unaudited (\$ in millions, except percentages)

Range of Guaranteed Minimum Crediting Rates:	Subset of Account Values with Adjustable Crediting Rates Subject to Guaranteed Minimums					Total
	At guaranteed minimum	1 - 49 bps above guaranteed minimum	50 - 99 bps above guaranteed minimum	100 - 150 bps above guaranteed minimum	Greater than 150 bps above guaranteed minimum	
<i>(As of September 30, 2020)</i>						
Individual channel	\$ 2,482	\$ 824	\$ 1,704	\$ 2,757	\$ 16,125	\$ 23,892
Institutional channel and strategic acquisitions	12,788	263	225	658	450	14,384
Total	\$ 15,270	\$ 1,087	\$ 1,929	\$ 3,415	\$ 16,575	\$ 38,276
Percentage in total	39.9%	2.8%	5.0%	8.9%	43.3%	100.0%
Percentage from institutional channel and strategic acquisitions	83.7%	24.2%	11.7%	19.3%	2.7%	37.6%

Range of Guaranteed Minimum Crediting Rates:	Subset of Account Values with Adjustable Crediting Rates Subject to Guaranteed Minimums					Total
	At guaranteed minimum	1 - 49 bps above guaranteed minimum	50 - 99 bps above guaranteed minimum	100 - 150 bps above guaranteed minimum	Greater than 150 bps above guaranteed minimum	
<i>(As of December 31, 2019)</i>						
Individual channel	\$ 1,737	\$ 320	\$ 2,132	\$ 3,452	\$ 15,700	\$ 23,341
Institutional channel and strategic acquisitions	11,269	230	24	436	336	12,295
Total	\$ 13,006	\$ 550	\$ 2,156	\$ 3,888	\$ 16,036	\$ 35,636
Percentage in total	36.5%	1.5%	6.1%	10.9%	45.0%	100.0%
Percentage from institutional channel and strategic acquisitions	86.6%	41.8%	1.1%	11.2%	2.1%	34.5%

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

Investment Management

Financial Supplement – Third Quarter 2020

Investments Summary

Unaudited (\$ in millions, except percentages)

	September 30, 2020		December 31, 2019	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
AFS fixed maturity securities	\$ 55,577	66.9%	\$ 49,765	67.1%
Trading fixed maturity securities	2,394	2.9%	984	1.3%
Equity securities	69	0.1%	58	0.1%
Mortgage and other loan receivables	15,057	18.1%	13,506	18.2%
Policy loans	700	0.8%	711	1.0%
Derivative instruments	836	1.0%	823	1.1%
Funds withheld receivable at interest	2,320	2.8%	2,428	3.3%
Other investments	6,149	7.4%	5,847	7.9%
Total investments	\$ 83,102	100.0%	\$ 74,122	100.0%

Other investments, as above, consists of the following:	September 30, 2020		December 31, 2019	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
Investments in renewable energy ⁽¹⁾	\$ 3,310	53.8%	\$ 2,947	50.4%
Investments in transportation and other leased assets ⁽²⁾	1,757	28.6%	1,796	30.7%
Other investment partnerships	517	8.4%	558	9.5%
Investments in real estate	391	6.4%	384	6.6%
Federal Home Loan Bank, or "FHLB," common stock and other investments	174	2.8%	162	2.8%
Total other investments	\$ 6,149	100.0%	\$ 5,847	100.0%

(1) Net of accumulated depreciation attributed to consolidated renewable energy assets of \$64 million and \$38 million as of September 30, 2020 and December 31, 2019, respectively.

(2) Net of accumulated depreciation of \$213 million and \$158 million as of September 30, 2020 and December 31, 2019, respectively.

Financial Supplement – Third Quarter 2020

Adjusted Invested Assets (a non-GAAP measure)

Unaudited (\$ in millions, except percentages)

	September 30, 2020		December 31, 2019	
	Amount	Percent of Total	Amount	Percent of Total
U.S. and foreign governments	\$ 418	0.5%	\$ 671	1.0%
U.S. corporate debt	24,852	33.0%	22,417	32.1%
U.S. municipalities	4,083	5.4%	2,335	3.3%
Credit	28,935	38.4%	24,752	35.4%
Residential mortgage-backed securities, or "RMBS"	8,438	11.2%	8,060	11.5%
Commercial mortgage-backed securities, or "CMBS"	3,673	4.9%	3,742	5.4%
Collateralized loan obligations, or "CLOs"	3,059	4.0%	2,906	4.2%
Collateralized bond obligations, or "CBOs"	3,987	5.3%	3,437	4.9%
All other structured securities ⁽¹⁾	2,718	3.6%	3,113	4.5%
Structured products	21,875	29.0%	21,258	30.5%
Residential mortgage loans	4,527	6.0%	4,004	5.7%
Commercial mortgage loans	7,123	9.5%	6,735	9.6%
Consumer loans and other lending facilities	4,378	5.8%	3,769	5.4%
Investments in renewable energy	3,013	4.0%	2,680	3.8%
Investments in transportation and other leased assets	1,757	2.3%	1,796	2.6%
Investments in real estate	498	0.7%	485	0.7%
Loans and income-generating assets	21,296	28.3%	19,469	27.8%
Alternative assets	199	0.3%	283	0.4%
Policy loans	700	0.9%	711	1.0%
Other invested assets	174	0.2%	162	0.2%
Cash, cash equivalents and other	1,775	2.4%	2,575	3.7%
Total adjusted invested assets	\$ 75,372	100.0%	\$ 69,881	100.0%

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

Financial Supplement – Third Quarter 2020

Fixed Maturity Securities - Unrealized Gains and Losses

Unaudited (\$ in millions, except percentages)

	As of September 30, 2020				
	Cost or amortized cost	Gross unrealized temporary		Fair value	Percent of total
		gain	loss		
AFS fixed maturity securities portfolio by type:					
U.S. government and agencies	\$ 336	\$ 36	\$ (1)	\$ 371	0.7%
U.S. state, municipal and political subdivisions	3,950	639	(10)	4,579	8.2%
Corporate	24,419	3,035	(109)	27,345	49.2%
RMBS	8,390	642	(110)	8,922	16.1%
CMBS	3,658	225	(70)	3,813	6.9%
CLOs	3,059	17	(109)	2,967	5.3%
CBOs	3,984	128	(1)	4,111	7.4%
All other structured securities ⁽¹⁾	3,324	175	(30)	3,469	6.2%
Total AFS fixed maturity securities	\$ 51,120	\$ 4,897	\$ (440)	\$ 55,577	100.0%

	As of December 31, 2019				
	Cost or amortized cost	Gross unrealized temporary		Fair value	Percent of total
		gain	loss		
AFS fixed maturity securities portfolio by type:					
U.S. government and agencies	\$ 583	\$ 20	\$ (1)	\$ 602	1.2%
U.S. state, municipal and political subdivisions	2,206	378	(2)	2,582	5.2%
Corporate	22,262	1,736	(43)	23,955	48.1%
RMBS	8,005	774	(32)	8,747	17.6%
CMBS	3,727	164	(6)	3,885	7.8%
CLOs	2,905	4	(57)	2,852	5.7%
CBOs	3,435	95	(1)	3,529	7.1%
All other structured securities ⁽¹⁾	3,503	127	(17)	3,613	7.3%
Total AFS fixed maturity securities	\$ 46,626	\$ 3,298	\$ (159)	\$ 49,765	100.0%

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

Financial Supplement – Third Quarter 2020

Fixed Maturity Securities by Ratings

Unaudited (\$ in millions, except percentages)

	AFS Fixed Maturity Securities by NAIC Rating					
	September 30, 2020			December 31, 2019		
	Cost or Amortized Cost	Fair Value	Percent of Total	Cost or Amortized Cost	Fair Value	Percent of Total
NAIC designation:						
1	\$ 33,701	\$ 36,244	65.2%	\$ 32,421	\$ 34,502	69.3%
2	16,521	18,453	33.2%	13,588	14,641	29.4%
Total investment grade	50,222	54,697	98.4%	46,009	49,143	98.7%
3	575	547	1.0%	275	278	0.6%
4	104	107	0.2%	142	146	0.3%
5	7	12	—%	23	22	—%
6	4	6	—%	—	—	—%
5*(¹)	208	208	0.4%	177	176	0.4%
Total below investment grade	898	880	1.6%	617	622	1.3%
Total AFS fixed maturity securities	\$ 51,120	\$ 55,577	100.0%	\$ 46,626	\$ 49,765	100.0%

	AFS Fixed Maturity Securities by NRSRO Rating					
	September 30, 2020			December 31, 2019		
	Cost or Amortized Cost	Fair Value	Percent of Total	Cost or Amortized Cost	Fair Value	Percent of Total
NRSRO rating designation:						
AAA/AA/A	\$ 25,220	\$ 27,414	49.3%	\$ 22,810	\$ 24,109	48.5%
BBB	16,567	18,392	33.1%	14,838	15,977	32.1%
Non-rated ⁽²⁾	2,538	2,637	4.7%	2,885	3,044	6.1%
Total Investment Grade	44,325	48,443	87.1%	40,533	43,130	86.7%
BB	539	530	1.0%	432	441	0.9%
B	218	218	0.4%	198	207	0.4%
CCC	1,888	2,070	3.7%	1,781	2,044	4.1%
CC and lower	2,683	2,878	5.2%	2,367	2,633	5.3%
Non-rated ⁽³⁾	1,467	1,438	2.6%	1,315	1,310	2.6%
Total below investment grade	6,795	7,134	12.9%	6,093	6,635	13.3%
Total AFS fixed maturity securities	\$ 51,120	\$ 55,577	100.0%	\$ 46,626	\$ 49,765	100.0%

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

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

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

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

Financial Supplement – Third Quarter 2020

Corporate Fixed Maturity Securities by Ratings

Unaudited (\$ in millions, except percentages)

	Corporate Fixed Maturity Securities by NAIC Rating					
	September 30, 2020			December 31, 2019		
	Cost or Amortized Cost	Fair Value	Percent of Total	Cost or Amortized Cost	Fair Value	Percent of Total
NAIC designation:						
1	\$ 9,464	\$ 10,585	38.7%	\$ 10,082	\$ 10,829	45.2%
2	14,489	16,313	59.7%	11,911	12,858	53.7%
Total investment grade	23,953	26,898	98.4%	21,993	23,687	98.9%
3	260	248	0.9%	68	68	0.3%
4	—	—	—%	22	22	0.1%
5	2	2	—%	179	178	0.7%
5* ⁽¹⁾	204	197	0.7%	—	—	—%
Total below investment grade	466	447	1.6%	269	268	1.1%
Total Corporate fixed maturity securities	\$ 24,419	\$ 27,345	100.0%	\$ 22,262	\$ 23,955	100.0%
Corporate Fixed Maturity Securities by NRSRO Rating						
	September 30, 2020			December 31, 2019		
	Cost or Amortized Cost	Fair Value	Percent of Total	Cost or Amortized Cost	Fair Value	Percent of Total
NRSRO rating designation:						
AAA/AA/A	\$ 10,188	\$ 11,502	42.1%	\$ 8,884	\$ 9,620	40.1%
BBB	13,467	15,098	55.2%	11,887	12,852	53.6%
Non-rated ⁽²⁾	329	327	1.2%	1,216	1,210	5.1%
Total Investment Grade	23,984	26,927	98.5%	21,987	23,682	98.8%
BB	227	217	0.8%	12	12	0.1%
B	—	—	—%	22	22	0.1%
Non-rated ⁽³⁾	208	201	0.7%	241	239	1.0%
Total below investment grade	435	418	1.5%	275	273	1.2%
Total Corporate fixed maturity securities	\$ 24,419	\$ 27,345	100.0%	\$ 22,262	\$ 23,955	100.0%

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

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

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

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

Financial Supplement – Third Quarter 2020

Residential Mortgage-backed Securities by Ratings

Unaudited (\$ in millions, except percentages)

	RMBS by NAIC Ratings			
	September 30, 2020		December 31, 2019	
	Fair value	Percent of total	Fair Value	Percent of total
NAIC designation:				
1	\$ 8,161	91.5%	\$ 8,046	92.0%
2	419	4.7%	441	5.0%
Total investment grade	8,580	96.2%	8,487	97.0%
3	267	3.0%	166	1.9%
4	69	0.8%	89	1.0%
5	—	—%	5	0.1%
6	6	—%	—	—%
Total below investment grade	342	3.8%	260	3.0%
Total RMBS	\$ 8,922	100.0%	\$ 8,747	100.0%

	RMBS by NRSRO Ratings			
	September 30, 2020		December 31, 2019	
	Fair value	Percent of total	Fair Value	Percent of total
NRSRO rating designation:				
AAA/AA/A	\$ 826	9.3%	\$ 1,162	13.3%
BBB	524	5.9%	662	7.6%
BIG	5,563	62.4%	5,273	60.3%
Non-rated investment grade	2,009	22.5%	1,650	18.9%
Total RMBS	\$ 8,922	100.0%	\$ 8,747	100.0%

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

Financial Supplement – Third Quarter 2020

Commercial Mortgage-backed Securities by Ratings

Unaudited (\$ in millions, except percentages)

	CMBS by NAIC Ratings			
	September 30, 2020		December 31, 2019	
	Fair value	Percent of total	Fair Value	Percent of total
NAIC designation:				
1	\$ 3,770	98.9%	\$ 3,838	98.8%
2	35	0.9%	36	0.9%
Total investment grade	3,805	99.8%	3,874	99.7%
3	8	0.2%	—	—%
4	—	—%	11	0.3%
Total below investment grade	8	0.2%	11	0.3%
Total CMBS	\$ 3,813	100.0%	\$ 3,885	100.0%

	CMBS by NRSRO Ratings			
	September 30, 2020		December 31, 2019	
	Fair value	Percent of total	Fair Value	Percent of total
NRSRO rating designation:				
AAA/AA/A	\$ 2,460	64.5%	\$ 2,361	60.8%
BBB	1,136	29.8%	1,153	29.7%
BIG	217	5.7%	371	9.5%
Total CMBS	\$ 3,813	100.0%	\$ 3,885	100.0%

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

Financial Supplement – Third Quarter 2020
Collateralized Loan Obligations & Collateralized Bond Obligations by Ratings
Unaudited (\$ in millions, except percentages)

	Collateralized Loan Obligations			
	September 30, 2020		December 31, 2019	
	Fair value	Percent of total	Fair value	Percent of total
NAIC designation:				
1	\$ 2,770	93.4%	\$ 2,669	93.6%
2	170	5.7%	165	5.8%
Total investment grade	2,940	99.1%	2,834	99.4%
3	18	0.6%	18	0.6%
5	9	0.3%	—	—%
Total below investment grade	27	0.9%	18	0.6%
Total CLO	\$ 2,967	100.0%	\$ 2,852	100.0%

	Collateralized Bond Obligations			
	September 30, 2020		December 31, 2019	
	Fair value	Percent of total	Fair value	Percent of total
NAIC designation:				
1	\$ 4,111	100.0%	\$ 3,529	100.0%
Total investment grade	4,111	100.0%	3,529	100.0%
Total CBO	\$ 4,111	100.0%	\$ 3,529	100.0%

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

Financial Supplement – Third Quarter 2020
All Other Structured Securities by Ratings
Unaudited (\$ in millions, except percentages)

	All Other Structured Securities			
	September 30, 2020		December 31, 2019	
	Fair value	Percent of total	Fair value	Percent of total
NAIC designation:				
1	\$ 2,585	74.5%	\$ 2,910	80.5%
2	834	24.0%	638	17.7%
Total investment grade	3,419	98.5%	3,548	98.2%
3	13	0.4%	26	0.7%
4	37	1.1%	24	0.7%
5	—	—%	15	0.4%
Total below investment grade	50	1.5%	65	1.8%
Total all other structured securities	\$ 3,469	100.0%	\$ 3,613	100.0%

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

Additional Information

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Non-GAAP financial measures

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

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

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

Adjusted operating earnings, net of tax

Adjusted operating earnings, net of tax, a commonly used operating measure in the life insurance industry, is a non-GAAP measure used to evaluate our financial performance by excluding items that tend to be highly variable from period to period, primarily based on market volatility and non-core expenses. These adjustments are reported gross of income tax and, where applicable, net of offsets related to amortization of DAC, VOBA, unearned revenue reserves and deferred sales inducements, policy fees charged to policyholders to cover benefits, and changes to reserves for certain guaranteed benefits.

Our adjusted operating earnings, net of tax, is equal to reported net income attributable to Global Atlantic Financial Limited shareholders adjusted to eliminate the impact of items in the categories as described below. Adjusted operating earnings, net of tax should not be used as a substitute for net income attributable to Global Atlantic Financial Limited shareholders as calculated in accordance with GAAP. However, we believe the adjustments to net income attributable to Global Atlantic Financial Limited shareholders are useful to gaining an understanding of our results of operations. We adjust for these items as we believe that these items distort the ability to make a meaningful evaluation of our business:

- **Investment (gains) losses, net of offsets** — Investment (gains) losses adjustments consist primarily of the following:
 - **Realized (gains) losses on the sale of AFS securities, net of offsets.**
 - **Change in assumed and ceded modified coinsurance and funds withheld at interest embedded derivatives and related trading securities, net of offsets** — the change in the fair value of embedded derivatives underlying reinsurance with assumed and ceded modified coinsurance and funds withheld at interest and related trading securities, net of offsets. The total change in the embedded derivatives and trading securities will net to zero over the life of the reinsurance contract.

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

Adjusted operating earnings, before income taxes

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

Adjusted income tax expense and adjusted operating tax rate

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

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

ROE excluding AOCI and adjusted operating ROE excluding AOCI

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

Adjusted invested assets

Adjusted invested assets represent the investments that back our policyholder liabilities as well as surplus assets. Adjusted invested assets is used in the computation of net investment earned rate, which allows us to analyze the performance of our investment portfolio. Adjusted invested assets includes (1) total investments on the consolidated balance sheets with available-for-sale securities at cost or amortized cost, (2) cash, cash equivalents and restricted cash, and (3) accrued investment income. Adjusted invested assets excludes the following items that are included in total investments but do not produce net investment income reflective of ongoing operations: (1) assets associated with funds withheld at interest liabilities related to business exited through reinsurance agreements, (2) derivative assets and derivative collateral liabilities (offsetting the related cash positions), (3) embedded derivatives associated with funds withheld at interest receivables, (4) securities sold under repurchase agreements, (5) investment related receivables and payables, (6) redeemable and non-redeemable non-controlling interests in consolidated renewable energy partnerships, and (7) strategic equity investments, which currently consists of our investments in Talcott Resolution and Origis. We include the underlying investments supporting our assumed funds withheld at interest and modified co-insurance agreements in our adjusted invested assets calculation in order to match the assets with the income received.

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

Adjusted net investment income and net investment earned rate

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

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

Adjusted total assets

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

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

Adjusted operating return on assets, net of tax

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

Components of adjusted operating return on assets, net of tax

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

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

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

Adjusted net investment return ratio

Adjusted net investment return ratio is calculated in a similar way to “Net Investment Earned Rate,” as discussed above, but divides adjusted net investment income by average adjusted total assets as the denominator, instead of average adjusted invested assets.

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

Adjusted net cost of insurance is equal to reported net underwriting income, excluding net investment income, and adjusted for (1) investment gains (losses) other than renewable energy income (loss) and strategic equity investment income (loss); (2) change in the fair value of derivatives and embedded derivatives associated with fixed-indexed annuities, indexed universal life contracts and variable annuities; and (3) transaction, conversion and integration expenses. These adjustments are reported gross of income tax and, where applicable, net of offsets related to (1) DAC, VOBA, URR and DSI amortization; (2) changes to reserves for certain guaranteed benefits; and (3) policy fees to cover benefits, as described above. Adjusted net cost of insurance ratio is calculated as adjusted net cost of insurance divided by average adjusted total assets. Net cost of insurance ratio is calculated as net cost of insurance divided by average total assets. Refer to “Adjusted operating earnings, net of tax” above for additional details regarding the foregoing adjustments.

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

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

Adjusted interest expense ratio

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

Adjusted income tax expense ratio

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

Shareholders’ equity excluding AOCI

Shareholders’ equity excluding AOCI is calculated as total Global Atlantic Financial Limited shareholders’ equity, as reported, less AOCI, as reported. Shareholders’ equity excluding AOCI should not be used as a substitute for total Global Atlantic Financial Limited shareholders’ equity as calculated in accordance with GAAP. However, we believe the adjustments to shareholders’ equity are useful to gaining an understanding of our overall results of operations and financial condition.

Debt-to-capitalization excluding AOCI and adjusted debt-to-capitalization excluding AOCI and debt fair value adjustments

Debt-to-capitalization excluding AOCI is calculated as debt divided by the aggregate of total Global Atlantic Financial Limited shareholders’ equity and debt, or “capitalization,” adjusted to exclude AOCI. Adjusted debt-to-capitalization excluding AOCI and debt fair value adjustments is calculated using debt adjusted to exclude 25% of the outstanding principal amount of the subordinated debentures as an equity credit, and an adjustment to both the debt and capitalization numerator and denominator for the cumulative changes in fair value recognized due to the application of hedge accounting. We exclude a portion of the outstanding principal amount of the subordinated debentures because their terms result in the subordinated debentures receiving equity credit under certain NRSRO methodologies. Adjusted debt-to-capitalization excluding AOCI should not be used as a substitute for debt-to-capitalization as calculated in accordance with GAAP debt divided by capitalization. However, we believe the adjustments to our debt-to-capitalization are useful to gaining an understanding of our overall financial condition.

New business volume

In our Individual channel, retirement sales of annuities include all money paid into new and existing contracts. Individual channel sales of traditional life products are based on commissionable premium, a commonly used industry sales metric, and individual channel sales for preneed life are based on the face amount of insurance. Traditional life sales do not include the recurring premiums that policyholders may pay over time. New business volume from our institutional channel is based on the assets assumed, net of any ceding commission. We also refer to new business volume originated through the individual channel as “sales.” Institutional channel new business volume is based on the assets assumed, net of any ceding commission. New business volume should not be used as a substitute for revenue as calculated in accordance with GAAP. However, we believe new business volume statistics are useful to gaining an understanding of our overall results of operations.

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

Unaudited (\$ in millions, except percentages)

	Three Months Ended					YoY Change	Nine Months Ended		YoY Change
	9/30/2020	6/30/2020	3/31/2020	12/31/2019	9/30/2019		9/30/2020	9/30/2019	
Net income attributable to Global Atlantic Financial Limited shareholders	\$ 131	\$ 2	\$ 253	\$ 198	\$ 144	(9)%	\$ 386	\$ 435	(11)%
Adjustments:									
Realized (gains) losses on the sale of AFS securities, net of offsets	(44)	(12)	(33)	(66)	(15)	(193)%	(89)	(17)	(424)%
Change in assumed and ceded modified coinsurance and funds withheld at interest embedded derivatives and related trading securities, net of offsets	(5)	(41)	66	(9)	2	(350)%	20	(22)	191 %
Unrealized (gains) losses, impairments and other investment, derivative and hedging (gains) losses, net of offsets	57	160	29	44	7	714 %	246	(31)	894 %
Renewable energy income, net of offsets and non-controlling interest	(10)	5	(8)	(52)	4	(350)%	(13)	64	(120)%
Equity-method (income) loss attributable to strategic equity investments	19	(62)	4	(19)	(13)	NM	(39)	(41)	NM
Total investment (gains) losses, net of offsets	17	50	58	(102)	(15)	213 %	125	(47)	366 %
Change in the fair value of derivatives and embedded derivatives for fixed-indexed annuities, indexed universal life contracts and variable annuities, net of offsets	24	92	(143)	30	13	85 %	(27)	2	(1,450)%
Transaction, conversion and integration expenses	8	20	9	31	11	(27)%	37	46	(20)%
Tax effect on adjustments	(29)	(21)	6	11	(3)	(867)%	(44)	(2)	(2,100)%
Total adjustments	20	141	(70)	(30)	6	233 %	91	(1)	9,200 %
Adjusted operating earnings, net of tax	\$ 151	\$ 143	\$ 183	\$ 168	\$ 150	1 %	\$ 477	\$ 434	10 %

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Non-GAAP Reconciliation: Adjusted Invested Assets

Unaudited (\$ in millions, except percentages)

	Balances as of					YoY Change
	9/30/2020	6/30/2020	3/31/2020	12/31/2019	9/30/2019	
Total investments	\$ 83,102	\$ 77,875	\$ 72,196	\$ 74,122	\$ 71,572	16 %
Adjustments to reconcile total investments and adjusted invested assets:						
Cash, cash equivalents, and restricted cash	2,231	1,791	2,341	2,639	1,992	12 %
Accrued investment income	620	561	545	544	536	16 %
Unrealized gains on fixed maturity and equity securities	(4,520)	(3,566)	428	(3,205)	(3,559)	(27)%
Funds withheld payable at interest	(3,646)	(1,980)	(1,817)	(2,144)	(2,140)	(70)%
Derivative instruments receivables	(836)	(741)	(518)	(823)	(716)	(17)%
Derivative collateral	(577)	(485)	(238)	(724)	(579)	— %
Funds withheld on embedded derivatives	24	15	12	(18)	7	243 %
Securities sold under repurchase agreements	(301)	(402)	(704)	—	—	— %
Non-controlling interests in consolidated renewable energy partnerships	(164)	(188)	(168)	(135)	(64)	(156)%
Redeemable non-controlling interests in consolidated renewable energy partnerships	(88)	(89)	(90)	(94)	(124)	29 %
Net investment receivable (payable)	(166)	91	87	(12)	51	(425)%
Strategic equity investments	(307)	(278)	(258)	(269)	(225)	(36)%
Adjusted invested assets	\$ 75,372	\$ 72,604	\$ 71,816	\$ 69,881	\$ 66,751	13 %

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Non-GAAP Reconciliation: Adjusted Net Investment Income and Net Investment Earned Rate
Unaudited (\$ in millions, except percentages)

	Three Months Ended					YoY Change	Nine Months Ended		YoY Change
	9/30/2020	6/30/2020	3/31/2020	12/31/2019	9/30/2019		9/30/2020	9/30/2019	
Net investment income	\$ 782	\$ 784	\$ 746	\$ 756	\$ 766	2 %	\$ 2,312	\$ 2,167	7 %
Average total investments ⁽¹⁾	\$ 80,489	\$ 75,036	\$ 73,159	\$ 72,847	\$ 71,028	13 %	\$ 76,824	\$ 67,282	14 %
Investment yield⁽²⁾	3.89%	4.18%	4.08%	4.15%	4.31%	(0.42)%	4.01%	4.29%	(0.28)%
Net investment income	\$ 782	\$ 784	\$ 746	\$ 756	\$ 766	2 %	\$ 2,312	\$ 2,167	7 %
Renewable energy income	9	26	33	15	—	— %	68	63	8 %
Equity-method (income) loss attributable to strategic equity investments	19	(62)	4	(19)	(13)	246 %	(39)	(41)	5 %
Total adjustments	\$ 28	\$ (36)	\$ 37	\$ (4)	\$ (13)	315 %	\$ 29	\$ 22	32 %
Adjusted net investment income	\$ 810	\$ 748	\$ 783	\$ 752	\$ 753	8 %	\$ 2,341	\$ 2,189	7 %
Average adjusted invested assets ⁽¹⁾	\$ 73,988	\$ 72,210	\$ 70,849	\$ 68,316	\$ 66,112	12 %	\$ 72,418	\$ 63,910	13 %
Net investment earned rate⁽²⁾	4.38%	4.14%	4.42%	4.40%	4.56%	(0.18)%	4.31%	4.57%	(0.26)%

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

(2) Interim periods are annualized.

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Non-GAAP Reconciliation: Adjusted Operating ROA

Unaudited (\$ in millions, except percentages)

	Three Months Ended					YoY Change	Nine Months Ended		YoY Change
	9/30/2020	6/30/2020	3/31/2020	12/31/2019	9/30/2019		9/30/2020	9/30/2019	
Net income attributable to Global Atlantic Financial Limited shareholders	\$ 131	\$ 2	\$ 253	\$ 198	\$ 144	(9)%	\$ 386	\$ 435	(11)%
Average total assets ⁽¹⁾	95,763	89,999	88,697	87,837	85,390	12 %	92,230	81,681	13 %
ROA⁽²⁾	0.55%	0.01%	1.14%	0.90%	0.67%	(0.12)%	0.56%	0.71%	(0.15)%
Adjusted operating earnings, before income taxes	\$ 192	\$ 127	\$ 176	\$ 155	\$ 143	34 %	\$ 495	\$ 477	4 %
Average adjusted total assets ⁽¹⁾	84,663	82,335	81,309	79,233	76,804	10 %	82,986	74,428	11 %
Adjusted operating ROA, before tax⁽²⁾	0.91%	0.61%	0.87%	0.78%	0.74%	0.17 %	0.80%	0.85%	(0.05)%
Adjusted operating earnings, net of tax	\$ 151	\$ 143	\$ 183	\$ 168	\$ 150	1 %	\$ 477	\$ 434	10 %
Average adjusted total assets ⁽¹⁾	84,663	82,335	81,309	79,233	76,804	10 %	82,986	74,428	11 %
Adjusted operating ROA, net of tax⁽²⁾	0.71%	0.69%	0.90%	0.85%	0.78%	(0.07)%	0.77%	0.78%	(0.01)%

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

(2) Interim periods are annualized.

Financial Supplement – Third Quarter 2020

Non-GAAP Reconciliation: Adjusted Total Assets

Unaudited (\$ in millions, except percentages)

	Balances as of					YoY Change
	9/30/2020	6/30/2020	3/31/2020	12/31/2019	9/30/2019	
Adjusted invested assets	75,372	72,604	71,816	69,881	66,751	13 %
Separate account assets	5,136	5,015	4,612	5,504	5,336	(4)%
Separate account assets withheld by the cedent on a funds-withheld coinsurance basis	3,495	3,329	2,930	3,588	3,181	10 %
Gross insurance intangibles	2,166	2,209	2,154	2,133	2,092	4 %
Adjusted total assets	\$ 86,169	\$ 83,157	\$ 81,512	\$ 81,106	\$ 77,360	11 %
Total assets	\$ 99,367	\$ 92,159	\$ 87,838	\$ 89,556	\$ 86,117	15 %
Adjustments:						
Separate account assets withheld by the cedent on a funds-withheld coinsurance basis	3,495	3,329	2,930	3,588	3,181	10 %
Deferred revenue liabilities and unearned revenue reserves	(1,018)	(879)	(859)	(854)	(839)	(21)%
Insurance intangibles associated with unrealized gains on fixed maturity and equity securities ("Shadow adjustments")	1,165	946	8	828	904	29 %
Reinsurance recoverable	(5,615)	(4,169)	(4,224)	(4,189)	(4,252)	(32)%
Other assets, excluding DSI and restricted cash	(644)	(606)	(915)	(399)	(402)	(60)%
Unrealized gains on fixed maturity and equity securities	(4,520)	(3,566)	428	(3,205)	(3,559)	(27)%
Derivative collateral	(577)	(485)	(238)	(724)	(579)	— %
Derivative instruments receivables	(836)	(741)	(518)	(823)	(716)	(17)%
Funds withheld payable at interest	(3,646)	(1,980)	(1,817)	(2,144)	(2,140)	(70)%
Embedded derivatives on funds withheld	24	15	12	(18)	7	243 %
Securities sold under repurchase agreements	(301)	(402)	(704)	—	—	NM
Net investment receivable (payable)	(166)	91	87	(12)	51	(425)%
Non-controlling interests in consolidated renewable energy partnerships	(164)	(188)	(168)	(135)	(64)	(156)%
Redeemable non-controlling interests in consolidated renewable energy partnerships	(88)	(89)	(90)	(94)	(124)	29 %
Strategic equity investments	(307)	(278)	(258)	(269)	(225)	(36)%
Total adjustments	(13,198)	(9,002)	(6,326)	(8,450)	(8,757)	(51)%
Adjusted total assets	\$ 86,169	\$ 83,157	\$ 81,512	\$ 81,106	\$ 77,360	11 %

Financial Supplement – Third Quarter 2020

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

Unaudited (\$ in millions, except percentages)

	Three Months Ended					YoY Change	Nine Months Ended		YoY Change
	9/30/2020	6/30/2020	3/31/2020	12/31/2019	9/30/2019		9/30/2020	9/30/2019	
Reconciliation of adjusted net cost of insurance									
Net underwriting margin, as reported	\$ 262	\$ 74	\$ 340	\$ 273	\$ 277	(5)%	\$ 676	\$ 885	(24)%
Less: Net investment income, as reported	782	784	746	756	766	2 %	2,312	2,167	7 %
Net cost of insurance	520	710	406	483	489	6 %	1,636	1,282	28 %
Adjustments:									
Realized (gains) losses on the sale of AFS securities, net of offsets	(44)	(12)	(33)	(66)	(15)	(193)%	(89)	(17)	(424)%
Change in assumed modified coinsurance and funds withheld embedded derivatives, net of offsets	(5)	(41)	66	(9)	2	(350)%	20	(22)	191 %
Unrealized (gains) losses, impairments and other investment, derivative and hedging (gains) losses, net of offsets	57	160	29	44	7	NM	246	(31)	NM
Offsets to adjustments for renewable energy investments	3	1	3	14	(2)	250 %	7	(11)	164 %
Change in the fair value of derivatives and embedded derivatives for fixed indexed annuities and indexed universal life contracts, net of offsets	24	92	(143)	30	13	85 %	(27)	2	NM
Transaction, conversion and integration expense	—	3	3	12	1	(100)%	6	19	(68)%
Total adjustments	35	203	(75)	25	6	483 %	163	(60)	372 %
Adjusted net cost of insurance	\$ 485	\$ 507	\$ 481	\$ 458	\$ 483	— %	\$ 1,473	\$ 1,342	10 %
Reconciliation of adjusted net underwriting margin									
Net underwriting margin, as reported	262	74	340	273	277	(5)%	676	885	(24)%
Total adjustments, as above	35	203	(75)	25	6	483 %	163	(60)	372 %
Adjustment to derive adjusted net investment income	28	(36)	37	(4)	(13)	315 %	29	22	32 %
Adjusted net underwriting margin	\$ 325	\$ 241	\$ 302	\$ 294	\$ 270	20 %	\$ 868	\$ 847	2 %
Reconciliation of adjusted G&A expense									
General and administrative expenses, as reported	\$ 124	\$ 117	\$ 111	\$ 139	\$ 120	3 %	\$ 352	\$ 349	1 %
Adjustments:									
Transaction, conversion and integration expense	8	17	6	19	10	(20)%	31	27	15 %
Adjusted general and administrative expenses	\$ 116	\$ 100	\$ 105	\$ 120	\$ 110	5 %	\$ 321	\$ 322	— %

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

Unaudited (\$ in millions, except percentages)

	Three Months Ended					YoY Change	Nine Months Ended		YoY Change
	9/30/2020	6/30/2020	3/31/2020	12/31/2019	9/30/2019		9/30/2020	9/30/2019	
Average total assets ⁽¹⁾	\$ 95,763	\$ 89,999	\$ 88,697	\$ 87,837	\$ 85,390	12 %	\$ 92,230	\$ 81,681	13 %
Average adjusted total assets ⁽¹⁾	\$ 84,663	\$ 82,335	\$ 81,309	\$ 79,233	\$ 76,804	10 %	\$ 82,986	\$ 74,428	11 %
Ratios derived from average total assets and average adjusted total assets⁽²⁾:									
Adjusted net investment income	\$ 810	\$ 748	\$ 783	\$ 752	\$ 753	8 %	\$ 2,341	\$ 2,189	7 %
Adjusted net investment return ratio	3.83 %	3.63 %	3.86 %	3.80 %	3.92 %	(0.09)%	3.77 %	3.92 %	(0.15)%
Net investment earned rate	4.38 %	4.14 %	4.42 %	4.40 %	4.56 %	(0.18)%	4.31 %	4.57 %	(0.26)%
Adjustment to change net investment earned rate basis from adjusted invested assets to adjusted total assets	(0.55)%	(0.51)%	(0.56)%	(0.60)%	(0.64)%	0.09 %	(0.54)%	(0.65)%	0.11 %
Net cost of insurance ratio	(2.17)%	(3.16)%	(1.83)%	(2.20)%	(2.29)%	0.12 %	(2.36)%	(2.09)%	(0.27)%
Adjusted net cost of insurance ratio	(2.29)%	(2.46)%	(2.37)%	(2.31)%	(2.52)%	0.23 %	(2.37)%	(2.40)%	0.03 %
Net underwriting return	1.10 %	0.33 %	1.53 %	1.24 %	1.30 %	(0.20)%	0.98 %	1.45 %	(0.47)%
Adjusted net underwriting return ratio	1.54 %	1.17 %	1.49 %	1.49 %	1.40 %	0.14 %	1.40 %	1.52 %	(0.12)%
General and administrative expenses ratio	(0.52)%	(0.52)%	(0.50)%	(0.63)%	(0.56)%	0.04 %	(0.51)%	(0.57)%	0.06 %
Adjusted general and administrative expenses ratio	(0.55)%	(0.49)%	(0.52)%	(0.61)%	(0.57)%	0.02 %	(0.52)%	(0.58)%	0.06 %
Interest expense	\$ 17	\$ 14	\$ 21	\$ 19	\$ 17	— %	\$ 52	\$ 48	8 %
Interest expense ratio	(0.07)%	(0.06)%	(0.09)%	(0.09)%	(0.08)%	0.01 %	(0.08)%	(0.08)%	— %
Adjusted Interest expense ratio	(0.08)%	(0.07)%	(0.10)%	(0.10)%	(0.09)%	0.01 %	(0.08)%	(0.09)%	0.01 %
Adjusted operating income tax expense	\$ 41	\$ (16)	\$ (7)	\$ (13)	\$ (7)	686 %	\$ 18	\$ 43	(58)%
Adjusted operating income tax expense ratio	(0.20)%	0.08 %	0.03 %	0.07 %	0.04 %	(0.24)%	(0.03)%	(0.07)%	0.04 %

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

(2) Interim periods are annualized

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

Unaudited (\$ in millions, except percentages)

	Three Months Ended					YoY Change	Nine Months Ended		YoY Change
	9/30/2020	6/30/2020	3/31/2020	12/31/2019	9/30/2019		9/30/2020	9/30/2019	
Net income attributable to Global Atlantic Financial Limited shareholder	\$ 131	\$ 2	\$ 253	\$ 198	\$ 144	(9)%	\$ 386	\$ 435	(11)%
Adjusted operating earnings, net of tax	\$ 151	\$ 143	\$ 183	\$ 168	\$ 150	1 %	\$ 477	\$ 434	10 %
Total Global Atlantic Financial Limited shareholders' equity	\$ 7,131	\$ 6,393	\$ 4,039	\$ 6,025	\$ 6,001	19 %	\$ 7,131	\$ 6,001	19 %
Less: AOCI	2,629	2,030	(315)	1,912	2,091	26 %	2,629	2,091	26 %
Shareholders' equity excluding AOCI	\$ 4,502	\$ 4,363	\$ 4,354	\$ 4,113	\$ 3,910	15 %	\$ 4,502	\$ 3,910	15 %
Average total Global Atlantic Financial Limited shareholders' equity ⁽¹⁾	\$ 6,762	\$ 5,216	\$ 5,032	\$ 6,013	\$ 5,674	19 %	\$ 5,897	\$ 4,775	23 %
Average shareholders' equity, excluding AOCI ⁽¹⁾	\$ 4,432	\$ 4,358	\$ 4,233	\$ 4,011	\$ 3,835	16 %	\$ 4,333	\$ 3,696	17 %
ROE⁽²⁾	7.7%	0.2%	20.1%	13.2%	10.2%	(2.5)%	8.7%	12.1%	(3.4)%
ROE excluding AOCI⁽²⁾	11.8%	0.2%	23.9%	19.7%	15.0%	(3.2)%	11.9%	15.7%	(3.8)%
Adjusted Operating ROE, excluding AOCI⁽²⁾	13.6%	13.1%	17.3%	16.8%	15.6%	(2.0)%	14.7%	15.7%	(1.0)%

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

(2) Interim periods are annualized.