



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

# **Financial Supplement**

**Fourth Quarter 2020**

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

## Table of Contents

Notes to the financial supplement	Page
Important notice	<u>3</u>
Credit ratings	<u>4</u>
<b>Consolidated results</b>	
Financial highlights	<u>6</u>
Consolidated statements of income	<u>7</u>
Consolidated balance sheets	<u>9</u>
Capitalization	<u>11</u>
Assumption review	<u>12</u>
<b>Product and operational data</b>	
New business volume by product and origination channel	<u>14</u>
Reserves by product	<u>15</u>
General account reserve roll forward by origination channel	<u>16</u>
Surrender charge protection by product	<u>17</u>
Account values by guaranteed minimum interest rates	<u>18</u>
<b>Investment management</b>	
Investments summary	<u>20</u>
Adjusted invested assets (a non-GAAP measure)	<u>21</u>
Fixed maturity securities - unrealized gains and losses	<u>22</u>
Fixed maturity securities by ratings	<u>23</u>
Corporate fixed maturity securities by ratings	<u>24</u>
Residential mortgage-backed securities by ratings	<u>25</u>
Commercial mortgage-backed securities by ratings	<u>26</u>
Collateralized loan obligations & collateralized bond obligations by ratings	<u>27</u>
All other structured securities by ratings	<u>28</u>
<b>Additional information</b>	
Reconciliations of GAAP to non-GAAP measures	<u>29</u>

## Important notice

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## Financial Supplement – Fourth Quarter 2020

### Credit Ratings

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

	Ratings as of March 12, 2021			
	A.M. Best	Fitch	Moody's	Standard & Poor's
<b>Credit Ratings<sup>(1)</sup></b>				
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
<b>Financial Strength Ratings</b>				
Commonwealth Annuity & Life Insurance	A	A	A3	A-
Forethought Life Insurance Company	A	A	A3	A-
Accordia Life and Annuity Company	A	A	A3	A-
First Allmerica Financial Life Insurance Company	A	A	A3	A-
Global Atlantic Re Limited	A	A	N/A	A-
Global Atlantic Assurance Limited	A	A	N/A	A-

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

# Consolidated Results

## Financial Supplement – Fourth Quarter 2020

### Financial Highlights

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

	Three Months Ended					YoY Change	Year Ended		YoY Change
	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019		12/31/2020	12/31/2019	
<b>Consolidated results of operations</b>									
Net income attributable to Global Atlantic Financial Limited shareholders	\$ 124	\$ 131	\$ 2	\$ 253	\$ 198	(37)%	\$ 510	\$ 633	(19)%
Adjusted operating income, net of tax	179	151	143	183	168	7 %	656	602	9 %
ROE <sup>(1)</sup>	6.6 %	7.7 %	0.2 %	20.1 %	13.2 %	(6.6)%	8.1 %	12.6 %	(4.5)%
ROE excluding AOCI <sup>(1)</sup>	10.9 %	11.8 %	0.2 %	23.9 %	19.7 %	(8.8)%	11.6 %	16.8 %	(5.2)%
Adjusted Operating ROE, excluding AOCI <sup>(1)</sup>	15.7 %	13.6 %	13.1 %	17.3 %	16.8 %	(1.1)%	14.9 %	15.9 %	(1.0)%
ROA <sup>(1)</sup>	0.44 %	0.55 %	0.01 %	1.14 %	0.90 %	(0.46)%	0.52 %	0.76 %	(0.24)%
Adjusted operating ROA, net of tax <sup>(1)</sup>	0.80 %	0.71 %	0.69 %	0.90 %	0.85 %	(0.05)%	0.77 %	0.79 %	(0.02)%
Effective income tax rate	(23.7)%	9.9 %	64.9 %	(0.5)%	(1.7)%	(22.0)%	(12.7)%	6.5 %	(19.2)%
Adjusted operating tax rate	(0.2)%	21.4 %	(12.6)%	(4.0)%	(8.4)%	8.2 %	2.7 %	4.7 %	(2.0)%
<b>Balance sheet items</b>									
Total assets	\$ 125,760	\$ 99,367	\$ 92,159	\$ 87,838	\$ 89,556	40 %	\$ 125,760	\$ 89,556	40 %
Adjusted total assets	92,238	86,169	83,157	81,512	81,106	14 %	92,238	81,106	14 %
Adjusted invested assets	80,826	75,372	72,604	71,816	69,881	16 %	80,826	69,881	16 %
Total liabilities	117,590	91,984	85,489	83,541	83,302	41 %	117,590	83,302	41 %
Total shareholders' equity	7,946	7,131	6,393	4,039	6,025	32 %	7,946	6,025	32 %
Shareholders' equity, excluding AOCI	4,629	4,502	4,363	4,354	4,113	13 %	4,629	4,113	13 %

(1) Interim periods are annualized.

## Financial Supplement – Fourth Quarter 2020

### Consolidated Statements of Income

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

	Three Months Ended					YoY Change	Year Ended		YoY Change
	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019		12/31/2020	12/31/2019	
<b>Revenues</b>									
Premiums	\$ 2,253	\$ 380	\$ 57	\$ 210	\$ 813	177 %	\$ 2,900	\$ 1,292	124 %
Policy fees	310	328	290	305	306	1 %	1,233	1,223	1 %
Net investment income	797	782	784	746	756	5 %	3,109	2,923	6 %
Other-than-temporary impairment on available-for-sale fixed maturity securities	(12)	(8)	(5)	(17)	—	— %	(42)	—	— %
Gains on derivative instruments	(52)	3	92	53	51	(202)%	96	345	(72)%
Other net investment (losses) gains	200	91	(37)	(137)	40	400 %	117	231	(49)%
Other income	17	15	13	14	15	13 %	59	58	2 %
<b>Total revenues</b>	<b>\$ 3,513</b>	<b>\$ 1,591</b>	<b>\$ 1,194</b>	<b>\$ 1,174</b>	<b>\$ 1,981</b>	<b>77 %</b>	<b>\$ 7,472</b>	<b>\$ 6,072</b>	<b>23 %</b>
<b>Benefits and expenses</b>									
Policy benefits and claims	\$ 3,115	\$ 1,191	\$ 1,062	\$ 707	\$ 1,575	98 %	6,075	4,521	34 %
Amortization of policy acquisition costs	83	84	15	86	96	(14)%	268	287	(7)%
Insurance expenses	62	54	43	41	37	68 %	200	106	89 %
Total benefits and insurance expenses	3,260	1,329	1,120	834	1,708	91 %	6,543	4,914	33 %
<b>Net underwriting income</b>	<b>253</b>	<b>262</b>	<b>74</b>	<b>340</b>	<b>273</b>	<b>(7)%</b>	<b>929</b>	<b>1,158</b>	<b>(20)%</b>
Interest expenses	16	17	14	21	19	(16)%	68	67	1 %
General and administrative expenses	155	124	117	111	139	12 %	507	488	4 %
Income before income taxes	82	121	(57)	208	115	(29)%	354	603	(41)%
Income tax (benefit) expense	(19)	12	(37)	(1)	(2)	NM	(45)	39	(215)%
Net income	101	109	(20)	209	117	(14)%	399	564	(29)%
Net (loss) income attributable to non-controlling interests and redeemable non-controlling interests	(23)	(22)	(22)	(44)	(81)	72 %	(111)	(69)	(61)%
<b>Net income attributable to Global Atlantic Financial Limited shareholders</b>	<b>\$ 124</b>	<b>\$ 131</b>	<b>\$ 2</b>	<b>\$ 253</b>	<b>\$ 198</b>	<b>(37)%</b>	<b>\$ 510</b>	<b>\$ 633</b>	<b>(19)%</b>
<b>Components of return on assets<sup>(1)</sup></b>									
Net investment return ratio	2.83 %	3.27 %	3.49 %	3.36 %	3.44 %	(0.61)%	3.14 %	3.51 %	(0.37)%
Net cost of insurance ratio	(1.93)%	(2.17)%	(3.16)%	(1.83)%	(2.20)%	0.27 %	(2.20)%	(2.12)%	(0.08)%
Net underwriting ratio	0.90 %	1.10 %	0.33 %	1.53 %	1.24 %	(0.34)%	0.94 %	1.39 %	(0.45)%
General and administrative expense ratio	(0.55)%	(0.52)%	(0.52)%	(0.50)%	(0.63)%	0.08 %	(0.51)%	(0.59)%	0.08 %
Interest expense ratio	(0.06)%	(0.07)%	(0.06)%	(0.09)%	(0.09)%	0.03 %	(0.07)%	(0.08)%	0.01 %
Income tax expense ratio	0.07 %	(0.05)%	0.16 %	— %	0.01 %	0.06 %	0.05 %	(0.05)%	0.10 %
Non-controlling interest ratio	0.08 %	0.09 %	0.10 %	0.20 %	0.37 %	(0.29)%	0.11 %	0.09 %	0.02 %
<b>Return on assets</b>	<b>0.44 %</b>	<b>0.55 %</b>	<b>0.01 %</b>	<b>1.14 %</b>	<b>0.90 %</b>	<b>(0.46)%</b>	<b>0.52 %</b>	<b>0.76 %</b>	<b>(0.24)%</b>

(1) Interim periods are annualized.

## Financial Supplement – Fourth Quarter 2020

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

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

	Three Months Ended					YoY Change	Year Ended		YoY Change
	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019		12/31/2020	12/31/2019	
<b>Adjusted operating return on assets, net of tax<sup>(1)</sup></b>	<b>0.80 %</b>	<b>0.71 %</b>	<b>0.69 %</b>	<b>0.90 %</b>	<b>0.85 %</b>	<b>(0.05)%</b>	<b>0.77 %</b>	<b>0.79 %</b>	<b>(0.02)%</b>
<b>Components of adjusted operating return on assets, net of tax:<sup>(1)</sup></b>									
<b>Net investment earned rate</b>	<b>4.25 %</b>	<b>4.38 %</b>	<b>4.14 %</b>	<b>4.42 %</b>	<b>4.40 %</b>	<b>(0.15)%</b>	<b>4.28 %</b>	<b>4.52 %</b>	<b>(0.24)%</b>
Adjustment to change net investment earned rate basis from adjusted invested assets to adjusted total assets	(0.53)%	(0.55)%	(0.51)%	(0.56)%	(0.60)%	0.07 %	(0.54)%	(0.64)%	0.10 %
<b>Adjusted net cost of insurance ratio</b>	<b>(2.28)%</b>	<b>(2.29)%</b>	<b>(2.46)%</b>	<b>(2.37)%</b>	<b>(2.31)%</b>	<b>0.03 %</b>	<b>(2.34)%</b>	<b>(2.38)%</b>	<b>0.04 %</b>
<b>Adjusted net underwriting ratio</b>	<b>1.44 %</b>	<b>1.54 %</b>	<b>1.17 %</b>	<b>1.49 %</b>	<b>1.49 %</b>	<b>(0.05)%</b>	<b>1.40 %</b>	<b>1.50 %</b>	<b>(0.10)%</b>
Adjusted general and administrative expense ratio	(0.57)%	(0.55)%	(0.49)%	(0.52)%	(0.61)%	0.04 %	(0.53)%	(0.58)%	0.05 %
Adjusted interest expense ratio	(0.07)%	(0.08)%	(0.07)%	(0.10)%	(0.10)%	0.03 %	(0.08)%	(0.09)%	0.01 %
Adjusted operating return on assets, before taxes	0.80 %	0.91 %	0.61 %	0.87 %	0.78 %	0.02 %	0.79 %	0.83 %	(0.04)%
Adjusted income tax expense ratio	— %	(0.20)%	0.08 %	0.03 %	0.07 %	(0.07)%	(0.02)%	(0.04)%	0.02 %
<b>Adjusted operating return on assets, net of tax</b>	<b>0.80 %</b>	<b>0.71 %</b>	<b>0.69 %</b>	<b>0.90 %</b>	<b>0.85 %</b>	<b>(0.05)%</b>	<b>0.77 %</b>	<b>0.79 %</b>	<b>(0.02)%</b>
<b>Components of adjusted operating earnings:</b>									
<b>Adjusted net investment income</b>	<b>\$ 830</b>	<b>\$ 810</b>	<b>\$ 748</b>	<b>\$ 783</b>	<b>\$ 752</b>	<b>10 %</b>	<b>\$ 3,171</b>	<b>\$ 2,941</b>	<b>8 %</b>
Adjusted net cost of insurance	509	485	507	481	458	11 %	1,982	1,800	10 %
<b>Adjusted net underwriting income</b>	<b>321</b>	<b>325</b>	<b>241</b>	<b>302</b>	<b>294</b>	<b>9 %</b>	<b>1,189</b>	<b>1,141</b>	<b>4 %</b>
Interest expenses	16	17	14	21	19	(16)%	68	67	1 %
Adjusted general and administrative expenses	127	116	100	105	120	6 %	448	442	1 %
Adjusted operating earnings, before income taxes	179	192	127	176	155	15 %	674	632	7 %
Adjusted operating income tax expense	—	(41)	16	7	13	(100)%	(18)	(30)	40 %
<b>Adjusted operating earnings, net of tax</b>	<b>\$ 179</b>	<b>\$ 151</b>	<b>\$ 143</b>	<b>\$ 183</b>	<b>\$ 168</b>	<b>7 %</b>	<b>\$ 656</b>	<b>\$ 602</b>	<b>9 %</b>
<b>Average total assets<sup>(2)</sup></b>	<b>\$112,564</b>	<b>\$ 95,763</b>	<b>\$ 89,999</b>	<b>\$ 88,697</b>	<b>\$ 87,837</b>	<b>28 %</b>	<b>\$ 98,936</b>	<b>\$ 83,256</b>	<b>19 %</b>
<b>Average adjusted total assets<sup>(2)</sup></b>	<b>89,204</b>	<b>84,663</b>	<b>82,335</b>	<b>81,309</b>	<b>79,233</b>	<b>13 %</b>	<b>84,836</b>	<b>75,763</b>	<b>12 %</b>

(1) Interim periods are annualized.

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



## Financial Supplement – Fourth Quarter 2020

### Consolidated Balance Sheets

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

	Balances as of					YoY Change
	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019	
<b>Assets</b>						
Fixed maturity securities, available-for-sale, at fair value	\$ 61,154	\$ 55,577	\$ 52,081	\$ 46,572	\$ 49,765	23 %
Fixed maturity securities, trading, at fair value	11,193	2,394	974	916	984	NM
Equity securities at fair value	95	69	60	60	58	64 %
Mortgage and other loan receivables	15,479	15,057	14,995	15,364	13,506	15 %
Policy loans	696	700	707	710	711	(2)%
Derivative instruments	968	836	741	518	823	18 %
Funds withheld receivable at interest	2,446	2,320	2,254	2,061	2,428	1 %
Other invested assets	6,478	6,149	6,063	5,995	5,847	11 %
<b>Total investments</b>	<b>98,509</b>	<b>83,102</b>	<b>77,875</b>	<b>72,196</b>	<b>74,122</b>	<b>33 %</b>
Cash and cash equivalents	3,177	2,124	1,614	2,187	2,458	29 %
Accrued investment income	709	620	561	545	544	30 %
Reinsurance recoverable	15,140	5,615	4,169	4,224	4,189	261 %
Deferred policy acquisition costs	1,567	1,706	1,804	2,464	1,704	(8)%
Value of business acquired	280	285	310	511	424	(34)%
Other assets	919	779	811	1,099	611	50 %
Separate account assets	5,459	5,136	5,015	4,612	5,504	(1)%
<b>Total assets</b>	<b>\$ 125,760</b>	<b>\$ 99,367</b>	<b>\$ 92,159</b>	<b>\$ 87,838</b>	<b>\$ 89,556</b>	<b>40 %</b>

## Financial Supplement – Fourth Quarter 2020

### Consolidated Balance Sheets (continued)

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

	Balances as of					YoY Change
	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019	
<b>Liabilities</b>						
Future policyholder benefits	\$ 13,858	\$ 6,584	\$ 5,863	\$ 5,901	\$ 5,744	141 %
Outstanding claims	266	184	225	168	195	36 %
Contractholder deposit funds and other policyholder liabilities	79,817	72,280	68,437	67,268	66,305	20 %
<b>Total policyholder liabilities</b>	<b>93,941</b>	<b>79,048</b>	<b>74,525</b>	<b>73,337</b>	<b>72,244</b>	<b>30 %</b>
Debt	1,421	1,161	1,163	1,162	1,105	29 %
Tax payable to former parent company	87	86	85	84	90	(3)%
Collateral on derivative instruments	758	577	485	238	724	5 %
Funds withheld payable at interest	13,636	3,646	1,980	1,817	2,144	NM
Securities sold under agreements to repurchase	301	301	402	704	—	— %
Accrued expenses and other liabilities	1,727	1,770	1,579	1,325	1,187	45 %
Reinsurance liabilities	260	259	255	262	304	(14)%
Separate account liabilities	5,459	5,136	5,015	4,612	5,504	(1)%
<b>Total liabilities</b>	<b>\$ 117,590</b>	<b>\$ 91,984</b>	<b>\$ 85,489</b>	<b>\$ 83,541</b>	<b>\$ 83,302</b>	<b>41 %</b>
<b>Redeemable non-controlling interests</b>	<b>\$ 91</b>	<b>\$ 88</b>	<b>\$ 89</b>	<b>\$ 90</b>	<b>\$ 94</b>	<b>(3)%</b>
<b>Shareholders' Equity</b>						
Common stock	\$ —	\$ —	\$ —	\$ —	\$ —	— %
Additional paid-in capital	1,668	1,665	1,657	1,650	1,662	— %
Retained earnings	2,961	2,837	2,706	2,704	2,451	21 %
Accumulated other comprehensive income (loss)	3,317	2,629	2,030	(315)	1,912	73 %
<b>Total shareholders' equity</b>	<b>7,946</b>	<b>7,131</b>	<b>6,393</b>	<b>4,039</b>	<b>6,025</b>	<b>32 %</b>
Non-controlling interests	133	164	188	168	135	(1)%
<b>Total equity</b>	<b>8,079</b>	<b>7,295</b>	<b>6,581</b>	<b>4,207</b>	<b>6,160</b>	<b>31 %</b>
<b>Total liabilities, redeemable non-controlling interests and equity</b>	<b>\$ 125,760</b>	<b>\$ 99,367</b>	<b>\$ 92,159</b>	<b>\$ 87,838</b>	<b>\$ 89,556</b>	<b>40 %</b>
<b>Shareholders' equity, excluding AOCI</b>	<b>\$ 4,629</b>	<b>\$ 4,502</b>	<b>\$ 4,363</b>	<b>\$ 4,354</b>	<b>\$ 4,113</b>	<b>13 %</b>
Average shareholders' equity, excluding AOCI <sup>(1)</sup>	4,566	4,432	4,358	4,233	4,011	14 %

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

## Financial Supplement – Fourth Quarter 2020

### Capitalization

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

	Balances as of					YoY Change
	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019	
Debt	\$ 1,421	\$ 1,161	\$ 1,163	\$ 1,162	\$ 1,105	29 %
25% of subordinated debentures	(63)	(63)	(63)	(63)	(63)	— %
Fair value adjustment to senior notes hedged with interest rate swap <sup>(1)</sup>	(32)	(42)	(43)	(42)	15	(313)%
Adjusted debt	1,326	1,056	1,057	1,057	1,057	25 %
Total Global Atlantic Financial Limited shareholders' equity	7,946	7,131	6,393	4,039	6,025	32 %
Less: Accumulated other comprehensive income (AOCI)	3,317	2,629	2,030	(315)	1,912	73 %
Shareholders' equity, excluding AOCI	<u>\$ 4,629</u>	<u>\$ 4,502</u>	<u>\$ 4,363</u>	<u>\$ 4,354</u>	<u>\$ 4,113</u>	13 %
Capitalization	\$ 9,367	\$ 8,292	\$ 7,556	\$ 5,201	\$ 7,130	31 %
Capitalization, excluding AOCI	6,050	5,663	5,526	5,516	5,218	16 %
Capitalization, excluding AOCI and debt fair value adjustments	6,018	5,621	5,483	5,474	5,233	15 %
<b>Debt-to-capitalization</b>	<b>15.2 %</b>	<b>14.0 %</b>	<b>15.4 %</b>	<b>22.3 %</b>	<b>15.5 %</b>	<b>(0.3)%</b>
Debt-to-capitalization, excluding AOCI	23.5 %	20.5 %	21.0 %	21.1 %	21.2 %	2.3 %
<b>Adjusted debt-to-capitalization excluding AOCI and debt fair value adjustments</b>	<b>22.0 %</b>	<b>18.8 %</b>	<b>19.3 %</b>	<b>19.3 %</b>	<b>20.2 %</b>	<b>1.8 %</b>
					<b>Risk-based capital</b>	
					<b>as of December 31, 2020</b>	
U.S. insurance subsidiaries <sup>(2)</sup>						398 %
Estimated consolidated RBC, including Bermuda subsidiaries <sup>(3)</sup>						441 %

(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 year ended December 31, 2020, the carrying amount of the hedged 2029 Senior Notes was \$527 million, which is increased by a fair value hedge adjustment of \$32 million. A gain due to changes in the fair value of the swap of \$47 million was recognized in interest expense in the consolidated statements of income for the year ended December 31, 2020, fully offsetting the fair value change in the hedged 2029 Senior Notes.

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

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

## Financial Supplement – Fourth Quarter 2020

### 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 – Fourth Quarter 2020

### New Business Volume by Product and Origination Channel

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

	Three Months Ended					YoY Change	Year Ended		YoY Change
	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019		12/31/2020	12/31/2019	
<b>Individual channel:</b>									
Fixed-Rate Annuities	\$ 610	\$ 1,047	\$ 1,047	\$ 853	\$ 747	(18)%	\$ 3,557	\$ 4,685	(24)%
Fixed-Indexed Annuities	869	783	614	822	790	10 %	3,088	3,630	(15)%
Variable Annuities	19	15	22	16	25	(24)%	72	105	(31)%
<b>Total Retirement</b>	<b>\$ 1,498</b>	<b>\$ 1,845</b>	<b>\$ 1,683</b>	<b>\$ 1,691</b>	<b>\$ 1,562</b>	<b>(4)%</b>	<b>\$ 6,717</b>	<b>\$ 8,420</b>	<b>(20)%</b>
Indexed Universal Life	15	7	16	24	38	(61)%	62	107	(42)%
Fixed Universal and Term Life	—	—	—	—	1	(100)%	—	3	(100)%
<b>Total Traditional Life</b>	<b>\$ 15</b>	<b>\$ 7</b>	<b>\$ 16</b>	<b>\$ 24</b>	<b>\$ 39</b>	<b>(62)%</b>	<b>\$ 62</b>	<b>\$ 110</b>	<b>(44)%</b>
<b>Preneed Life</b>	<b>\$ 48</b>	<b>\$ 53</b>	<b>\$ 37</b>	<b>\$ 50</b>	<b>\$ 47</b>	<b>2 %</b>	<b>\$ 188</b>	<b>\$ 194</b>	<b>(3)%</b>
<b>Institutional channel:</b>									
<b>Retirement</b>	<b>\$ 14,054</b>	<b>\$ 1,338</b>	<b>\$ 251</b>	<b>\$ 355</b>	<b>\$ 1,468</b>	<b>NM</b>	<b>\$ 15,998</b>	<b>\$ 3,704</b>	<b>332 %</b>
<b>Life</b>	<b>\$ 8</b>	<b>\$ 2,268</b>	<b>\$ 10</b>	<b>\$ —</b>	<b>\$ 620</b>	<b>(99)%</b>	<b>\$ 2,286</b>	<b>\$ 647</b>	<b>253 %</b>

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 – Fourth Quarter 2020

### Reserves by Product

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

	Balances as of										YoY Change	
	12/31/2020		9/30/2020		6/30/2020		3/31/2020		12/31/2019			
	General Account	Separate Account	General Account	Separate Account	General Account	Separate Account	General Account	Separate Account	General Account	Separate Account	General Account	Separate Account
Fixed-Rate Annuity	\$ 20,695	\$ —	\$ 20,767	\$ —	\$ 20,511	\$ —	\$ 20,263	\$ —	\$ 20,173	\$ —	3 %	— %
Fixed-Indexed Annuity	17,085	—	16,119	—	15,233	—	14,355	—	14,037	—	22 %	— %
Variable Annuity	410	3,098	489	2,962	516	2,922	539	2,785	347	3,172	18 %	(2)%
Indexed Universal Life	9,588	—	9,187	—	8,974	—	8,597	—	8,658	—	11 %	— %
Fixed Universal Life	1,554	—	1,559	—	1,610	—	1,597	—	1,614	—	(4)%	— %
Term & Whole Life	570	—	548	—	568	—	571	—	591	—	(4)%	— %
Preneed	2,832	—	2,885	—	2,990	—	3,150	—	2,995	—	(5)%	— %
FHLB funding agreements	2,207	—	2,208	—	2,207	—	2,279	—	2,044	—	8 %	— %
<b>Total Individual</b>	<b>54,941</b>	<b>3,098</b>	<b>53,762</b>	<b>2,962</b>	<b>52,609</b>	<b>2,922</b>	<b>51,351</b>	<b>2,785</b>	<b>50,459</b>	<b>3,172</b>	<b>9 %</b>	<b>(2)%</b>
Retirement	32,247	1,771	18,541	1,637	17,443	1,583	17,477	1,388	17,354	1,775	86 %	— %
Life	4,975	590	4,973	537	2,731	510	2,743	439	2,764	557	80 %	6 %
FHLB funding agreements	313	—	313	—	314	—	313	—	238	—	32 %	— %
<b>Total Institutional</b>	<b>37,535</b>	<b>2,361</b>	<b>23,827</b>	<b>2,174</b>	<b>20,488</b>	<b>2,093</b>	<b>20,533</b>	<b>1,827</b>	<b>20,356</b>	<b>2,332</b>	<b>84 %</b>	<b>1 %</b>
Closed Block	1,410	—	1,404	—	1,372	—	1,395	—	1,368	—	3 %	— %
Other Corporate <sup>(1)</sup>	55	—	55	—	56	—	58	—	61	—	(10)%	— %
<b>Total Corporate &amp; Other</b>	<b>1,465</b>	<b>—</b>	<b>1,459</b>	<b>—</b>	<b>1,428</b>	<b>—</b>	<b>1,453</b>	<b>—</b>	<b>1,429</b>	<b>—</b>	<b>3 %</b>	<b>— %</b>
<b>Total Reserves</b>	<b>\$ 93,941</b>	<b>\$ 5,459</b>	<b>\$ 79,048</b>	<b>\$ 5,136</b>	<b>\$ 74,525</b>	<b>\$ 5,015</b>	<b>\$ 73,337</b>	<b>\$ 4,612</b>	<b>\$ 72,244</b>	<b>\$ 5,504</b>	<b>30 %</b>	<b>(1)%</b>

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

## Financial Supplement – Fourth Quarter 2020

### General Account Reserve Roll Forward by Origination Channel

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

	Balances as of					YoY Change
	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019	
<b>Individual</b>						
Reserve liability, gross, opening balance	\$ 53,762	\$ 52,609	\$ 51,351	\$ 50,459	\$ 49,195	9 %
Deposits	1,780	2,045	1,896	2,178	1,921	(7)%
Surrenders, benefits and fees	(1,192)	(1,244)	(1,348)	(1,228)	(948)	(26)%
Other reserve changes	591	352	710	(58)	291	103 %
Reserve liability, gross, ending	54,941	53,762	52,609	51,351	50,459	9 %
Reinsurance recoverable	(492)	(406)	(414)	(412)	(410)	(20)%
<b>Net individual reserve liability</b>	<b>\$ 54,449</b>	<b>\$ 53,356</b>	<b>\$ 52,195</b>	<b>\$ 50,939</b>	<b>\$ 50,049</b>	<b>9 %</b>
<b>Institutional</b>						
Reserve liability, gross, opening balance	\$ 23,827	\$ 20,488	\$ 20,533	\$ 20,356	\$ 18,560	28 %
Deposits <sup>(1)</sup>	14,089	3,547	288	460	2,169	NM
Surrenders, benefits and fees	(379)	(219)	(228)	(288)	(272)	(39)%
Other reserve changes	(2)	11	(105)	5	(101)	98 %
Reserve liability, gross, ending	37,535	23,827	20,488	20,533	20,356	84 %
Reinsurance recoverable	(13,256)	(3,821)	(2,399)	(2,410)	(2,402)	(452)%
<b>Net institutional reserve liability</b>	<b>\$ 24,279</b>	<b>\$ 20,006</b>	<b>\$ 18,089</b>	<b>\$ 18,123</b>	<b>\$ 17,954</b>	<b>35 %</b>
<b>Consolidated</b>						
Reserve liability, gross, opening balance	\$ 79,048	\$ 74,525	\$ 73,337	\$ 72,244	\$ 69,229	14 %
Deposits <sup>(1)</sup>	15,869	5,592	2,184	2,638	4,090	288 %
Surrenders, benefits and fees	(1,571)	(1,463)	(1,576)	(1,516)	(1,220)	(29)%
Other reserve changes	595	394	580	(29)	145	310 %
Reserve liability, gross, ending	93,941	79,048	74,525	73,337	72,244	30 %
Reinsurance recoverable	(15,140)	(5,615)	(4,169)	(4,224)	(4,189)	(261)%
<b>Net reserve liability</b>	<b>\$ 78,801</b>	<b>\$ 73,433</b>	<b>\$ 70,356</b>	<b>\$ 69,113</b>	<b>\$ 68,055</b>	<b>16 %</b>

(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 – Fourth Quarter 2020

### Surrender Charge Protection by Product

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

Years of Surrender Charge Remaining	Fixed-rate and Fixed-indexed Annuities					
	December 31, 2020			December 31, 2019		
	Account Values	Percent of total	Average Surrender Charge Percent	Account Values	Percent of total	Average Surrender Charge Percent
No surrender charge	\$ 9,518	18.3 %	— %	\$ 6,826	16.3 %	— %
Greater than 0 to less than 3	11,430	22.0 %	5.1 %	9,623	23.0 %	5.2 %
3 to less than 6	22,641	43.5 %	6.3 %	17,570	41.9 %	7.2 %
6 to less than 9	6,037	11.6 %	7.0 %	6,335	15.1 %	7.1 %
9 or greater	2,367	4.6 %	8.0 %	1,571	3.7 %	7.7 %
Total	<u>\$ 51,993</u>	<u>100.0 %</u>	<u>5.3 %</u>	<u>\$ 41,925</u>	<u>100.0 %</u>	<u>5.6 %</u>

  

Years of Surrender Charge Remaining	Indexed and Fixed Universal Life					
	December 31, 2020			December 31, 2019		
	Account Values	Percent of total	Average Surrender Charge Percent	Account Values	Percent of total	Average Surrender Charge Percent
No surrender charge	\$ 6,271	52.8 %	0.3 %	\$ 3,923	41.2 %	— %
Greater than 0 to less than 3	1,326	11.2 %	2.8 %	1,182	12.4 %	3.2 %
3 to less than 6	1,744	14.7 %	7.7 %	1,501	15.8 %	8.1 %
6 to less than 9	1,377	11.6 %	11.2 %	1,906	20.0 %	12.2 %
9 or greater	1,156	9.7 %	27.7 %	1,008	10.6 %	31.0 %
Total	<u>\$ 11,874</u>	<u>100.0 %</u>	<u>5.6 %</u>	<u>\$ 9,520</u>	<u>100.0 %</u>	<u>7.6 %</u>

## Financial Supplement – Fourth 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 December 31, 2020)</i>						
Individual channel	\$ 2,876	\$ 816	\$ 1,659	\$ 2,592	\$ 15,912	\$ 23,855
Institutional channel and strategic acquisitions	12,761	941	503	1,229	813	16,247
<b>Total</b>	<b>\$ 15,637</b>	<b>\$ 1,757</b>	<b>\$ 2,162</b>	<b>\$ 3,821</b>	<b>\$ 16,725</b>	<b>\$ 40,102</b>
<b>Percentage in total</b>	<b>39.0 %</b>	<b>4.4 %</b>	<b>5.4 %</b>	<b>9.5 %</b>	<b>41.7 %</b>	<b>100.0 %</b>
Percentage from institutional channel and strategic acquisitions	81.6 %	53.6 %	23.3 %	32.2 %	4.9 %	40.5 %

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

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

# Investment Management

## Financial Supplement – Fourth Quarter 2020

### Investments Summary

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

	December 31, 2020		December 31, 2019	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
AFS fixed maturity securities	\$ 61,154	62.1 %	\$ 49,765	67.1 %
Trading fixed maturity securities	11,193	11.3 %	984	1.3 %
Equity securities	95	0.1 %	58	0.1 %
Mortgage and other loan receivables	15,479	15.7 %	13,506	18.2 %
Policy loans	696	0.7 %	711	1.0 %
Derivative instruments	968	1.0 %	823	1.1 %
Funds withheld receivable at interest	2,446	2.5 %	2,428	3.3 %
Other investments	6,478	6.6 %	5,847	7.9 %
<b>Total investments</b>	<b>\$ 98,509</b>	<b>100.0 %</b>	<b>\$ 74,122</b>	<b>100.0 %</b>

Other investments, as above, consists of the following:	December 31, 2020		December 31, 2019	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
Investments in renewable energy <sup>(1)</sup>	\$ 3,443	53.1 %	\$ 2,947	50.4 %
Investments in transportation and other leased assets <sup>(2)</sup>	1,978	30.5 %	1,796	30.7 %
Other investment partnerships	487	7.5 %	558	9.6 %
Investments in real estate	395	6.1 %	384	6.6 %
Federal Home Loan Bank, or "FHLB," common stock and other investments	175	2.7 %	162	2.7 %
<b>Total other investments</b>	<b>\$ 6,478</b>	<b>100.0 %</b>	<b>\$ 5,847</b>	<b>100.0 %</b>

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

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

## Financial Supplement – Fourth Quarter 2020

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

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

	December 31, 2020		December 31, 2019	
	Amount	Percent of Total	Amount	Percent of Total
<b>U.S. and foreign governments</b>	\$ 744	0.9 %	\$ 671	1.0 %
U.S. corporate debt	29,377	36.3 %	22,417	32.1 %
U.S. municipalities	4,428	5.5 %	2,335	3.3 %
<b>Credit</b>	<b>33,805</b>	<b>41.8 %</b>	<b>24,752</b>	<b>35.4 %</b>
Residential mortgage-backed securities, or "RMBS"	8,034	9.9 %	8,060	11.5 %
Commercial mortgage-backed securities, or "CMBS"	3,461	4.3 %	3,742	5.4 %
Collateralized loan obligations, or "CLOs"	3,026	3.7 %	2,906	4.2 %
Collateralized bond obligations, or "CBOs"	3,484	4.3 %	3,437	4.9 %
All other structured securities <sup>(1)</sup>	3,232	4.0 %	3,113	4.5 %
<b>Structured products</b>	<b>21,237</b>	<b>26.2 %</b>	<b>21,258</b>	<b>30.5 %</b>
Residential mortgage loans	4,467	5.5 %	4,004	5.7 %
Commercial mortgage loans	6,935	8.6 %	6,735	9.6 %
Consumer loans and other lending facilities	4,533	5.6 %	3,769	5.4 %
Investments in renewable energy	3,171	4.0 %	2,680	3.8 %
Investments in transportation and other leased assets	1,978	2.5 %	1,796	2.6 %
Investments in real estate	501	0.6 %	485	0.7 %
<b>Loans and income-generating assets</b>	<b>21,585</b>	<b>26.8 %</b>	<b>19,469</b>	<b>27.8 %</b>
Alternative assets	154	0.2 %	283	0.4 %
Policy loans	696	0.9 %	711	1.0 %
Other invested assets	176	0.2 %	162	0.2 %
Cash, cash equivalents and other	2,429	3.0 %	2,575	3.7 %
<b>Total adjusted invested assets</b>	<b>\$ 80,826</b>	<b>100.0 %</b>	<b>\$ 69,881</b>	<b>100.0 %</b>

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

## Financial Supplement – Fourth Quarter 2020

### Fixed Maturity Securities - Unrealized Gains and Losses

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

As of December 31, 2020					
	Cost or amortized cost	Gross unrealized temporary		Fair value	Percent of total
		gain	loss		
AFS fixed maturity securities portfolio by type:					
U.S. government and agencies	\$ 654	\$ 33	\$ (8)	\$ 679	1.1 %
U.S. state, municipal and political subdivisions	4,303	700	(2)	5,001	8.2 %
Corporate	28,847	3,796	(38)	32,605	53.3 %
RMBS	7,989	705	(55)	8,639	14.1 %
CMBS	3,449	234	(33)	3,650	6.0 %
CLOs	3,026	22	(46)	3,002	4.9 %
CBOs	3,482	111	—	3,593	5.9 %
All other structured securities <sup>(1)</sup>	3,826	179	(20)	3,985	6.5 %
<b>Total AFS fixed maturity securities</b>	<b>\$ 55,576</b>	<b>\$ 5,780</b>	<b>\$ (202)</b>	<b>\$ 61,154</b>	<b>100.0 %</b>

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

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

## Financial Supplement – Fourth Quarter 2020

### Fixed Maturity Securities by Ratings

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

	AFS Fixed Maturity Securities by NAIC Rating					
	December 31, 2020			December 31, 2019		
	Cost or Amortized Cost	Fair Value	Percent of Total	Cost or Amortized Cost	Fair Value	Percent of Total
<b>NAIC designation:</b>						
1	\$ 34,636	\$ 37,647	61.6 %	\$ 32,421	\$ 34,502	69.3 %
2	19,544	22,083	36.1 %	13,588	14,641	29.4 %
Total investment grade	54,180	59,730	97.7 %	46,009	49,143	98.7 %
3	802	817	1.3 %	275	278	0.6 %
4	176	182	0.3 %	142	146	0.3 %
5	7	15	— %	23	22	— %
6	—	—	— %	—	—	— %
5 <sup>*(1)</sup>	411	410	0.7 %	177	176	0.4 %
Total below investment grade	1,396	1,424	2.3 %	617	622	1.3 %
<b>Total AFS fixed maturity securities</b>	<b>\$ 55,576</b>	<b>\$ 61,154</b>	<b>100.0 %</b>	<b>\$ 46,626</b>	<b>\$ 49,765</b>	<b>100.0 %</b>

	AFS Fixed Maturity Securities by NRSRO Rating					
	December 31, 2020			December 31, 2019		
	Cost or Amortized Cost	Fair Value	Percent of Total	Cost or Amortized Cost	Fair Value	Percent of Total
<b>NRSRO rating designation:</b>						
AAA/AA/A	\$ 26,787	\$ 29,353	48.0 %	\$ 22,810	\$ 24,109	48.5 %
BBB	19,163	21,589	35.3 %	14,838	15,977	32.1 %
Non-rated <sup>(2)</sup>	2,075	2,227	3.6 %	2,885	3,044	6.1 %
Total Investment Grade	48,025	53,169	86.9 %	40,533	43,130	86.7 %
BB	571	585	1.0 %	432	441	0.9 %
B	487	491	0.8 %	198	207	0.4 %
CCC	1,782	1,971	3.2 %	1,781	2,044	4.1 %
CC and lower	2,641	2,870	4.7 %	2,367	2,633	5.3 %
Non-rated <sup>(3)</sup>	2,070	2,068	3.4 %	1,315	1,310	2.6 %
Total below investment grade	7,551	7,985	13.1 %	6,093	6,635	13.3 %
<b>Total AFS fixed maturity securities</b>	<b>\$ 55,576</b>	<b>\$ 61,154</b>	<b>100.0 %</b>	<b>\$ 46,626</b>	<b>\$ 49,765</b>	<b>100.0 %</b>

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

- (1) Securities rated using an internally developed methodology are designated 5\* by the NAIC.
- (2) Includes securities that were not rated by an NRSRO but have an NAIC designation of 1 or 2.
- (3) Includes securities that were not rated by an NRSRO but have an NAIC designation of 3 or lower.

## Financial Supplement – Fourth Quarter 2020

### Corporate Fixed Maturity Securities by Ratings

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

	Corporate Fixed Maturity Securities by NAIC Rating					
	December 31, 2020			December 31, 2019		
	Cost or Amortized Cost	Fair Value	Percent of Total	Cost or Amortized Cost	Fair Value	Percent of Total
<b>NAIC designation:</b>						
1	\$ 11,273	\$ 12,638	38.8 %	\$ 10,082	\$ 10,829	45.2 %
2	16,737	19,123	58.6 %	11,911	12,858	53.7 %
Total investment grade	<u>28,010</u>	<u>31,761</u>	<u>97.4 %</u>	<u>21,993</u>	<u>23,687</u>	<u>98.9 %</u>
3	364	370	1.1 %	68	68	0.3 %
4	—	1	— %	22	22	0.1 %
5	61	61	0.2 %	179	178	0.7 %
Total below investment grade	<u>837</u>	<u>844</u>	<u>2.6 %</u>	<u>269</u>	<u>268</u>	<u>1.1 %</u>
<b>Total Corporate fixed maturity securities</b>	<b><u>\$ 28,847</u></b>	<b><u>\$ 32,605</u></b>	<b><u>100.0 %</u></b>	<b><u>\$ 22,262</u></b>	<b><u>\$ 23,955</u></b>	<b><u>100.0 %</u></b>

	Corporate Fixed Maturity Securities by NRSRO Rating					
	December 31, 2020			December 31, 2019		
	Cost or Amortized Cost	Fair Value	Percent of Total	Cost or Amortized Cost	Fair Value	Percent of Total
<b>NRSRO rating designation:</b>						
AAA/AA/A	\$ 12,064	\$ 13,625	41.8 %	\$ 8,884	\$ 9,620	40.1 %
BBB	15,792	17,984	55.1 %	11,887	12,852	53.6 %
Non-rated <sup>(2)</sup>	204	207	0.6 %	1,216	1,210	5.1 %
Total Investment Grade	<u>28,060</u>	<u>31,816</u>	<u>97.5 %</u>	<u>21,987</u>	<u>23,682</u>	<u>98.8 %</u>
BB	315	317	1.0 %	12	12	0.1 %
B	59	60	0.2 %	22	22	0.1 %
Non-rated <sup>(3)</sup>	413	412	1.3 %	241	239	1.0 %
Total below investment grade	<u>787</u>	<u>789</u>	<u>2.5 %</u>	<u>275</u>	<u>273</u>	<u>1.2 %</u>
<b>Total Corporate fixed maturity securities</b>	<b><u>\$ 28,847</u></b>	<b><u>\$ 32,605</u></b>	<b><u>100.0 %</u></b>	<b><u>\$ 22,262</u></b>	<b><u>\$ 23,955</u></b>	<b><u>100.0 %</u></b>

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

- (1) Securities rated using an internally developed methodology are designated 5\* by the NAIC.
- (2) Includes securities that were not rated by an NRSRO but have an NAIC designation of 1 or 2.
- (3) Includes securities that were not rated by an NRSRO but have an NAIC designation of 3 or lower.



## Financial Supplement – Fourth Quarter 2020

### Residential Mortgage-backed Securities by Ratings

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

	RMBS by NAIC Ratings			
	December 31, 2020		December 31, 2019	
	Fair value	Percent of total	Fair Value	Percent of total
<b>NAIC designation:</b>				
1	\$ 7,631	88.3 %	\$ 8,046	92.0 %
2	602	7.0 %	441	5.0 %
Total investment grade	8,233	95.3 %	8,487	97.0 %
3	406	4.7 %	166	1.9 %
4	—	— %	89	1.0 %
5	—	— %	5	0.1 %
Total below investment grade	406	4.7 %	260	3.0 %
Total RMBS	\$ 8,639	100.0 %	\$ 8,747	100.0 %

	RMBS by NRSRO Ratings			
	December 31, 2020		December 31, 2019	
	Fair value	Percent of total	Fair Value	Percent of total
<b>NRSRO rating designation:</b>				
AAA/AA/A	\$ 741	8.6 %	\$ 1,162	13.3 %
BBB	525	6.1 %	662	7.6 %
BIG	5,396	62.5 %	5,273	60.3 %
Non-rated investment grade	1,977	22.9 %	1,650	18.9 %
Total RMBS	\$ 8,639	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 – Fourth Quarter 2020

### Commercial Mortgage-backed Securities by Ratings

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

	CMBS by NAIC Ratings			
	December 31, 2020		December 31, 2019	
	Fair value	Percent of total	Fair Value	Percent of total
<b>NAIC designation:</b>				
1	\$ 3,121	85.5 %	\$ 3,838	98.8 %
2	435	11.9 %	36	0.9 %
Total investment grade	3,556	97.4 %	3,874	99.7 %
3	94	2.6 %	—	— %
4	—	— %	11	0.3 %
Total below investment grade	94	2.6 %	11	0.3 %
Total CMBS	<u>\$ 3,650</u>	<u>100.0 %</u>	<u>\$ 3,885</u>	<u>100.0 %</u>
	CMBS by NRSRO Ratings			
	December 31, 2020		December 31, 2019	
	Fair value	Percent of total	Fair Value	Percent of total
<b>NRSRO rating designation:</b>				
AAA/AA/A	\$ 2,284	62.6 %	\$ 2,361	60.8 %
BBB	1,226	33.6 %	1,153	29.7 %
Non-rated investment grade	23	0.6 %	—	— %
BIG	117	3.2 %	371	9.5 %
Total CMBS	<u>\$ 3,650</u>	<u>100.0 %</u>	<u>\$ 3,885</u>	<u>100.0 %</u>

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 – Fourth Quarter 2020

### Collateralized Loan Obligations & Collateralized Bond Obligations by Ratings

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

	Collateralized Loan Obligations			
	December 31, 2020		December 31, 2019	
	Fair value	Percent of total	Fair value	Percent of total
<b>NAIC designation:</b>				
1	\$ 2,797	93.2 %	\$ 2,669	93.6 %
2	173	5.8 %	165	5.8 %
Total investment grade	2,970	99.0 %	2,834	99.4 %
3	19	0.6 %	18	0.6 %
5	13	0.4 %	—	— %
Total below investment grade	32	1.0 %	18	0.6 %
Total CLO	<u>\$ 3,002</u>	<u>100.0 %</u>	<u>\$ 2,852</u>	<u>100.0 %</u>

	Collateralized Bond Obligations			
	December 31, 2020		December 31, 2019	
	Fair value	Percent of total	Fair value	Percent of total
<b>NAIC designation:</b>				
1	\$ 3,593	100.0 %	\$ 3,529	100.0 %
Total investment grade	3,593	100.0 %	3,529	100.0 %
Total CBO	<u>\$ 3,593</u>	<u>100.0 %</u>	<u>\$ 3,529</u>	<u>100.0 %</u>

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 – Fourth Quarter 2020

### All Other Structured Securities by Ratings

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

	All Other Structured Securities			
	December 31, 2020		December 31, 2019	
	Fair value	Percent of total	Fair value	Percent of total
<b>NAIC designation:</b>				
1	\$ 2,917	73.2 %	\$ 2,910	80.5 %
2	1,019	25.6 %	638	17.7 %
Total investment grade	3,936	98.8 %	3,548	98.2 %
3	13	0.3 %	26	0.7 %
4	36	0.9 %	24	0.7 %
5	—	— %	15	0.4 %
Total below investment grade	49	1.2 %	65	1.8 %
Total all other structured securities	\$ 3,985	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**

## Financial Supplement – Fourth Quarter 2020

### Non-GAAP financial measures

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

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

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

#### **Adjusted operating earnings, net of tax**

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

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

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

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

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

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

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

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

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

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

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

#### **Adjusted invested assets**

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

Adjusted invested assets 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.

## Financial Supplement – Fourth Quarter 2020

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

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

	Three Months Ended					YoY Change	Year Ended		YoY Change
	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019		12/31/2020	12/31/2019	
<b>Net income attributable to Global Atlantic Financial Limited shareholders</b>	<b>\$ 124</b>	<b>\$ 131</b>	<b>\$ 2</b>	<b>\$ 253</b>	<b>\$ 198</b>	<b>(37)%</b>	<b>\$ 510</b>	<b>\$ 633</b>	<b>(19)%</b>
Adjustments:									
Realized (gains) losses on the sale of AFS securities, net of offsets	(36)	(44)	(12)	(33)	(66)	45 %	(125)	(83)	(51)%
Change in assumed and ceded modified coinsurance and funds withheld at interest embedded derivatives and related trading securities, net of offsets	(22)	(5)	(41)	66	(9)	(144)%	(2)	(31)	94 %
Unrealized (gains) losses, impairments and other investment, derivative and hedging (gains) losses, net of offsets	41	57	160	29	44	(7)%	287	13	2,108 %
Renewable energy income, net of offsets and non-controlling interest	9	(10)	5	(8)	(52)	117 %	(4)	12	(133)%
Equity-method (income) loss attributable to strategic equity investments	1	19	(62)	4	(19)	NM	(38)	(60)	NM
Total investment (gains) losses, net of offsets	(7)	17	50	58	(102)	93 %	118	(149)	179 %
Change in the fair value of derivatives and embedded derivatives for fixed-indexed annuities, indexed universal life contracts and variable annuities, net of offsets	49	24	92	(143)	30	63 %	22	32	(31)%
Transaction, conversion and integration expenses	32	8	20	9	31	3 %	69	77	(10)%
Tax effect on adjustments	(19)	(29)	(21)	6	11	(273)%	(63)	9	(800)%
Total adjustments	55	20	141	(70)	(30)	283 %	146	(31)	571 %
<b>Adjusted operating earnings, net of tax</b>	<b>\$ 179</b>	<b>\$ 151</b>	<b>\$ 143</b>	<b>\$ 183</b>	<b>\$ 168</b>	<b>7 %</b>	<b>\$ 656</b>	<b>\$ 602</b>	<b>9 %</b>

## Financial Supplement – Fourth Quarter 2020

### Non-GAAP Reconciliation: Adjusted Invested Assets

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

	Balances as of					YoY Change
	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019	
<b>Total investments</b>	\$ 98,509	\$ 83,102	\$ 77,875	\$ 72,196	\$ 74,122	33 %
Adjustments to reconcile total investments and adjusted invested assets:						
Cash, cash equivalents, and restricted cash	3,417	2,231	1,791	2,341	2,639	29 %
Accrued investment income	709	620	561	545	544	30 %
Unrealized gains on fixed maturity and equity securities	(5,791)	(4,520)	(3,566)	428	(3,205)	(81)%
Funds withheld payable at interest	(13,636)	(3,646)	(1,980)	(1,817)	(2,144)	NM
Derivative instruments receivables	(968)	(836)	(741)	(518)	(823)	(18)%
Derivative collateral	(758)	(577)	(485)	(238)	(724)	(5)%
Funds withheld on embedded derivatives	84	24	15	12	(18)	NM
Securities sold under repurchase agreements	(301)	(301)	(402)	(704)	—	— %
Non-controlling interests in consolidated renewable energy partnerships	(133)	(164)	(188)	(168)	(135)	1 %
Redeemable non-controlling interests in consolidated renewable energy partnerships	(91)	(88)	(89)	(90)	(94)	3 %
Net investment receivable (payable)	104	(166)	91	87	(12)	NM
Strategic equity investments	(319)	(307)	(278)	(258)	(269)	(19)%
<b>Adjusted invested assets</b>	<b>\$ 80,826</b>	<b>\$ 75,372</b>	<b>\$ 72,604</b>	<b>\$ 71,816</b>	<b>\$ 69,881</b>	<b>16 %</b>

## Financial Supplement – Fourth Quarter 2020

### Non-GAAP Reconciliation: Adjusted Net Investment Income and Net Investment Earned Rate

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

	Three Months Ended					YoY Change	Year Ended		YoY Change
	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019		12/31/2020	12/31/2019	
Net investment income	\$ 797	\$ 782	\$ 784	\$ 746	\$ 756	5 %	\$ 3,109	\$ 2,923	6 %
Average total investments <sup>(1)</sup>	\$ 90,806	\$ 80,489	\$ 75,036	\$ 73,159	\$ 72,847	25 %	\$ 81,161	\$ 68,650	18 %
<b>Investment yield<sup>(2)</sup></b>	<b>3.51 %</b>	<b>3.89 %</b>	<b>4.18 %</b>	<b>4.08 %</b>	<b>4.15 %</b>	<b>(0.64)%</b>	<b>3.83 %</b>	<b>4.26 %</b>	<b>(0.43)%</b>
<b>Net investment income</b>	<b>\$ 797</b>	<b>\$ 782</b>	<b>\$ 784</b>	<b>\$ 746</b>	<b>\$ 756</b>	<b>5 %</b>	<b>\$ 3,109</b>	<b>\$ 2,923</b>	<b>6 %</b>
Renewable energy income	33	9	26	33	15	120 %	101	78	29 %
Equity-method (income) loss attributable to strategic equity investments	—	19	(62)	4	(19)	100 %	(39)	(60)	35 %
<b>Total adjustments</b>	<b>\$ 33</b>	<b>\$ 28</b>	<b>\$ (36)</b>	<b>\$ 37</b>	<b>\$ (4)</b>	<b>NM</b>	<b>\$ 62</b>	<b>\$ 18</b>	<b>244 %</b>
<b>Adjusted net investment income</b>	<b>\$ 830</b>	<b>\$ 810</b>	<b>\$ 748</b>	<b>\$ 783</b>	<b>\$ 752</b>	<b>10 %</b>	<b>\$ 3,171</b>	<b>\$ 2,941</b>	<b>8 %</b>
Average adjusted invested assets <sup>(1)</sup>	\$ 78,099	\$ 73,988	\$ 72,210	\$ 70,849	\$ 68,316	14 %	\$ 74,100	\$ 65,104	14 %
<b>Net investment earned rate<sup>(2)</sup></b>	<b>4.25 %</b>	<b>4.38 %</b>	<b>4.14 %</b>	<b>4.42 %</b>	<b>4.40 %</b>	<b>(0.15)%</b>	<b>4.28 %</b>	<b>4.52 %</b>	<b>(0.24)%</b>

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

(2) Interim periods are annualized.

## Financial Supplement – Fourth Quarter 2020

### Non-GAAP Reconciliation: Adjusted Operating ROA

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

	Three Months Ended					YoY Change	Year Ended		YoY Change
	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019		12/31/2020	12/31/2019	
Net income attributable to Global Atlantic Financial Limited shareholders	\$ 124	\$ 131	\$ 2	\$ 253	\$ 198	(37)%	\$ 510	\$ 633	(19)%
Average total assets <sup>(1)</sup>	112,564	95,763	89,999	88,697	87,837	28 %	98,936	83,256	19 %
<b>ROA<sup>(2)</sup></b>	<b>0.44 %</b>	<b>0.55 %</b>	<b>0.01 %</b>	<b>1.14 %</b>	<b>0.90 %</b>	<b>(0.46)%</b>	<b>0.52 %</b>	<b>0.76 %</b>	<b>(0.24)%</b>
Adjusted operating earnings, before income taxes	\$ 179	\$ 192	\$ 127	\$ 176	\$ 155	15 %	\$ 674	\$ 632	7 %
Average adjusted total assets <sup>(1)</sup>	89,204	84,663	82,335	81,309	79,233	13 %	84,836	75,763	12 %
<b>Adjusted operating ROA, before tax<sup>(2)</sup></b>	<b>0.80 %</b>	<b>0.91 %</b>	<b>0.61 %</b>	<b>0.87 %</b>	<b>0.78 %</b>	<b>0.02 %</b>	<b>0.79 %</b>	<b>0.83 %</b>	<b>(0.04)%</b>
Adjusted operating earnings, net of tax	\$ 179	\$ 151	\$ 143	\$ 183	\$ 168	7 %	\$ 656	\$ 602	9 %
Average adjusted total assets <sup>(1)</sup>	89,204	84,663	82,335	81,309	79,233	13 %	84,836	75,763	12 %
<b>Adjusted operating ROA, net of tax<sup>(2)</sup></b>	<b>0.80 %</b>	<b>0.71 %</b>	<b>0.69 %</b>	<b>0.90 %</b>	<b>0.85 %</b>	<b>(0.05)%</b>	<b>0.77 %</b>	<b>0.79 %</b>	<b>(0.02)%</b>

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

(2) Interim periods are annualized.

## Financial Supplement – Fourth Quarter 2020

### Non-GAAP Reconciliation: Adjusted Total Assets

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

	Balances as of					YoY Change
	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019	
<b>Adjusted invested assets</b>	<b>80,826</b>	<b>75,372</b>	<b>72,604</b>	<b>71,816</b>	<b>69,881</b>	<b>16 %</b>
Separate account assets	5,459	5,136	5,015	4,612	5,504	(1)%
Separate account assets withheld by the cedent on a funds-withheld coinsurance basis	3,779	3,495	3,329	2,930	3,588	5 %
Gross insurance intangibles	2,174	2,166	2,209	2,154	2,133	2 %
<b>Adjusted total assets</b>	<b>\$ 92,238</b>	<b>\$ 86,169</b>	<b>\$ 83,157</b>	<b>\$ 81,512</b>	<b>\$ 81,106</b>	<b>14 %</b>
<b>Total assets</b>	<b>\$ 125,760</b>	<b>\$ 99,367</b>	<b>\$ 92,159</b>	<b>\$ 87,838</b>	<b>\$ 89,556</b>	<b>40 %</b>
Adjustments:						
Separate account assets withheld by the cedent on a funds-withheld coinsurance basis	3,779	3,495	3,329	2,930	3,588	5 %
Deferred revenue liabilities and unearned revenue reserves	(1,037)	(1,018)	(879)	(859)	(854)	(21)%
Insurance intangibles associated with unrealized gains on fixed maturity and equity securities ("Shadow adjustments")	1,337	1,165	946	8	828	61 %
Reinsurance recoverable	(15,140)	(5,615)	(4,169)	(4,224)	(4,189)	(261)%
Other assets, excluding DSI and restricted cash	(652)	(644)	(606)	(915)	(399)	(63)%
Unrealized gains on fixed maturity and equity securities	(5,791)	(4,520)	(3,566)	428	(3,205)	(81)%
Derivative collateral	(758)	(577)	(485)	(238)	(724)	(5)%
Derivative instruments receivables	(968)	(836)	(741)	(518)	(823)	(18)%
Funds withheld payable at interest	(13,636)	(3,646)	(1,980)	(1,817)	(2,144)	NM
Embedded derivatives on funds withheld	84	24	15	12	(18)	NM
Securities sold under repurchase agreements	(301)	(301)	(402)	(704)	—	NM
Net investment receivable (payable)	104	(166)	91	87	(12)	NM
Non-controlling interests in consolidated renewable energy partnerships	(133)	(164)	(188)	(168)	(135)	1 %
Redeemable non-controlling interests in consolidated renewable energy partnerships	(91)	(88)	(89)	(90)	(94)	3 %
Strategic equity investments	(319)	(307)	(278)	(258)	(269)	(19)%
Total adjustments	(33,522)	(13,198)	(9,002)	(6,326)	(8,450)	(297)%
<b>Adjusted total assets</b>	<b>\$ 92,238</b>	<b>\$ 86,169</b>	<b>\$ 83,157</b>	<b>\$ 81,512</b>	<b>\$ 81,106</b>	<b>14 %</b>

## Financial Supplement – Fourth Quarter 2020

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

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

	Three Months Ended					YoY Change	Year Ended		YoY Change
	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019		12/31/2020	12/31/2019	
<b>Reconciliation of adjusted net cost of insurance</b>									
Net underwriting margin, as reported	\$ 253	\$ 262	\$ 74	\$ 340	\$ 273	(7)%	\$ 929	\$ 1,158	(20)%
Less: Net investment income, as reported	797	782	784	746	756	5 %	3,109	2,923	6 %
<b>Net cost of insurance</b>	<b>544</b>	<b>520</b>	<b>710</b>	<b>406</b>	<b>483</b>	<b>13 %</b>	<b>2,180</b>	<b>1,765</b>	<b>24 %</b>
Adjustments:									
Realized (gains) losses on the sale of AFS securities, net of offsets	(36)	(44)	(12)	(33)	(66)	45 %	(125)	(83)	(51)%
Change in assumed modified coinsurance and funds withheld embedded derivatives, net of offsets	(22)	(5)	(41)	66	(9)	(144)%	(2)	(31)	94 %
Unrealized (gains) losses, impairments and other investment, derivative and hedging (gains) losses, net of offsets	41	57	160	29	44	(7)%	287	13	NM
Offsets to adjustments for renewable energy investments	(1)	3	1	3	14	(107)%	6	3	100 %
Change in the fair value of derivatives and embedded derivatives for fixed indexed annuities and indexed universal life contracts, net of offsets	49	24	92	(143)	30	63 %	22	32	(31)
Transaction, conversion and integration expense	4	—	3	3	12	(67)%	10	31	(68)%
Total adjustments	35	35	203	(75)	25	40 %	198	(35)	NM
<b>Adjusted net cost of insurance</b>	<b>\$ 509</b>	<b>\$ 485</b>	<b>\$ 507</b>	<b>\$ 481</b>	<b>\$ 458</b>	<b>11 %</b>	<b>\$ 1,982</b>	<b>\$ 1,800</b>	<b>10 %</b>
<b>Reconciliation of adjusted net underwriting margin</b>									
Net underwriting margin, as reported	253	262	74	340	273	(7)%	929	1,158	(20)%
Total adjustments, as above	35	35	203	(75)	25	40 %	198	(35)	NM
Adjustment to derive adjusted net investment income	33	28	(36)	37	(4)	NM	62	18	244 %
<b>Adjusted net underwriting margin</b>	<b>\$ 321</b>	<b>\$ 325</b>	<b>\$ 241</b>	<b>\$ 302</b>	<b>\$ 294</b>	<b>9 %</b>	<b>\$ 1,189</b>	<b>\$ 1,141</b>	<b>4 %</b>
<b>Reconciliation of adjusted G&amp;A expense</b>									
General and administrative expenses, as reported	\$ 155	\$ 124	\$ 117	\$ 111	\$ 139	12 %	\$ 507	\$ 488	4 %
Adjustments:									
Transaction, conversion and integration expense	28	8	17	6	19	47 %	59	46	28 %
<b>Adjusted general and administrative expenses</b>	<b>\$ 127</b>	<b>\$ 116</b>	<b>\$ 100</b>	<b>\$ 105</b>	<b>\$ 120</b>	<b>6 %</b>	<b>\$ 448</b>	<b>\$ 442</b>	<b>1 %</b>

## Financial Supplement – Fourth Quarter 2020

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

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

	Three Months Ended					YoY Change	Year Ended		YoY Change
	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019		12/31/2020	12/31/2019	
Average total assets <sup>(1)</sup>	\$ 112,564	\$ 95,763	\$ 89,999	\$ 88,697	\$ 87,837	28 %	\$ 98,936	\$ 83,256	19 %
Average adjusted total assets <sup>(1)</sup>	\$ 89,204	\$ 84,663	\$ 82,335	\$ 81,309	\$ 79,233	13 %	\$ 84,836	\$ 75,763	12 %
<b>Ratios derived from average total assets and average adjusted total assets<sup>(2)</sup>:</b>									
Adjusted net investment income	\$ 830	\$ 810	\$ 748	\$ 783	\$ 752	10 %	\$ 3,171	\$ 2,941	8 %
Adjusted net investment return ratio	3.72 %	3.83 %	3.63 %	3.86 %	3.80 %	(0.08)%	3.74 %	3.88 %	(0.14)%
Net investment earned rate	4.25 %	4.38 %	4.14 %	4.42 %	4.40 %	(0.15)%	4.28 %	4.52 %	(0.24)%
Adjustment to change net investment earned rate basis from adjusted invested assets to adjusted total assets	(0.53)%	(0.55)%	(0.51)%	(0.56)%	(0.60)%	0.07 %	(0.54)%	(0.64)%	0.10 %
Net cost of insurance ratio	(1.93)%	(2.17)%	(3.16)%	(1.83)%	(2.20)%	0.27 %	(2.20)%	(2.12)%	(0.08)%
Adjusted net cost of insurance ratio	(2.28)%	(2.29)%	(2.46)%	(2.37)%	(2.31)%	0.03 %	(2.34)%	(2.38)%	0.04 %
Net underwriting return	0.90 %	1.09 %	0.33 %	1.53 %	1.24 %	(0.34)%	0.94 %	1.39 %	(0.45)%
Adjusted net underwriting return ratio	1.44 %	1.54 %	1.17 %	1.49 %	1.49 %	(0.05)%	1.40 %	1.50 %	(0.10)%
General and administrative expenses ratio	(0.55)%	(0.52)%	(0.52)%	(0.50)%	(0.63)%	0.08 %	(0.51)%	(0.59)%	0.08 %
Adjusted general and administrative expenses ratio	(0.57)%	(0.55)%	(0.49)%	(0.52)%	(0.61)%	0.04 %	(0.53)%	(0.58)%	0.05 %
Interest expense	\$ 16	\$ 17	\$ 14	\$ 21	\$ 19	(16)%	\$ 68	\$ 67	1 %
Interest expense ratio	(0.06)%	(0.07)%	(0.06)%	(0.09)%	(0.09)%	0.03 %	(0.07)%	(0.08)%	0.01 %
Adjusted Interest expense ratio	(0.07)%	(0.08)%	(0.07)%	(0.10)%	(0.10)%	0.03 %	(0.08)%	(0.09)%	0.01 %
Adjusted operating income tax expense	\$ —	\$ 41	\$ (16)	\$ (7)	\$ (13)	98 %	\$ 18	\$ 30	(40)%
Adjusted operating income tax expense ratio	— %	(0.20)%	0.08 %	0.03 %	0.07 %	(0.07)%	(0.02)%	(0.04)%	0.02 %

(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 – Fourth Quarter 2020

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

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

	Three Months Ended					YoY Change	Year Ended		YoY Change
	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019		12/31/2020	12/31/2019	
Net income attributable to Global Atlantic Financial Limited shareholder	\$ 124	\$ 131	\$ 2	\$ 253	\$ 198	(37)%	\$ 510	\$ 633	(19)%
Adjusted operating earnings, net of tax	\$ 179	\$ 151	\$ 143	\$ 183	\$ 168	7 %	\$ 656	\$ 602	9 %
Total Global Atlantic Financial Limited shareholders' equity	\$ 7,946	\$ 7,131	\$ 6,393	\$ 4,039	\$ 6,025	32 %	\$ 7,946	\$ 6,025	32 %
Less: AOCI	3,317	2,629	2,030	(315)	1,912	73 %	3,317	1,912	73 %
Shareholders' equity excluding AOCI	\$ 4,629	\$ 4,502	\$ 4,363	\$ 4,354	\$ 4,113	13 %	\$ 4,629	\$ 4,113	13 %
Average total Global Atlantic Financial Limited shareholders' equity <sup>(1)</sup>	\$ 7,539	\$ 6,762	\$ 5,216	\$ 5,032	\$ 6,013	25 %	\$ 6,307	\$ 5,025	26 %
Average shareholders' equity, excluding AOCI <sup>(1)</sup>	\$ 4,566	\$ 4,432	\$ 4,358	\$ 4,233	\$ 4,011	14 %	\$ 4,392	\$ 3,779	16 %
<b>ROE<sup>(2)</sup></b>	<b>6.6 %</b>	<b>7.7 %</b>	<b>0.2 %</b>	<b>20.1 %</b>	<b>13.2 %</b>	<b>(6.6)%</b>	<b>8.1 %</b>	<b>12.6 %</b>	<b>(4.5)%</b>
<b>ROE excluding AOCI<sup>(2)</sup></b>	<b>10.9 %</b>	<b>11.8 %</b>	<b>0.2 %</b>	<b>23.9 %</b>	<b>19.7 %</b>	<b>(8.8)%</b>	<b>11.6 %</b>	<b>16.8 %</b>	<b>(5.2)%</b>
<b>Adjusted Operating ROE, excluding AOCI<sup>(2)</sup></b>	<b>15.7 %</b>	<b>13.6 %</b>	<b>13.1 %</b>	<b>17.3 %</b>	<b>16.8 %</b>	<b>(1.1)%</b>	<b>14.9 %</b>	<b>15.9 %</b>	<b>(1.0)%</b>

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

(2) Interim periods are annualized.