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**F&G Annuities & Life, Inc. ("F&G") - An Operating Segment of Fidelity National Financial, Inc. (NYSE:FNF)
Financial Supplement
March 31, 2021
(Year Ended December 31)**

The financial statements and financial exhibits included herein are unaudited. F&G is an operating segment of FNF (the Company) and these financial statements and exhibits should be read in conjunction with the Company's periodic reports on Form 10-K, Form 10-Q and Form 8-K.

F&G (formerly NYSE:FG) was acquired by FNF (the "Business Combination") on June 1, 2020 ("Closing Date"). As a result of the Business Combination, F&G delisted from the NYSE and became a subsidiary of FNF. Our financial statement presentation includes the financial statements of F&G and its subsidiaries as a standalone entity ("Pre-Merger") for the periods prior to the completion of the Business Combination, and F&G and its subsidiaries as an operating segment of FNF ("Post-Merger") for periods from and after the Closing Date.

All dollar amounts are presented in millions.

Non-GAAP Financial Measures

This document contains certain non-GAAP financial measures commonly used in our industry that, together with the relevant GAAP measures, may enhance a user's ability to analyze the Company's operating performance and capital position for the periods presented. 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 and are not intended to replace GAAP financial results. Our non-GAAP measures may not be comparable to similarly titled measures of other organizations because other organizations may not calculate such non-GAAP measures in the same manner. Refer to the non-GAAP measures reconciliations and definitions within for further information.

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Consolidated Financial Highlights

	Three months ended			One month ended	Two months ended	Three months ended
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	May 31, 2020	March 31, 2020
	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Pre-Merger	Pre-Merger
Select Income Statement Data:						
Net earnings (loss) attributable to common shareholders	289	137	38	(39)	19	(346)
Adjusted net earnings (loss) from continuing operations attributable to common shareholders (1)	78	128	74	33	40	33
Select Metrics:						
Average Assets Under Management ("AAUM") (1)	29,016	27,864	26,990	26,582	29,285	28,924
Net investment spread (1)	2.55 %	2.55 %	2.62 %	3.50 %	1.92 %	2.24 %

(1) Refer to "Non-GAAP Financial Measures Definitions"

Sales Results by Product

The table below provides a summary of sales, which are not affected by the June 1, 2020, Business Combination and are comparable to prior period data.

	Three months ended				
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Sales					
FIA	1,047	947	815	866	831
Fixed rate annuities (MYGA)	467	362	253	47	114
Institutional spread based	125	100	—	—	100
Total annuity	1,639	1,409	1,068	913	1,045
Index universal life	15	13	14	12	11
Flow reinsurance	—	37	51	142	122
Total Sales	\$ 1,654	\$ 1,459	\$ 1,133	\$ 1,067	\$ 1,178

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Appendix to Consolidated Financial Highlights

Effective June 1, 2020, certain blocks of business were designated as discontinued operations by FNF. Amounts related to these blocks of business are presented herein as adjustments to key financial metrics, solely for comparison between Pre-Merger and Post-Merger periods. See FNF 10-K/ 10-Q for further discussion on discontinued operations.

	Three months ended			One month ended	Two months ended	Three months ended
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	May 31, 2020	March 31, 2020
	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Pre-Merger	Pre-Merger
Select Income Statement Data:						
Net earnings (loss) attributable to common shareholders	289	137	38	(39)	19	\$ (346)
Less: discontinued operations [(earnings)/loss]	(5)	2	28	(5)	(22)	155
As adjusted for discontinued operations	284	139	66	(44)	(3)	(191)
Adjusted net earnings (loss) from continuing operations attributable to common shareholders (1)	78	128	74	33	40	33
Less: discontinued operations [(earnings)/loss]	—	—	—	—	8	26
As adjusted for discontinued operations	78	128	74	33	48	59
Less: Notable items [(unfavorable)/favorable] (2)	12	68	10	8	5	(6)
As adjusted for discontinued operations and notable items	\$ 66	\$ 60	\$ 64	\$ 25	\$ 43	\$ 65
Select Metrics:						
AAUM (1)	29,016	27,864	26,990	26,582	29,285	28,924
Less: discontinued operations	—	—	—	—	(2,236)	(2,266)
As adjusted for discontinued operations	29,016	27,864	26,990	26,582	27,049	26,658
Net investment spread (1)	2.55 %	2.55 %	2.62 %	3.50 %	1.92 %	2.24 %
Less: discontinued operations [(earnings)/loss] (3)	— %	— %	— %	— %	0.13 %	0.09 %
As adjusted for discontinued operations	2.55 %	2.55 %	2.62 %	3.50 %	2.05 %	2.33 %

(1) Refer to "Non-GAAP Financial Measures Definitions"

(2) Notable items from continuing operations. For full list of notable items, refer to page 8 "Notable Items"

(3) Subsequent to the release of the Quarterly Financial Supplement dated August 4, 2020, management identified an immaterial adjustment that was needed to reflect the correct amount in the prior period. Periods affected were the two months ended May 31, 2020 and the three months ended March 31, 2020

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Condensed Consolidated Balance Sheets

	<u>March 31,</u> <u>2021</u>	<u>December</u> <u>31, 2020</u>	<u>September</u> <u>30, 2020</u>	<u>June 30, 2020</u>	<u>March 31,</u> <u>2020</u>
	<u>Post-Merger</u>	<u>Post-Merger</u>	<u>Post-Merger</u>	<u>Post-Merger</u>	<u>Pre-Merger</u>
Assets					
Investments:					
Fixed maturity securities available for sale, at fair value, net of allowance for credit losses of \$4 at March 31, 2021	\$ 25,768	\$ 25,499	\$ 24,218	\$ 23,014	\$ 21,140
Preferred securities, at fair value	908	965	917	875	873
Equity securities, at fair value	141	82	54	54	42
Derivative investments	542	548	381	333	188
Mortgage loans, net of allowance for credit losses of \$36 at March 31, 2021	2,374	2,031	1,614	1,749	1,769
Investments in unconsolidated affiliates (a)	1,281	1,156	1,125	1,045	1,071
Other long-term investments	447	449	438	432	421
Short-term investments	72	456	34	38	36
Total investments	<u>\$ 31,533</u>	<u>31,186</u>	<u>28,781</u>	<u>27,540</u>	<u>25,540</u>
Cash and cash equivalents	995	889	1,014	909	740
Trade and notes receivables	11	10	2	2	1
Funds withheld for reinsurance receivable, at fair value	—	—	—	—	2,050
Reinsurance recoverable, net of allowance for credit losses of \$21 at March 31, 2021 (a)	3,404	3,174	3,152	3,182	3,186
Goodwill (a)	1,751	1,751	1,731	1,725	467
Prepaid expenses and other assets	470	413	448	381	384
Lease assets	8	8	7	8	9
Other intangible assets, net (a)	2,061	1,918	1,956	2,060	2,070
Property and equipment, net	13	11	7	2	2
Income taxes receivable	—	15	19	24	23
Deferred tax asset (a)	130	44	107	180	264
Assets of discontinued operations	311	327	2,618	2,502	—
Total assets	<u>\$ 40,687</u>	<u>\$ 39,746</u>	<u>\$ 39,842</u>	<u>\$ 38,515</u>	<u>\$ 34,736</u>

(a) These line items included adjustments that were recorded during the remeasurement period subsequent to the June 1, 2020 acquisition. The following adjustments were recorded as of the opening balance sheet at June 1, 2020 during the quarter ending September 30, 2020: Investment in unconsolidated affiliates, \$31, Goodwill, \$6, Other intangible assets, net, (\$37), and Deferred tax asset, \$3. The following adjustments were recorded as of the opening balance sheet at June 1, 2020 during the quarter ending December 31, 2020: Goodwill, \$20, Other intangible assets, net, (\$56), Reinsurance recoverable, \$47, and Deferred tax asset, \$10.

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Condensed Consolidated Balance Sheets (continued)

	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Pre-Merger
Liabilities and Shareholders' Equity					
Contractholder funds (a)	29,592	28,718	27,488	26,628	26,226
Future policy benefits (a)	3,959	4,010	4,048	4,092	5,658
Accounts payable and accrued liabilities (a)	1,368	1,174	1,056	983	1,007
Income taxes payable	5	—	—	—	—
Notes payable	589	589	589	589	543
Funds withheld for reinsurance liabilities	1,026	806	814	817	821
Lease liabilities	14	14	12	13	9
Liabilities of discontinued operations	339	361	2,462	2,347	—
Total liabilities	36,892	35,672	36,469	35,469	34,264
Shareholders' equity:					
Additional paid-in-capital	2,744	2,741	2,739	2,737	2,041
Retained earnings (accumulated deficit)	425	136	(1)	(39)	(72)
Accumulated other comprehensive income (loss)	626	1,197	635	348	(1,428)
Treasury stock	—	—	—	—	(69)
Total shareholders' equity	3,795	4,074	3,373	3,046	472
Total liabilities and shareholders' equity	\$ 40,687	\$ 39,746	\$ 39,842	\$ 38,515	\$ 34,736

(a) Contractholder funds included a \$3 adjustment that was recorded as of the opening balance sheet at June 1, 2020 during the quarter ending September 30, 2020. Additionally, Contractholder funds, Future policy benefits, and Accounts payable and accrued liabilities included (\$5), (\$7), and \$33 adjustments as of the opening balance sheet at June 1, 2020, respectively, during the quarter ending December 31, 2020

Reconciliation of Total Shareholders' Equity to Total Common Shareholders' Equity Excluding AOCI

	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Pre-Merger
Total shareholders' equity	3,795	4,074	3,373	3,046	472
Equity attributable to preferred shareholders (1)	—	—	—	—	446
Common shareholders' equity (1)	3,795	4,074	3,373	3,046	26
AOCI	626	1,197	635	348	(1,428)
Total common shareholders' equity excluding AOCI (1)	\$ 3,169	\$ 2,877	\$ 2,738	\$ 2,698	\$ 1,454

(1) Refer to "Non-GAAP Financial Measures Definitions"

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Condensed Consolidated Statements of Operations

	Three months ended			One month ended	Two months ended	Three months ended
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	May 31, 2020	March 31, 2020
	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Pre-Merger	Pre-Merger
Revenues:						
Life insurance premiums and other fees (a)	\$ 64	\$ 58	\$ 60	\$ 20	\$ 52	\$ 41
Interest and investment income	373	327	305	111	111	316
Recognized gains and losses, net	102	282	77	(7)	257	(692)
Total revenues	539	667	442	124	420	(335)
Benefits and expenses:						
Benefits and other changes in policy reserves	(26)	460	251	155	356	(41)
Personnel costs	29	33	23	9	15	21
Other operating expenses	28	30	33	12	40	74
Depreciation and amortization	144	64	56	3	1	(60)
Interest expense	8	8	7	3	5	8
Total benefits and expenses	183	595	370	182	417	2
Pre-tax earnings (loss) from continuing operations	356	72	72	(58)	3	(337)
Income tax expense	(72)	67	(6)	14	16	(1)
Net earnings (loss) from continuing operations	284	139	66	(44)	19	(338)
Earnings from discontinued operations, net of tax	5	(2)	(28)	5	—	—
Less Preferred stock dividend	—	—	—	—	—	(8)
Net earnings (loss) attributable to common shareholders	\$ 289	\$ 137	\$ 38	\$ (39)	\$ 19	\$ (346)

(a) Included within "Escrow, title-related and other fees" in FNF 10-K/ 10-Q

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Reconciliation from Net Earnings (Loss) to Adjusted Net Earnings (1)

	Three Months Ended			One month ended	Two months ended	Three months ended
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	May 31, 2020	March 31, 2020
	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Pre-Merger	Pre-Merger
Net earnings (loss) from continuing operations	\$ 284	\$ 139	\$ 66	\$ (44)	19	\$ (338)
Less Preferred stock dividend	—	—	—	—	—	(8)
Net earnings (loss) from continuing operations attributable to common shareholders	\$ 284	\$ 139	\$ 66	\$ (44)	\$ 19	\$ (346)
Non-GAAP adjustments (1):						
Recognized (gains) and losses, net	(82)	(76)	(15)	46	68	94
Indexed product related derivatives	(185)	54	14	43	(28)	287
Purchase price amortization	7	7	7	2	—	—
Transaction costs and other non-recurring items	2	4	10	7	4	34
Income taxes on non-GAAP adjustments	52	—	(8)	(21)	(23)	(36)
Adjusted net earnings from continuing operations attributable to common shareholders (1)	\$ 78	\$ 128	\$ 74	\$ 33	\$ 40	\$ 33

Notable Items

Each quarterly reporting period, we identify notable items that help explain the trends in our Net earnings (loss) from continuing operations attributable to common shareholders and Adjusted net earnings (loss) from continuing operations attributable to common shareholders as we believe these items provide further clarity to the financial performance of the business.

	Three Months Ended			One month ended	Two months ended	Three months ended
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	May 31, 2020	March 31, 2020
	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Pre-Merger	Pre-Merger
Adjusted net earnings from continuing operations attributable to common shareholders (1)	\$ 78	\$ 128	\$ 74	\$ 33	\$ 40	\$ 33
Notable items [(unfavorable)/favorable]						
Single premium immediate annuities ("SPIA") mortality & other reserve adjustments (a)	7	—	10	4	6	(5)
Assumption review and unlocking (b)	—	—	—	—	(4)	—
Other notable items (c)	5	68	—	4	3	(27)

(1) Refer to "Non-GAAP Financial Measures Definitions"

(a) The release of annuity reserves associated with mortality of annuitants, which varies due to timing, volume and severity of experience, and other reserve adjustments.

(b) Reflects unlocking from updating our DAC, VOBA, DSI and cost of reinsurance amortization models for actual experience and equity market fluctuations.

(c) Costs incurred during research and exploration of potential merger or acquisition of a business or a group of insurance policies via asset acquisition or (inforce) reinsurance agreement, bond prepayment income, changes in tax valuation, and other net activity.

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Adjusted Net Earnings Statement (1)

	Three Months Ended			One month ended	Two months ended	Three months ended
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	May 31, 2020	March 31, 2020
	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Pre-Merger	Pre-Merger
Revenues:						
Life insurance premiums and other fees (a)	\$ 64	\$ 61	\$ 60	\$ 20	\$ 42	\$ 53
Interest and investment income (b)	333	315	314	120	200	\$ 317
Recognized gains and losses, net (c)	—	—	(1)	1	22	\$ (34)
Total revenues	397	376	373	141	264	\$ 336
Benefits and expenses:						
Benefits and other changes in policy reserves (d)	188	202	177	62	131	\$ 161
Personnel costs	29	33	23	9	15	\$ 21
Other operating expenses (e)	26	25	23	6	37	\$ 41
Depreciation and amortization (f)	48	46	56	21	32	\$ 27
Interest expense	8	8	7	3	5	\$ 8
Total benefits and expenses	299	314	286	101	220	\$ 258
Pre-tax earnings (loss) from continuing operations	98	62	87	40	44	\$ 78
Income tax expense	(20)	66	(13)	(7)	(4)	\$ (37)
Adjusted net earnings (1)	78	128	74	33	40	\$ 41
Less: Preferred stock dividend	—	—	—	—	—	\$ (8)
Adjusted net earnings from continuing operations attributable to common shareholders (1)	\$ 78	\$ 128	\$ 74	\$ 33	\$ 40	\$ 33
Notable items included in adjusted net earnings attributable to common shareholders (2)	\$ 12	\$ 68	\$ 10	\$ 8	\$ 5	\$ (32)

(1) Refer to "Non-GAAP Financial Measures Definitions"

(2) Refer to page 8 "Notable Items" for further detail of notable items.

(a) Life insurance premiums and other fees are included within "Escrow, title-related and other fees" in FNF 10-K/ 10-Q, and have been adjusted here to remove the effect of cost of reinsurance.

(b) Interest and investment income has been adjusted to remove the market volatility on the alternative investment portfolio for periods after March 31, 2020.

(c) Recognized gains and losses (net) have been adjusted to remove the effect of recognized (gains) losses including changes in allowance for expected credit losses and OTTI; changes in fair values of indexed product related derivatives and embedded derivatives, net of hedging costs; and the change in fair value of the reinsurance related embedded derivative.

(d) Benefits and other changes in policy reserves has been adjusted to remove the effects of the changes in fair values of indexed product embedded derivatives, changes in allowance for expected credit losses on reinsurance recoverables, the fair value impacts of assumed reinsurance, and changes in the SOP 03-1 reserve resulting from the adjustments above, as applicable.

(e) Other operating expenses have been adjusted to remove the effects of transaction costs.

(f) Depreciation and amortization has been adjusted to remove the impact on DAC, VOBA, and DSI of the adjustments above, as applicable, and purchase price amortization.

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Financial Strength Ratings

	A.M. Best	S&P	Fitch	Moody's
Holding Company Ratings				
F&G Annuities & Life, Inc. (formerly known as FGL Holdings)				
Issuer Credit / Default Rating	Not Rated	BBB-	BBB	Ba2
Outlook		Stable	Stable	Stable
CF Bermuda Holdings Limited				
Issuer Credit / Default Rating	Not Rated	BBB-	BBB	Ba1
Outlook		Stable	Stable	Stable
Fidelity & Guaranty Life Holdings, Inc.				
Issuer Credit / Default Rating	bbb-	BBB-	BBB	Not Rated
Outlook	Stable	Stable	Stable	
Senior Unsecured Notes	bbb-	BBB	BBB	Baa2
Outlook	Stable			Stable
Operating Subsidiary Ratings				
Fidelity & Guaranty Life Insurance Company				
Financial Strength Rating	A-	A-	A-	Baa1
Outlook	Stable	Stable	Stable	Stable
Fidelity & Guaranty Life Insurance Company of New York				
Financial Strength Rating	A-	A-	A-	Not Rated
Outlook	Stable	Stable	Stable	
F&G Life Re Ltd				
Financial Strength Rating	Not Rated	A-	A-	Baa1
Outlook		Stable	Stable	Stable
F&G Cayman Re Ltd				
Financial Strength Rating	Not Rated	Not Rated	A-	Not Rated
Outlook			Stable	

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Total Product Net Investment Spread

	Three Months Ended			One month ended	Two months ended	Three months ended
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	May 31, 2020	March 31, 2020
	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Pre-Merger	Pre-Merger
Net investment income	\$ 373	\$ 327	\$ 305	\$ 111	\$ 111	\$ 316
AAUM (1)	29,016	27,864	26,990	26,582	29,285	28,924
Yield on AAUM (1)	5.15 %	4.69 %	4.52 %	5.01 %	2.27 %	4.38 %
Alternative investment yield adjustment (1)	(0.56)%	(0.17)%	0.13 %	0.41 %	1.83 %	
Adjusted Yield on AAUM (1)	4.59 %	4.52 %	4.65 %	5.42 %	4.10 %	
Interest credits	\$ 74	\$ 67	\$ 67	\$ 21	\$ 53	\$ 76
Option & futures costs	\$ 65	\$ 63	64	19	43	60
Total interest credited and option costs	\$ 139	\$ 130	\$ 131	\$ 40	\$ 96	\$ 136
Average account value	27,252	26,450	25,688	25,330	26,463	25,453
Interest credited & option cost	2.04 %	1.97 %	2.03 %	1.92 %	2.18 %	2.14 %
Net investment spread (1)	2.55 %	2.55 %	2.62 %	3.50 %	1.92 %	2.24 %

(1) Refer to "Non-GAAP Financial Measures Definitions" for further details. Periods after April 1, 2020 include alternative investment yield adjustment.

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FIA Net Investment Spread

	Three Months Ended			One month ended	Two months ended	Three months ended
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	May 31, 2020	March 31, 2020
	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Pre-Merger	Pre-Merger
Net investment income (1)	\$ 276	\$ 235	\$ 215	\$ 69	\$ 51	\$ 209
AAUM (2)	20,217	19,097	18,312	18,267	18,623	18,111
Yield on AAUM (1) (2)	5.46 %	4.92 %	4.70 %	4.53 %	1.64 %	4.62 %
Alternative investment yield adjustment (2)	(0.81)%	(0.25)%	0.20 %	0.59 %	2.67 %	
Adjusted Yield on AAUM (1) (2)	4.65 %	4.67 %	4.90 %	5.12 %	4.31 %	
Interest credits	\$ 15	\$ 13	\$ 14	\$ 4	\$ 8	\$ 13
Option & futures costs	\$ 65	\$ 63	\$ 64	\$ 19	\$ 43	\$ 60
Total interest credited and option costs	80	76	78	23	51	73
Average account value	19,028	18,442	17,948	17,688	17,501	17,065
Interest credited & option cost	1.67 %	1.65 %	1.73 %	1.59 %	1.76 %	1.72 %
Net investment spread (1) (2)	2.98 %	3.02 %	3.17 %	3.53 %	2.55 %	2.90 %

(1) In December 2020, we restated prior period FIA net investment spread to reflect immaterial updates to FIA net investment income amounts. There was no impact to total product net investment spread amounts.

(2) Refer to "Non-GAAP Financial Measures Definitions" for further details. Periods after April 1, 2020 include alternative investment yield adjustment.

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Average Assets Under Management Rollforward

	Three Months Ended			One month ended	Two months ended	Three months ended
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	May 31, 2020	March 31, 2020
	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Pre-Merger	Pre-Merger
AAUM at beginning of period (1)	\$ 27,864	\$ 26,990	\$ 26,582	\$ 26,529	\$ 28,924	\$ 28,332
Net new business sales	1,197	874	408	53	361	592
Net reinsurance transactions and other	(45)	—	—	—	—	—
AAUM at end of period	<u>\$ 29,016</u>	<u>\$ 27,864</u>	<u>\$ 26,990</u>	<u>\$ 26,582</u>	<u>\$ 29,285</u>	<u>\$ 28,924</u>

(1) Beginning balance for June 30, 2020 represents assets under management at June 1, 2020 and reflects \$2.3 billion decrease from the exclusion of discontinued operations and \$0.5 billion decrease from purchase accounting mark-to-market effect as compared to the May 31, 2020 ending balance.

Annuity Account Balance Rollforward (a)

	Three Months Ended			One month ended	Two months ended	Three months ended
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	May 31, 2020	March 31, 2020
	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Pre-Merger	Pre-Merger
Account balances at beginning of period:	\$ 22,992	\$ 22,106	\$ 21,442	\$ 21,332	\$ 20,999	\$ 20,402
Net deposits	1,265	1,305	1,046	245	675	940
Surrenders, withdrawals, deaths, etc.	(585)	(533)	(482)	(161)	(381)	(452)
Net flows	680	772	564	84	294	488
Premium and interest bonuses	18	20	17	4	12	17
Fixed interest credited and index credits	148	131	114	29	50	123
Guaranteed product rider fees	(35)	(37)	(31)	(7)	(23)	(31)
Account balance at end of period	<u>\$ 23,803</u>	<u>\$ 22,992</u>	<u>\$ 22,106</u>	<u>\$ 21,442</u>	<u>\$ 21,332</u>	<u>\$ 20,999</u>

(a) The rollforward reflects the vested account balance of our fixed index annuities and fixed rate annuities, net of reinsurance.

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Annuity Liability Characteristics

	Fixed Annuities Account Value	Fixed Index Annuities Account Value
	March 31, 2021	
<u>SURRENDER CHARGE PERCENTAGES:</u>		
No surrender charge	\$ 418	\$ 2,343
0.0% < 2.0%	6	104
2.0% < 4.0%	26	567
4.0% < 6.0%	560	1,563
6.0% < 8.0%	1,687	2,354
8.0% < 10.0%	1,724	5,137
10.0% or greater	2	7,312
	<u>\$ 4,423</u>	<u>\$ 19,380</u>

	Fixed Annuities Account Value	Fixed Index Annuities Account Value
	March 31, 2021	
<u>CREDITED RATE (INCLUDING BONUS INTEREST) VS. ULTIMATE MINIMUM GUARANTEED RATE DIFFERENTIAL:</u>		
No differential	\$ 491	\$ 1,336
0.0% - 1.0%	432	1,389
1.0% - 2.0%	1,325	19
2.0% - 3.0%	2,175	1
Allocated to index strategies	—	16,635
	<u>\$ 4,423</u>	<u>\$ 19,380</u>

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Summary of Invested Assets by Asset Class

	March 31, 2021			December 31, 2020		
	Post-Merger			Post-Merger		
	Amortized Cost	Fair Value	Percent	Amortized Cost	Fair Value	Percent
Fixed maturity securities, available for sale:						
United States Government full faith and credit	\$ 45	\$ 45	— %	\$ 45	\$ 45	— %
United States Government sponsored entities	98	99	— %	105	106	— %
United States municipalities, states and territories	1,320	1,336	4 %	1,243	1,309	4 %
Foreign Governments	135	135	1 %	128	140	— %
Corporate securities:						
Finance, insurance and real estate	4,413	4,508	14 %	4,267	4,572	15 %
Manufacturing, construction and mining	840	886	3 %	839	936	3 %
Utilities, energy and related sectors	2,597	2,609	9 %	2,532	2,762	9 %
Wholesale/retail trade	2,171	2,218	7 %	1,900	2,106	7 %
Services, media and other	2,778	2,792	9 %	2,568	2,793	9 %
Hybrid securities	867	922	3 %	888	963	3 %
Non-agency residential mortgage-backed securities	658	688	2 %	677	694	2 %
Commercial mortgage-backed securities	2,493	2,868	9 %	2,468	2,806	9 %
Asset-backed securities	2,136	2,193	7 %	1,920	1,999	6 %
CLO securities	4,222	4,469	14 %	4,021	4,268	14 %
Alternative investments:						
Private equity	674	674	2 %	614	614	2 %
Real assets	290	295	1 %	280	288	1 %
Credit	312	312	1 %	254	254	1 %
Equity securities	958	1,048	3 %	959	1,047	3 %
Commercial mortgage loans	1,206	1,197	4 %	903	926	3 %
Residential mortgage loans	1,168	1,154	4 %	1,128	1,123	4 %
Other (primarily derivatives and company owned life insurance)	836	989	3 %	815	997	4 %
Short term investments	72	72	— %	456	456	1 %
Total (a)	\$ 30,289	\$ 31,509	100 %	\$ 29,010	\$ 31,204	100 %

(a) Asset duration of 6.61 years and 6.84 years vs. liability duration of 7.00 years and 6.65 years for the periods ending March 31, 2021 and December 31, 2020, respectively.

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Credit Quality of Fixed Maturity Securities

NAIC Designation	March 31, 2021	
	Fair Value	Percent
1	\$ 12,743	49 %
2	10,551	41 %
3	1,579	6 %
4	733	3 %
5	161	1 %
6	1	— %
	<u>\$ 25,768</u>	<u>100 %</u>

Rating Agency Rating	March 31, 2021	
	Fair Value	Percent
AAA	\$ 457	2 %
AA	1,777	7 %
A	6,891	27 %
BBB	9,534	37 %
Not rated	4,686	18 %
Total investment grade	<u>23,345</u>	<u>91 %</u>
BB	1,456	6 %
B and below	633	2 %
Not rated	334	1 %
Total below investment grade	<u>2,423</u>	<u>9 %</u>
	<u>\$ 25,768</u>	<u>100 %</u>

Summary of Residential Mortgage Backed Securities by Collateral Type and NAIC Designation

Total by collateral type	March 31, 2021	
	Amortized Cost	Fair Value
Government agency	\$ 98	\$ 99
Prime	500	529
Subprime	69	69
Alt-A	89	91
	<u>\$ 756</u>	<u>\$ 788</u>

Total by NAIC designation	March 31, 2021	
	Amortized Cost	Fair Value
1	\$ 727	\$ 758
2	15	15
3	8	8
4	4	5
5	2	2
	<u>\$ 756</u>	<u>\$ 788</u>

Top 5 Reinsurers

Parent Company/Principal Reinsurers	Reinsurance Recoverable (a)	March 31, 2021			
		Financial Strength Rating			
		AM Best	S&P	Fitch	Moody's
Wilton Re	\$ 1,489	A+	not rated	A+	not rated
Kubera Insurance (SAC) Ltd	803	not rated	not rated	not rated	not rated
Aspida Life Re Ltd	230	A-	not rated	not rated	not rated
Security Life of Denver	161	not rated	A-	A-	Baa1
Hannover Re	136	A+	AA-	not rated	not rated

(a) Reinsurance recoverables do not include unearned ceded premiums that would be recovered in the event of early termination of certain traditional life policies.

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Non-GAAP Financial Measures Definitions

The following represents the definitions of non-GAAP measures used by F&G, as an operating segment of FNF:

Adjusted Net Earnings

Adjusted net earnings is a non-GAAP economic measure we use to evaluate financial performance each period. Adjusted net earnings is calculated by adjusting net earnings (loss) from continuing operations to eliminate:

- (i) Recognized (gains) and losses, net: the impact of net investment gains/losses, including changes in allowance for expected credit losses and other than temporary impairment ("OTTI") losses, recognized in operations; the impact of market volatility on the alternative asset portfolio; and the effect of changes in fair value of the reinsurance related embedded derivative;
- (ii) Indexed product related derivatives: the impacts related to changes in the fair value, including both realized and unrealized gains and losses, of index product related derivatives and embedded derivatives, net of hedging cost, and the fair value accounting impact of assumed reinsurance,
- (iii) Purchase price amortization: the impacts related to the amortization of certain intangibles (internally developed software, trademarks and value of distribution asset (VODA)) recognized as a result of acquisition activities, and
- (iv) Transaction costs: the impacts related to acquisition, integration and merger related items.

Adjustments to Adjusted net earnings are net of the corresponding impact on amortization of intangibles, as appropriate. The income tax impact related to these adjustments is measured using an effective tax rate, as appropriate by tax jurisdiction. While these adjustments are an integral part of the overall performance of F&G, market conditions and/or the non-operating nature of these items can overshadow the underlying performance of the core business. Accordingly, management considers this to be a useful measure internally and to investors and analysts in analyzing the trends of our operations.

Effective April 1, 2020, F&G changed their definition of Adjusted Earnings to exclude the impact of market volatility on the alternative asset portfolio. Alternative investment valuations and GAAP net income can reflect significant non-cash impacts of market and economic conditions that are not indicative of expected returns over the life of the investments. Management invests in alternative investments to back future policyholder obligations consistent with its asset liability management strategy. Management evaluates the performance of the alternative investments and calculates Adjusted Earnings using a rate of return that is consistent with its investment strategy and indicative of expected returns. Management believes this change provides users of the financial statements and other financial communications a more representative view of the results of the core business of F&G for the periods after April 1, 2020. Previous periods have not been adjusted.

Adjusted Net Earnings from Continuing Operations Attributable to Common Shareholders

Adjusted Net Earnings from continuing operations attributable to common shareholders is a non-GAAP economic measure we use to evaluate financial performance attributable to our common shareholders each period. Adjusted net earnings from continuing operations attributable to common shareholders is calculated by adjusting net earnings (loss) available to common shareholders to eliminate the same items as described in the Adjusted Net Earnings paragraph above. While these adjustments are an integral part of the overall performance of the Company, market conditions and/or the non-operating nature of these items can overshadow the underlying performance of the core business. Accordingly, Management considers this to be a useful measure internally and to investors and analysts in analyzing the trends of our operations.

Common Shareholders' Equity

Common Shareholders' Equity is based on Total Shareholders' Equity excluding Equity Available to Preferred Shareholders. Management considers this to be a useful measure internally and to investors to assess the level of equity that is attributable common stock holders.

Common Shareholders' Equity Excluding AOCI

Common Shareholders' Equity Excluding AOCI is based on Common Shareholders' Equity excluding the effect of AOCI. Since AOCI fluctuates from quarter to quarter due to unrealized changes in the fair value of available for sale investments, Management considers this non-GAAP financial measure to provide useful supplemental information internally and to investors and analysts assessing the level of earned equity on common equity.

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Equity Attributable to Preferred Shareholders

Equity attributable to preferred shareholders is equal to the product of (a) the number of preferred shares outstanding plus share dividends declared but not yet issued and (b) the original liquidation preference amount per share. Management considers this non-GAAP measure to provide useful information internally and to investors and analysts to assess the level of equity that is attributable to preferred stock holders. (Note: F&G no longer has any preferred shareholders following the Business Combination)

Average Assets Under Management (AAUM)

AAUM is calculated as the sum of:

- (i) total invested assets at amortized cost, excluding derivatives;
- (ii) related party loans and investments;
- (iii) accrued investment income;
- (iv) the net payable/receivable for the purchase/sale of investments, and
- (v) cash and cash equivalents, excluding derivative collateral, at the beginning of the period and the end of each month in the period, divided by the total number of months in the period plus one.

Management considers this non-GAAP financial measure to be useful internally and to investors and analysts when assessing the rate of return on assets available for reinvestment.

Yield on AAUM

Yield on AAUM is calculated by dividing annualized net investment income by AAUM. Management considers this non-GAAP financial measure to be useful internally and to investors and analysts when assessing the level of return earned on AAUM.

Alternative Investment Yield Adjustment

Alternative investment yield adjustment is the current period yield impact of market volatility on the alternative investment portfolio. Management considers this non-GAAP financial measure to be useful internally and to investors and analysts when assessing the level of return earned on AAUM.

Adjusted Yield on AAUM

Adjusted Yield on AAUM is calculated by dividing annualized net investment income by AAUM, plus or minus the alternative investment yield adjustment. Management considers this non-GAAP financial measure to be useful internally and to investors and analysts when assessing the level of return earned on AAUM.

Net Investment Spread

Net investment spread is the excess of net investment income, adjusted for market volatility on the alternative asset investment portfolio, earned over the sum of interest credited to policyholders and the cost of hedging our risk on indexed product policies. Management considers this non-GAAP financial measure to be useful internally and to investors and analysts when assessing the performance of the Company's invested assets against the level of investment return provided to policyholders, inclusive of hedging costs.