
United States
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported):

August 3, 2021

Fidelity National Financial, Inc.

(Exact name of Registrant as Specified in its Charter)

001-32630

(Commission File Number)

Delaware

16-1725106

(State or Other Jurisdiction of
Incorporation or Organization)

(IRS Employer Identification Number)

601 Riverside Avenue

Jacksonville, Florida 32204

(Addresses of Principal Executive Offices)

(904) 854-8100

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on Which Registered</u>
FNF Common Stock, \$0.0001 par value	FNF	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition

On August 3, 2021, Fidelity National Financial, Inc. (the "Company", "FNF") issued an earnings release announcing its financial results for the Second Quarter of 2021. A copy of the FNF earnings release is attached as Exhibit 99.1 to this Current Report on Form 8-K. In addition, the Company is furnishing the quarterly financial supplement for its F&G operating segment as Exhibit 99.2 to this Current Report on Form 8-K.

The following information, including the Exhibits referenced in this Item 2.02, is being furnished pursuant to this Item 2.02 and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits**(d) Exhibits**

<u>Exhibit</u>	<u>Description</u>
99.1	Press release announcing FNF Second Quarter 2021 Earnings
99.2	Financial Supplement of F&G, dated August 3, 2021
101	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Fidelity National Financial, Inc.

Date: August 3, 2021

By: /s/ Anthony J. Park

Name: Anthony J. Park

Title: Chief Financial Officer



PRESS RELEASE

FNF Reports Second Quarter 2021 Diluted EPS from Continuing Operations of \$1.90 and Adjusted Diluted EPS from Continuing Operations of \$2.06, Pre-Tax Title Margin of 21.5% and Adjusted Pre-Tax Title Margin of 22.7%

Jacksonville, Fla. - (August 3, 2021) - Fidelity National Financial, Inc. (NYSE:FNF), a leading provider of title insurance and transaction services to the real estate and mortgage industries, today reported operating results for the period ended June 30, 2021.

- Total revenue of \$3.9 billion in the second quarter versus \$2.4 billion in the second quarter of 2020
- Second quarter net earnings from continuing operations of \$546 million and adjusted net earnings from continuing operations of \$592 million versus net earnings from continuing operations of \$304 million and adjusted net earnings of \$301 million for the second quarter of 2020
- Second quarter diluted EPS from continuing operations of \$1.90 and adjusted diluted EPS from continuing operations of \$2.06 versus diluted EPS from continuing operations of \$1.09 and adjusted diluted EPS from continuing operations of \$1.08 in the second quarter of 2020
- Recognized gains were \$232 million in the second quarter versus \$162 million in the second quarter of 2020 primarily due to mark to market accounting treatment of equity and preferred stock securities whether the securities were disposed of in the quarter or continue to be held in our investment portfolio

Title

- Total revenue of \$3.0 billion versus \$2.2 billion in total revenue in the second quarter of 2020
- Total revenue, excluding recognized gains and losses, of \$3.0 billion versus \$2.1 billion in the second quarter of 2020, an increase of 47%
- Pre-tax earnings of \$644 million and adjusted pre-tax earnings of \$688 million versus pre-tax earnings of \$528 million and adjusted pre-tax earnings of \$378 million in the second quarter of 2020
- Pre-tax title margin of 21.5% and adjusted pre-tax title margin of 22.7% versus pre-tax title margin of 23.7% and adjusted pre-tax title margin of 18.4% in the second quarter of 2020
- Second quarter refinance orders opened decreased 25% on a daily basis and refinance orders closed decreased 5% on a daily basis versus the second quarter of 2020; purchase orders opened increased 41% on a daily basis and purchase orders closed increased 57% on a daily basis versus the second quarter of 2020
- Total commercial revenue of \$347 million, an 89% increase versus total commercial revenue in the second quarter of 2020, driven by a 65% increase in closed orders; second quarter total commercial orders opened increased 58% compared to the prior year
- Overall second quarter average fee per file of \$2,444, a 29% increase versus the second quarter of 2020

Title Orders

Month	Direct Orders Opened * / (% Purchase)		Direct Orders Closed * / (% Purchase)	
April 2021	236,000	52%	200,000	43%
May 2021	223,000	52%	176,000	48%
June 2021	236,000	54%	192,000	50%
Second Quarter 2021	695,000	53%	568,000	47%
Month	Direct Orders Opened * / (% Purchase)		Direct Orders Closed * / (% Purchase)	
April 2020	210,000	31%	157,000	34%
May 2020	218,000	39%	150,000	33%
June 2020	265,000	42%	180,000	38%
Second Quarter 2020	693,000	37%	487,000	35%

* Includes an immaterial number of non-purchase and non-refinance orders

F&G

F&G, a leading provider of annuities and life insurance, reported operating results for the second quarter of 2021. As a result of acquisition accounting (purchase accounting or PGAAP), financial results for periods after June 1, 2020 are generally not comparable to the results of prior periods. Certain metrics, such as sales and policyholder account values, are not affected by PGAAP and are comparable to prior period data.

- Total Retail Annuity Sales of \$1.6 billion in the second quarter, an increase of 80% to the prior year, and an increase of 9% over the sequential quarter
- Fixed Indexed Annuities (FIA) Sales of \$1.1 billion in the second quarter, an increase of 31% to the prior year, and an increase of 8% over the sequential quarter
- F&G entered the Institutional market with a \$750 million funding agreement-backed note issuance on June 29, 2021, and has secured its first pension risk transfer transaction which represents pension obligations of approximately \$65 million and is expected to close in August 2021
- Average Assets Under Management (AAUM) of \$30.4 billion for the second quarter, up from \$29.0 billion in the sequential period driven by net new business asset flows
- Net Investment Spread: FIA spread for the second quarter of 335 basis points; Total Spread, including all product lines, for the second quarter of 295 basis points
- Net Earnings Attributable to Common Shareholders of \$82 million for the second quarter, including a \$6 million gain from discontinued operations and \$16 million net favorable mark-to-market and other items which are excluded from Adjusted Net Earnings
- Adjusted Net Earnings From Continuing Operations Attributable to Common Shareholders of \$92 million for the second quarter, including \$22 million of net favorable notable items

William P. Foley, II, Chairman, commented, "I am very pleased with our second quarter results as we continue to set records in our Title business and in F&G's sales results, further validating our decision to acquire the company just over one year ago. We are building a company that has a financial model designed to deliver earnings and cash flow through changing market environments. One year in, we can already see the early signs of our success and I would like to thank all of our employees for their hard work and dedication for without their efforts this would not be possible.

Looking at our Title results, we generated record adjusted pre-tax title earnings of \$688 million and an adjusted pre-tax title margin of 22.7%, compared to adjusted pre-tax title earnings of \$378 million and an adjusted pretax title margin of 18.4% in the 2020 comparable quarter. Our second quarter margins matched our record margins from the fourth quarter of 2020 and were driven, in part, by our investments in technology, operations and automation over the years as we have worked to improve our efficiency across all facets of our Title business as we strive to continuously improve our profitability. Total commercial revenues reached record levels of \$347 million for the quarter, compared to \$184 million in the second quarter of 2020, as total commercial orders closed increased 65%, as compared to the year ago quarter.

Turning to F&G, we continue to make great progress on our diversified growth strategy. During the second quarter we entered the Institutional market with a \$750 million funding agreement-backed note issuance and, just last week, secured our first pension risk transfer deal. In addition, sustained momentum in the bank and broker dealer distribution channels, launched following the 2020 acquisition, have propelled retail sales to record levels in the quarter, while still maintaining attractive spreads. These new markets have advanced us as a well-diversified player in the retail and institutional spaces, all while leveraging our existing core capabilities."

Mr. Foley concluded, "Our capital allocation strategy remains a key focus of the Board. Our disciplined strategy is focused on returning capital to shareholders, while making necessary investments in our businesses to drive growth. We recently announced our third quarter dividend of \$0.40 per share, an increase of 11% from our previous quarterly dividend, and have continued to make share repurchases throughout the second quarter, executing against our \$500 million share repurchase plan. During the quarter we purchased 4 million shares at an average purchase price of \$43.36 per share."

Conference Call

We will host a call with investors and analysts to discuss second quarter 2021 FNF results on Wednesday, August 4, 2021, beginning at 12:00 p.m. Eastern Time. A live webcast of the conference call will be available on the Events and Multimedia page of the FNF Investor Relations website at fnf.com. The conference call replay will be available via webcast through the FNF Investor Relations website at fnf.com. The telephone replay will be available from 3:00 p.m. Eastern Time on August 4, 2021, through August 11, 2021, by dialing 1-844-512-2921 (USA) or 1-412-317-6671 (International). The access code will be 13720504. An expanded quarterly financial supplement providing segment results is available on the FNF Investor Relations website.

About Fidelity National Financial, Inc.

Fidelity National Financial, Inc. (NYSE: FNF) is a leading provider of title insurance and transaction services to the real estate and mortgage industries. FNF is the nation's largest title insurance company through its title insurance underwriters - Fidelity National Title, Chicago Title, Commonwealth Land Title, Alamo Title and National Title of New York - that collectively issue more title insurance policies than any other title company in the United States. More information about FNF can be found at fnf.com.

About F&G

F&G is part of the FNF family of companies. F&G is committed to helping Americans turn their aspirations into reality. F&G is a leading provider of annuity and life insurance products and is headquartered in Des Moines, Iowa. For more information, please visit www.fglife.com.

Use of Non-GAAP Financial Information

Generally Accepted Accounting Principles (GAAP) is the term used to refer to the standard framework of guidelines for financial accounting. GAAP includes the standards, conventions, and rules accountants follow in recording and summarizing transactions and in the preparation of financial statements. In addition to reporting financial results in accordance with GAAP, FNF has provided non-GAAP financial measures, which it believes are useful to help investors better understand its financial performance, competitive position and prospects for the future. These non-GAAP measures include adjusted net earnings, adjusted earnings per share, adjusted pre-tax title earnings, adjusted pre-tax title earnings as a percentage of adjusted title revenue (adjusted pre-tax title margin), F&G adjusted earnings, F&G adjusted earnings attributable to common shareholders, F&G adjusted operating return on common shareholders' equity excluding AOCI, F&G net investment spread, F&G average assets under management and F&G sales.

Any non-GAAP measures should be considered in context with the GAAP financial presentation and should not be considered in isolation or as a substitute for GAAP net earnings. Further, FNF's non-GAAP measures may be calculated differently from similarly titled measures of other companies. Reconciliations of these non-GAAP measures to related GAAP measures are provided below.

Forward-Looking Statements and Risk Factors

This press release contains forward-looking statements that involve a number of risks and uncertainties. Statements that are not historical facts, including statements regarding our expectations, hopes, intentions or strategies regarding the future are forward-looking statements. Forward-looking statements are based on management's beliefs, as well as assumptions made by, and information currently available to, management. Because such statements are based on expectations as to future financial and operating results and are not statements of fact, actual results may differ materially from those projected. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. The risks and uncertainties which forward-looking statements are subject to include, but are not limited to: the ability of FNF to successfully integrate F&G's operations and employees; the potential impact of the consummation of the F&G transaction on relationships, including with employees, suppliers, customers and competitors; changes in general economic, business, political and COVID-19 conditions, including changes in the financial markets; weakness or adverse changes in the level of real estate activity, which may be caused by, among other things, high or increasing interest rates, a limited supply of mortgage funding or a weak U. S. economy; our potential inability to find suitable acquisition candidates; our dependence on distributions from our title insurance underwriters as a main source of cash flow; significant competition that F&G and our operating subsidiaries face; compliance with extensive government regulation of our operating subsidiaries; and other risks detailed in the "Statement Regarding Forward-Looking Information," "Risk Factors" and other sections of FNF's Form 10-K and other filings with the Securities and Exchange Commission ("SEC").

FNF-E

SOURCE: Fidelity National Financial, Inc.

CONTACT: Jamie Lillis, Managing Director, Solebury Trout, 203-428-3223, jlillis@soleburytrout.com

FIDELITY NATIONAL FINANCIAL, INC.
SECOND QUARTER SEGMENT INFORMATION
(In millions, except order information in thousands)
(Unaudited)

Three Months Ended

June 30, 2021

	Consolidated	Title	F&G	Corporate and Other
Direct title premiums	\$ 904	\$ 904	\$ —	\$ —
Agency title premiums	1,256	1,256	—	—
Escrow, title related and other fees	948	839	62	47
Total title and escrow	3,108	2,999	62	47
Interest and investment income	514	27	487	—
Recognized gains and losses, net	232	(30)	253	9
Total revenue	3,854	2,996	802	56
Personnel costs	890	826	32	32
Agent commissions	970	970	—	—
Other operating expenses	476	425	26	25
Benefits & other policy reserve changes	575	—	575	—
Depreciation and amortization	105	34	65	6
Claim loss expense	97	97	—	—
Interest expense	28	—	7	21
Total expenses	3,141	2,352	705	84
Pre-tax earnings (loss) from continuing operations	\$ 713	\$ 644	\$ 97	\$ (28)
Income tax expense (benefit)	176	160	21	(5)
Earnings (loss) from equity investments	14	14	—	—
Earnings from discontinued operations, net of tax	6	—	6	—
Non-controlling interests	5	5	—	—
Net earnings (loss) attributable to common shareholders	\$ 552	\$ 493	\$ 82	\$ (23)
EPS from continuing operations attributable to common shareholders - basic	\$ 1.91			
EPS from discontinued operations attributable to common shareholders - basic	0.02			
EPS attributable to common shareholders - basic	\$ 1.93			
EPS from continuing operations attributable to common shareholders - diluted	\$ 1.90			
EPS from discontinued operations attributable to common shareholders - diluted	0.02			
EPS attributable to common shareholders - diluted	\$ 1.92			
Weighted average shares - basic	286			
Weighted average shares - diluted	288			

FIDELITY NATIONAL FINANCIAL, INC.
SECOND QUARTER SEGMENT INFORMATION
(In millions, except order information in thousands)
(Unaudited)

Three Months Ended

June 30, 2021

	Consolidated	Title	F&G	Corporate and Other
Net earnings (loss) attributable to common shareholders	\$ 552	\$ 493	\$ 82	\$ (23)
Earnings from discontinued operations, net of tax	6	—	6	—
Net earnings (loss) from continuing operations attributable to common shareholders	\$ 546	\$ 493	\$ 76	\$ (23)
Pre-tax earnings (loss) from continuing operations	\$ 713	\$ 644	\$ 97	\$ (28)
Non-GAAP Adjustments				
Recognized (gains) and losses, net	(42)	30	(63)	(9)
Indexed product related derivatives	75	—	75	—
Purchase price amortization	24	14	6	4
Transaction costs	4	—	2	2
Adjusted pre-tax earnings (loss)	\$ 774	\$ 688	\$ 117	\$ (31)
Total non-GAAP, pre-tax adjustments	\$ 61	\$ 44	\$ 20	\$ (3)
Income taxes on non-GAAP adjustments	(14)	(11)	(4)	1
Non-controlling interest on non-GAAP adjustments	(1)	—	—	(1)
Total non-GAAP adjustments	\$ 46	\$ 33	\$ 16	\$ (3)
Adjusted net earnings (loss) from continuing operations attributable to common shareholders	\$ 592	\$ 526	\$ 92	\$ (26)
Adjusted EPS from continuing operations attributable to common shareholders - diluted	\$ 2.06			

FIDELITY NATIONAL FINANCIAL, INC.
SECOND QUARTER SEGMENT INFORMATION
(In millions, except order information in thousands)
(Unaudited)

Three Months Ended

June 30, 2020

	Consolidated	Title	F&G	Corporate and Other
Direct title premiums	\$ 575	\$ 575	\$ —	\$ —
Agency title premiums	784	784	—	—
Escrow, title related and other fees	747	655	20	72
Total title and escrow	2,106	2,014	20	72
Interest and investment income	152	41	111	—
Recognized gains and losses, net	162	169	(7)	—
Total revenue	2,420	2,224	124	72
Personnel costs	692	625	9	58
Agent commissions	598	598	—	—
Other operating expenses	446	374	12	60
Benefits & other policy reserve changes	155	—	155	—
Depreciation and amortization	46	37	3	6
Claim loss expense	61	61	—	—
Interest expense	21	1	3	17
Total expenses	2,019	1,696	182	141
Pre-tax earnings (loss)	\$ 401	\$ 528	\$ (58)	\$ (69)
Income tax expense (benefit)	89	130	(14)	(27)
Earnings from equity investments	1	2	—	(1)
Earnings from discontinued operations, net of tax	5	—	5	—
Non-controlling interests	9	9	—	—
Net earnings (loss) attributable to common shareholders	\$ 309	\$ 391	\$ (39)	\$ (43)
EPS from continuing operations attributable to common shareholders - basic	\$ 1.10			
EPS from discontinued operations attributable to common shareholders - basic	\$ 0.02			
EPS attributable to common shareholders - basic	\$ 1.12			
EPS from continuing operations attributable to common shareholders - diluted	\$ 1.09			
EPS from discontinued operations attributable to common shareholders - diluted	\$ 0.02			
EPS attributable to common shareholders - diluted	\$ 1.11			
Weighted average shares - basic	277			
Weighted average shares - diluted	279			

FIDELITY NATIONAL FINANCIAL, INC.
SECOND QUARTER SEGMENT INFORMATION
(In millions, except order information in thousands)
(Unaudited)

Three Months Ended
June 30, 2020

	Consolidated	Title	F&G	Corporate and Other
Net earnings (loss) attributable to common shareholders	\$ 309	\$ 391	\$ (39)	\$ (43)
Earnings from discontinued operations, net of tax	\$ 5	\$ —	\$ 5	\$ —
Net earnings (loss) from continuing operations, attributable to common shareholders	\$ 304	\$ 391	\$ (44)	\$ (43)
Non-GAAP Adjustments				
Recognized (gains) and losses, net	(123)	(169)	46	—
Indexed product related derivatives	43	—	43	—
Debt issuance costs	4	—	—	4
Purchase price amortization	25	18	2	5
Transaction costs	45	—	7	38
Other adjustments	1	1	—	—
Adjusted pre-tax earnings (loss)	\$ 396	\$ 378	\$ 40	\$ (22)
Total non-GAAP, pre-tax adjustments	\$ (5)	\$ (150)	\$ 98	\$ 47
Income taxes on non-GAAP adjustments	5	37	(21)	(11)
Non-controlling interest on non-GAAP adjustments	(3)	(2)	—	(1)
Total non-GAAP adjustments	\$ (3)	\$ (115)	\$ 77	\$ 35
Adjusted net earnings attributable to common shareholders	\$ 301	\$ 276	\$ 33	\$ (8)
Adjusted EPS attributable to common shareholders - diluted	\$ 1.08			

FIDELITY NATIONAL FINANCIAL, INC.
YTD SEGMENT INFORMATION
(In millions, except order information in thousands)
(Unaudited)

Six Months Ended

June 30, 2021

	Consolidated	Title	F&G	Corporate and Other
Direct title premiums	\$ 1,650	\$ 1,650	\$ —	\$ —
Agency title premiums	2,314	2,314	—	—
Escrow, title related and other fees	1,799	1,584	126	89
Total title and escrow	5,763	5,548	126	89
Interest and investment income	916	56	860	—
Recognized gains and losses, net	275	(89)	355	9
Total revenue	6,954	5,515	1,341	98
Personnel costs	1,702	1,580	61	61
Agent commissions	1,777	1,777	—	—
Other operating expenses	934	830	54	50
Benefits & other policy reserve changes	549	—	549	—
Depreciation and amortization	288	67	209	12
Claim loss expense	178	178	—	—
Interest expense	56	—	15	41
Total expenses	5,484	4,432	888	164
Pre-tax earnings (loss) from continuing operations	\$ 1,470	\$ 1,083	\$ 453	\$ (66)
Income tax expense (benefit)	342	263	93	(14)
Earnings (loss) from equity investments	27	22	—	5
Earnings from discontinued operations, net of tax	11	—	11	—
Non-controlling interests	9	9	—	—
Net earnings (loss) attributable to common shareholders	\$ 1,157	\$ 833	\$ 371	\$ (47)
EPS from continuing operations attributable to common shareholders - basic	\$ 3.99			
EPS from discontinued operations attributable to common shareholders - basic	0.04			
EPS attributable to common shareholders - basic	\$ 4.03			
EPS from continuing operations attributable to common shareholders - diluted	\$ 3.96			
EPS from discontinued operations attributable to common shareholders - diluted	0.04			
EPS attributable to common shareholders - diluted	\$ 4.00			
Weighted average shares - basic	287			
Weighted average shares - diluted	289			

FIDELITY NATIONAL FINANCIAL, INC.
YTD SEGMENT INFORMATION
(In millions, except order information in thousands)
(Unaudited)

Six Months Ended
June 30, 2021

	Consolidated	Title	F&G	Corporate and Other
Net earnings (loss) attributable to common shareholders	\$ 1,157	\$ 833	\$ 371	\$ (47)
Earnings from discontinued operations, net of tax	11	—	11	—
Net earnings (loss) from continuing operations attributable to common shareholders	\$ 1,146	\$ 833	\$ 360	\$ (47)
Pre-tax earnings (loss) from continuing operations	\$ 1,470	\$ 1,083	\$ 453	\$ (66)
Non-GAAP Adjustments				
Recognized (gains) and losses, net	(65)	89	(145)	(9)
Indexed product related derivatives	(110)	—	(110)	—
Purchase price amortization	49	28	13	8
Transaction costs	10	—	4	6
Adjusted pre-tax earnings (loss)	\$ 1,354	\$ 1,200	\$ 215	\$ (61)
Total non-GAAP, pre-tax adjustments	\$ (116)	\$ 117	\$ (238)	\$ 5
Income taxes on non-GAAP adjustments	19	(28)	48	(1)
Non-controlling interest on non-GAAP adjustments	(1)	—	—	(1)
Total non-GAAP adjustments	\$ (98)	\$ 89	\$ (190)	\$ 3
Adjusted net earnings (loss) from continuing operations attributable to common shareholders	\$ 1,048	\$ 922	\$ 170	\$ (44)
Adjusted EPS from continuing operations attributable to common shareholders - diluted	\$ 3.63			

FIDELITY NATIONAL FINANCIAL, INC.
YTD SEGMENT INFORMATION
(In millions, except order information in thousands)
(Unaudited)

Six Months Ended
June 30, 2020

	Consolidated	Title	F&G	Corporate and Other
Direct title premiums	\$ 1,121	\$ 1,121	\$ —	\$ —
Agency title premiums	1,516	1,516	—	—
Escrow, title related and other fees	1,348	1,265	20	63
Total title and escrow	3,985	3,902	20	63
Interest and investment income	205	89	111	5
Recognized gains and losses, net	(158)	(144)	(7)	(7)
Total revenue	4,032	3,847	124	61
Personnel costs	1,306	1,266	9	31
Agent commissions	1,158	1,158	—	—
Other operating expenses	857	754	12	91
Benefits & other policy reserve changes	155	—	155	—
Depreciation and amortization	89	74	3	12
Claim loss expense	119	119	—	—
Interest expense	33	1	3	29
Total expenses	3,717	3,372	182	163
Pre-tax earnings (loss) from continuing operations	\$ 315	\$ 475	\$ (58)	\$ (102)
Income tax expense (benefit)	61	111	(14)	(36)
Earnings from equity investments	2	3	—	(1)
Earnings from discontinued operations, net of tax	5	—	5	—
Non-controlling interests	13	13	—	—
Net earnings (loss) attributable to common shareholders	\$ 248	\$ 354	\$ (39)	\$ (67)
EPS from continuing operations attributable to common shareholders - basic	\$ 0.88			
EPS from discontinued operations attributable to common shareholders - basic	\$ 0.02			
EPS attributable to common shareholders - basic	\$ 0.90			
EPS from continuing operations attributable to common shareholders - diluted	\$ 0.87			
EPS from discontinued operations attributable to common shareholders - diluted	\$ 0.02			
EPS attributable to common shareholders - diluted	\$ 0.89			
Weighted average shares - basic	275			
Weighted average shares - diluted	278			

FIDELITY NATIONAL FINANCIAL, INC.
YTD SEGMENT INFORMATION
(In millions, except order information in thousands)
(Unaudited)

Six Months Ended

June 30, 2020

	Consolidated	Title	F&G	Corporate and Other
Net earnings (loss) attributable to common shareholders	\$ 248	\$ 354	\$ (39)	\$ (67)
Earnings from discontinued operations, net of tax	5	—	5	—
Net earnings (loss) from continuing operations attributable to common shareholders	\$ 243	\$ 354	\$ (44)	\$ (67)
Non-GAAP Adjustments				
Recognized (gains) and losses, net	197	144	46	7
Indexed product related derivatives	43	—	43	—
Debt issuance costs	4	—	—	4
Purchase price amortization	48	37	2	9
Transaction costs	51	—	7	44
Other adjustments	1	1	—	—
Adjusted pre-tax earnings (loss)	\$ 659	\$ 657	\$ 40	\$ (38)
Total non-GAAP, pre-tax adjustments	\$ 344	\$ 182	\$ 98	\$ 64
Income taxes on non-GAAP adjustments	(78)	(42)	(21)	(15)
Non-controlling interest on non-GAAP adjustments	(6)	(5)	—	(1)
Total non-GAAP adjustments	\$ 260	\$ 135	\$ 77	\$ 48
Adjusted net earnings (loss) attributable to common shareholders	\$ 503	\$ 489	\$ 33	\$ (19)
Adjusted EPS attributable to common shareholders - diluted	\$ 1.81			

FIDELITY NATIONAL FINANCIAL, INC.
SUMMARY BALANCE SHEET INFORMATION
(In millions)

	June 30, 2021	December 31, 2020
	(Unaudited)	(Unaudited)
Cash and investment portfolio	\$ 41,968	\$ 37,766
Goodwill	4,506	4,495
Title plant	400	404
Total assets	54,520	50,455
Notes payable	2,663	2,662
Reserve for title claim losses	1,677	1,623
Secured trust deposits	930	711
Non-controlling interests	42	41
Total equity and non-controlling interests	8,888	8,392
Total equity attributable to common shareholders	8,846	8,351

Non-GAAP Measures and Other Information

Title

The table below reconciles pre-tax title earnings to adjusted pre-tax title earnings.

(Dollars in millions)	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Pre-tax earnings (loss)	\$ 644	\$ 528	\$ 1,083	\$ 475
Non-GAAP adjustments before taxes				
Recognized (gains) and losses, net	30	(169)	89	144
Purchase price amortization	14	18	28	37
Other adjustments	—	1	—	1
Total non-GAAP adjustments	44	(150)	117	182
Adjusted pre-tax earnings	\$ 688	\$ 378	\$ 1,200	\$ 657
Adjusted pre-tax margin	22.7 %	18.4 %	21.4 %	16.5 %

FIDELITY NATIONAL FINANCIAL, INC. QUARTERLY OPERATING STATISTICS

(Unaudited)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Quarterly Opened Orders ('000's except % data)								
Total opened orders*	695	770	728	847	693	682	492	592
Total opened orders per day*	10.9	12.6	11.6	13.2	10.8	11.0	7.8	9.3
Purchase % of opened orders	53 %	42 %	38 %	40 %	37 %	41 %	50 %	52 %
Refinance % of opened orders	47 %	58 %	62 %	60 %	63 %	59 %	50 %	48 %
Total closed orders*	568	597	617	571	487	377	417	409
Total closed orders per day*	8.9	9.8	9.8	8.9	7.6	6.1	6.6	6.4
Purchase % of closed orders	47 %	34 %	38 %	42 %	35 %	46 %	49 %	55 %
Refinance % of closed orders	53 %	66 %	62 %	58 %	65 %	54 %	51 %	45 %
Commercial (millions, except orders in '000's)								
Total commercial revenue	\$ 347	\$ 257	\$ 322	\$ 216	\$ 184	\$ 245	\$ 321	\$ 301
Total commercial opened orders	69.4	62.2	57.0	58.1	43.9	56.3	55.1	56.0
Total commercial closed orders	42.3	34.8	39.5	30.6	25.7	31.0	39.1	36.4
National commercial revenue	\$ 176	\$ 127	\$ 177	\$ 113	\$ 96	\$ 132	\$ 186	\$ 172
National commercial opened orders	27.4	23.4	21.4	21.7	15.2	21.5	22.6	23.8
National commercial closed orders	14.9	11.2	13.4	9.8	8.8	10.7	16.2	14.1
Total Fee Per File								
Fee per file	\$ 2,444	\$ 1,944	\$ 2,116	\$ 2,063	\$ 1,889	\$ 2,224	\$ 2,384	\$ 2,459
Residential fee per file	\$ 2,030	\$ 1,644	\$ 1,661	\$ 1,803	\$ 1,614	\$ 1,744	\$ 1,792	\$ 1,928
Total commercial fee per file	\$ 8,200	\$ 7,400	\$ 8,200	\$ 7,100	\$ 7,200	\$ 7,900	\$ 8,200	\$ 8,300
National commercial fee per file	\$ 11,800	\$ 11,300	\$ 13,200	\$ 11,500	\$ 10,900	\$ 12,300	\$ 11,500	\$ 12,200
Total Staffing								
Total field operations employees	13,500	13,200	12,800	12,300	10,900	12,500	12,300	12,200
Actual title claims paid (\$ millions)								
	\$ 56	\$ 46	\$ 54	\$ 50	\$ 51	\$ 48	\$ 53	\$ 52

* Includes an immaterial number of non-purchase and non-refinance orders

F&G

The table below reconciles the reported after-tax net loss from continuing operations to adjusted earnings from continuing operations attributable to common shareholders.

	Three Months Ended		One Month Ended	Six Months Ended
	June 30, 2021	June 30, 2020	June 30, 2020	June 30, 2021
(Dollars in millions)				
Net earnings (loss) attributable to common shareholders	\$ 82	\$ (39)		\$ 371
Less: Earnings (loss) from discontinued operations, net of tax	6	5		11
Net earnings (loss) from continuing operations attributable to common shareholders	\$ 76	\$ (44)		\$ 360
Non-GAAP adjustments (1,2):				
Recognized (gains) and losses, net	(63)	46		(145)
Indexed product related derivatives	75	43		(110)
Purchase price amortization	6	2		13
Transaction costs	2	7		4
Income taxes on non-GAAP adjustments	(4)	(21)		48
Adjusted earnings from continuing operations attributable to common shareholders	\$ 92	\$ 33		\$ 170

Adjusted earnings from continuing operations include \$22 million and \$34 million of net favorable items in the three and six months ended June 30, 2021 respectively and \$8 million net favorable items in the one month ended June 30, 2020.

The table below provides summary financial highlights.

	Three Months Ended		One Month Ended	Six Months Ended
	June 30, 2021	June 30, 2020	June 30, 2020	June 30, 2021
(Dollars in millions)				
Average assets under management (AAUM) ⁽¹⁾	\$ 30,423	\$ 26,582		\$ 29,722
Net investment spread - FIA ⁽¹⁾	3.35 %	3.47 %		3.15 %
Net investment spread - All products ⁽¹⁾	2.95 %	3.50 %		2.75 %
Net earnings (loss) from continuing operations attributable to common shareholders	\$ 76	\$ (44)		\$ 360
Adjusted earnings from continuing operations attributable to common shareholders ⁽¹⁾	\$ 92	\$ 33		\$ 170

The table below provides a summary of annuity sales, which are not affected by PGAAP and are comparable to prior period data.

(In millions)	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Fixed indexed annuity (FIA) sales ⁽¹⁾	\$ 1,135	\$ 866	\$ 2,182	\$ 1,697
Total annuity sales ⁽¹⁾	\$ 1,647	\$ 913	\$ 3,161	\$ 1,858

Footnotes:

1. Non-GAAP financial measure. See the Non-GAAP Measures section below for additional information.
2. Amounts are net of offsets related to value of business acquired (VOBA), deferred acquisition cost (DAC), deferred sale inducement (DSI) amortization, and unearned revenue (UREV) amortization, as applicable.

DEFINITIONS

The following represents the definitions of non-GAAP measures used by F&G.

Adjusted Earnings

Adjusted Earnings is a non-GAAP economic measure we use to evaluate financial performance each period. Adjusted 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 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.

Adjusted Earnings Attributable to Common Shareholders

Adjusted Earnings attributable to common shareholders is a non-GAAP economic measure we use to evaluate financial performance attributable to our common shareholders each period. Adjusted Earnings 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 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.

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.

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) funds withheld at fair value;

(v) the net payable/receivable for the purchase/sale of investments, and

(vi) 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.

Sales (FIA Sales and Total Retail Annuity Sales)

Sales are not derived from any specific GAAP income statement accounts or line items and should not be viewed as a substitute for any financial measure determined in accordance with GAAP. Annuity and IUL sales are recorded as deposit liabilities (i.e. contractholder funds) within the Company's unaudited condensed consolidated financial statements in accordance with GAAP. Management believes that presentation of sales, as measured for management purposes, enhances the understanding of our business and helps depict longer term trends that may not be apparent in the results of operations due to the timing of sales and revenue recognition.

###



**Experience
the Power of
Collaborative
Thinking**

**F&G Annuities & Life, Inc. ("F&G") - An Operating Segment of Fidelity National Financial, Inc. (NYSE:FNF)
Financial Supplement
June 30, 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.

F&G - An Operating Segment of FNF
Financial Supplement - June 30, 2021
(All periods are unaudited)

	Page
<u>A. Financial Highlights</u>	
<u>Consolidated Financial Highlights</u>	<u>3</u>
<u>Sales Results by Product</u>	<u>3</u>
<u>Appendix to Consolidated Financial Highlights</u>	<u>4</u>
<u>Condensed Consolidated Balance Sheets</u>	<u>5</u>
<u>Reconciliation of Total Shareholders' Equity to Total Shareholders' Equity Excluding AOCI</u>	<u>6</u>
<u>Condensed Consolidated Statements of Operations</u>	<u>7</u>
<u>Reconciliation from Net Earnings (Loss) to Adjusted Net Earnings</u>	<u>8</u>
<u>Notable Items</u>	<u>8</u>
<u>Adjusted Net Earnings Statement</u>	<u>9</u>
<u>Financial Strength Ratings</u>	<u>10</u>
<u>Total Product Net Investment Spread</u>	<u>11</u>
<u>FIA Net Investment Spread</u>	<u>12</u>
<u>B. Product Summary</u>	
<u>Average Assets Under Management Rollforward</u>	<u>13</u>
<u>Annuity Account Balance Rollforward</u>	<u>13</u>
<u>Annuity Liability Characteristics</u>	<u>14</u>
<u>C. Investment Summary</u>	
<u>Summary of Invested Assets by Asset Class</u>	<u>15</u>
<u>Credit Quality of Fixed Maturity Securities</u>	<u>16</u>
<u>Summary of Residential Mortgage Backed Securities by Collateral Type and NAIC Designation</u>	<u>17</u>
<u>D. Counterparty Risk</u>	
<u>Top 5 Reinsurers</u>	<u>17</u>
<u>E. Non-GAAP Financial Measures Definitions</u>	<u>18</u>

F&G - An Operating Segment of FNF
Financial Supplement - June 30, 2021
(All periods are unaudited)

Consolidated Financial Highlights

	Three months ended				One month ended	Two months ended	Six months ended
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	May 31, 2020	June 30, 2021
	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Pre-Merger	Post-Merger
Select Income Statement Data:							
Net earnings (loss) attributable to common shareholders	82	289	137	38	(39)	19	371
Adjusted net earnings from continuing operations attributable to common shareholders (1)	92	78	128	74	33	40	170
Select Metrics:							
Average Assets Under Management ("AAUM") (1)	30,423	29,016	27,864	26,990	26,582	29,285	29,722
Net investment spread (1)	2.95 %	2.55 %	2.55 %	2.62 %	3.50 %	1.92 %	2.75 %

(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					Six months ended	
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	June 30, 2021	June 30, 2020
Sales							
Fixed indexed annuities (FIA)	1,135	1,047	947	815	866	2,182	1,697
Fixed rate annuities (MYGA)	512	467	362	253	47	979	161
Total annuity	1,647	1,514	1,309	1,068	913	3,161	1,858
Index universal life (IUL)	20	15	13	14	12	35	23
Funding agreements (FABN/FHLB)	1,000	125	100	—	—	1,125	100
Flow reinsurance	—	—	37	51	142	—	264
Total Sales	\$ 2,667	\$ 1,654	\$ 1,459	\$ 1,133	\$ 1,067	\$ 4,321	\$ 2,245

F&G - An Operating Segment of FNF
Financial Supplement - June 30, 2021
(All periods are unaudited)

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	Six months ended
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	May 31, 2020	June 30, 2021
	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Pre-Merger	Post-Merger
Select Income Statement Data:							
Net earnings (loss) attributable to common shareholders	82	289	137	38	(39)	19	371
Less: discontinued operations [(earnings)/loss]	(6)	(5)	2	28	(5)	(22)	(11)
As adjusted for discontinued operations	76	284	139	66	(44)	(3)	360
Adjusted net earnings from continuing operations attributable to common shareholders (1)	92	78	128	74	33	40	170
Less: discontinued operations [(earnings)/loss]	—	—	—	—	—	8	—
As adjusted for discontinued operations	92	78	128	74	33	48	170
Less: Notable items [(unfavorable)/favorable] (2)	22	12	68	10	8	5	34
As adjusted for discontinued operations and notable items	\$ 70	\$ 66	\$ 60	\$ 64	\$ 25	\$ 43	\$ 136
Select Metrics:							
AAUM (1)	30,423	29,016	27,864	26,990	26,582	29,285	29,722
Less: discontinued operations	—	—	—	—	—	(2,236)	—
As adjusted for discontinued operations	30,423	29,016	27,864	26,990	26,582	27,049	29,722
Net investment spread (1)	2.95 %	2.55 %	2.55 %	2.62 %	3.50 %	1.92 %	2.75 %
Less: discontinued operations [(earnings)/loss] (3)	— %	— %	— %	— %	— %	0.13 %	— %
As adjusted for discontinued operations	2.95 %	2.55 %	2.55 %	2.62 %	3.50 %	2.05 %	2.75 %

(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. The period affected was the two months ended May 31, 2020

F&G - An Operating Segment of FNF
Financial Supplement - June 30, 2021
(All periods are unaudited)

Condensed Consolidated Balance Sheets

	<u>June 30,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>	<u>December</u> <u>31, 2020</u>	<u>September</u> <u>30, 2020</u>	<u>June 30,</u> <u>2020</u>
	<u>Post-Merger</u>	<u>Post-Merger</u>	<u>Post-Merger</u>	<u>Post-Merger</u>	<u>Post-Merger</u>
Assets					
Investments:					
Fixed maturity securities available for sale, at fair value, net of allowance for credit losses of \$7 at June 30, 2021	\$ 27,616	\$ 25,768	\$ 25,499	\$ 24,218	\$ 23,014
Preferred securities, at fair value	882	908	965	917	875
Equity securities, at fair value	176	141	82	54	54
Derivative investments	691	542	548	381	333
Mortgage loans, net of allowance for credit losses of \$34 at June 30, 2021	2,794	2,374	2,031	1,614	1,749
Investments in unconsolidated affiliates (a)	1,667	1,281	1,156	1,125	1,045
Other long-term investments	448	447	449	438	432
Short-term investments	356	72	456	34	38
Total investments	<u>\$ 34,630</u>	<u>\$ 31,533</u>	<u>\$ 31,186</u>	<u>\$ 28,781</u>	<u>\$ 27,540</u>
Cash and cash equivalents	1,016	995	889	1,014	909
Trade and notes receivables	11	11	10	2	2
Reinsurance recoverable, net of allowance for credit losses of \$20 at June 30, 2021 (a)	3,297	3,404	3,174	3,152	3,182
Goodwill (a)	1,756	1,751	1,751	1,731	1,725
Prepaid expenses and other assets	415	470	413	448	381
Lease assets	8	8	8	7	8
Other intangible assets, net (a)	2,060	2,061	1,918	1,956	2,060
Property and equipment, net	13	13	11	7	2
Income taxes receivable	—	—	15	19	24
Deferred tax asset (a)	51	130	44	107	180
Assets of discontinued operations	—	311	327	2,618	2,502
Total assets	<u>\$ 43,257</u>	<u>\$ 40,687</u>	<u>\$ 39,746</u>	<u>\$ 39,842</u>	<u>\$ 38,515</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. The following adjustments were recorded as of the opening balance sheet at June 1, 2020 during the quarter ending June 30, 2021: Reinsurance recoverable, (\$289), Goodwill, \$5, Other intangible assets, net, \$61, and Deferred tax asset, \$1.

F&G - An Operating Segment of FNF
Financial Supplement - June 30, 2021
(All periods are unaudited)

Condensed Consolidated Balance Sheets (continued)

	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Post-Merger
Liabilities and Shareholders' Equity					
Contractholder funds (a)	\$ 32,166	\$ 29,592	\$ 28,718	\$ 27,488	\$ 26,628
Future policy benefits (a)	3,670	3,959	4,010	4,048	4,092
Accounts payable and accrued liabilities (a)	1,276	1,368	1,174	1,056	983
Income taxes payable	17	5	—	—	—
Notes payable	589	589	589	589	589
Funds withheld for reinsurance liabilities	1,271	1,026	806	814	817
Lease liabilities	14	14	14	12	13
Liabilities of discontinued operations	—	339	361	2,462	2,347
Total liabilities	\$ 39,003	\$ 36,892	\$ 35,672	\$ 36,469	\$ 35,469
Shareholders' equity:					
Additional paid-in-capital	2,746	2,744	2,741	2,739	2,737
Retained earnings (accumulated deficit)	507	425	136	(1)	(39)
Accumulated other comprehensive income (loss)	1,001	626	1,197	635	348
Total shareholders' equity	\$ 4,254	\$ 3,795	\$ 4,074	\$ 3,373	\$ 3,046
Total liabilities and shareholders' equity	\$ 43,257	\$ 40,687	\$ 39,746	\$ 39,842	\$ 38,515

(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; 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; Additionally, Future policy benefits and Accounts payable and accrued liabilities included (\$228) and \$6 adjustments as of the opening balance sheet at June 1, 2020, respectively, during the quarter ending June 30, 2021

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

	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Post-Merger
Total shareholders' equity	\$ 4,254	\$ 3,795	\$ 4,074	\$ 3,373	\$ 3,046
AOCI	1,001	626	1,197	635	348
Total shareholders' equity excluding AOCI (1)	\$ 3,253	\$ 3,169	\$ 2,877	\$ 2,738	\$ 2,698

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

F&G - An Operating Segment of FNF
Financial Supplement - June 30, 2021
(All periods are unaudited)

Condensed Consolidated Statements of Operations

	Three months ended				One month ended	Two months ended	Six months ended
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	May 31, 2020	June 30, 2021
	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Pre-Merger	Post-Merger
Revenues:							
Life insurance premiums and other fees (a)	\$ 62	\$ 64	\$ 58	\$ 60	\$ 20	\$ 52	\$ 126
Interest and investment income	487	373	327	305	111	111	860
Recognized gains and losses, net	253	102	282	77	(7)	257	355
Total revenues	802	539	667	442	124	420	1,341
Benefits and expenses:							
Benefits and other changes in policy reserves	575	(26)	460	251	155	356	549
Personnel costs	32	29	33	23	9	15	61
Other operating expenses	26	28	30	33	12	40	54
Depreciation and amortization	65	144	64	56	3	1	209
Interest expense	7	8	8	7	3	5	15
Total benefits and expenses	705	183	595	370	182	417	888
Pre-tax earnings (loss) from continuing operations	97	356	72	72	(58)	3	453
Income tax expense	(21)	(72)	67	(6)	14	16	(93)
Net earnings (loss) from continuing operations	76	284	139	66	(44)	19	360
Earnings from discontinued operations, net of tax	6	5	(2)	(28)	5	—	11
Net earnings (loss) attributable to common shareholders	\$ 82	\$ 289	\$ 137	\$ 38	\$ (39)	\$ 19	\$ 371

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

F&G - An Operating Segment of FNF
Financial Supplement - June 30, 2021
(All periods are unaudited).

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

	Three Months Ended				One month ended	Two months ended	Six months ended
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	May 31, 2020	June 30, 2021
	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Pre-Merger	Post-Merger
Net earnings (loss) from continuing operations	\$ 76	\$ 284	\$ 139	\$ 66	\$ (44)	\$ 19	\$ 360
Non-GAAP adjustments (1):							
Recognized (gains) and losses, net	(63)	(82)	(76)	(15)	46	68	(145)
Indexed product related derivatives	75	(185)	54	14	43	(28)	(110)
Purchase price amortization	6	7	7	7	2	—	13
Transaction costs and other non-recurring items	2	2	4	10	7	4	4
Income taxes on non-GAAP adjustments	(4)	52	—	(8)	(21)	(23)	48
Adjusted net earnings from continuing operations attributable to common shareholders (1)	\$ 92	\$ 78	\$ 128	\$ 74	\$ 33	\$ 40	\$ 170

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	Six months ended
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	May 31, 2020	June 30, 2021
	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Pre-Merger	Post-Merger
Adjusted net earnings from continuing operations attributable to common shareholders (1)	\$ 92	\$ 78	\$ 128	\$ 74	\$ 33	\$ 40	\$ 170
Notable items [(unfavorable)/favorable]							
Single premium immediate annuities ("SPIA") mortality & other reserve adjustments (a)	3	7	—	10	4	6	10
Assumption review and unlocking (b)	8	—	—	—	—	(4)	8
Other notable items (c)	11	5	68	—	4	3	16

(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.

F&G - An Operating Segment of FNF
Financial Supplement - June 30, 2021
(All periods are unaudited)

Adjusted Net Earnings Statement (1)

	Three Months Ended				One month ended	Two months ended	Six months ended
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	May 31, 2020	June 30, 2021
	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Pre-Merger	Post-Merger
Revenues:							
Life insurance premiums and other fees (a)	\$ 62	\$ 64	\$ 61	\$ 60	\$ 20	\$ 42	\$ 126
Interest and investment income (b)	377	333	315	314	120	200	710
Recognized gains and losses, net (c)	—	—	—	(1)	1	22	—
Total revenues	439	397	376	373	141	264	836
Benefits and expenses:							
Benefits and other changes in policy reserves (d)	214	188	202	177	62	131	402
Personnel costs	32	29	33	23	9	15	61
Other operating expenses (e)	24	26	25	23	6	37	50
Depreciation and amortization (f)	46	48	46	56	21	32	94
Interest expense	7	8	8	7	3	5	15
Total benefits and expenses	323	299	314	286	101	220	622
Pre-tax earnings (loss) from continuing operations	116	98	62	87	40	44	214
Income tax expense	(24)	(20)	66	(13)	(7)	(4)	(44)
Adjusted net earnings from continuing operations attributable to common shareholders (1)	\$ 92	\$ 78	\$ 128	\$ 74	\$ 33	\$ 40	\$ 170
Notable items included in adjusted net earnings attributable to common shareholders (2)	\$ 22	\$ 12	\$ 68	\$ 10	\$ 8	\$ 5	\$ 34

(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.

(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.

F&G - An Operating Segment of FNF
Financial Supplement - June 30, 2021
(All periods are unaudited)

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	

F&G - An Operating Segment of FNF
Financial Supplement - June 30, 2021
(All periods are unaudited)

Total Product Net Investment Spread

	Three Months Ended				One month ended	Two months ended	Six months ended
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	May 31, 2020	June 30, 2021
	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Pre-Merger	Post-Merger
Net investment income	\$ 487	\$ 373	\$ 327	\$ 305	\$ 111	\$ 111	\$ 860
AAUM (1)	30,423	29,016	27,864	26,990	26,582	29,285	29,722
Yield on AAUM (1)	6.40 %	5.15 %	4.69 %	4.52 %	5.01 %	2.27 %	5.79 %
Alternative investment yield adjustment (1)	(1.43)%	(0.56)%	(0.17)%	0.13 %	0.41 %	1.83 %	(1.01)%
Adjusted Yield on AAUM (1)	4.97 %	4.59 %	4.52 %	4.65 %	5.42 %	4.10 %	4.78 %
Interest credits	\$ 73	\$ 74	\$ 67	\$ 67	\$ 21	\$ 53	\$ 147
Option & futures costs	70	65	63	64	19	43	135
Total interest credited and option costs	\$ 143	\$ 139	\$ 130	\$ 131	\$ 40	\$ 96	\$ 282
Average account value	28,273	27,252	26,450	25,688	25,330	26,463	27,762
Interest credited & option cost	2.02 %	2.04 %	1.97 %	2.03 %	1.92 %	2.18 %	2.03 %
Net investment spread (1)	2.95 %	2.55 %	2.55 %	2.62 %	3.50 %	1.92 %	2.75 %

(1) Refer to "Non-GAAP Financial Measures Definitions" for further details.

F&G - An Operating Segment of FNF
Financial Supplement - June 30, 2021
(All periods are unaudited)

FIA Net Investment Spread

	Three Months Ended				One month ended	Two months ended	Six months ended
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	May 31, 2020	June 30, 2021
	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Pre-Merger	Post-Merger
Net investment income (1)	\$ 377	\$ 276	\$ 235	\$ 215	\$ 69	\$ 51	\$ 653
AAUM (2)	20,896	20,217	19,097	18,312	18,267	18,623	20,551
Yield on AAUM (1) (2)	7.22 %	5.46 %	4.92 %	4.70 %	4.53 %	1.64 %	6.35 %
Alternative investment yield adjustment (2)	(2.20)%	(0.81)%	(0.25)%	0.20 %	0.59 %	2.67 %	(1.52)%
Adjusted Yield on AAUM (1) (2)	5.02 %	4.65 %	4.67 %	4.90 %	5.12 %	4.31 %	4.83 %
Interest credits	\$ 13	\$ 15	\$ 13	\$ 14	\$ 4	\$ 8	\$ 28
Option & futures costs	70	65	63	64	19	43	135
Total interest credited and option costs	\$ 83	\$ 80	\$ 76	\$ 78	\$ 23	\$ 51	\$ 163
Average account value	19,842	19,028	18,442	17,948	17,688	17,501	19,443
Interest credited & option cost	1.67 %	1.67 %	1.65 %	1.73 %	1.59 %	1.76 %	1.68 %
Net investment spread (1) (2)	3.35 %	2.98 %	3.02 %	3.17 %	3.53 %	2.55 %	3.15 %

(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.

F&G - An Operating Segment of FNF
Financial Supplement - June 30, 2021
(All periods are unaudited)

Average Assets Under Management Rollforward

	Three Months Ended				One month ended	Two months ended	Six months ended
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	May 31, 2020	June 30, 2021
	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Pre-Merger	Post-Merger
AAUM at beginning of period (1)	\$ 29,016	\$ 27,864	\$ 26,990	\$ 26,582	\$ 26,529	\$ 28,924	\$ 27,322
Net new business sales	1,668	1,197	874	408	53	361	2,553
Net reinsurance transactions and other	(261)	(45)	—	—	—	—	(153)
AAUM at end of period	\$ 30,423	\$ 29,016	\$ 27,864	\$ 26,990	\$ 26,582	\$ 29,285	\$ 29,722

(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	Six months ended
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	May 31, 2020	June 30, 2021
	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Post-Merger	Pre-Merger	Post-Merger
Account balances at beginning of period:	\$ 23,803	\$ 22,992	\$ 22,106	\$ 21,442	\$ 21,332	\$ 20,999	\$ 22,992
Net deposits	1,390	1,265	1,305	1,046	245	675	2,655
Surrenders, withdrawals, deaths, etc.	(628)	(585)	(533)	(482)	(161)	(381)	(1,213)
Net flows	762	680	772	564	84	294	1,442
Premium and interest bonuses	21	18	20	17	4	12	39
Fixed interest credited and index credits	225	148	131	114	29	50	373
Guaranteed product rider fees	(37)	(35)	(37)	(31)	(7)	(23)	(72)
Account balance at end of period	\$ 24,774	\$ 23,803	\$ 22,992	\$ 22,106	\$ 21,442	\$ 21,332	\$ 24,774

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

Annuity Liability Characteristics

	Fixed Annuities Account Value	Fixed Index Annuities Account Value
	June 30, 2021	
<u>SURRENDER CHARGE PERCENTAGES:</u>		
No surrender charge	\$ 420	\$ 2,343
0.0% < 2.0%	6	138
2.0% < 4.0%	25	645
4.0% < 6.0%	488	1,543
6.0% < 8.0%	1,821	2,465
8.0% < 10.0%	1,751	5,648
10.0% or greater	1	7,480
	<u>\$ 4,512</u>	<u>\$ 20,262</u>

	Fixed Annuities Account Value	Fixed Index Annuities Account Value
	June 30, 2021	
<u>CREDITED RATE (INCLUDING BONUS INTEREST) VS. ULTIMATE MINIMUM GUARANTEED RATE DIFFERENTIAL:</u>		
No differential	\$ 488	\$ 1,366
0.0% - 1.0%	566	1,320
1.0% - 2.0%	1,440	15
2.0% - 3.0%	2,018	—
Allocated to index strategies	—	17,561
	<u>\$ 4,512</u>	<u>\$ 20,262</u>

F&G - An Operating Segment of FNF
Financial Supplement - June 30, 2021
(All periods are unaudited)

Summary of Invested Assets by Asset Class

	June 30, 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	\$ 739	\$ 739	2 %	\$ 45	\$ 45	— %
United States Government sponsored entities	92	93	— %	105	106	— %
United States municipalities, states and territories	1,303	1,372	4 %	1,243	1,309	4 %
Foreign Governments	132	138	— %	128	140	— %
Corporate securities:						
Finance, insurance and real estate	4,314	4,567	13 %	4,267	4,572	15 %
Manufacturing, construction and mining	808	881	3 %	839	936	3 %
Utilities, energy and related sectors	2,560	2,699	8 %	2,532	2,762	9 %
Wholesale/retail trade	2,094	2,235	6 %	1,900	2,106	7 %
Services, media and other	2,782	2,935	8 %	2,568	2,793	9 %
Hybrid securities	853	932	3 %	888	963	3 %
Non-agency residential mortgage-backed securities	670	696	2 %	677	694	2 %
Commercial mortgage-backed securities	2,497	2,925	9 %	2,468	2,806	9 %
Asset-backed securities	2,848	2,925	9 %	1,920	1,999	6 %
CLO securities	4,255	4,479	13 %	4,021	4,268	14 %
Alternative investments:						
Private equity	808	807	2 %	614	614	2 %
Real assets	298	304	1 %	280	288	1 %
Credit	556	556	2 %	254	254	1 %
Equity securities	959	1,058	3 %	959	1,047	3 %
Commercial mortgage loans	1,585	1,614	5 %	903	926	3 %
Residential mortgage loans	1,208	1,180	3 %	1,128	1,123	4 %
Other (primarily derivatives and company owned life insurance)	858	1,139	3 %	815	997	4 %
Short term investments	356	356	1 %	456	456	1 %
Total (a)	\$ 32,575	\$ 34,630	100 %	\$ 29,010	\$ 31,204	100 %

(a) Asset duration of 6.4 years and 6.8 years vs. liability duration of 7.3 years and 6.7 years for the periods ending June 30, 2021 and December 31, 2020, respectively.

Credit Quality of Fixed Maturity Securities

NAIC Designation	June 30, 2021	
	Fair Value	Percent
1	\$ 14,152	51 %
2	10,823	39 %
3	1,740	6 %
4	713	3 %
5	144	1 %
6	44	— %
	<u>\$ 27,616</u>	<u>100 %</u>

Rating Agency Rating	June 30, 2021	
	Fair Value	Percent
AAA	\$ 1,228	4 %
AA	1,899	7 %
A	7,024	25 %
BBB	9,701	35 %
Not rated	5,224	19 %
Total investment grade	<u>25,076</u>	<u>90 %</u>
BB	1,519	6 %
B and below	601	2 %
Not rated	420	2 %
Total below investment grade	<u>2,540</u>	<u>10 %</u>
	<u>\$ 27,616</u>	<u>100 %</u>

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

Total by collateral type	June 30, 2021	
	Amortized Cost	Fair Value
Government agency	\$ 110	\$ 111
Prime	505	529
Subprime	64	64
Alt-A	84	85
	<u>\$ 763</u>	<u>\$ 789</u>

Total by NAIC designation	June 30, 2021	
	Amortized Cost	Fair Value
1	\$ 733	\$ 758
2	16	17
3	8	8
4	5	5
5	1	1
	<u>\$ 763</u>	<u>\$ 789</u>

Top 5 Reinsurers

Parent Company/Principal Reinsurers	Reinsurance Recoverable (a)	June 30, 2021			
		Financial Strength Rating			
		AM Best	S&P	Fitch	Moody's
Wilton Re	\$ 1,378	A+	not rated	A+	not rated
Kubera Insurance (SAC) Ltd	794	not rated	not rated	not rated	not rated
Aspida Life Re Ltd	488	A-	not rated	BBB	not rated
Security Life of Denver	104	not rated	A-	A-	Baa1
London Life Reinsurance Co.	103	A+	not rated	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.

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;
- (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.

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.

Total Shareholders' Equity Excluding AOCI

Total Shareholders' Equity Excluding AOCI is based on Total 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 Total Shareholders' equity.

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

Non-GAAP Financial Measures Definitions (continued)

(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.