
Section 1: 8-K (8-K)

**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): February 26, 2020

FGL HOLDINGS

(Exact name of registrant as specified in its charter)

Cayman Islands
(State or other jurisdiction
of incorporation)

001-37779
(Commission
File Number)

98-1354810
(IRS Employer
Identification No.)

4th Floor
Boundary Hall, Cricket Square
Grand Cayman, Cayman Islands
KY1-1102

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: 1 (345) 947-5614

Not Applicable

(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))

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.

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary shares, par value \$.0001 per share	FG	New York Stock Exchange
Warrants to purchase ordinary shares	FG WS	New York Stock Exchange

Item 2.02. Results of Operations and Financial Condition.

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, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

On February 26, 2020, FGL Holdings (the “Company”) issued a press release announcing its results of operations for the quarter ended December 31, 2019. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K. In addition, the Company is furnishing the related quarterly financial supplement as Exhibit 99.2 to this Current Report on Form 8-K.

Item 8.01 Other Events

On February 26, 2020, the Board of Directors of the Company declared a quarterly cash dividend of \$0.01 per ordinary share, payable on March 30, 2020, to shareholders of record as of the close of business on March 16, 2020.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Earnings Release of FGL Holdings, dated February 26, 2020.
99.2	Financial Supplement of FGL Holdings, dated February 26, 2020.

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, hereunto duly authorized.

February 26, 2020

FGL HOLDINGS

By: /s/ Eric L. Marhoun

Name: Eric L. Marhoun

Title: Secretary and General Counsel

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Section 2: EX-99.1 (EX-99.1)

FGL Holdings Reports Fourth Quarter and Full Year 2019 Results and Declares Common Stock Dividend

GEORGE TOWN, Cayman Islands: February 26, 2020 - FGL Holdings (NYSE: FG), a leading provider of annuities and life insurance, today announced financial results for the fourth quarter of 2019.

Net income available to common shareholders for the fourth quarter of 2019 was \$217 million, or \$1.02 per diluted common share (per share), compared to net loss for the fourth quarter of 2018 of \$156 million, or \$0.70 per share.

Adjusted operating income (AOI)¹ available to common shareholders for the fourth quarter of 2019 was \$94 million, or \$0.44 per share, compared to AOI for the fourth quarter of 2018 of \$76 million, or \$0.34 per share. Full year AOI available to common shareholders was \$320 million, or \$1.48 per share, compared to the full year 2018 of \$257 million, or \$1.19 per common share.

Key Highlights:

- **Adjusted Operating Income (AOI): 24 percent AOI growth compared to the prior year quarter, and 25 percent AOI growth for the full year; driven by increased investment spread as a result of portfolio reposition activity, disciplined crediting strategy, and growth in the business**
- **Adjusted Operating Return on Equity (ROE)¹: ROE of 20 percent**
- **Total Annuity Sales: 4 percent decrease in fourth quarter total annuity sales to \$921 million, compared to the prior year quarter; 16 percent growth in full year total annuity sales to \$3,893 million**
- **Average Assets Under Management (AAUM): AAUM were \$28.3 billion for the fourth quarter and \$27.4 billion for the full year, up 8 percent and 7 percent, respectively, from net new business asset flows**
- **Risk-Based Capital (RBC): Estimated RBC ratio at December 31, 2019 of approximately 475 percent**
- **On February 7, 2020, FGL and Fidelity National Financial, Inc. (FNF) entered into a definitive merger agreement pursuant to which FNF will acquire FGL for an announced value of \$12.50 per share**
- **Following the merger announcement, the company's ratings were placed on CreditWatch Positive by S&P Global Ratings, Review for Upgrade by Moody's Investors Service and Rating Watch Positive by Fitch Ratings**

"We are pleased with the company's performance in the quarter," said Chris Blunt, F&G President and Chief Executive Officer. "Underlying

operating performance remains favorable, and results in the fourth quarter rounded out a strong full year for F&G."

Regarding the announced merger with FNF, Mr. Blunt said, "We are excited to join the FNF family of companies and believe that, under FNF's ownership, we will be able to expand growth in our core channel, jump start our launch into new channels, and accelerate our path toward higher ratings."

The table below reconciles reported after-tax net income to adjusted operating income (AOI) available to common shareholders.

(In millions)

	Three Months Ended	
	December 31, 2019	December 31, 2018
	(Unaudited)	(Unaudited)
Reconciliation from Net Income (loss) to AOI⁽¹⁾:		
Net income (loss)	\$ 225	\$ (148)
Dividends on preferred stock	(8)	(8)
Net income (loss) available to common shareholders	217	(156)
Effect of investment losses (gains), net of offsets ⁽²⁾	(34)	174
Impacts related to changes in the fair values of FIA related derivatives and embedded derivatives, net of hedging cost, and the fair value accounting impacts of assumed reinsurance by our international subsidiaries ^{(2) (3)}	(134)	77
Effect of integration, merger related & other non-operating items	11	25
Tax effect of affiliated reinsurance embedded derivative	—	(15)
Tax impact of adjusting items	34	(29)
AOI available to common shareholders ⁽¹⁾	\$ 94	\$ 76

Fourth Quarter Earnings Results

Net income available to common shareholders for the fourth quarter was \$217 million, or \$1.02 per share, compared with net loss available to common shareholders of \$156 million, or \$0.70 per share, in the prior year. Results for fourth quarter 2019 include the following items, \$104 million favorable FIA embedded derivative market movements and fair value effects related to international subsidiaries, \$28 million net unrealized gains driven by market appreciation of preferred equity securities, partially offset by \$9 million other market and non-operating items; all of which have no impact to AOI.

Adjusted operating income available to common shareholders for the fourth quarter was \$94 million, or \$0.44 per share, up 24 percent from \$76 million, or \$0.34 per share, in the prior year. The increase to prior year was driven by increased investment spread as a result of reposition activity, disciplined crediting rate strategy, and invested asset growth. Results also included net favorable items of \$24 million, or \$0.11 per share, primarily from \$15 million higher single premium immediate annuities mortality, \$12 million favorable market movement on futures and options contracts held to hedge our indexed products, \$4 million favorable impact from annual assumption review for our international subsidiaries, and \$3 million out of period AOI adjustment; partially offset by \$10 million higher project expenses. The prior year quarter included net favorable items of \$13 million, or \$0.06 per share.

Full Year Earnings Results

Adjusted operating income available to common shareholders for the full year was \$320 million, or \$1.48 per share, up 25 percent from \$257 million, or \$1.19 per share, in the prior year. The increase to prior year was driven by strong and consistent underlying performance trends across the business from ongoing invested asset growth and portfolio repositioning uplift. Results included net favorable items of \$57 million, or \$0.26 per share, primarily from \$30 million higher single premium immediate annuities mortality, \$21 million favorable market movement on futures and options contracts held to hedge our indexed products, \$18 million tax benefit, \$11 million favorable impact from annual assumption review; partially offset by \$23 million higher project expenses. The prior year included net favorable items of \$37 million, or \$0.17 per share.

Summary Financial Results (Unaudited)

(In millions, except per share data)	Three Months Ended		Year Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Fixed indexed annuity (FIA) sales ⁽¹⁾	\$ 795	\$ 667	\$ 2,820	\$ 2,283
Total retail annuity sales ⁽¹⁾	\$ 921	\$ 957	\$ 3,893	\$ 3,346
Average assets under management (AUM) ⁽¹⁾	\$ 28,332	\$ 26,140	\$ 27,358	\$ 25,619
Net investment spread - FIA ⁽¹⁾	3.21 %	2.55 %	2.85 %	2.41 %
Net investment spread - All products ⁽¹⁾	2.41 %	2.10 %	2.23 %	1.95 %
Net income (loss) available to common shareholders	\$ 217	\$ (156)	\$ 476	\$ (16)
Net income (loss) available to common shareholders per diluted share	\$ 1.02	\$ (0.70)	\$ 2.19	\$ (0.07)
AOCI available to common shareholders ⁽¹⁾	\$ 94	\$ 76	\$ 320	\$ 257
AOCI available to common shareholders per diluted share ⁽¹⁾	\$ 0.44	\$ 0.34	\$ 1.48	\$ 1.19
Weighted average common diluted shares	213.56	220.91	216.74	216.02
Total common shares outstanding	213.16	221.06	213.16	221.06
Book value per common share	\$ 10.81	\$ 2.19	\$ 10.81	\$ 2.19
Book value per common share excluding AOCI ⁽¹⁾	\$ 8.56	\$ 6.43	\$ 8.56	\$ 6.43

See footnotes below.

Sales Results

For the full year 2019, total sales across all product lines were \$4.3 billion, up 22 percent from the prior year. Total sales for the fourth quarter were \$1.1 billion, up 4 percent from the prior year quarter. Total retail annuity sales were \$3.9 billion for the full year, up 16 percent from the prior year, and in line with the Company's expectation for double digit growth in annuities.

Fixed indexed annuities sales in the fourth quarter were \$795 million, an increase of 35 percent from the third quarter and up 19 percent over the prior year. The company continues to execute on its growth strategy and is seeing increased sales from productive partnerships with our independent marketing organizations (IMO's) as well as new agents.

Multi-year guarantee annuities (MYGA's) sales were \$126 million in the current quarter, compared to \$185 million in the same period last year. During the prior year quarter, F&G completed a \$105 million funding agreement with the Federal Home Loan Bank (FHLB) under an investment spread strategy. The Company views FHLB volume as opportunistic and subject to fluctuation period to period. There were no funding agreements in the current period.

Indexed universal life (IUL) sales in the quarter were \$11 million, up from \$8 million last year. Growing IUL sales reflect the Company's focus on the quality of new business and pricing discipline. The Company is targeting IUL growth through expanded distribution and new advisors, particularly following the ratings upgrade to A- by A.M. Best in 2018.

In the fourth quarter, the Company's Bermuda-based subsidiary, F&G Reinsurance Ltd (F&G Re), generated \$122 million of flow reinsurance deposits, as compared to \$53 million in the prior year quarter, driven by volume from new and existing partnerships.

Investment Management Performance

Overall, the investment portfolio is performing well and providing attractive risk-adjusted returns, benefiting from Blackstone's investment management expertise. Net investment income and yield continue to increase from the prior year as the impacts of repositioning emerge. Overall, the average NAIC rating for the portfolio is stable at approximately 1.5. Alternative asset fundings were approximately \$1.1 billion, or 3.8 percent, of the portfolio at year-end.

Net investment income was \$324 million in the fourth quarter of 2019, up \$29 million or 10 percent, from the fourth quarter of 2018. Net investment income grew approximately \$30 million from portfolio reposition uplift and \$25 million from invested asset growth, partially offset by \$11 million lower floating rate income, \$9 million higher planned investment expense, and \$6 million lower bond prepay income.

Average assets under management (AAUM)¹ were \$27.4 billion for the twelve months ended December 31, 2019. AAUM increased \$1.8 billion compared to the prior year period primarily due to net new business asset flows. A rollforward of AAUM can be found in the non-GAAP measurements section of this release.

The net average yield on new money was 4.63 percent in the quarter, inclusive of a 5 percent allocation to alternative assets. The average earned yield on the total portfolio in the fourth quarter was 4.57 percent for the items noted above, compared to 4.51 percent in the fourth quarter of 2018. The rate increase reflects reposition uplift on the structured and alternative assets that are now in the portfolio.

Net investment spread across all products was 241 basis points, up 31 basis points to the prior year and 36 basis points to the sequential quarter due to favorable interest credited and increased portfolio yield. Net investment spread for fixed indexed annuities was 321 basis points in the fourth quarter of 2019, up 66 basis points to the prior year from increased portfolio yield, including alternative assets uplift, and favorable interest credited.

Capital Management Highlights

- The Company continues to have a strong and stable capital position, with an estimated Statutory company action level risk-based capital (RBC) on an aggregate basis of approximately 475 percent as of December 31, 2019.
- The Company repurchased 2,029,980 common shares during the quarter at an average price of \$8.32 per common share for a total of \$17 million. For the full year 2019, the Company repurchased 8,052,400 common shares at an average price of \$8.04 per common share for a total of \$65 million. Capacity remaining under the existing share repurchase authorization was \$81 million at the end of the year.
- GAAP book value per common share, including accumulated other comprehensive income (AOCI) at December 31, 2019 was \$10.81 with 213.2 million common shares outstanding. Book value per common share, excluding AOCI⁽¹⁾ was \$8.56, an increase of 33% year over year, including \$0.58 per share net increase for mark to market movements in the quarter.
- The Board of Directors declared a quarterly dividend of \$0.01 per common share. The dividend is payable on March 30, 2020, to shareholders of record as of the close of business on March 16, 2020.

Agreement and Plan of Merger with Fidelity National Financial, Inc.

On February 7, 2020, F&G and Fidelity National Financial, Inc. (NYSE: FNF) (FNF) entered into a merger agreement pursuant to which FNF will acquire F&G for \$12.50 per share, representing an equity value of approximately \$2.7 billion. The joint press release can be found on F&G's investor relations website at investors.fglife.bm.

The transaction is expected to close in the second or third quarter of 2020, subject to the satisfaction of customary closing conditions, including the receipt of regulatory clearances and approval by F&G shareholders.

Following the merger announcement, the company's ratings were placed on CreditWatch Positive by S&P Global Ratings, Review for upgrade by Moody's Investors Service and Rating Watch Positive by Fitch Ratings.

Conference Call and Earnings Release

This press release and the financial supplement will be posted to the Company's website at investors.fglife.bm.

F&G will conduct a webcast and conference call on Thursday, February 27, 2020 at 9:00 a.m. ET to discuss fourth quarter 2019 results. The event can be accessed the following ways:

- For conference call, dial 800.263.0877 (U.S. callers) or 646.828.8143 (International callers). The access code is 8276409.
- A replay of the event will be available through March 19, 2020 by dialing 888.203.1112 (U.S. callers) or 719.457.0820 (International callers). The access code is 8276409.
- For live and archived internet webcast, visit investors.fglife.bm/investors.

As a result of the pending transaction with FNF, there will not be a live question and answer session.

FGL HOLDINGS AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

	December 31, 2019	December 31, 2018
	(Unaudited)	(Unaudited)
ASSETS		
Investments:		
Fixed maturity securities, available-for-sale, at fair value (amortized cost: December 31, 2019 - \$22,914; December 31, 2018 - \$22,219)	\$ 23,726	\$ 21,109
Equity securities, at fair value (cost: December 31, 2019 - \$1,069; December 31, 2018 - \$1,526)	1,071	1,382
Derivative investments	587	97
Mortgage loans	1,267	667
Other invested assets	1,303	662
Total investments	27,954	23,917
Cash and cash equivalents	969	571
Accrued investment income	228	216
Funds withheld for reinsurance receivables, at fair value	2,172	757
Reinsurance recoverable	3,213	3,190
Intangibles, net	1,455	1,359
Deferred tax assets, net	61	343
Goodwill	467	467
Other assets	195	125
Total assets	\$ 36,714	\$ 30,945
LIABILITIES AND SHAREHOLDERS' EQUITY		
Contractholder funds	\$ 25,684	\$ 23,387
Future policy benefits, including \$1,953 and \$725 at fair value at December 31, 2019 and December 31, 2018, respectively	5,735	4,641
Funds withheld for reinsurance liabilities	831	722
Liability for policy and contract claims	71	64
Debt	542	541
Other liabilities	1,108	700
Total liabilities	33,971	30,055
Commitments and contingencies		
Shareholders' equity:		
Preferred stock (\$.0001 par value, 100,000,000 shares authorized, 429,789 and 399,033 shares issued and outstanding at December 31, 2019 and December 31, 2018, respectively)	—	—
Common stock (\$.0001 par value, 800,000,000 shares authorized, 221,807,598 and 221,660,974 issued and outstanding at December 31, 2019 and December 31, 2018, respectively)	—	—
Additional paid-in capital	2,031	1,998
Retained earnings (Accumulated deficit)	300	(167)
Accumulated other comprehensive income (loss)	481	(937)
Treasury stock, at cost (8,652,400 shares at December 31, 2019; 600,000 shares at December 31, 2018)	(69)	(4)
Total shareholders' equity	2,743	890
Total liabilities and shareholders' equity	\$ 36,714	\$ 30,945

FGL HOLDINGS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)

	Three Months Ended		Year Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues:				
Premiums	\$ 7	\$ 9	\$ 40	\$ 54
Net investment income	324	295	1,229	1,107
Net investment gains (losses)	196	(555)	674	(629)
Insurance and investment product fees and other	36	40	170	179
Total revenues	563	(211)	2,113	711
Benefits and expenses:				
Benefits and other changes in policy reserves	119	(52)	1,057	423
Acquisition and operating expenses, net of deferrals	91	55	330	181
Amortization of intangibles	72	(23)	126	49
Total benefits and expenses	282	(20)	1,513	653
Operating income	281	(191)	600	58
Interest expense	(8)	(8)	(32)	(29)
Income (loss) before income taxes	273	(199)	568	29
Income tax (expense) benefit	(48)	51	(61)	(16)
Net income (loss)	\$ 225	\$ (148)	\$ 507	\$ 13
Less Preferred stock dividend	8	8	31	29
Net income (loss) available to common shareholders	\$ 217	\$ (156)	\$ 476	\$ (16)
Net income (loss) per common share:				
Basic	\$ 1.02	\$ (0.70)	\$ 2.19	\$ (0.07)
Diluted	\$ 1.02	\$ (0.70)	\$ 2.19	\$ (0.07)
Weighted average common shares used in computing net income (loss) per common share:				
Basic	213.17	220.91	216.59	216.02
Diluted	213.56	220.91	216.74	216.02
Cash dividend per common share	\$ 0.01	\$ —	\$ 0.04	\$ —

RECONCILIATION OF BOOK VALUE PER COMMON SHARE AND BOOK VALUE PER COMMON SHARE EXCLUDING AOCI⁽¹⁾

(In millions, except per share data)

	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)
Reconciliation to total shareholders' equity:		
Total shareholders' equity	\$ 2,743	\$ 890
Less: AOCI	481	(937)
Less: Preferred equity	438	406
Total common shareholders' equity excluding AOCI ⁽¹⁾	<u>\$ 1,824</u>	<u>\$ 1,421</u>
Total common shares outstanding	213.16	221.06
Book value per common share including AOCI ⁽¹⁾	\$ 10.81	\$ 2.19
Book value per common share excluding AOCI ⁽¹⁾	\$ 8.56	\$ 6.43

RECONCILIATION OF ROE TO ADJUSTED OPERATING ROE⁽¹⁾

(In millions, except per share data)

	Twelve Month Rolling Average ROE	
	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)
Return on average common shareholders' equity	29.4 %	(1.5) %
AOCI	0.3 %	0.5 %
Return on average common shareholders' equity, excluding AOCI ⁽¹⁾	29.7 %	(1.0) %
Aggregate adjustments to arrive at AOI available to common shareholders' ⁽⁵⁾	(9.7) %	17.6 %
Adjusted Operating return on common shareholders' equity, excluding AOCI ⁽¹⁾	20.0 %	16.6 %

ROLLFORWARD OF AVERAGE ASSETS UNDER MANAGEMENT (AAUM)⁽¹⁾ (Unaudited)

(In billions)

	AAUM YTD
AAUM as of December 31, 2018	\$ 25.6
Net new business asset flows	2.1
Reinsurance transactions	0.9
Reinsurance cession to Kubera	(0.9)
Purchase accounting mark-to-market valuation of investment portfolio	(0.3)
AAUM as of December 31, 2019	\$ 27.4

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.
- (3) The Company adjusted its non-GAAP measure to remove the fair value accounting impacts of assumed reinsurance by our international subsidiaries for periods after September 30, 2018.
- (4) Average yield reflects investment book yield on bonds purchased during the quarter. See the Non-GAAP Measures section below for additional information.
- (5) Refer to 'Reconciliation from Net Income (Loss) to AOI' for further details on individual adjustments.

Non-GAAP Measures

The following represents the definitions of non-GAAP measures used by the FGL Holdings.

Adjusted Operating Income (AOI)

AOI is a non-GAAP economic measure we use to evaluate financial performance each period. AOI is calculated by adjusting net income (loss) to eliminate:

- (i) the impact of net investment gains/losses, including other than temporary impairment ("OTTI") losses recognized in operations, but excluding realized gains and losses on derivatives hedging our indexed annuity policies,
- (ii) the impacts related to changes in the fair values of FIA related derivatives and embedded derivatives, net of hedging cost, and the fair value accounting impacts of assumed reinsurance by our international subsidiaries,
- (iii) the tax effect of affiliated reinsurance embedded derivative,
- (iv) the effect of change in fair value of the reinsurance related embedded derivative,
- (v) the effect of integration, merger related & other non-operating items,
- (vi) impact of extinguishment of debt, and
- (vii) net impact from Tax Cuts and Jobs Act.

Adjustments to AOI 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 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.

Beginning with the quarter ended December 31, 2018, the Company updated its AOI definition to remove the incremental change due to the impact of the fair value accounting election for international subsidiaries. Management believes this revision will enhance the understanding of our business as the Company executes its growth strategy through international third party assumed business and is more relevant to investors as the impact of fair value accounting election can create an increase/decrease in the assumed liabilities that does not match the increase/decrease of the corresponding assets. This change will be applied on a prospective basis as the Company executes its growth strategy through international third party assumed reinsurance.

AOI Available to Common Shareholders

AOI available to common shareholders is a non-GAAP economic measure we use to evaluate financial performance attributable to our common shareholders each period. AOI available to common shareholders is calculated by adjusting net income (loss) available to common shareholders to eliminate the same items as described in the AOI 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. 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 as we do.

Adjusted Operating Return on Common Shareholders' Equity Excluding AOCI

Adjusted Operating Return on Common Shareholders' Equity Excluding AOCI is calculated by dividing AOI Available to Common Shareholders' by total average Common Shareholders' Equity Excluding AOCI. Average Common Shareholders' Equity Excluding AOCI for the twelve months rolling, is the average of 5 points throughout the period and for the quarterly average Common Shareholders Equity is calculated using the beginning and ending Common Shareholders Equity, Excluding AOCI, for the period. For periods less than a full fiscal year, amounts disclosed in the table are annualized. As a result of the merger, the starting point for calculation of average Common Shareholders' Equity was reset to December 1, 2017. The rolling average will be updated from the merger date forward to use available historical data points until 5 historical data points are available. 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 adjusted earned return on common equity.

Net Investment Spread

Net investment spread is the excess of net investment income earned over the sum of interest credited to policyholders and the cost of hedging our risk on FIA 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
- (iv) 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.

Investment Book Yield

Investment book yield on bonds purchased during the period excludes yield on short-term treasuries and cash and cash equivalents. Management considers this non-GAAP financial measure to be useful internally and to investors and analysts when assessing the level of return on the Company's income generating invested assets.

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.

GAAP Book Value per Common Share (including and excluding AOCI)

GAAP Book Value per Common Share including and excluding AOCI is calculated as Common Shareholders' Equity and Common Shareholders' Equity Excluding AOCI divided by the total number of shares of common stock outstanding. Management considers this to be a useful measure internally and for investors and analysts to assess the capital position of the Company.

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.

While management believes that non-GAAP measurements are useful supplemental information, such adjusted results are not intended to replace GAAP financial results and should be read in conjunction with those GAAP results.

About FGL Holdings

FGL Holdings-the F&G family of insurance companies-is committed to helping Americans prepare for and live comfortably in their retirement. Through its subsidiaries, F&G is a leading provider of annuity and life insurance products. FGL Holdings, domiciled in the Cayman Islands, trades on the New York Stock Exchange under the ticker symbol FG. For more information, please visit www.fglife.bm.

Forward Looking Statements

"Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995: This document contains, and certain oral statements made by our representatives from time to time may contain, forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results, events and developments to differ materially from those set forth in, or implied by, such statements. These statements are based on the beliefs and assumptions of FG's management and the management of FG's subsidiaries (including target businesses). Forward-looking statements are generally identifiable by use of the words "believes," "expects," "intends," "anticipates," "plans," "seeks," "estimates," "projects," "may," "will," "could," "might," or "continues" or similar expressions. Factors that could cause actual results, events and developments to differ include, without limitation: the accuracy of FG's assumptions and estimates; FG's and its insurance subsidiaries' ability to maintain or improve financial strength ratings; FG's ability to manage its business in a highly regulated industry; regulatory changes or actions; the impact of FG's reinsurers failing to meet their assumed obligations; restrictions on FG's ability to use captive reinsurers; the impact of interest rate fluctuations; changes in the federal income tax laws and regulations; litigation (including class action litigation), enforcement investigations or regulatory scrutiny; the performance of third parties; the loss of key personnel; telecommunication, information technology and other operational systems failures; the continued availability of capital; new accounting rules or changes to existing accounting rules; general economic conditions; FG's ability to protect its intellectual property; the ability to maintain or obtain approval of the Iowa Insurance Department and other regulatory authorities as required for FG's operations; FG's ability to successfully acquire new companies and integrate such acquisitions; and other factors discussed in FG's most recent Annual Report on Form 10-K for the year ended December 31, 2018, and its Quarterly Reports on Form 10-Q, which can be found at the SEC's website www.sec.gov.

All forward-looking statements described herein are qualified by these cautionary statements and there can be no assurance that the actual results, events or developments referenced herein will occur or be realized. FG does not undertake any obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operation results, except as required by law.

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Source: FGL Holdings

[\(Back To Top\)](#)

Section 3: EX-99.2 (EX-99.2)

Exhibit 99.2



**Experience
the Power of
Collaborative
Thinking**

**FGL Holdings (“F&G”; NYSE: FG)
Financial Supplement
December 31, 2019
(Year Ended December 31)**

The financial statements and financial exhibits included herein are unaudited. 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.

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.

FGL HOLDINGS

Financial Supplement - December 31, 2019

(All periods are unaudited)

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FGL HOLDINGS
Financial Supplement - December 31, 2019
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FGL HOLDINGS
Consolidated Financial Highlights

Three months ended					Year ended	
December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

(Dollars in millions, except per share data)

Selected Income Statement Data:

Net income (loss)	\$ 225	\$ 65	\$ 46	\$ 171	\$ (148)	\$ 507	\$ 13
Net income (loss) available to common shareholders	217	58	38	163	(156)	476	(16)
AOI available to common shareholders (1)	94	79	65	82	76	320	257

Earnings Per Share

Diluted net income (loss) available to common shareholders	1.02	0.26	0.17	0.74	(0.70)	2.19	(0.07)
Diluted AOI available to common shareholders (1)	0.44	0.36	0.30	0.37	0.34	1.48	1.19
Diluted weighted-average shares outstanding (in millions)	213.56	216.54	217.26	219.68	220.91	216.74	216.02

Select Metrics:

Return on average common shareholders' equity (1) (3)	39.0 %	11.6 %	9.6 %	71.6 %	(80.0)%	29.4 %	(1.5)%
Adjusted Operating return on common shareholders' equity, excluding AOCI (1)	21.8 %	19.7 %	16.6 %	22.1 %	19.8 %	20.0 %	16.6 %
Common shares outstanding (in millions)	213.16	215.04	217.19	217.33	221.06	213.16	221.06
GAAP Book value per common share	10.81	9.97	8.46	6.15	2.19	10.81	2.19
GAAP Book value per common share, excluding AOCI (1)	8.56	7.56	7.31	7.15	6.43	8.56	6.43
Statutory Book value per share (1) (2)	9.12	8.99	8.63	8.56	8.15	9.12	8.15
Statutory Book value per share, excluding IMR and AVR (1) (2)	12.51	11.81	11.33	11.28	10.78	12.51	10.78
AAUM (1)	28,332	27,871	27,388	25,862	26,140	27,358	25,619
Yield on average assets under management "AAUM" (1)	4.57 %	4.32 %	4.60 %	4.47 %	4.51 %	4.49 %	4.32 %
Total product net investment spread (1)	2.41 %	2.05 %	2.26 %	2.17 %	2.10 %	2.23 %	1.95 %

Sales

FIA	795	590	767	668	667	2,820	2,283
Fixed rate annuities (MYGA)	126	107	263	280	185	776	758
Institutional spread based	—	100	92	105	105	297	305
Total annuity	921	797	1,122	1,053	957	3,893	3,346
Index universal life	11	9	10	8	8	38	28
Flow reinsurance	122	108	104	60	53	394	185
Total Sales	\$ 1,054	\$ 914	\$ 1,236	\$ 1,121	\$ 1,018	\$ 4,325	\$ 3,559

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

(2) Statutory book value per share measures reflect an increase in the share count at December 31, 2018 as a result of the tender of warrants on our common stock. The book value of our international subsidiaries and statutory per share measures have been true-up in prior periods to be more representative of our combined regulatory capital position.

FGL HOLDINGS
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except per share data)

	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
ASSETS					
Investments:					
Fixed maturity securities, available-for-sale, at fair value (amortized cost: December 31, 2019 - \$22,914; December 31, 2018 - \$22,219)	\$ 23,726	\$ 23,907	\$ 23,362	\$ 21,605	\$ 21,109
Equity securities, at fair value (cost: December 31, 2019 - \$1,069; December 31, 2018 - \$1,526)	1,071	1,097	1,144	1,171	1,382
Derivative investments	587	454	383	305	97
Mortgage loans	1,267	836	760	674	667
Other invested assets	1,303	1,078	1,030	755	662
Total investments	27,954	27,372	26,679	24,510	23,917
Cash and cash equivalents	969	990	772	1,357	571
Accrued investment income	228	246	232	238	216
Funds withheld for reinsurance receivables, at fair value	2,172	2,045	1,922	837	757
Reinsurance recoverable	3,213	3,250	3,264	3,113	3,190
Intangibles, net	1,455	1,397	1,421	1,421	1,359
Deferred tax assets, net	61	92	150	283	343
Goodwill	467	467	467	467	467
Other assets	195	258	191	220	125
Total assets	\$ 36,714	\$ 36,117	\$ 35,098	\$ 32,446	\$ 30,945

FGL HOLDINGS
Financial Supplement - December 31, 2019
(All periods are unaudited)

	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
LIABILITIES AND SHAREHOLDERS' EQUITY					
Contractholder funds (a)	\$ 25,684	\$ 25,355	\$ 24,828	\$ 23,881	\$ 23,387
Future policy benefits, including \$1,953 and \$725 at fair value at December 31, 2019 and December 31, 2018, respectively (b)	5,735	5,714	5,641	4,677	4,641
Funds withheld for reinsurance liabilities	831	838	839	653	722
Liability for policy and contract claims (c)	71	63	66	70	64
Debt	542	542	542	541	541
Revolving credit facility	—	15	—	—	—
Other liabilities	1,108	1,015	922	873	700
Total liabilities	33,971	33,542	32,838	30,695	30,055
Shareholders' equity:					
Preferred stock (\$.0001 par value, 100,000,000 shares authorized, 429,789 and 399,033 shares issued and outstanding at December 31, 2019 and December 31, 2018, respectively)	—	—	—	—	—
Common stock (\$.0001 par value, 800,000,000 shares authorized, 221,807,598 and 221,660,974 issued and outstanding at December 31, 2019 and December 31, 2018, respectively)	—	—	—	—	—
Additional paid-in capital	2,031	2,022	2,014	2,007	1,998
Retained earnings (Accumulated deficit)	300	85	30	(6)	(167)
Accumulated other comprehensive income (loss)	481	520	251	(216)	(937)
Treasury stock, at cost (8,652,400 shares at December 31, 2019; 600,000 shares at December 31, 2018)	(69)	(52)	(35)	(34)	(4)
Total shareholders' equity	2,743	2,575	2,260	1,751	890
Total liabilities and shareholders' equity	\$ 36,714	\$ 36,117	\$ 35,098	\$ 32,446	\$ 30,945
Equity attributable to preferred shareholders (1)	\$ 438	\$ 430	\$ 422	\$ 414	\$ 406

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

(a) Contractholder funds include amounts on deposit for annuity and universal life contracts plus the fair value of future index credits and guarantees on our FIA and IUL products.

(b) Future policy benefits include the present value of future benefits on our traditional life insurance products, life contingent SPIA contracts, long-term care block and offshore reinsurance annuity products.

(c) Liability for policy and contract claims represents policyholder pending claims.

FGL HOLDINGS
Financial Supplement - December 31, 2019
(All periods are unaudited)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended				Year ended		
	December 31,	September	June 30,	March 31,	December 31,	December 31,	
	2019	30, 2019	2019	2019	2018	2018	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
(Dollars in millions, except per share data)							
Revenues:							
Traditional life insurance premiums	\$ 6	\$ 5	\$ 7	\$ 8	\$ 7	\$ 26	\$ 30
Life contingent immediate annuity	1	4	1	8	2	14	24
Net investment income alternative investments	37	19	21	9	6	86	20
Net investment income fixed income and other investments	287	282	294	280	289	1,143	1,087
Net investment gains (losses)	196	103	135	240	(555)	674	(629)
Surrender charges	7	7	8	8	9	30	44
Cost of insurance fees and other income	29	35	29	47	31	140	135
Total revenues	563	455	495	600	(211)	2,113	711
Benefits and expenses:							
Traditional life insurance policy benefits and change in future policy benefits	18	19	22	18	20	77	77
Life contingent immediate annuity benefits and changes in future policy benefits	6	20	15	5	12	46	56
Interest sensitive and index product benefits and changes in future policy benefits	95	292	231	316	(84)	934	290
General expenses	59	26	44	31	47	160	150
Acquisition expenses	134	97	207	103	106	541	348
Deferred acquisition costs ("DAC")	(102)	(75)	(104)	(90)	(98)	(371)	(317)
Amortization of intangibles	72	12	13	29	(23)	126	49
Total benefits and expenses	282	391	428	412	(20)	1,513	653
Operating income	281	64	67	188	(191)	600	58
Interest expense	(8)	(8)	(8)	(8)	(8)	(32)	(29)
Income before income taxes	273	56	59	180	(199)	568	29
Income tax (expense) benefit	(48)	9	(13)	(9)	51	(61)	(16)
Net income (loss)	\$ 225	\$ 65	\$ 46	\$ 171	\$ (148)	\$ 507	\$ 13
Less Preferred stock dividend	8	7	8	8	8	31	29
Net income (loss) available to common shareholders	\$ 217	\$ 58	\$ 38	\$ 163	\$ (156)	\$ 476	\$ (16)
Net income (loss) per common share:							
Basic	\$ 1.02	\$ 0.26	\$ 0.17	\$ 0.74	\$ (0.70)	\$ 2.19	\$ (0.07)
Diluted	\$ 1.02	\$ 0.26	\$ 0.17	\$ 0.74	\$ (0.70)	\$ 2.19	\$ (0.07)
Weighted average common shares used in computing net income (loss) per common share:							
Basic (millions)	213.17	216.44	217.19	219.65	220.91	216.59	216.02
Diluted (millions)	213.56	216.54	217.26	219.68	220.91	216.74	216.02

FGL HOLDINGS
Financial Supplement - December 31, 2019
(All periods are unaudited)
Reconciliation from Net Income (Loss) to AOI (1)

	Three months ended				Year ended		
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	December 31, 2018	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
(Dollars in millions, except per share data)							
Net income (loss)	\$ 225	\$ 65	\$ 46	\$ 171	\$ (148)	\$ 507	\$ 13
Adjustments to arrive at AOI:							
Effect of investment losses (gains), net of offsets (a)	(34)	(44)	(22)	(70)	174	(170)	288
Impacts related to changes in the fair values of FIA related derivatives and embedded derivatives, net of hedging cost, and the fair value accounting impacts of assumed reinsurance by our international subsidiaries (a) (b)	(134)	63	69	(17)	77	(19)	(25)
Effect of change in fair value of reinsurance related embedded derivative, net of offsets (a)	—	18	(10)	19	—	27	—
Effect of integration, merger related & other non-operating items	11	(6)	(3)	(3)	25	(1)	40
Effects of extinguishment of debt	—	—	—	—	—	—	(2)
Tax effect of affiliated reinsurance embedded derivative	—	—	—	—	(15)	—	—
Net impact of Tax Cuts and Jobs Act (c)	—	—	—	—	—	—	3
Tax impact of adjusting items	34	(10)	(7)	(10)	(29)	7	(31)
AOI	\$ 102	\$ 86	\$ 73	\$ 90	\$ 84	\$ 351	\$ 286
Dividends on preferred stock	(8)	(7)	(8)	(8)	(8)	(31)	(29)
AOI available to common shareholders	\$ 94	\$ 79	\$ 65	\$ 82	\$ 76	\$ 320	\$ 257
Per diluted common share:							
Net income (loss) available to common shareholders	\$ 1.02	\$ 0.26	\$ 0.17	\$ 0.74	\$ (0.70)	\$ 2.19	\$ (0.07)
Adjustments to arrive at AOI:							
Effect of investment (gains) losses, net of offsets (a)	(0.16)	(0.20)	(0.10)	(0.32)	0.78	(0.78)	1.33
Impacts related to changes in the fair values of FIA related derivatives and embedded derivatives, net of hedging cost, and the fair value accounting impacts of assumed reinsurance by our international subsidiaries (a) (b)	(0.63)	0.29	0.32	(0.08)	0.35	(0.09)	(0.12)
Effect of change in fair value of reinsurance related embedded derivative, net of offsets (a)	—	0.08	(0.05)	0.09	—	0.12	—
Effect of integration, merger related & other non-operating items	0.05	(0.03)	(0.01)	(0.01)	0.11	—	0.19
Effects of extinguishment of debt	—	—	—	—	—	—	(0.01)
Tax effect of affiliated reinsurance embedded derivative	—	—	—	—	(0.07)	—	—
Net impact of Tax Cuts and Jobs Act (c)	—	—	—	—	—	—	0.01
Tax impact of adjusting items	0.16	(0.04)	(0.03)	(0.05)	(0.13)	0.03	(0.14)
AOI available to common shareholders per diluted share	\$ 0.44	\$ 0.36	\$ 0.30	\$ 0.37	\$ 0.34	\$ 1.48	\$ 1.19

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

(a) Amounts are net of offsets related to value of business acquired ("VOBA"), deferred acquisition cost ("DAC"), deferred sale inducement ("DSI"), unearned revenue ("UREV") amortization and cost of reinsurance, as applicable.

(b) The updated definition of AOI removes the fair value impacts of assumed reinsurance by our international subsidiaries for periods after September 30, 2018.

(c) The Company recorded an immaterial out of period adjustment related to the December 1, 2017 fair value of the deferred income tax valuation allowance acquired from the Business Combination. See "Note 2. Significant Accounting Policies and Practices" of the Company's Form 10-K for additional information.

FGL HOLDINGS
Financial Supplement - December 31, 2019
(All periods are unaudited)

Adjusted Operating Income Statement (1)

	Three months ended				Year ended		
	December 31,	September 30,	June 30,	March 31, 2019	December 31,	December 31,	December 31,
	2019	2019	2019		2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(Dollars in millions)						
Revenues:							
Premiums	\$ 7	9	8	16	\$ 9	\$ 40	\$ 54
Net investment income	324	301	315	289	295	1,229	1,107
Net investment gains (losses) (a)	23	5	11	19	(62)	58	(68)
Insurance and investment product fees and other (b)	37	40	40	47	40	164	179
Total revenues	391	355	374	371	282	1,491	1,272
Benefits and expenses:							
Benefits and other changes in policy reserves (c)	151	175	93	178	130	597	649
Acquisition and operating expenses, net of deferrals (d)	80	54	150	47	43	331	159
Amortization of intangibles (e)	36	31	30	29	24	126	103
Total benefits and expenses	267	260	273	254	197	1,054	911
Adjusted operating income before interest and taxes (1)	124	95	101	117	85	437	361
Interest expense	(8)	(8)	(8)	(8)	(8)	(32)	(31)
Adjusted operating income before taxes (1)	116	87	93	109	77	405	330
Income tax expense	(14)	(1)	(20)	(19)	7	(54)	(44)
Adjusted operating income (1)	102	86	73	90	84	351	286
Less Preferred stock dividend	(8)	(7)	(8)	(8)	(8)	(31)	(29)
Adjusted operating income available to common shareholders (1)	\$ 94	\$ 79	\$ 65	\$ 82	\$ 76	\$ 320	\$ 257

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

(a) Net investment gains (losses): includes the effect of net investment gains (losses) including OTTI, changes in fair values of FIA related derivatives and embedded derivatives, net of hedging costs. For periods after September 30, 2018, effects of net investment gains include the change in fair value of the reinsurance related embedded derivative.

(b) Insurance and investment product fees and other: includes the effect of cost of reinsurance and contract fee termination.

(c) Benefits and other changes in policy reserves: includes the effects of the changes in fair values of FIA embedded derivatives and the fair value impacts of assumed reinsurance by our international subsidiaries.

(d) Acquisition and operating expenses, net of deferrals: includes the effects of integration, merger related and other non-operating items.

(e) Amortization of intangibles includes the impact on DAC, VOBA, and DSI of the adjustments in a and c above.

FGL HOLDINGS

Financial Supplement - December 31, 2019

(All periods are unaudited)

Notable Items Included in Net Income (Loss) and AOI

Each quarterly reporting period, we identify notable items that help explain the trends in our Net income (loss) and AOI available to common shareholders. The amounts below are included in disclosures within the Company's earnings releases to explain our Net income (loss) and AOI available to common shareholders results as we believe these items provide further clarity to the financial performance of the business.

	Three months ended				Year ended		
	December 31,	September	June 30,	March 31,	December 31,	December	
	2019	30, 2019	2019	2019	2018	31, 2018	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
(Dollars in millions)							
Net income (loss) available to common shareholders	\$ 217	\$ 58	\$ 38	\$ 163	\$ (156)	\$ 476	\$ (16)
AOI available to common shareholders	\$ 94	\$ 79	\$ 65	\$ 82	\$ 76	\$ 320	\$ 257
Notable Items (Not Trendable) Included within AOI and Net income (loss) [(unfavorable)/favorable]							
Project expenses (a)	(10)	—	(11)	(2)	(2)	(23)	(5)
Single premium immediate annuities ("SPIA") mortality & other reserve adjustments (b)	15	(2)	3	14	4	30	22
Assumption review & DAC, VOBA, DSI and cost of reinsurance unlocking (c)	4	7	—	—	(4)	11	—
Bond prepay income / other (d)	15	15	4	5	15	39	20

(a) Project related expenses.

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

(c) Reflects unlocking from updating our DAC, VOBA, DSI and cost of reinsurance amortization models for actual experience and equity market fluctuations. Also, annually in the 3rd calendar quarter, we complete our Annual Assumption Review & Unlocking process by adjusting our valuation assumptions to align with actual experience.

(d) Bond prepayment income, changes in tax valuation, and other allowances related to reinsurance and agent debt, reinsurance settlements and other net favorable activity.

FGL HOLDINGS
Financial Supplement - December 31, 2019
(All periods are unaudited)
Capitalization

	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Dollars in millions, except per share data)					
Capitalization:					
Debt	\$ 550	\$ 565	\$ 550	\$ 550	\$ 550
Total debt	550	565	550	550	550
Total shareholders' equity	2,743	2,575	2,260	1,751	890
Total capitalization	3,293	3,140	2,810	2,301	1,440
AOCI	481	520	251	(216)	(937)
Total capitalization excluding AOCI (1)	\$ 2,812	\$ 2,620	\$ 2,559	\$ 2,517	\$ 2,377
Total shareholders' equity	2,743	2,575	2,260	1,751	890
Equity available to preferred shareholders	438	430	422	414	406
Common shareholders' equity	2,305	2,145	1,838	1,337	484
AOCI	481	520	251	(216)	(937)
Total common shareholders' equity excluding AOCI (1)	\$ 1,824	\$ 1,625	\$ 1,587	\$ 1,553	\$ 1,421
Debt-to-Capital Ratios: (1)					
Total Debt to Capitalization, excluding AOCI (1)	19.6 %	21.6 %	21.5 %	21.9 %	23.1 %
Rating Agency Adjusted Debt to Capitalization, excluding AOCI (1)	27.3 %	29.8 %	29.7 %	30.1 %	31.7 %

FGL HOLDINGS
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Reconciliation of Return on Equity (ROE) to Adjusted Operating ROE

Reconciliation of the Twelve Month Rolling ROE to Adjusted Operating ROE	Twelve months ended				
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Return on average common shareholders' equity (1)	29.4 %	7.5 %	8.2 %	10.3 %	(1.5) %
AOCI	0.3 %	(0.9) %	(2.2) %	(4.6) %	0.5 %
Return on average common shareholders' equity, excluding AOCI (1)	29.7 %	6.6 %	6.0 %	5.7 %	(1.0) %
Aggregate adjustments to arrive at AOI available to common shareholders (2)	(9.7) %	12.7 %	12.3 %	12.2 %	17.6 %
Adjusted Operating return on common shareholders' equity, excluding AOCI (1)	20.0 %	19.3 %	18.3 %	17.9 %	16.6 %

Reconciliation of Quarterly ROE to Adjusted Operating ROE	Three months ended				
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Return on average common shareholders' equity (1)	39.0 %	11.6 %	9.6 %	71.6 %	(80.0) %
AOCI	11.3 %	2.8 %	0.1 %	(27.8) %	39.3 %
Return on average common shareholders' equity, excluding AOCI (1)	50.3 %	14.4 %	9.7 %	43.8 %	(40.7) %
Aggregate adjustments to arrive at AOI available to common shareholders (2)	(28.5) %	5.3 %	6.9 %	(21.7) %	60.5 %
Adjusted Operating return on common shareholders' equity, excluding AOCI (1)	21.8 %	19.7 %	16.6 %	22.1 %	19.8 %

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

(2) Refer to "Reconciliation from Net Income (Loss) to AOI" for further details on individual adjustments

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Financial Strength Ratings

	A.M. Best	Fitch (1)	Moody's (2)	S&P (3)
Holding Company Ratings				
FGL Holdings				
Issuer Credit / Default Rating	Not Rated	BBB-	Ba3	BB+
Outlook		Positive	Positive	Positive
CF Bermuda Holdings Limited				
Issuer Credit / Default Rating	Not Rated	BBB-	Ba2	BB+
Outlook		Positive	Positive	Positive
Fidelity & Guaranty Life Holdings, Inc.				
Issuer Credit / Default Rating	bbb-	BBB-	Not Rated	BB+
Outlook	Stable	Positive		Positive
Senior Unsecured Notes	bbb-	BB+	Ba2	BB+
Outlook	Stable		Positive	
Operating Subsidiary Ratings				
Fidelity & Guaranty Life Insurance Company				
Financial Strength Rating	A-	BBB+	Baa2	BBB+
Outlook	Stable	Positive	Positive	Positive
Fidelity & Guaranty Life Insurance Company of New York				
Financial Strength Rating	A-	BBB+	Not Rated	BBB+
Outlook	Stable	Positive		Positive
F&G Reinsurance Ltd				
Financial Strength Rating	A-	BBB-	Not Rated	Not Rated
Outlook	Stable	Positive		
F&G Life Re Ltd				
Financial Strength Rating	Not Rated	BBB-	Baa2	BBB+
Outlook		Positive	Positive	Positive

*Reflects current ratings and outlooks as of date of filing

- (1) Outlook reflects Rating Watch Positive
- (2) Outlook reflects Review for Upgrade
- (3) Outlook reflects CreditWatch Positive

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Net Investment Spread Results

(Dollars in millions)

	<u>Three months ended</u>		<u>Year ended</u>	
	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Yield AAUM (1)	4.57 %	4.51 %	4.49 %	4.32 %
Less: Interest credited and option cost	(2.16)%	(2.41)%	(2.26)%	(2.37)%
Total product net investment spread (1)	<u>2.41 %</u>	<u>2.10 %</u>	<u>2.23 %</u>	<u>1.95 %</u>
FIA net investment spread	3.21 %	2.55 %	2.85 %	2.41 %
Gross investment book yield - bonds purchased during the period (1)	4.78 %	5.80 %	4.84 %	5.39 %
Net investment book yield - bonds purchased during the period (1)	4.34 %	5.47 %	4.41 %	5.12 %
AAUM (1)	\$ 28,332	\$ 26,140	\$ 27,358	\$ 25,619

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

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Total Product Net Investment Spread

Total Product Net Investment Spread	Three months ended		Year ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net investment income	\$ 324	\$ 295	\$ 1,229	\$ 1,107
AAUM (1)	28,332	26,140	27,358	25,619
Yield	4.57 %	4.51 %	4.49 %	4.32 %
Interest credits	\$ 76	\$ 76	\$ 302	\$ 297
Option & futures costs	63	61	250	227
Total interest credited and option costs	\$ 139	\$ 137	\$ 552	\$ 524
Average account value	25,476	22,680	24,408	22,079
Interest credited & option cost	2.16 %	2.41 %	2.26 %	2.37 %
Net investment spread (1)	2.41 %	2.10 %	2.23 %	1.95 %

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

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FIA Net Investment Spread	<u>FIA Net Investment Spread</u>			
	Three months ended		Year ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net investment income	\$ 223	\$ 174	\$ 793	\$ 664
AAUM (1)	17,628	15,430	16,768	15,207
Yield	5.06 %	4.50 %	4.73 %	4.37 %
Interest credits	\$ 14	\$ 13	\$ 52	\$ 60
Option & futures costs	63	61	250	227
Total interest credited and option costs	\$ 77	\$ 74	\$ 302	\$ 287
Average account value	16,565	15,162	16,028	14,663
Interest credited & option cost	1.85 %	1.95 %	1.88 %	1.96 %
Net investment spread (1)	3.21 %	2.55 %	2.85 %	2.41 %

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

Annuity Account Balance Rollforward (a)

(Dollars in millions)

	Three months ended				
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Account balances at beginning of period:	\$ 20,052	\$ 19,701	\$ 19,191	\$ 18,927	\$ 19,335
Net deposits	920	696	1,047	921	884
Premium and interest bonuses	19	16	16	16	17
Fixed interest credited and index credits	118	86	95	64	99
Guaranteed product rider fees	(32)	(27)	(27)	(26)	(27)
Surrenders, withdrawals, deaths, etc.	(675)	(420)	(436)	(711)	(624)
Reinsurance treaty cession	—	—	(185)	—	—
Account balance at end of period	<u>\$ 20,402</u>	<u>\$ 20,052</u>	<u>\$ 19,701</u>	<u>\$ 19,191</u>	<u>\$ 18,926</u>

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

Deferred Annuity Rider Reserve Summary

(Dollars in millions)

	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Rider reserve	\$ 255	\$ 244	\$ 244	\$ 227	\$ 211
Account value with rider reserves	10,922	10,621	10,365	9,924	9,593
Rider reserves as a percentage of account value with rider reserves	2.3 %	2.3 %	2.3 %	2.3 %	2.2 %

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Annuity Deposits by Product Type

Product Type	Three months ended		Year ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(Dollars in millions)		(Dollars in millions)	
Fixed Index Annuities:				
Index Strategies	\$ 716	\$ 602	\$ 2,480	\$ 1,941
Fixed Strategy	76	84	320	312
	<u>792</u>	<u>686</u>	<u>2,800</u>	<u>2,253</u>
Fixed Rate Annuities:				
Single-Year Rate Guaranteed	1	7	8	11
Multi-Year Rate Guaranteed	127	191	777	769
Total before coinsurance ceded	920	884	3,585	3,033
Coinsurance ceded	—	—	1	—
Net after coinsurance ceded	<u>\$ 920</u>	<u>\$ 884</u>	<u>\$ 3,584</u>	<u>\$ 3,033</u>

Surrender Charge Protection and Account Values by Product Type

Annuity Surrender Charges and Account Values (net of reinsurance) at December 31, 2019 (unaudited):

Product Type	Surrender Charge			Net Account Value	
	(Unaudited)				
	Avg. Years at Issue	Avg. Years Remaining	Avg. % Remaining	Dollars in millions	%
Fixed Index Annuities	11	6	8 %	\$ 16,818	83 %
Single-Year Rate Guaranteed	10	1	1 %	291	1 %
Multi-Year Rate Guaranteed	5	3	7 %	3,293	16 %
Total				<u>\$ 20,402</u>	<u>100 %</u>

Annuity Liability Characteristics

	Fixed Annuities Account Value	Fixed Index Annuities Account Value
	(Unaudited)	
	(Dollars in millions)	
<u>SURRENDER CHARGE PERCENTAGES:</u>		
No surrender charge	\$ 396	\$ 2,310
0.0% < 2.0%	18	68
2.0% < 4.0%	14	413
4.0% < 6.0%	114	1,299
6.0% < 8.0%	1,271	2,047
8.0% < 10.0%	1,763	3,853
10.0% or greater	8	6,828
	<u>\$ 3,584</u>	<u>\$ 16,818</u>

	Fixed and Fixed Index Annuities Account Value	Weighted Average Surrender Charge
	(Unaudited)	
	(Dollars in millions)	
<u>SURRENDER CHARGE EXPIRATION BY YEAR:</u>		
Out of surrender charge	\$ 2,564	— %
2019	588	3 %
2020 - 2021	3,771	6 %
2022 - 2023	3,214	8 %
2024 - 2025	3,608	9 %
Thereafter	6,657	11 %
	<u>\$ 20,402</u>	<u>8 %</u>

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Fixed Annuities Account Value
Fixed Index Annuities Account Value
(Unaudited)
(Dollars in millions)

CREDITED RATE (INCLUDING BONUS INTEREST) VS. ULTIMATE MINIMUM GUARANTEED RATE

DIFFERENTIAL:

No differential	\$ 512	\$ 1,306
0.0% - 1.0%	203	1,403
1.0% - 2.0%	622	43
2.0% - 3.0%	2,247	4
Allocated to index strategies	—	14,062
	<u>\$ 3,584</u>	<u>\$ 16,818</u>

FIXED INDEX ANNUITIES ACCOUNT VALUE - INDEX STRATEGIES

Monthly Average, Point to Point and Gain Trigger Strategies with Cap

	Minimum Guaranteed Cap				
	(Unaudited)				
	1%	2%	3%	5%	6%
Current Cap	(Dollars in millions)				
At minimum	\$ —	\$ —	\$ 1,633	\$ 517	\$ 5
2-3%	1,576	—	—	—	—
3-4%	1,059	—	236	—	—
4-5%	525	—	153	—	—
5-6%	363	4	26	—	—
6-7%	145	7	33	—	3
7% +	132	81	202	—	60
Total:	<u>\$ 3,800</u>	<u>\$ 92</u>	<u>\$ 2,283</u>	<u>\$ 517</u>	<u>\$ 68</u>

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Monthly Point-to-Point with Cap

	Minimum Guaranteed Cap 1%
	(Unaudited)
	(Dollars in millions)
Current Cap	
At minimum	\$ 2,308
1% to 2%	2,547
2% to 3%	410
3% +	74
Total:	\$ 5,339

3 Year Step Forward with Cap

	Minimum Guaranteed Cap 2%	Minimum Guaranteed Cap 5%
	(Unaudited)	
	(Dollars in millions)	
Current Cap		
At minimum	\$ —	\$ 17
2% to 5%	1	—
5% to 7%	14	44
7% to 9%	—	36
9% to 11%	—	14
11% to 13%	—	8
Total:	\$ 15	\$ 119

2 Year Point-to-Point Spread Barclays Trailblazer

	Minimum Guaranteed Cap
	1%
	(Unaudited)
	(Dollars in millions)
Current Cap	
At minimum	\$ —
3% to 5%	—
1% to 3%	—
<1%	1,589
Total:	\$ 1,589

There is an additional \$240 million Account Value allocated to strategies not listed above. Of this \$240 million, \$13 million is at the guaranteed rates.

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Summary of Invested Assets by Asset Class

(Dollars in millions)

	December 31, 2019			December 31, 2018		
	(Unaudited)			(Unaudited)		
	Amortized Cost	Fair Value	Percent	Amortized Cost	Fair Value	Percent
Fixed maturity securities, available for sale:						
United States Government full faith and credit	\$ 33	\$ 34	— %	\$ 120	\$ 119	— %
United States Government sponsored entities	133	134	— %	107	106	— %
United States municipalities, states and territories	1,284	1,343	5 %	1,216	1,187	5 %
Foreign Governments	138	155	1 %	129	121	1 %
Corporate securities:						
Finance, insurance and real estate	4,038	4,234	15 %	4,307	4,088	17 %
Manufacturing, construction and mining	739	771	3 %	632	574	2 %
Utilities, energy and related sectors	2,345	2,452	9 %	2,527	2,306	10 %
Wholesale/retail trade	1,576	1,617	6 %	1,520	1,376	6 %
Services, media and other	2,353	2,523	9 %	2,227	2,035	9 %
Hybrid securities	983	1,027	4 %	992	901	4 %
Non-agency residential mortgage-backed securities	784	820	3 %	920	925	4 %
Commercial mortgage-backed securities	2,788	2,922	10 %	2,568	2,537	11 %
Asset-backed securities	1,774	1,813	6 %	1,542	1,549	6 %
CLO securities	3,946	3,881	14 %	3,411	3,283	14 %
Alternative investments	1,084	1,077	4 %	563	560	2 %
Equity securities	999	1,002	4 %	1,475	1,332	6 %
Commercial mortgage loans	422	435	2 %	482	483	2 %
Residential mortgage loans	845	848	3 %	185	187	1 %
Other (primarily derivatives and limited partnerships)	628	867	3 %	481	240	1 %
Total (a)	\$ 26,892	\$ 27,955	100 %	\$ 25,404	\$ 23,909	100 %

(a) Asset duration, including cash and cash equivalents, of 6.63 years and 6.57 years vs. liability duration of 6.8 years and 6.19 years for the periods ending December 31, 2019 and December 31, 2018, respectively.

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Credit Quality of Fixed Maturity Securities at December 31, 2019 (unaudited)

NAIC Designation	Fair Value	Percent
	(Dollars in millions)	
1	\$ 12,829	54 %
2	9,350	39 %
3	1,108	5 %
4	280	1 %
5	159	1 %
6	—	— %
	\$ 23,726	100 %

Rating Agency Rating	Fair Value	Percent
	(Dollars in millions)	
AAA	\$ 496	2 %
AA	1,520	6 %
A	6,601	28 %
BBB	8,800	37 %
Not rated	4,304	18 %
Total investment grade	21,721	91 %
BB	1,353	6 %
B and below	519	2 %
Not rated	133	1 %
Total below investment grade	2,005	9 %
	\$ 23,726	100 %

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

Collateral Type	December 31, 2019	
	(Unaudited)	
	Amortized Cost	Fair Value
	(Dollars in millions)	
Total by collateral type		
Government agency	\$ 128	\$ 130
Prime	577	609
Subprime	79	81
Alt-A	133	134
	<u>\$ 917</u>	<u>\$ 954</u>
Total by NAIC designation		
1	\$ 848	\$ 887
2	48	47
3	8	8
4	13	12
5	—	—
	<u>\$ 917</u>	<u>\$ 954</u>

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Top 10 Holdings by Issuers

(Dollars in millions)

Issuer (a):	December 31, 2019	
	Fair Value	Percentage of Total Invested Assets
HSBC Holdings	\$ 132	0.5 %
HP Enterprise Co	129	0.5 %
Metropolitan Transportation Authority (NY)	122	0.4 %
Prudential Financial Inc	118	0.4 %
JP Morgan Chase & Co.	112	0.4 %
Nationwide Mutual Insurance Company	109	0.4 %
AT&T Inc.	107	0.4 %
CVI CVF III MASTER FUND II LL	105	0.4 %
Viacom Inc.	105	0.4 %
BLACKSTONE DIV ALT ISSR	101	0.4 %

(a) Issuers excluding U.S. Governmental securities.

Reinsurance Counterparty Risk Top 5 Reinsurers

(Dollars in millions)

Parent Company/Principal Reinsurers	Reinsurance Recoverable (a)	(Unaudited)			
		Financial Strength Rating			
		AM Best	S&P	Fitch	Moody's
Wilton Re	\$ 1,496	A+	Not Rated	A+	Not Rated
Kubera Insurance (SAC) Ltd	842	Not Rated	Not Rated	Not Rated	Not Rated
Security Life of Denver	156	Not Rated	A+	A	A3
Hannover Re	131	A+	AA-	Not Rated	Not Rated
London Life	107	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.

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Corporate Offices:
FGL Holdings
Boundary Hall, Cricket Square, 4th Floor
Grand Cayman KY1-1102
Cayman Islands

Investor Contact:
Jon Bayer
Investors@fglife.com
(410) 487-8898

Common stock and Dividend Information:

NYSE symbol: "FG"

	High	Low	Close	Dividend Declared
2019 (Unaudited)				
First Quarter	\$ 8.80	\$ 6.57	\$ 7.87	\$ 0.01
Second Quarter	\$ 8.96	\$ 7.87	\$ 8.40	\$ 0.01
Third Quarter	\$ 8.75	\$ 6.31	\$ 7.98	\$ 0.01
Fourth Quarter	\$ 10.75	\$ 7.85	\$ 10.70	\$ 0.01

Transfer Agent

Continental Stock Transfer & Trust Company
1 State Street, 30th Floor
New York, NY 10004
Phone: (212) 509-4000
<http://www.continentalstock.com>

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NON-GAAP FINANCIAL MEASURES DEFINITIONS

The following represents the definitions of non-GAAP measures used by the FGL Holdings.

Adjusted Operating Income (AOI)

AOI is a non-GAAP economic measure we use to evaluate financial performance each period. AOI is calculated by adjusting net income (loss) to eliminate:

- (i) the impact of net investment gains/losses, including other than temporary impairment ("OTTI") losses recognized in operations, but excluding realized gains and losses on derivatives hedging our indexed annuity policies,
- (ii) the impacts related to changes in the fair values of FIA related derivatives and embedded derivatives, net of hedging cost, and the fair value accounting impacts of assumed reinsurance by our international subsidiaries,
- (iii) the tax effect of affiliated reinsurance embedded derivative,
- (iv) the effect of change in fair value of the reinsurance related embedded derivative,
- (v) the effect of integration, merger related & other non-operating items,
- (vi) impact of extinguishment of debt, and
- (vii) net impact from Tax Cuts and Jobs Act.

Adjustments to AOI 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 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.

Beginning with the quarter ended December 31, 2018, the Company updated its AOI definition to remove the incremental change due to the impact of the fair value accounting election for international subsidiaries. Management believes this revision will enhance the understanding of our business as the Company executes its growth strategy through international third party assumed business and is more relevant to investors as the impact of fair value accounting election can create an increase/decrease in the assumed liabilities that does not match the increase/decrease of the corresponding assets. This change will be applied on a prospective basis as the Company executes its growth strategy through international third party assumed reinsurance.

AOI Available to Common Shareholders

AOI available to common shareholders is a non-GAAP economic measure we use to evaluate financial performance attributable to our common shareholders each period. AOI available to common shareholders is calculated by adjusting net income (loss) available to common shareholders to eliminate the same items as described in the AOI 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.

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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.

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.

Total Capitalization Excluding AOCI

Total Capitalization Excluding AOCI is based on 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 to help assess the capital position of the Company.

GAAP Book Value per Common Share (including and excluding AOCI)

GAAP Book Value per Common Share including and excluding AOCI is calculated as Common Shareholders' Equity and Common Shareholders' Equity Excluding AOCI divided by the total number of shares of common stock outstanding. Management considers this to be a useful measure internally and for investors and analysts to assess the capital position of the Company.

Statutory Book Value per Common Share (including and excluding Interest maintenance reserve ("IMR") and asset valuation reserve ("AVR"))

Statutory Book Value per Common Share including IMR and AVR is calculated as Fidelity & Guaranty Life Insurance Company ("FGL Insurance")'s statutory basis capital and surplus plus the international insurance entities' common shareholder's equity and related distributable capital, excluding AOCI divided by the total number of shares of common stock outstanding at FGL Holdings. Statutory Book Value per Common Share excluding IMR and AVR is calculated as FGL Insurance's statutory basis capital and surplus excluding IMR and AVR plus the international insurance entities' common shareholder's equity and related distributable capital, excluding AOCI, divided by the total number of shares of common stock outstanding at FGL Holdings. Management considers this to be a useful measure internally and for investors and analysts to assess the capital position of our primary insurance entities.

Return on Average Common Shareholders' Equity

Return on Average Common Shareholders' Equity is calculated by dividing net income (loss) available to common shareholders by total average Common Shareholders' Equity. Average Common Shareholders' Equity for the twelve months rolling, is the average of 5 points throughout the period and for the quarterly average Common Shareholders' Equity is calculated using the beginning and ending Common Shareholders' Equity for the period. For periods less than a full fiscal year, amounts disclosed in the table are annualized. As a result of the merger, the starting point for calculation of average Common Shareholders' Equity was reset to December 1, 2017. The rolling average will be updated from the merger date forward to use available historical data points until 5 historical data points are available. Since AOCI fluctuates from quarter to quarter due to unrealized changes in the fair value of available for sale investments, Management considers this to be a useful measure internally and for investors and analysts to assess the level of return driven by the Company that is attributable to common shareholders.

Return on Average Common Shareholders' Equity Excluding AOCI

Return on Average Common Shareholders' Equity Excluding AOCI is calculated by dividing net income (loss) available to common shareholders by total average Common Shareholders' Equity Excluding AOCI. Average Common Shareholders' Equity Excluding AOCI for the twelve months rolling, is the average of 5 points throughout the period and for the quarterly average Common Shareholders' Equity Excluding AOCI is calculated using the beginning and ending Common Shareholders' Equity, excluding AOCI, for the period. For periods less than a full fiscal year, amounts disclosed in the table are annualized. As a result of the merger, the starting point for calculation of average Common Shareholders' Equity was reset to December 1, 2017. The rolling average will be updated from the merger date forward to use available historical data

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(All periods are unaudited)

points until 5 historical data points are available. Since AOCI fluctuates from quarter to quarter due to unrealized changes in the fair value of available for sale investments, Management considers this to be a useful measure internally and for investors and analysts to assess the level of return driven by the Company that is attributable to common shareholders.

Adjusted Operating Return on Average Common Shareholders' Equity Excluding AOCI

Adjusted Operating Return on Common Shareholders' Equity Excluding AOCI is calculated by dividing AOI Available to Common Shareholders' by total average Common Shareholders' Equity Excluding AOCI. Average Common Shareholders' Equity Excluding AOCI for the twelve months rolling, is the average of 5 points throughout the period and for the quarterly average Common Shareholders Equity is calculated using the beginning and ending Common Shareholders Equity, Excluding AOCI, for the period. For periods less than a full fiscal year, amounts disclosed in the table are annualized. As a result of the merger, the starting point for calculation of average Common Shareholders' Equity was reset to December 1, 2017. The rolling average will be updated from the merger date forward to use available historical data points until 5 historical data points are available. 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 adjusted earned return on common equity.

Debt-to-Capital excluding AOCI

Debt-to-capital ratio is computed by dividing total debt by total capitalization excluding AOCI. Management considers this non-GAAP financial measure to be useful internally and to investors and analysts when assessing its capital position.

Rating Agency Adjusted Debt to Capitalization, excluding AOCI

Rating Agency Adjusted Debt to Capitalization, excluding AOCI is computed by dividing the sum of total debt and 50% Equity Available to Preferred Shareholders by total capitalization excluding AOCI less a 50% credit for Equity Available to Preferred Shareholders. Management considers this non-GAAP financial measure to be useful internally and to investors and analysts when assessing its capital position.

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
- (iv) 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.

Net Investment Spread

Net investment spread is the excess of net investment income earned over the sum of interest credited to policyholders and the cost of hedging our risk on FIA 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.

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Investment Book Yield

Investment book yield on bonds purchased during the period excludes yield on short-term treasuries and cash and cash equivalents. Management considers this non-GAAP financial measure to be useful internally and to investors and analysts when assessing the level of return on the Company's income generating invested assets.

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.

While management believes that non-GAAP measurements are useful supplemental information, such adjusted results are not intended to replace GAAP financial results and should be read in conjunction with those GAAP results.

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