

## Fortitude Re Reports Full Year 2021 Results

Fortitude Re today reports the following highlights of its financial results and activities for the year ended December 31, 2021:

- US GAAP basis Net Loss of \$212 million and Owners' Equity of \$4,618 million.
- Adjusted Net Income<sup>1</sup> of \$764 million, which reflects strong investment portfolio returns driven by alternative assets and the favorable mortality experience.
- Adjusted Net Income drove a 22% increase in Adjusted Owners' Equity<sup>1</sup> from \$3,543 million in 2020 to \$4,320 million in 2021.
- The strategic acquisition of Prudential Annuities Life Assurance Corporation is on target for closing in 2022.
- Formation of a new Bermuda Class 4 and Class E reinsurer licensed by the Bermuda Monetary Authority; the purchase of Rx Life Insurance Company; and the purchase of two third party administrators from American International Group, Inc.

Our GAAP Net Loss for the year was primarily driven by rising interest rates which decreased the fair value of our investment portfolio by \$1,262 million (\$997 million after-tax). Since US GAAP does not recognize the favorable impact of increasing market interest rates in our Future Policy Benefit Reserves, we exclude this unrealized loss from Adjusted Net Income and Adjusted Owners' Equity. Our strong Adjusted Net Income was driven primarily by positive returns on our alternative asset investment portfolio of \$606 million and favorable mortality experience in our life & annuity lines of business of \$101 million.

“We are very pleased with our strong financial results, highlighted by positive alternative asset returns and mortality experience. We have generated significant growth in capital while successfully navigating a pandemic and low interest rate environment. The execution of our previously announced key strategic initiatives include the acquisition of Prudential Annuities Life Assurance Corporation, Rx Life Insurance Company and the licensing of our new Bermuda composite reinsurance entity, all position us well for future growth,” said James Bracken, Chief Executive Officer of Fortitude Re.

The following table summarizes Fortitude Re's consolidated financial data, including reconciliation of net loss to adjusted net income and owners' equity to adjusted owners' equity:

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<sup>1</sup> Adjusted net income and adjusted owner's equity are non-GAAP financial measures of performance. See the table for a reconciliation of each non-GAAP measure to the nearest applicable GAAP measure.

<i>\$ in millions</i>	<b>Year ended December 31, 2021</b>
Revenues	\$ 1,189
Benefits, losses and expenses	(1,462)
Loss before income tax	\$ (273)
Income tax benefit	61
Net Loss	\$ (212)
<u>Adjustments to reconcile Net loss to Adjusted net income</u>	
Decrease in fair value of funds withheld	1,253
Net investment gains	(45)
Non-recurring expenses	28
Tax expense of adjustments	(260)
Adjusted Net Income	\$ 764

<i>\$ in millions</i>	<b>December 31, 2021</b>
Owners' equity	\$ 4,618
<u>Adjustments to reconcile Owners' equity to Adjusted owners' equity</u>	
Accumulated other comprehensive loss, net of tax	5
Cumulative increase in fair value of funds withheld, net of tax	(310)
Cumulative policyholder benefits related to loss recognition testing, net of tax	7
Adjusted owners' equity	\$ 4,320

### About Fortitude Re

The Fortitude Re Group (FGH Parent, L.P.) includes Bermuda's largest multi-line composite reinsurer with unique competitive advantages and expertise to design bespoke transactional solutions for legacy Life & Annuity and P&C lines. Fortitude Re is an independent company backed by a consortium of sophisticated investor groups led by The Carlyle Group and T&D Insurance Group. Fortitude Re holds approximately \$48 billion in invested assets as of December 31, 2021. For more information, visit [www.fortitude-re.com](http://www.fortitude-re.com). Follow Fortitude Re on [LinkedIn](#).

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