

Fortitude Re
Financial Condition Report
For the year ended December 31, 2024

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I. Executive Summary

This Financial Condition Report ("FCR") is produced in accordance with the Insurance (Public Disclosure) Rules 2015 (the "Rules") under the Bermuda Insurance Act 1978 and related regulations, as amended (the "Insurance Act"), and the Insurance (Group Supervision) Rules 2011. This report outlines the financial condition of FGH Parent, L.P. ("FGP") and its subsidiaries (together with FGP, collectively, "Fortitude Re" or "the Group") as of December 31, 2024.

The FCR contains qualitative and quantitative information about Fortitude Re's business and performance, governance structure, risk profile, solvency valuation and capital management. Any materially distinct operational and governance procedures of FGP's indirect subsidiaries, Fortitude Reinsurance Company Ltd., Fortitude International Reinsurance Ltd. and Fortitude Life Insurance & Annuity Company, have been reported separately within the FCR.

II. Declaration

Declaration on the Financial Condition Report

We, the undersigned, declare that to the best of our knowledge and belief, this financial condition report fairly represents the financial condition of Fortitude Re in all material respects as at December 31, 2024.

DocuSigned by:



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Alon Neches

Chief Executive Officer

FGH Parent, L.P.

DocuSigned by:



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Ming Zhang

Chief Risk Officer

FGH Parent, L.P.

III. Group Background Information

FGH Parent, L.P. ("FGP", and together with its subsidiaries, "Fortitude Re" or the "Group") is a Bermuda exempted limited partnership formed on November 20, 2020. FGP is the ultimate parent of Fortitude Re.

Fortitude Reinsurance Company Ltd. ("FRL"), a Bermuda exempted company incorporated with limited liability on January 1, 2017 and registered as a Class 4 and Class E composite reinsurer under the Insurance Act, is an indirect subsidiary of FGP and a direct wholly-owned subsidiary of Fortitude Group Holdings, LLC ("FGH"). FGH, a holding company organized in the State of Delaware, United States of America, is a direct wholly-owned subsidiary of FGP.

Fortitude International Reinsurance Ltd. ("FIRL"), a Bermuda exempted company incorporated with limited liability on November 18, 2021 and registered as a Class 4 and Class E composite reinsurer under the Insurance Act, is an indirect subsidiary of FGP and a direct wholly-owned subsidiary of Fortitude International Ltd. ("FIL"). FIL, a company incorporated under the laws of Bermuda, is a direct wholly-owned subsidiary of FGP.

FRL and FIRL (together referred to as FGP's "Bermuda insurance subsidiaries") are reinsurers of general insurance and life and annuity insurance run-off business, with FIRL also reinsuring flow business. Both entities have reciprocal jurisdiction status in a number of U.S. jurisdictions, allowing U.S. ceding companies to take full statutory credit for reinsurance ceded to them without any regulatory prescribed collateral requirements.

Fortitude Life Insurance & Annuity Company ("FLIAC") is an Arizona-domiciled indirect subsidiary of FGP and a direct wholly-owned subsidiary of FGH. FGP acquired FLIAC on April 1, 2022 from Prudential Annuities, Inc, an indirect wholly-owned subsidiary of Prudential Financial, a New Jersey Corporation. FLIAC, Fortitude U.S. Reinsurance Company ("FRC"), and Fortitude Casualty Insurance Company ("FCIC") (together referred to as FGP's "U.S. insurance subsidiaries") are Arizona-domiciled insurance companies of Fortitude Re licensed by the Arizona Department of Insurance and Financial Institutions ("AZ DIFI").

IV. Business and Performance

a. Group Supervisors

The Bermuda Monetary Authority ("BMA")
BMA House
43 Victoria Street
Hamilton HM12 Bermuda

Effective April 1, 2024, the BMA made a final determination that it is appropriate for the BMA to be the group supervisor for Fortitude Re. AZ DIFI remains the supervisor of FLIAC and its affiliated U.S. insurance subsidiaries within Fortitude Re and coordinates its activities with the BMA regarding overall supervision of Fortitude Re.

b. Approved Group Auditor

Statutory Reporting

PricewaterhouseCoopers Ltd.
Washington House, 4th Floor
16 Church Street, Hamilton
Bermuda

GAAP Reporting

PricewaterhouseCoopers LLP
150 3rd Avenue South, Suite 1400
Nashville, Tennessee
United States of America

c. Ownership Details

FGP, the ultimate parent of Fortitude Re, is owned by Carlyle FRL, L.P. ("Carlyle FRL"), an affiliate investment fund of The Carlyle Group Inc. ("Carlyle"), an SEC-registered global investment firm; T&D United Capital Co., Ltd. ("T&D"), a wholly-owned subsidiary of T&D Holdings, Inc., a Tokyo Stock Exchange listed insurance group; Corebridge Financial, Inc. ("Corebridge"), an SEC-registered company and an affiliate of American International Group, Inc. ("AIG"); and a sovereign wealth fund ("SWF").

As of December 31, 2024, Carlyle FRL, SWF, T&D and Corebridge owned undiluted interests in FGP of 38.53%, 32.64%, 26.37% and 2.46%, respectively.

d. Group Structure

The group structure chart as of December 31, 2024 is attached as Appendix One.

e. Insurance Business Written by Business Segment and by Geographical Region

Fortitude Re reinsures life, annuity and property and casualty products that originate in the United States, Japan, Australia and Great Britain.

The Group's long-term business is comprised of future policy benefits, policyholder contract deposits and insurance liabilities, at fair value which include the following products:

- Future policy benefits include obligations for insurance products that are long-duration such as traditional life insurance products, life contingent structured settlement and annuity products, long-term care and other accident and health products;
- Policyholder contract deposits include non-life contingent structured settlement and single premium immediate annuity products, deferred annuity products, fixed indexed annuity products and single premium whole life and universal-life type products which are interest sensitive, including universal-life type contracts with secondary guarantee features; and
- Insurance liabilities, at fair value include liabilities for guaranteed benefits related to certain long-duration life and annuity contracts for which the Group has elected the fair value option.

The Group's general insurance business is comprised of excess workers' compensation, environmental impairment liabilities, legacy environmental and all other lines which consists of other casualty run-off exposures, including primary workers' compensation, general liability, professional liability, medical malpractice, product liability and accident & health exposure.

The net premiums written for the Group, FRL, FIRL, and FLIAC are shown in Figure 1 below for the applicable periods. The tables herein are prepared in accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP"), and may not cross-foot due to activity associated with Fortitude Re's other immaterial subsidiaries and intercompany transactions which have been eliminated in consolidation.

Figure 1.1. Premiums assumed by line of business⁽¹⁾ (in millions), for the year ended December 31, 2024

	Fortitude Re	FRL	FIRL	FLIAC
Long-duration products				
Direct	\$ 36	\$ —	\$ —	\$ 35
Assumed	207	207	—	—
Long-duration net premiums	243	207	—	35
Short-duration net premiums	—	—	—	—
Total net premium	\$ 243	\$ 207	\$ —	\$ 35

Figure 1.2. Premiums assumed by line of business⁽¹⁾ (in millions), for the year ended December 31, 2023

	Fortitude Re	FRL	FIRL	FLIAC
Long-duration products				
Direct	\$ 28	\$ —	\$ —	\$ 27
Assumed	217	217	—	—
Long-duration net premiums	245	217	—	27
Short-duration net premiums	—	—	—	—
Total net premium	\$ 245	\$ 217	\$ —	\$ 27

⁽¹⁾ Amounts are disclosed on a written basis. FRL's assumed premiums primarily relate to non-paid up policies and new supplemental contracts on the policies in run-off which originated in the United States. FLIAC's direct premiums primarily relate to certain variable annuity products with guaranteed benefits and fixed immediate annuity contracts with life contingencies which originate in the United States.

f. Performance of Investments and Material Income and Expenses

Fortitude Re's investment portfolio, including funds withheld - directly managed, is substantially allocated to fixed maturity securities, including corporate debt, U.S. and non-U.S. government debt; obligations of states, municipalities and political subdivisions, along with residential mortgage backed securities ("RMBS"), commercial mortgage backed securities ("CMBS") and other collateralized asset-backed securities ("CDO/ABS"). Whilst the substantial majority of our investment portfolio has been allocated to fixed maturity securities, a key component of our investment strategy is to invest in mortgage loans and alternative investments to provide diversification against our fixed income investments and an opportunity for improved-risk adjusted returns. Our internal investment function oversees the asset managers and directs asset allocation.

The tables herein are prepared in accordance with U.S. GAAP, and may not cross-foot due to activity associated with Fortitude Re's other immaterial subsidiaries and intercompany transactions which have been eliminated in consolidation.

As of December 31, 2024, 53.0% (2023: 55.1%) of the total investment portfolio of the Group is comprised of funds withheld - directly managed which represents a reinsurance receivable collateralized by a portfolio of investments directly managed by Fortitude Re and held for our benefit by the ceding companies.

Figure 2.1. Total Investments (in millions) as of December 31, 2024

	Fortitude Re	FRL	FIRL	FLIAC
Funds withheld - directly managed	\$ 38,649	\$ 38,649	\$ —	\$ —
Fixed maturity securities available for sale	17,842	16,756	1,086	—
Fixed maturity securities	10,587	2,191	3,422	5,022
Mortgage loans	3,626	2,942	320	364
Other invested assets	1,986	1,490	110	395
Short term investments	178	170	—	8
Total investments	\$ 72,868	\$ 62,198	\$ 4,938	\$ 5,789

Figure 2.2. Total Investments (in millions) as of December 31, 2023

	Fortitude Re	FRL	FIRL	FLIAC
Funds withheld - directly managed	\$ 41,673	\$ 41,673	\$ —	\$ —
Fixed maturity securities available for sale	20,253	19,208	1,045	—
Fixed maturity securities	10,344	2,396	2,727	5,210
Mortgage loans	1,318	882	—	437
Other invested assets	2,011	1,740	70	211
Short term investments	70	49	—	21
Total investments	\$ 75,669	\$ 65,948	\$ 3,842	\$ 5,879

Total investment income is comprised of net investment income, change in value of funds withheld embedded derivative and net investment gains (losses), as summarized below.

Figure 2.3. Total Investment Income (in millions) of Fortitude Re

	Year Ended December 31,				
	2024			2023	
	Funds withheld - directly managed	Fixed maturity securities, other investments and short-term investments	Total	Funds withheld - directly managed	Fixed maturity securities, other investments and short-term investments
Net investment income	\$ 1,974	\$ 2,169	\$ 4,143	\$ 1,449	\$ 1,074
Change in value of funds withheld embedded derivative	(1,228)	—	(1,228)	1,996	—
Net investment gains (losses)	(260)	(1,288)	(1,548)	(615)	(318)
Total investment income	\$ 486	\$ 881	\$ 1,367	\$ 2,830	\$ 756
					\$ 3,586

Figure 2.4. Total Investment Income (in millions) of FRL

	Year Ended December 31,				
	2024			2023	
	Funds withheld - directly managed	Fixed maturity securities, other investments and short-term investments	Total	Funds withheld - directly managed	Fixed maturity securities, other investments and short-term investments
Net investment income	\$ 1,974	\$ 1,576	\$ 3,550	\$ 1,449	\$ 532
Change in value of funds withheld embedded derivative	(1,228)	—	(1,228)	1,996	—
Net investment gains (losses)	(260)	(723)	(983)	(615)	(50)
Total investment income	\$ 486	\$ 853	\$ 1,339	\$ 2,830	\$ 482
					\$ 3,312

Figure 2.5. Total Investment Income (in millions) of FIRL

	Year Ended December 31,					
	2024			2023		
	Funds withheld - directly managed	Fixed maturity securities, other investments and short-term investments	Total	Funds withheld - directly managed	Fixed maturity securities, other investments and short-term investments	Total
Net investment income	\$ —	\$ 301	\$ 301	\$ —	\$ 162	\$ 162
Change in value of funds withheld embedded derivative	—	—	—	—	—	—
Net investment gains (losses)	—	(86)	(86)	—	23	23
Total investment income	\$ —	\$ 215	\$ 215	\$ —	\$ 185	\$ 185

Figure 2.6. Total Investment Income (in millions) of FLIAC

	Year Ended December 31,					
	2024			2023		
	Funds withheld - directly managed	Fixed maturity securities, other investments and short-term investments	Total	Funds withheld - directly managed	Fixed maturity securities, other investments and short-term investments	Total
Net investment income	\$ —	\$ 292	\$ 292	\$ —	\$ 315	\$ 315
Change in value of funds withheld embedded derivative	—	—	—	—	—	—
Net investment gains (losses)	—	(688)	(688)	—	(310)	(310)
Total investment income	\$ —	\$ (396)	\$ (396)	\$ —	\$ 5	\$ 5

Net investment income by asset class is summarized below in Figure 3.

Figure 3.1. Net Investment Income (in millions) for the year ended December 31, 2024

	Fortitude Re	FRL	FIRL	FLIAC
Funds withheld - directly managed	\$ 2,064	\$ 2,064	\$ —	\$ —
Fixed maturity securities, AFS	1,129	1,072	59	—
Fixed maturity securities, at fair value	604	122	185	294
Mortgage loans	217	163	12	29
Other invested assets	186	172	8	5
Short term investments and other investments	132	70	41	38
Gross investment income	4,332	3,663	305	366
Investment expenses	(189)	(113)	(4)	(74)
Net investment income	\$ 4,143	\$ 3,550	\$ 301	\$ 292

Figure 3.2. Net Investment Income (in millions) for the year ended December 31, 2023

	Fortitude Re	FRL	FIRL	FLIAC
Funds withheld - directly managed	\$ 1,502	\$ 1,502	\$ —	\$ —
Fixed maturity securities, AFS	271	226	43	—
Fixed maturity securities, at fair value	500	136	91	272
Mortgage loans	—	34	—	23
Other invested assets	192	125	—	29
Short term investments and other investments	202	31	32	47
Gross investment income	2,667	2,054	166	371
Investment expenses	(144)	(73)	(4)	(56)
Net investment income	\$ 2,523	\$ 1,981	\$ 162	\$ 315

Figure 3.3. Net investment Gains (Losses) (in millions) for the year ended December 31, 2024

	Fortitude Re	FRL	FIRL	FLIAC
Net gains (losses) on derivative instruments	\$ (1,070)	\$ (715)	\$ 8	\$ (523)
Realized gains (losses) on funds withheld - directly managed	(260)	(260)	—	—
Unrealized gains (losses) on fixed maturity securities under the FVO	(203)	2	(83)	(176)
Net gains (losses) on FIA embedded derivative	25	25	—	—
Realized gains (losses) on fixed maturity securities, AFS	(67)	(55)	(4)	—
Net gains (losses) on mortgage loans	33	21	(1)	11
Realized gains (losses) on fixed maturity securities under the FVO	(6)	(1)	(6)	—
Investment gains (losses)	\$ (1,548)	\$ (983)	\$ (86)	\$ (688)

Figure 3.4. Net investment Gains (Losses) (in millions) for the year ended December 31, 2023

	Fortitude Re	FRL	FIRL	FLIAC
Net gains (losses) on derivative instruments	\$ (572)	\$ (110)	\$ 1	\$ (461)
Realized gains (losses) on funds withheld - directly managed	(615)	(615)	—	—
Unrealized gains (losses) on fixed maturity securities under the FVO	321	90	29	144
Net gains (losses) on FIA embedded derivative	8	8	—	—
Realized gains (losses) on fixed maturity securities, AFS	(7)	(19)	(1)	—
Net gains (losses) on mortgage loans	—	—	—	2
Realized gains (losses) on fixed maturity securities under the FVO	(75)	(20)	(6)	—
Other net gains (losses)	7	1	—	5
Investment gains (losses)	\$ (933)	\$ (665)	\$ 23	\$ (310)

Fortitude Re's main source of income is from its insurance and reinsurance underwriting and investment activities. Fortitude Re's main expenses arise from policyholder benefits and losses incurred, interest on policyholder contract deposits and general administration and other expenses. The consolidated statement of (loss) / income for the Group, FRL, FIRL, and FLIAC is shown in Figure 4 below for the applicable periods.

Figure 4.1. Material Income & Expenses of the Group (in millions) for the year ended December 31, 2024 and December 31, 2023

	Fortitude Re	
	Year Ended December 31,	
	2024	2023
	<u>As Restated</u>	
Revenues:		
Premiums	\$ 243	\$ 245
Policy charges and fee income	1,358	722
Net investment income	4,143	2,523
Change in fair value of funds withheld embedded derivative	(1,228)	1,996
Investment gains (losses)	(1,548)	(933)
Foreign exchange gains (losses) ⁽¹⁾	(182)	(98)
Asset management and service fees	93	91
Other income	86	85
Total revenues	2,965	4,631
Benefits and expenses:		
Policyholder benefits and changes in fair value of insurance liabilities ⁽¹⁾	2,366	2,238
Policyholder liability remeasurement (gain) loss ⁽¹⁾	102	28
Interest credited to policyholder account balances	852	449
General operating and other expenses ⁽¹⁾	698	616
Goodwill impairment	—	93
Interest expense	126	66
Total benefits and expenses	4,144	3,490
Income (loss) before income taxes	(1,179)	1,141
Income tax expense (benefit) ⁽¹⁾	(283)	235
Net income (loss)	\$ (896)	\$ 906

⁽¹⁾ Amounts have been restated for the adoption of ASU 2018-12.

Fortitude Re has adopted Accounting Standards Update ("ASU") 2018-12, Financial Services - (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts, using the modified retrospective transition method in which the guidance is applied to contracts in force as of the beginning of the earliest period presented on the basis of their existing carrying amounts, adjusted for the removal of any related amounts in Accumulated Other Comprehensive Income. The guidance is applied as of January 1, 2023 (and transition adjustments recorded as of January 1, 2023) in Fortitude Re's 2024 consolidated financial statements.

Figure 4.2. Material Income & Expenses (in millions) for the year ended December 31, 2024

	FRL	FIRL	FLIAC
	As Restated		
Revenues:			
Premiums	\$ 207	\$ —	\$ 35
Policy charges and fee income	852	54	452
Net investment income	3,550	301	292
Change in fair value of funds withheld embedded derivative	(1,228)	—	—
Investment gains (losses)	(983)	(86)	(688)
Foreign exchange gains (losses)	(88)	(53)	7
Asset management and service fees	—	—	93
Other income	—	—	1
Total revenues	2,310	216	192
Benefits and expenses:			
Policyholder benefits and changes in fair value of insurance liabilities	2,461	51	(83)
Interest credited to policyholder account balances	762	90	—
General operating and other expenses	224	70	171
Interest expense	—	—	—
Total benefits and expenses	3,447	211	88
Income (loss) before income tax expense (benefit)	(1,137)	5	104
Income tax expense (benefit)	(258)	—	32
Net income (loss)	\$ (879)	\$ 5	\$ 72

Figure 4.3. Material Income & Expenses (in millions) for the year ended December 31, 2023

	FRL	FIRL	FLIAC
Revenues:			
Premiums	\$ 217	\$ —	\$ 27
Policy charges and fee income	251	15	456
Net investment income	1,981	162	315
Change in fair value of funds withheld embedded derivative	1,996	—	—
Investment gains (losses)	(665)	23	(310)
Foreign exchange gains (losses)	(71)	(29)	(2)
Asset management and service fees	—	—	91
Other income	—	—	3
Total revenues	3,709	171	580
Benefits and expenses:			
Policyholder benefits and changes in fair value of insurance liabilities	1,807	47	340
Interest credited to policyholder account balances	391	58	—
General operating and other expenses	161	39	157
Goodwill impairment	—	—	93
Interest expense	—	—	—
Total benefits and expenses	2,359	144	590
Income (loss) before income tax expense (benefit)	1,350	27	(10)
Income tax expense (benefit)	243	—	(6)
Net income (loss)	\$ 1,107	\$ 27	\$ (4)

Figure 4.2 and 4.3 are presented prior to the adoption of ASU 2018-12. FRL and FIRL will adopt ASU 2018-12 by applying the modified retrospective transition method on January 1, 2025 with a transition date of January 1, 2023. FLIAC is not impacted by the adoption due to its fair value option election on certain financial assets and liabilities.

g. Any Other Material Information

Fortitude Re and FRL have restated previously issued consolidated financial statements for the year ended December 31, 2024 to correct an error in the consolidated statements of cash flows. In the previously issued financial statements, certain non-cash policyholder activities, most notably cost of insurance assessments, were incorrectly presented as financing cash inflows and outflows. These amounts did not represent actual cash flows and therefore should have been classified as non-cash items in reconciling net income to net cash flow used in operating activities.

The correction results in (i) a net increase of \$1,430 million to cash flows provided by financing activities and (ii) a corresponding decrease of \$1,430 million to net cash provided by operating activities. There was no impact on total cash at the beginning or end of the periods presented. Fortitude Re evaluated the significance of this misclassification in accordance with the guidance in Accounting Standards Codification ("ASC") Topic 250, Accounting Changes and Error Corrections. Based on quantitative considerations, management concluded that the error was material to the previously issued consolidated financial statements. Accordingly, the financial statements have been restated to correct the error.

Fortitude Re also corrected the previously issued consolidated financial statements for the year ended December 31, 2024, for the impacts of certain previously known errors, which decreased the 2024 net loss and increased comprehensive income by \$15 million and \$70 million, respectively. FRL also corrected the previously issued consolidated financial statements for the year ended December 31, 2024, for the impacts of certain previously known errors, which decreased the 2024 net loss and comprehensive loss by \$41 million and \$81 million, respectively. These corrections are immaterial both individually and in aggregate to the consolidated financial statements.

In 2023, the Bermuda Parliament passed legislation enacting a 15% corporate income tax ("CIT") regime that will become effective for tax years beginning on or after January 1, 2025. The Bermuda income tax rules are intended to align as closely as possible to the Organization for Economic Cooperation and Development's global anti-base erosion rules. Effective for fiscal years beginning on or after January 1, 2025, certain groups with a limited international footprint are eligible for a five-year deferral, extending the effective date to January 1, 2030. FRL and FIRL are eligible for this deferral. In addition, certain elections and economic transition adjustments are available to support a fair and equitable transition into the Bermuda CIT regime. Based on the current profile, and the likelihood of not being subject to the Bermuda CIT for some time after the deferral period ends, FRL and FIRL will continue to evaluate the need for and availability of these elections and transition adjustments. There are no implications with respect to the Bermuda CIT for the years ended December 31, 2024 and 2023.

Fortitude Re has commitments to purchase or fund investments, mostly private credit fixed maturity securities, mortgage loans and alternative investments, managed by unaffiliated counterparties and affiliates of Carlyle.

V. Governance Structure

a. Fortitude Re Boards and Senior Executives

The Board of Directors of FGP ("FGP Board"), together with the Board of Directors of each Fortitude Re subsidiary (collectively, "Subsidiary Boards"), is responsible for the oversight of the management, performance and conduct of the Group's business. The FGP Board and the Subsidiary Boards (together, "Fortitude Re Boards"), including the Board of Directors of FRL, FIRL and FLIAC, meet at a minimum of once every quarter. The Fortitude Re Boards receive regular updates on the Group's business from senior executives and management. Reports are also received from each of the following Fortitude Re Board committees (collectively, "Committees"):

- Audit Committee
- Risk and Capital Committee
- Life & Annuity Operations & Claims Committee
- Property & Casualty Operations & Claims Committee
- Regulatory, Compliance & ESG Committee
- Compensation Committee

Each of the above mentioned Committees has its own charter.

Fortitude Re's constitutional documents, committee charters, the Bermuda Insurance Code of Conduct and applicable law (such as the Insurance Act and the Bermuda Companies Act 1981, as amended) include guidance and/or details of the Fortitude Re Boards' role and responsibilities. In addition, Fortitude Re has developed a suite of Policies, Standards and Procedures tailored to its business, which, among other things, detail certain requirements in connection with Board of Directors composition, training and standards for the Fortitude Re Boards and Committees.

Fortitude Re's compensation practices for senior executives are established in partnership with the Compensation Committee of FGP's Board of Directors. The compensation practices provide a compensation package inclusive of a base salary along with eligibility for a short-term incentive ("STI") award which is determined based on company and individual employee performance. Fortitude Re also offers long-term incentive ("LTI") award eligibility to senior level employees.

Fortitude Re participates in annual compensation surveys designed to review job specific and regionally relevant compensation practices and standards to ensure Fortitude Re's compensation packages are competitive with industry and market standards. Fortitude Re is committed to providing fair and equitable compensation opportunities in alignment with our pay for performance culture. Fortitude Re is committed to incentivizing employees to perform responsibilities in a manner that aligns incentives with our risk management framework. Fortitude Re's incentive compensation framework is therefore included in its approach to risk management and supported by Board oversight. The Compensation Committee assists the Board in its oversight of the compensation programs.

Fortitude Re does not currently provide supplementary pension or early retirement schemes for Board Members or senior executives.

The below details the material related party transactions during the reporting period.

Carlyle Affiliated Entities

Fortitude Re maintains investment management and advisory agreements with Carlyle affiliates (collectively the "Investment Manager"), pursuant to which the Investment Manager provides certain investment management and advisory services with respect to certain asset classes.

Fortitude Re invests in limited partnerships where a Carlyle affiliate is the general partner of the funds and other structured investments managed by Carlyle affiliates. Fortitude Re's investments in funds and other

structured investments managed by Carlyle were primarily comprised of private credit fixed income securities and limited partnership interests.

Certain subsidiaries of Fortitude Re entered into a Strategic Advisory Services Agreement, pursuant to which an affiliate of Carlyle will provide such subsidiaries with strategic advisory and consulting services. Under this agreement, the Carlyle affiliate will be entitled to advisory fees and certain expense reimbursements.

T&D Affiliated Entities

On March 15, 2024, FIRL entered into a flow reinsurance agreement with an affiliate of T&D, whereby FIRL assumed a quota share of Japanese Yen ("JPY") denominated single premium deferred annuities issued to the Japanese market under a coinsurance basis.

b. Fitness and Propriety Requirements

i. Fit and Proper Process in Assessing the Parent Board and Senior Executives

Fortitude Re has adopted policies that set forth corporate governance such as a fit and proper process including: meetings, committees, training, conflicts of interest, non-executive directors, delegations and authorities, and records management.

Fortitude Re's Code of Conduct provides guidance to help prevent and manage conflicts of interest in order to ensure that all Fortitude Re employees perform their work in an objective and unbiased manner.

Fortitude Re appoints members of the Fortitude Re Boards based on the individual's skill set, expertise, knowledge and work experience, as well as professional judgment and recommendations from those individuals who are professionally familiar with the proposed Board of Directors member.

Senior management work with Fortitude Re's People and Culture department to hire senior and middle management and other staff to ensure there is sufficient expertise to achieve Fortitude Re's goals. The People and Culture department arranges background screening and other support for all hires to ensure appropriate organizational alignment.

ii. Parent Board and Senior Executives, Professional Qualifications, Skills and Expertise

FGH Parent, L.P.

The following table sets forth certain information concerning FGP's Board of Directors as of December 31, 2024:

Name	Position	Name	Position
Ciara Burnham	Independent Director	Jane Tutoki	Independent Director
Sihong Chan	Non-Executive Director	Reginald Van Lee	Independent Director
Takayuki Hanao	Non-Executive Director	Samuel J. Weinhoff	Independent Director
Alon Neches	Executive Director	Neville Grant	Independent Director
Jonathan Novak	Non-Executive Director	Nobuaki Iwaoka	Independent Director
Brian O'Hara	Independent Director	Patrick Kelleher	Independent Director
Richard Patching	Independent Director	Doug French	Independent Director
Brian T. Schreiber	Chair and Non-Executive Director		

The following table sets forth certain information concerning FGP's Executive Officers as of December 31, 2024:

Name	Position
Alon Nechoes	President and Chief Executive Officer
Jeffrey S. Burman	General Counsel
Sean F. Coyle	Chief Operating Officer
Kai Talarek	Chief Growth & Optimization Officer
Greta Hager	Chief Financial Officer
Charles Kasmer	Chief Property and Casualty Underwriting Officer
Jeffrey Mauro	Chief Investment Officer
Denise Nichols	Chief People Officer
John M. McGregor	Chief Property and Casualty Reinsurance Officer
Ming Zhang	Chief Risk Officer
James West	Chief Actuary
Elliott Franklin	Chief Information Security Officer and Security Officer

Fortitude Reinsurance Company Ltd.

The following table sets forth certain information concerning FRL's Board of Directors and Executive Officers as of December 31, 2024:

Name	Position
Brian T. Schreiber	Chair and Non-Executive Director
Alon Nechoes	Chief Executive Officer and Executive Director
Ciara A. Burnham	Independent Director
Brian O'Hara	Independent Director
Richard Patching	Independent Director
Jamie Schmerer	Executive Director
Greta Hager	Group Chief Financial Officer and Executive Director
Charles Kasmer	Chief Property and Casualty Underwriting Officer and Executive Director
Jeffrey Mauro	Chief Investment Officer
Jeffrey Burman	General Counsel
Kai Talarek	Chief Growth & Optimization Officer
Sean Coyle	Chief Operating Officer
Elliott Franklin	Chief Information Security Officer and Security Officer
John McGregor	Chief Property and Casualty Reinsurance Officer
Denise Nichols	Chief People Officer
James West	Chief Actuary
Stewart Richie	Chief Financial Officer
Ming Zhang	Chief Risk Officer

Fortitude International Reinsurance Ltd.

The following table sets forth certain information concerning FIRL's Board of Directors and Executive Officers as of December 31, 2024:

Name	Position
Brian T. Schreiber	Chair and Non-Executive Director
Charles Kasmer	Chief Executive Officer, Chief Property and Casualty Underwriting Officer and Executive Director

<u>Name</u>	<u>Position</u>
Ciara A. Burnham	Independent Director
Brian O'Hara	Independent Director
Richard Patching	Independent Director
Alon Neches	Executive Director
Greta Hager	Executive Director
Jamie Schmerer	Chief Risk Officer and Executive Director
Elliott Franklin	Chief Information Security Officer and Security Officer
Denise Nichols	Chief People Officer
Chirag Kadian	Chief Actuary
Steve Brown	Chief Financial Officer
Stewart Richie	Chief Operating Officer

Fortitude Life Insurance & Annuity Company

The following table sets forth certain information concerning FLIAC's Board of Directors and Executive Officers as of December 31, 2024:

<u>Name</u>	<u>Position</u>
Brian T. Schreiber	Chair and Non-Executive Director
Ciara A. Burnham	Independent Director
Doug French	Independent Director
Richard Patching	Independent Director
Samuel J. Weinhoff	Independent Director
Alon Neches	Chief Executive Officer, President and Executive Director
Greta Hager	Chief Financial Officer and Executive Director
Yi Yang	Chief Risk Officer
Kai Talarek	Chief Growth & Optimization Officer
Elliott Franklin	Chief Information Security Officer and Security Officer
Jeffrey Mauro	Chief Investment Officer
James West	Chief Actuary
Ellen Koke	Chief Compliance Officer
Sean Coyle	Chief Operating Officer

Alon Neches, Director (FGP, FRL, FIRL, FLIAC). Mr. Neches has served as the President, Chief Executive Officer and a Director since September 2022. Mr. Neches has more than 20 years of experience as an operator, investor and advisor in regulated industries. From 2020 until September 29, 2022, Mr. Neches was a Partner and Managing Director in Carlyle Insurance Solutions of Carlyle. From 2011 to 2019, Mr. Neches held various senior executive roles at AIG, including Global Treasurer and Head of Corporate Development, where he was involved in the creation of Fortitude Re. Before joining AIG, Mr. Neches was a Senior Restructuring Specialist Officer at the Federal Reserve Bank of New York, where he focused on managing the bank's investment in AIG. Mr. Neches holds a B.S. in Economics from Duke University and a J.D. from Harvard Law School.

Ciara A. Burnham, Director (FGP, FRL, FIRL, FLIAC). Ms. Burnham is a financial services executive, board director and investor with three decades of experience across the industry. Ms. Burnham serves on the boards of several financial services and fintech companies, and also works with non-profit organizations focused on ESG, social impact and education. Ms. Burnham spent two decades as a Senior Managing Director at Evercore, where she worked across both the investment banking and investment management businesses. Ms. Burnham joined Evercore shortly after its inception and played a significant leadership role in the build-out of the firm's presence on a global basis. She has worked with early stage fintech companies as a senior advisor and partner with QED, a leading venture capital firm. Earlier in her career, Ms. Burnham was an equity research analyst at Sanford Bernstein and a

consultant at McKinsey. Ms. Burnham received an A.B. *cum laude* from Princeton University and an M.B.A. with honors from Columbia Business School. She serves as Chair of the Board of Trustees for EDC, a leading non-profit working globally in education, healthcare and economic opportunity. Ms. Burnham is a member of the Advisory Boards of the Tamer Center for Social Enterprise and the Program for Financial Studies at Columbia Business School, and the Dean's Advisory Council of Princeton University.

Sihong Chan, Director (FGP). Mr. Chan joined GIC in 2006 and is a Managing Director and the Head of the Special Opportunities Group. During his tenure at GIC, Mr. Chan has overseen numerous private equity and private credit fund investments, co-investments and direct investments. He has experience in a variety of sectors, including financial services, consumer & retail, media and natural resources. Among other roles at GIC, Mr. Chan has served as the Global Coordinator for Restructured & Opportunistic Credit, and the co-sector Head of Emerging Markets Non-Asia Private Equity Funds & Co-investments. Mr. Chan has represented, and still represents, GIC as an advisory board member on several private equity fund committees. He has also been an observer on several private company boards, including those of Del Monte Foods and Igloo Coolers. Mr. Chan attended Stanford University on a GIC scholarship and graduated Phi Beta Kappa with an M.A. in International Policy Studies and a B.A. in Economics, with distinction.

Douglas French, Director (FGP, FLIAC). Mr. French is the Retired Managing Partner of the Insurance and Actuarial Advisory Services practice of Ernst & Young LLP's Financial Services Organization. Mr. French has spent more than 35 years in actuarial consulting. Before joining Ernst & Young in 1999, he was a principal and global practice director of a major actuarial consulting firm. As a senior consultant, Mr. French has drawn on his global experiences to assist life, health and property and casualty clients in mergers and acquisitions, strategic planning, enterprise risk and capital management, financial reporting and management, financial projections and modeling and distribution economics and effectiveness. Throughout his career, he has maintained his technical actuarial skills and strived to understand the broader strategic implications and drivers for the insurance industry and its participants. His deep understanding of the industry allows him to translate concepts and business models into active strategies and tactics for his clients. Mr. French is a frequent speaker at industry seminars and author in industry publications. He is also a former Corporate Advisory Council member of the International Association of Black Actuaries, a College of Natural Sciences Advisory Council participant at the University of Texas at Austin and an Emeritus Trustee of The Actuarial Foundation. In 2018, Mr. French received the Society of Actuaries Distinguished Service Award for significant contributions to the actuarial profession. Mr. French holds a B.S. in Mathematics from the University of Texas at Austin.

Neville Grant, Director (FGP). Mr. Grant is the former Chief Executive Officer of Bermuda Commercial Bank. Prior to his role at Bermuda Commercial Bank, Mr. Grant served in various roles at HSBC Bermuda, including as Head of Corporate Banking, Head of Payments and Cash Management and Vice President of Strategy and Analytics. Prior to joining HSBC, Mr. Grant was the former General Manager of Bermuda Economic Development Corporation. Mr. Grant holds a Bachelor of Business Administration, Accounting from Andrews University and an M.B.A., Finance from Webster University.

Takayuki Hanao, Director (FGP). Mr. Hanao is a Director and Chief Executive Officer of T&D United Capital North America Inc. He also serves as a Director and Executive Officer of T&D United Capital, a strategic investment company within the T&D Insurance Group. He joined Daido Life Insurance Company ("Daido Life"), a core life insurance company of T&D Insurance Group in 2000. He started his career in Daido Life's Investment Planning Department and focused primarily on the investment and asset management activities of the group. His experience includes a five-year stint at T&D Asset Management Co., Ltd. as a Fund Manager responsible for managing investment trusts and pension schemes. He has also been heavily involved in a number of strategic transactions for Daido Life and T&D Insurance Group since 2013. He earned a LLB from Keio University. He is a Certificate-holder Member of the Securities Analysts Association of Japan.

Patrick Kelleher, Director (FGP). Mr. Kelleher has spent 40 years in a wide range of technical and leadership positions in the life insurance industry in Canada, the United States and Bermuda. Most recently, he was the founding Chief Executive Officer of Somerset Reinsurance from 2014 until retiring at the end of 2020. Prior to Somerset, Mr. Kelleher held senior executive positions at Transamerica (Aegon) and at Genworth Financial in the United States from 1998 to 2013, serving as the Chief Financial Officer for Transamerica Reinsurance, Group Chief Financial Officer for Genworth Financial and later as Executive Vice-President and Chief Executive Officer of Genworth's life insurance businesses. Prior

thereto, Mr. Kelleher had been with Manulife Financial and based in Toronto, Canada from 1992 to 1998, where he was initially responsible for product management and pricing activities within the company's U.S. life insurance business, and subsequently held leadership roles within the company's global reinsurance division serving as Chief Financial Officer and then serving as business leader for its life and financial reinsurance businesses. From 1980 to 1992, he was with Sun Life Financial in Toronto. Mr. Kelleher has a Bachelor's degree from Franklin & Marshall College.

Brian O'Hara, Director (FGP, FRL, FIRL). Mr. O'Hara is the former Chairman of XL Capital Ltd, now known as XL Group plc. He served as Chairman of XL's Board of Directors from 2008 to 2009 and was President and Chief Executive Officer of XL from 1994 to 2008. In 1986, Mr. O'Hara joined XL Insurance (Bermuda) Ltd as its founding President and Chief Operating Officer. Mr. O'Hara began his insurance career in San Francisco with The Royal Insurance Company and Employers' Reinsurance Company in 1970. He joined General Reinsurance Corporation in 1975 and in 1978 assumed responsibility for the newly developing captive reinsurance underwriting group. From 1979 to 1986 Mr. O'Hara was a founder and Chief Underwriting Officer of reinsurer Trenwick Group, Inc. in Bermuda. Mr. O'Hara has a Bachelor of Science in Economics from Santa Clara University and a CPCU designation. He also has an Honorary Doctorate in Commercial Science from St. John's University. Mr. O'Hara is a resident of Bermuda.

Richard Patching, Director (FGP, FRL, FIRL, FLIAC). Mr. Patching is a Chartered Accountant and member of both the Bermuda and England & Wales Institutes. For almost 25 years Mr. Patching was a partner with PricewaterhouseCoopers (PwC) providing audit and advisory services to Bermuda's insurance and reinsurance industry, including several of its largest companies. In addition to conducting audits of statutory and regulatory filings Mr. Patching led a wide range of assignments focused on, among other things, analyzing enterprise risk and providing internal audit services to a number of insurance entities. Mr. Patching was also appointed Territory Assurance Leader and subsequently acted as Managing Partner of the firm. For several years, he represented the Bermuda firm as a member of PwC's Global Insurance Leadership Team. Mr. Patching retired from PwC Bermuda in June 2014. He resides in Bermuda.

Brian T. Schreiber, Director (FGP, FRL, FIRL, FLIAC). Mr. Schreiber is a Managing Director and Head of Carlyle Insurance Solutions. Prior to joining Carlyle, Mr. Schreiber spent 20 years at AIG in a variety of senior executive roles, including: Chief Strategy Officer, Deputy Chief Investment Officer, and Global Treasurer, and was a member of AIG's Operating Committee, Group Risk Committee and Investment Committee. He served as a board member of United Guaranty, AIG's mortgage insurance subsidiary, and Varagon Capital, AIG's middle market direct lending joint venture. Mr. Schreiber was a key member of AIG's executive leadership team that engineered and executed AIG's successful restructuring and recapitalization. He led AIG's divestiture, hedging and capital markets activities coming out of the financial crisis, executing over 120 transactions in debt, equity and M&A and raising over \$200 billion. Prior to the 2008 financial crisis, Mr. Schreiber was responsible for leading approximately \$60 billion of acquisitions and strategic investments for AIG, including SunAmerica, American General and Edison Insurance Japan. Prior to AIG, Mr. Schreiber invested in financial services companies for the Bass Brothers, was an investment banker in Lehman Brothers' Financial Institutions Group and started his career as a research associate for Booz Allen Hamilton. Mr. Schreiber holds a B.S. from New York University's Stern School of Business and an M.B.A. from Columbia Business School, and he is a member of the Council on Foreign Relations.

Jonathan Novak, Director (FGP). Mr. Novak serves as President of Institutional Markets, the institutional life business of Corebridge Financial ("CRBG"). He also serves as the Head of Firmwide Strategy, Corporate Development, and Reinsurance. As President of Institutional Markets, he is responsible for overseeing the global pension risk transfer business, structured settlements, private placement annuity and life products, company-owned life insurance, bank-owned life insurance, guaranteed investment contracts, and stable value wraps. As Head of Corebridge Strategy, he is responsible for coordinating all Mergers and Acquisitions and Assumed and Ceded Reinsurance involving the Corbridge businesses. Prior to joining Corebridge/AIG, Mr. Novak was a Managing Director in the Financial Institutions Risk Management business of Goldman Sachs. Before his 12-year tenure at Goldman Sachs, he served four years at Berkshire Hathaway as an Associate in their Reinsurance Underwriting division. Mr. Novak earned a master's degree in business administration from the University of California, Los Angeles and a bachelor's degree in marketing and international business from the University of Notre Dame. Additionally, he holds a Chartered Financial Analyst designation.

Jane Tutoki, Director (FGP). Ms. Tutoki currently serves on the board of directors for Sedgwick. Prior to that, Ms. Tutoki spent four years as the Global Chief Executive Officer of Cunningham Lindsey, a provider of independent loss adjusting and claims management services in more than 60 countries. Before joining Cunningham Lindsey, Ms. Tutoki served as Global Head of Claims Operations for AIG Property and Casualty and worked as both Head of Americas Region and Executive Director of Global Insurance for Xchanging PLC. Ms. Tutoki held several senior positions at Zurich Financial Services, including Global Chief Claims Officer and Chief Claims Officer, North America Commercial Division. She began her career as a litigation attorney, working for numerous insurance companies, and later serving as in-house counsel at Hartford Financial Services. Ms. Tutoki holds a J.D. from the University of Pittsburgh School of Law and is a Chartered Property Casualty Underwriter. She was a director for 6 years on the Board of Electricidad de Caracas, the electric company serving most of Venezuela. She is active in the insurance industry and is a past Chancellor of the CLM College of Insurance.

Reginald Van Lee, Director (FGP). Mr. Van Lee is a Partner and Managing Director in AlixPartners' Performance Improvement Practice. Before joining AlixPartners, Mr. Van Lee served as the Chief Transformation Officer at Carlyle, leading comprehensive organizational change initiatives covering culture, structure, design, corporate strategy, diversity and talent. Prior to that, he spent 32 years at Booz Allen Hamilton, most recently as Executive Vice President, where he led numerous businesses, including the Commercial Solutions business in which the firm's Commercial Financial Services practice resided. Mr. Van Lee brings decades of experience creating technology based strategies and driving growth and best-in-class performance. Prior to Booz Allen Hamilton, he served as a research engineer with the Exxon Production Research Company. Mr. Van Lee is a member of the board of directors of ProKarma, Gallup Inc, and several nonprofit organizations. He was named one of the top 25 consultants in the world by Consulting Magazine. Mr. Van Lee holds a B.S. and an M.S. in Civil Engineering from the Massachusetts Institute of Technology and an M.B.A. from Harvard University.

Samuel J. Weinhoff, Director (FGP). Mr. Weinhoff has been an independent consultant to the insurance industry since 2000. Mr. Weinhoff began his insurance career at the Home Insurance Company in 1976 as a corporate planning analyst. He rose to the head of the corporate planning, reporting and analysis department and later became an excess casualty treaty reinsurance underwriter. Mr. Weinhoff joined the investment department of the Reliance Insurance Company in 1980. While there, he had responsibility for investing in financial institution equities. Mr. Weinhoff joined Lehman Brothers in 1985, first as an equity research analyst covering the insurance industry and later as an Investment Banker focused on insurance. In 1997, he joined Schroders & Co. as head of their U.S. financial institutions effort. Mr. Weinhoff has served on the board of directors of Infinity Property Casualty, one of the largest U.S. Hispanic auto insurers. He became head of their Audit Committee in 2008 and Lead Director in 2015. Mr. Weinhoff joined the board of directors of Allied World in 2006, where he has served as Chair of the Compensation Committee and a member of the Risk, Audit, Investment and Executive Committee. Mr. Weinhoff holds a B.A. in Economics from the University of Illinois and an M.B.A. from the Wharton School of the University of Pennsylvania.

Nobuaki Iwaoka, Director (FGP). Mr. Iwaoka holds the position of Executive Vice President and Chief Investment Officer at T&D United Capital North America Inc., where he plays a crucial role in the management and preservation of T&D Insurance Group's U.S. asset portfolio. His duties encompass the formulation of both short-term and long-term investment strategies, overseeing corporate structuring, leading negotiation processes, and delivering both regular and specialized investment reports. Commencing his professional journey with Daido Life Insurance Company, a core life insurance enterprise within the T&D Insurance Group, in 2004, Mr. Iwaoka has built an extensive portfolio of experience. His roles have spanned being an Account Manager/Sales Representative to Strategic Investment Manager, engaging in strategic investment activities inclusive of investment strategy development, due diligence processes, venture capital fund investment, and the legal structuring of M&A transactions. In furtherance of his contributions, Mr. Iwaoka was selected for secondment to the Japanese Ministry of Finance as a Researcher and to Integrity Life Australia Ltd, an Australian partner of Daido Life, as the Head of Strategic Partnership. In terms of educational qualifications, Mr. Iwaoka secured his bachelor's degree in social sciences from Waseda University, Japan, in 2004. Subsequently, he enriched his academic credentials with an MBA specializing in Finance from the esteemed UCLA Anderson School of Management in the U.S., awarded in July of 2016.

Greta Hager, Director (FRL, FIRL, FLIAC). Ms. Hager has served as the Chief Financial Officer of Fortitude Re since August 2024. Prior to joining Fortitude Re, Ms. Hager spent more than 20 years in the financial services sector, including her position as the Head of Financial Planning and Analysis at Mass

Mutual, which she held from July 2019. Prior to that, she served in various strategic leadership roles in both finance and accounting at AIG. Ms. Hager began her career at the public accounting firm Grant Thornton where she served as an audit professional as well as a leader within their National Professional Standards Group. Ms. Hager holds a B.S. in Business Administration from the University of Houston and was licensed as a Certified Public Accountant in Texas.

Charles Kasmer, Director (FRL, FIRL). Mr. Kasmer is the Chief Underwriting Officer, P&C Reinsurance at Fortitude Re where he is responsible for sourcing and pricing new non-US P&C run-off transactions for FIRL, assisting in the design and implementation of new products and structures, and expanding Fortitude Re's P&C presence and capabilities in Bermuda, UK, the EU, and Asia. Mr. Kasmer has more than 32 years of experience in the reinsurance and insurance industry, with extensive experience in the analysis and structuring of deals involving long tail lines of business, pricing, capital model building and reserving. He has held positions at Zurich Reinsurance Centre, Risk Capital Reinsurance Company, Aon, Employers Reinsurance Corporation, and Quanta Capital Holdings. Prior to Fortitude Re, Charles spent 13 years at Catalina Group, most recently as the Group Chief Actuary. Mr. Kasmer holds a bachelor's degree in mathematics from the University of Maine where he attended under an athletic scholarship to play football. He is a Fellow of the Casualty Actuarial Society and a member of the American Academy of Actuaries.

Jamie Schmerer, Director (FRL, FIRL). Mr. Schmerer is responsible for overseeing and enhancing the enterprise risk management framework of Fortitude Re including, risk governance, risk appetite, and risk reporting, as well as overseeing the Operational Risk function to ensure seamless integration of operational risk management into our overall enterprise risk framework. Additionally, Mr. Schmerer serves as the primary point of contact for the BMA and the lead for our regulatory relations efforts in Bermuda. Mr. Schmerer brings a wealth of experience to this role. Prior to joining Fortitude Re in 2019, Mr. Schmerer held a leadership role within KPMG Bermuda's internal audit and risk consulting practice, advising a portfolio of public and private clients in the insurance, reinsurance, banking, and asset management sectors. He began his career in the Bermuda re/insurance industry at Validus Holdings where he ran the global SOX program and the delivery of internal audit services for several business units. Mr. Schmerer holds a degree in finance and economics from the University of Toronto. He is a Chartered Professional Accountant and a member of the Chartered Professional Accountants of Bermuda.

c. Risk Management and Solvency Self-Assessment

i. The Group's Risk Management Process and Procedures to Identify, Measure, Manage and Report on Risk Exposures

Fortitude Re believes that a strong, effective and embedded risk management framework is crucial to maintaining successful business operations and delivering sustainable, long-term profitability. This is achieved through a strong risk culture which is articulated by our senior leadership and embodied by management at all levels through our governance structure and risk management processes.

The enterprise risk management framework at Fortitude Re is organized around four key aspects:

- Risk Governance;
- Risk Appetite and Limits;
- Risk Culture and Policy; and
- Risk Management Processes.

Risk Identification and Measurement

Fortitude Re has developed a risk register to identify, assess and document material risks of the Group. This catalog of risks is used as the first step of stress scenario design and forecasting methodology. FGP's risk identification processes is intended to inform risk measurement and identify key areas of focus for follow-up risk management actions.

In addition to the risk register, FGP has identified top risks that Enterprise Risk Management ("ERM") monitors and provides periodic updates to the Risk and Capital Committee ("RCC").

ERM's analytics are the foundation of its risk measurement capabilities across the categories of risks that have been identified. ERM's goal is to evaluate all of FGP's material risks, decisions, and financial strength using an economic view. An economic view is preferred over GAAP since it is based on fundamental economic risk analysis that is independent of any particular accounting regime. This view enables the assessment of key drivers on risk and probability metrics to arrive at an optimal risk return trade-off that is aligned with the Board approved risk appetite.

Risk Management

The Group risk appetite framework integrates stakeholder interests, strategic business goals and available financial resources. It balances these by seeking to take measured risks that are expected to generate repeatable, sustainable earnings and create long-term value for shareholders. The framework includes the Group risk appetite statement and a set of supporting tools, including risk tolerances and policies, which it uses to manage its risk profile and financial resources.

Fortitude Re articulates its aggregate risk-taking by setting risk tolerances and thresholds on capital and liquidity measures. It must comply with standards for capital adequacy and maintain sufficient liquidity to meet all obligations as they come due in accordance with its internal capital management.

Risk Monitoring and Reporting

The Fortitude Re Boards approve risk policies, appetites and tolerances. Risk management reports are provided to the RCC to assist it in fulfilling its delegated oversight and decision making responsibilities. The business implements a control environment which describes how the business should operate to remain within risk appetites and assigns individual accountability for identified risks and key business controls, as documented in the risk register.

ii. The Group's Risk Management and Solvency Self-Assessment

The Group risk appetite statement aligns the strategic business goals against the risks and volatility faced in executing that plan, ensuring that these risks are maintained at levels consistent with the the Group's financial resources. This ensures it continues to manage the business in an environment of controlled risk-taking to generate earnings and in turn deliver long-term value for Fortitude Re's shareholders and stability for policyholders.

In addition to the risk policies and procedures, the Group's capital management policy is set at the Group and operating company level and its local implementation is supported by ERM. This policy formalizes the Group's capital management framework, including capital adequacy and resource assessment and monitoring, at the Group and operating company level.

iii. The Group's Relationship Between Solvency Self-Assessment, Solvency Needs & Capital, and Risk Management

Fortitude Re's risk appetite is predicated on the basic tenet that the Group shall take risks only to the extent that it has available capital resources to execute its business strategy and remain solvent, under both baseline and stressed conditions.

The Group expects it will continue to satisfy future capital and solvency requirements and meet its obligations, including reasonably foreseeable contingencies or events, through cash generated from operations and investments.

The Group monitors its capital and liquidity closely by way of regular capital and liquidity assessments and robust stress testing. Under the risk appetite framework implemented by the Group, no capital or strategic transactions are submitted to the Board for approval without due consideration being given to the impact on the Group's pro-forma statutory capital adequacy and liquidity ratios.

iv. Group Solvency Self-Assessment Approval Process by the Parent Board and Senior Executives

The Group Solvency Self-Assessment ("GSSA") Report is prepared by management, in consultation with relevant functions and business units, and reviewed by the Chief Risk Officer. The GSSA and Bermuda Solvency and Capital Reporting ("BSCR") model results are presented to the RCC for review and then approved by the relevant Fortitude Re Boards.

d. Internal Controls

i. Internal Control System

Fortitude Re's internal control system is designed to provide reasonable assurance that its operations are effectively controlled, it is compliant with applicable laws and regulations, and its financial reporting is reliable. In practice, the oversight and management of the internal control system involves participation from the Committees of the Board of Directors, the Executive Committee, Operations, Finance, Risk Management, Legal & Compliance, Financial Controls, and Internal Audit.

Primary responsibility for overseeing the day-to-day internal control system lies with Fortitude Re's Executive Committees and Management (i.e., control owners). Fortitude Re promotes the importance of appropriate controls by:

- Reasonably assuring staff members are aware of their role in the internal control system, through communication and training;
- Reasonably assuring the consistent and adequate implementation of the internal control system across Fortitude Re;
- Monitoring the adequacy of the internal control system; and
- Establishing, monitoring, and reporting for decision-making processes.

For U.S. GAAP reporting purposes, Fortitude Re has established internal controls over financial reporting, effected by the Chief Executive Officer and Chief Financial Officer, which are designed to provide reasonable assurance regarding the reliability, timeliness and transparency of Fortitude Re's financial reporting.

Fortitude Re has adopted the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 framework as the criteria for assessing FGP and all in-scope legal entities, including FRL, FIRL, and FLIAC internal control over financial reporting. The COSO 2013 framework includes Control

Environment; Risk Assessment; Control Activities Information and Communications; and Monitoring Activities.

The design of the FGP system of internal controls over U.S. GAAP financial reporting, including that of FRL, FIRL, and FLIAC, is assessed by business process owners on at least an annual basis and is supported by periodic internal control certifications.

As applicable, control deficiencies in the FGP internal controls over U.S. GAAP reporting, including those of FRL, FIRL, and FLIAC, that are deemed to be material weaknesses or significant deficiencies, either individually or in the aggregate, are reported on a quarterly basis to the relevant Fortitude Re Boards and the Audit Committee.

ii. Compliance Function

The overall responsibility for the Compliance function within Fortitude Re resides primarily with our Legal and Compliance department and ultimately with the Regulatory, Compliance & ESG Committee ("RCE Committee") which is a committee of the Fortitude Re Boards. The purpose of the RCE Committee is to assist the Fortitude Re Boards (i) to ensure Fortitude Re satisfies its regulatory obligations and commitments upon which its licenses are conditioned; (ii) in its oversight of Fortitude Re's handling of existing and emerging legal, regulatory and compliance matters; and (iii) in its oversight of the Group's positions and policies that relate to current and emerging corporate social responsibility, environmental, legal, regulatory and compliance issues of significance to the Group. These positions and policies include those that may affect the Group's business operations, performance or corporate reputation.

e. Internal Audit

The Internal Audit function operates in accordance with its charter, which outlines the purpose, scope and responsibilities of the function.

Fortitude Re has a dedicated Head of Internal Audit and an Internal Audit function who reports functionally to the Chair of the Audit Committee of the Fortitude Re Boards and administratively to the Chief Risk Officer. Additionally Internal Audit makes use of co-sourcing partners from both 'Big 4' and regional consulting firms to leverage the subject matter expertise of these firms.

The Internal Audit function assists the Fortitude Re Boards and its committees in discharging their governance responsibilities. Internal Audit's purpose is to enhance the Group's success by providing the Fortitude Re Boards and Management with objective assurance and advice. Internal Audit assists Fortitude Re in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the Group's control environment, risk management and governance processes. A dynamic and continuous risk assessment process is followed and documented as part of the development of each year's Audit Plan. Internal Audit's audit universe includes all entities, functions and processes within the Group.

The independence of the Internal Audit function is maintained by the function's direct reporting line to the Audit Committee. The Audit Committee is responsible for:

- Assessing the performance of the Head of Internal Audit and the Internal Audit function as a whole;
- Approving the hiring and remuneration of the Head of Internal Audit; and
- Reviewing and approving the Internal Audit Charter, the risk-based audit plan, the resource plan, and the budget.

Internal Audit provides reporting to the Audit Committee and the Senior Management to support transparent and timely communication of its findings. Written reports are addressed to the Senior Management following the conclusion of various audit activities. In addition, Internal Audit reports quarterly to the Audit Committee. This reporting includes progress against the audit plan; reports issued during the quarter; progress against open audit observations; proposed changes to the plan, if necessary; progress against budget; and any other relevant matters.

f. Actuarial Function

The actuarial function is performed by individuals with experience commensurate with the complexity and scope of the reserves assumed by the Group.

i. General Insurance

For Bermuda insurance subsidiaries, the primary duty of the Loss Reserve Specialist is to oversee the estimation of liabilities, setting of appropriate actuarial methodologies and assumptions used to estimate reserves to meet the requirements of the insurance laws of Bermuda and the oversight of actuarial staff. When required, the Loss Reserve Specialist also provides input and assistance regarding the underwriting process, including reviews of the profitability of the business on individual transactions. Pursuant to Section 6C of the Insurance Act and the Rules, the BMA provided an exemption to FIRL from filing with the Authority an opinion of its Loss Reserve Specialist for the year ended December 31, 2024.

ii. Long-Term Business

The Approved Actuary ensures that benefit reserves are calculated to meet the requirements of the insurance laws of Bermuda, are computed in accordance with accepted actuarial reserving practices, make an adequate provision for the total long-term business liabilities of Bermuda insurance subsidiaries under the terms of its contracts and agreements, and make sure that the assumptions are appropriate to the circumstances of Bermuda insurance subsidiaries and the policies in force. The Approved Actuary also reviews asset liability matching, capital requirements, analysis of finance results and proposals to reinsure additional business.

The U.S. Appointed Actuary is responsible for ensuring that reserves for U.S. insurance subsidiaries are established in accordance with statutory requirements and actuarial standards of practice, including applicable laws and regulations of the National Association of Insurance Commissioners ("NAIC") and relevant state insurance departments. The U.S. Appointed Actuary prepares the Actuarial Opinion and supporting Actuarial Memorandum, attesting to the adequacy of reserves in light of the supporting assets. The Appointed Actuary also serves as U.S. insurance subsidiaries' Qualified Principal-Based Reserving ("PBR") Actuary and ensures the reserves calculated under the PBR framework are calculated in accordance with the Valuation Manual and all applicable standards. The U.S. Appointed Actuary also establishes reserves appropriate for U.S. GAAP reporting requirements and reviews asset liability matching, the financial results of U.S. insurance subsidiaries and any proposals to reinsure additional business.

g. Outsourcing

i. Outsourcing Policy and Key Functions That Have Been Outsourced

Fortitude Re utilizes external vendors to support parts of its operations. These vendors are contracted by Fortitude Re's service companies, Fortitude Group Services, Inc. ("FGS"), a Delaware domiciled indirect subsidiary of FGP and direct wholly-owned subsidiary of FGH, and Fortitude International Group Services Ltd. ("FIGS"), a Bermuda domiciled indirect subsidiary of FGP and a direct wholly-owned subsidiary of FIL (FGS and FIGS, together, "Fortitude Re Service Companies"), which recharge the relevant operating company for the services provided by these vendors. No key functions are outsourced by Fortitude Re.

In addition, Fortitude Re maintains a Third Party Risk Management Standard that outlines the vetting, suitability and contracting process for outsourced relationships and the due diligence procedures to be undertaken to monitor performance and provide oversight of such arrangements.

ii. Description of Material Intra-group Outsourcing

Employees of Fortitude Re are predominantly employed by FGS and FIGS, which also provide functional support services such as information technology, operations, actuarial, risk management and legal services.

h. Any Other Material Information

An Oversight Committee comprised of representatives from certain of Fortitude Re's investors has disapproval rights over certain material transactions and other items.

VI. Risk Profile

a. Material Risks to which the Group is Exposed During the Reporting Period

The risks facing the Group include those related to insurance risk, credit risk, market risk, real estate risk, alternative asset risk, asset illiquidity risk, strategic risk, legal & regulatory risk, and operational risk. A summary of these risks is outlined below.

Insurance Risk is the risk of loss or adverse change in the value of insurance liabilities and reinsurance obligations. This includes risks associated with product design, reserving assumptions, and contract features:

- Property and Casualty Reserve Risk (FRL): Represents the variability in the timing or amount (size/ severity and count/frequency) of loss costs including indemnity, medical, and loss adjustment expenses. Depending on the product line, the development of the reserve from the initial loss estimate to the subsequent loss estimates and ultimate claims paid may vary meaningfully and emerge over multiple years. The risk can also be increased by social and medical inflation. FRL manages this uncertainty through internal controls and oversight of the loss reserve setting process.
- Mortality Risk (FRL, FIRL, FLIAC): Present in contracts where benefits are based upon the death/ survival of the insured and includes base mortality risk, mortality improvement risk and mortality calamity risk. In mortality risk, base mortality risk is the risk of loss arising from actual base mortality rates being higher than expected. Mortality improvement risk is the risk of loss arising from actual mortality improvement rates being lower than expected. This risk could arise from slower progress in medical treatments and effectiveness, societal health changes, and other factors. Mortality calamity risk is the risk of loss arising from actual mortality rates being higher than expected due to a calamity. This risk could most significantly arise from pandemics.
- Longevity Risk (FRL, FLIAC): Refers to the risk that annuitants or policyholders live longer than expected. As a result, the actual duration of benefit payments may exceed expectations, potentially leading to higher than anticipated liabilities and adverse impacts on the FRL's and FLIAC's financial condition. Opposite to mortality risk above, longevity risk includes lower base mortality risk and higher mortality improvement risk. Effective management of longevity risk is critical, particularly for portfolios with significant exposure to long-term annuity products.
- Morbidity Risk (FRL): The risk arising from actual morbidity (i.e. illness, disability or disease) differing adversely from expectations. This risk encompasses incidence, termination, and utilization risks. This risk is present in contracts where benefits are based upon the health of the insured.
- Lapse and Surrender Risk (FRL, FIRL, FLIAC): The risk that policyholders terminate their insurance or reinsurance contracts earlier or later than assumed in pricing and reserving models. Deviations from expected lapse or surrender behavior can impact the timing and amount of cash flows, affect the value of liabilities, and potentially lead to losses, particularly for products with embedded guarantees or surrender value features.
- Other Policyholder Behavior Risk (FRL, FIRL, FLIAC): The risk of loss arising from actual policyholder behavior differing adversely from expected other than lapse and surrender. Said differently, it is the risk of loss arising from more efficient utilization of policy options throughout the life of the contract. This risk is present in contracts where policyholders have options, such as premium payment pattern, term conversion, withdrawal, and form of annuity election.

- Expense Risk (FRL, FIRL, FLIAC): The risk that future administrative and operational costs exceed assumptions.

Credit Risk (FRL, FIRL, FLIAC): Potential losses arising from default and downgrade risk of issuers within the investment portfolio or of the company's trading counterparties. Fortitude Re pursues and manages credit risk in its investment portfolio and accepts counterparty credit risk to support its business objectives; Fortitude Re intends to diversify its credit risk takings and manage its credit concentration risk along multiple dimensions.

Market Risk (FRL, FIRL, FLIAC): Potential losses due to adverse movements in financial markets and asset and liability valuations. Fortitude Re assumes market risk in its normal course of business and accepts measured market risks where it has the capability to understand, monitor, and manage exposures, particularly as they relate to assets supporting long-dated liabilities to achieve economic value and sustained profitability. FLIAC's products are subject to the risk of loss from changes in interest rates and equity prices. The profitability of many of FLIAC's insurance annuity products depends in part on the value of the separate accounts supporting these products, which can fluctuate substantially depending on market conditions.-

Real Estate Risk (FRL, FIRL, FLIAC): Fortitude Re pursues investments with market risk exposure to commercial and residential real estate and intends to diversify such risk taking across geography and property types.

Alternative Asset Risk (FRL, FIRL): Fortitude Re pursues and manages market risk in alternative assets and intends to diversify such risk taking across asset types, underlying sector exposures and risk drivers, and in principle limit their allocation to backing long-dated liabilities and surplus.

Asset Illiquidity Risk (FRL, FIRL, FLIAC): The risk that the Group may be unable to sell assets in a timely manner without incurring significant losses in value, particularly during periods of market stress or heightened liquidity demand. Illiquid assets may be difficult to value or exit, which can create challenges in meeting liability cash flows or collateral requirements when they come due.

Strategic Risk (Group, FRL, FIRL, FLIAC): Represents the inability to implement appropriate business strategies, make decisions, or adapt to changes in the business environment.

Legal & Regulatory Risk (Group, FRL, FIRL, FLIAC): The risk of a change in legislation or regulator expectations that will materially impact business operations, financial performance, and/or capital requirements. The risk drivers include changes in legal or regulatory environment and changes or added complexity of accounting / tax standards.

Operational Risk (Group, FRL, FIRL, FLIAC): The risk of loss, or other adverse consequences, resulting from inadequate or failed internal processes, people, systems, modeling, or from external events.

b. Risk Mitigation in the Group

The Group employs a comprehensive set of risk mitigation strategies across its business activities to manage and control its exposure to material risks. These practices are embedded in the Group's day-to-day operations and are overseen through its Enterprise Risk Management ("ERM") framework, which promotes proactive identification, measurement, monitoring, and mitigation of risks across all key areas of the business.

Fortitude Re actively manages risks across its investment portfolio, insurance inforce products, operational processes, capital structure, and broader strategic decision-making. Key risk mitigation practices include:

- Liability Management and Reserving Controls (FRL, FIRL, FLIAC): Fortitude Re performs regular, detailed reviews of its insurance liabilities, including the adequacy of reserves for future claims and

loss adjustment expenses. These are subject to rigorous governance processes, including periodic peer reviews and independent actuarial challenge. Experience studies are conducted at least annually and are reviewed as part of a controlled assumption and model governance process.

- Investment Risk Controls (Group, FRL, FIRL, FLIAC): Fortitude Re maintains investment guidelines that govern asset allocation, credit quality, issuer limits, liquidity thresholds, and duration targets. Portfolio managers are subject to ongoing monitoring to ensure alignment with these guidelines, and exposures are reported regularly to the Investment and Risk Committees.
- Asset-Liability Management (FRL, FIRL, FLIAC): ALM strategies are implemented to align the duration and cash flow profiles of assets and liabilities, with defined mismatch tolerances. Derivatives and hedging programs are employed selectively to manage interest rate, currency, and equity market risks, subject to strict policy limits.
- Liquidity Risk Management (Group, FRL, FIRL, FLIAC): Liquidity is monitored through a formal liquidity framework that includes stress testing, early warning indicators, and contingency funding plans. Fortitude Re maintains high-quality liquid assets and access to committed credit facilities to ensure it can meet policyholder obligations under stressed conditions.
- Operational Risk Mitigation (Group, FRL, FIRL, FLIAC): A structured operational risk framework is in place, including internal controls, process documentation, key risk indicators, and incident reporting. Cybersecurity, data protection, and third-party risk management programs are also central to this area.
- Counterparty Risk Management (Group, FRL, FIRL, FLIAC): Reinsurance counterparties, derivative counterparties, and other financial exposures are managed through credit risk assessments, collateralization requirements, and concentration limits. Regular counterparty reviews are conducted to assess creditworthiness and ensure compliance with risk policies.
- Risk Appetite, Limits, and Monitoring (Group): Fortitude Re defines quantitative and qualitative risk tolerances that are monitored across all material risk types. Breaches or near-breaches trigger escalation procedures and remediation plans. Risk dashboards and regular reporting to executive leadership and the Risk and Capital Committee Board support transparency and informed decision-making.
- Strategic and Emerging Risk Oversight (Group, FRL, FIRL, FLIAC): Strategic decisions including acquisitions, business transformation initiatives, and capital planning are subject to risk assessments and scenario analysis. The Risk Management department also conducts forward-looking risk identification to assess emerging risks and evolving regulatory expectations. Through these comprehensive mitigation strategies, Fortitude Re seeks to ensure it maintains a resilient financial position and robust operational foundation, enabling it to meet its commitments to policyholders and stakeholders in a wide range of conditions.

c. Material Risk Concentrations

The Group aims to diversify its retained risk concentrations. The Group has a clearly articulated appetite identifying risks sought, accepted, and avoided and a business strategy to pursue a diverse range of products consistent with both this appetite and the objective of risk diversification.

Fortitude Re holds an inforce portfolio that includes a variety of products including both mortality and longevity risks covering geographic locations in U.S. and Japan. Its investment portfolio includes diversified asset classes with single obligor limits to avoid excessive concentration and ensure diversification across rating categories. The Group reviews the impact to risk profile and to risk diversification as part of the transaction diligence process, and monitors the inforce asset and liability risk profiles periodically.

d. Investment in Assets in Accordance With the Prudent Person Principles of the Code of Conduct

Fortitude Re's investment portfolio is managed by the Chief Investment Officer in accordance with the Group's investment policy guidelines. These guidelines delineate the Group's investment objectives, which include preservation of invested capital, prudent diversification of portfolio assets, controlling income, diversifying risks, and maintaining adequate liquidity. The guidelines contain customary limits with respect to issuer concentrations, ratings composition, and asset class limitations, among others, that are consistent with accomplishing the Group's investment objectives. These guidelines are reviewed as needed if any significant deviations have occurred that affect the financial markets, or if company-specific considerations warrant a reconsideration of one or more of the investment limitations. Regular reporting is provided to the Group's management and the Fortitude Re Boards with respect to portfolio composition and performance.

e. Stress Testing and Sensitivity Analysis to Assess Material Risks

Stress Scenario Testing ("SST") is a cornerstone of Fortitude Re's ERM framework. The SST framework is an integral part of Fortitude Re's Risk Appetite, which is formally approved by the relevant Fortitude Re Boards, and the results of stress testing exercises are regularly reviewed with the relevant Fortitude Re Boards. Stress testing plays a critical role in evaluating the Group's and legal entities' capital position under a range of adverse but plausible market and insurance scenarios. The approach for stress testing is consistent across legal entities FRL, FIRL, and FLIAC as it is for the Group. Results of SST are completed at the legal entity level then they are aggregated to derive Group results.

The primary objective of SST is to ensure the Group maintains a comprehensive understanding of its risk profile and is well-positioned to take proactive risk management actions. It also supports the development and calibration of effective risk mitigation strategies. Stress testing is integral to the Group's risk appetite framework and is a key input to the GSSA. Scenarios are constructed around the Group's material risk exposures, such as interest rate shocks, equity market declines, credit spread widening, migration, lapse shocks, and longevity shifts and are designed to assess the potential impact on available capital and solvency ratios for both the legal entities and the Group.

Based on the most recent SST results, the legal entities FRL, FIRL and FLIAC as well as the Group remain well-capitalized and resilient, with sufficient capital to withstand severe but plausible stresses. These outcomes reinforce the Group's ability to meet its obligations to policyholders, even under adverse conditions.

f. Any Other Material Information

No other material information to report.

VII. Solvency Valuation

Effective April 1, 2024, Fortitude Re became group supervised by the BMA and as a result, a group filing is required for the year ended December 31, 2024. Fortitude Re's solvency valuation is determined using a Deduction and Aggregation ("D&A") methodology.

Fortitude Re's D&A methodology is a modified version of U.S. Group Capital Calculation developed by the NAIC and is directly built upon local regulatory requirements of each reporting entity under the insurance group. It aggregates the Total Available Capital ("TAC") and required capital of the reporting entities, and deducts investments in subsidiaries to avoid double-counting. In particular, the NAIC Group Capital Calculation method uses jurisdictional equivalency standards to determine if non-U.S. entities' capital can be counted using their home regulator's rules, and in most cases, a scalar is used to adjust the TAC and required capital. Fortitude's D&A method inversely applies the NAIC scalar to entities reporting under the NAIC's risk-based capital ("RBC") to convert these entities to be equivalent with the BMA BSCR framework.

a. Valuation Bases, Assumptions and Methods to Derive the Value of Each Asset Class

FGP and Bermuda insurance subsidiaries consider the valuation principles outlined by the BMA's "*Guidance Note for Statutory Reporting Regime*" for the reporting period's Economic Balance Sheet ("EBS"). The economic valuation principles for FRL and FIRL are to measure assets on a fair value basis.

Fair value is the price that a party would receive to sell an asset or pay to transfer a liability (exit price) in an orderly transaction between market participants. Fortitude Re determines fair value based on the following fair value hierarchy:

- Level 1: Fair value is based on unadjusted quoted prices in active markets that are accessible to the company for identical assets or liabilities.
- Level 2: Fair value is based on significant inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets and liabilities, quoted market prices in markets that are not active for identical or similar assets or liabilities, and other market observable inputs.
- Level 3: Fair value is based on at least one significant unobservable input for the asset or liability. The assets and liabilities in this category may require significant judgement or estimation in determining fair value.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement. Fortitude Re uses the following valuation methods and assumptions to estimate the fair value of assets on the EBS for Group, FRL and FIRL.

- Cash and cash equivalents (FGP, FRL, FIRL): Cash and cash equivalents, including certain money market instruments, are primarily valued using unadjusted quoted prices in active markets that are accessible for identical assets and are primarily classified as Level 1. Due to their short term nature, all other instruments are primarily classified as Level 2 as amortized cost is used as the best estimate of fair value.

- Short term investments (FGP, FRL, FIRL): Fair values of short term investments are generally based on market observable inputs and are primarily classified as Level 2.
- Funds withheld - directly managed (FGP and FRL only, not applicable to FIRL): The fair value of the underlying assets collateralizing the funds withheld - directly managed, inclusive of the associated embedded derivative, are generally based on market observable inputs using industry standard valuation techniques but also require certain significant unobservable inputs for specific asset classes. The level in the fair value hierarchy assigned to the funds withheld - directly managed is based upon the observability of inputs used to value the underlying investment assets held at fair value within the funds withheld portfolio.
- Fixed maturity securities (FGP, FRL, FIRL): Whenever available, each company obtains quoted prices in active markets for identical assets at the balance sheet date to measure the fair value of fixed maturity securities. Market price data is generally obtained from dealer markets. The company employs multiple independent third-party valuation service providers that gather, analyze, and interpret market information to derive fair value estimates for individual investments, based upon market-accepted methodologies and assumptions. The methodologies used by these independent third-party valuation service providers are reviewed and understood by management, through periodic discussion with and information provided by the independent third-party valuation service providers, and a vendor hierarchy is maintained by asset type based on historical pricing experience and vendor expertise. The company ultimately uses the price from the pricing service highest in the vendor hierarchy based on the respective asset type. The pricing hierarchy is updated, as needed, for new financial products. When observable price quotations are not available, indicative broker quotes, asset manager pricing, or third-party valuation specialist pricing is used for valuation. Fair value can be determined based on discounted cash flow models using discount rates based on credit spreads, yields or price levels of comparable securities, adjusted for illiquidity and structure. The significant unobservable inputs used in the fair value measurement of these investments are liquidity discount rates applied to each of the net tangible book value multiples used in the internal valuation models, and discount rates applied to the expected cash flows of the underlying entities in various scenarios. These unobservable inputs in isolation can cause significant increases or decreases in fair value. Generally, an increase in the liquidity discount rate or discount rates would result in a decrease in the fair value of these private investments. Asset manager overrides and indicative broker quotes are generally included in Level 3 in the fair value hierarchy.
- Mortgage loans (FGP, FRL, FIRL): Fair value for mortgage loans is based upon the present value of the expected future cash flows discounted at the appropriate U.S. Treasury rate or foreign government bond rate (for non-U.S. dollar-denominated loans) plus an appropriate credit spread for loans of similar quality, average life and currency. The quality ratings for these loans, a primary determinant of the credit spreads and a significant component of the pricing process, are based on asset manager's internally developed methodology. For FGP only, certain commercial mortgage loans are valued incorporating additional factors, including the terms of the loans and the principal exit strategies for the loans.

- Derivative instruments (FGP): The fair values of derivative contracts can be affected by changes in interest rates, foreign exchange rates, credit spreads, market volatility, expected returns, non-performance NPR, liquidity and other factors. The company's exchange-traded futures and options include treasury and equity futures. Exchange-traded futures and options are valued using quoted prices in active markets and are classified within Level 1 in the fair value hierarchy. The majority of the company's derivative positions are traded in the over-the-counter ("OTC") derivative market and are classified within Level 2 in the fair value hierarchy. OTC derivatives classified within Level 2 are valued using models that utilize actively quoted or observable market input from external market data providers, third-party pricing vendors and/or recent trading activity. The company's policy is to use mid-market pricing in determining its best estimate of fair value. The fair values of most OTC derivatives, including interest rate and cross-currency swaps, currency forward contracts and credit default swaps are determined using discounted cash flow models. The company's cleared interest rate swaps and credit derivatives linked to an index are valued using models that utilize actively quoted or observable market inputs, including the Secured Overnight Financing Rate ("SOFR"), obtained from external market data providers, third-party pricing vendors, and/or recent trading activity. These derivatives are classified as Level 2 in the fair value hierarchy.
- Derivative instruments (FRL): The fair values of derivative contracts can be affected by changes in interest rates, foreign exchange rates, credit spreads, market volatility, expected returns, NPR, liquidity and other factors. The majority of the company's derivative positions are traded in the OTC derivative market and are classified within Level 2 in the fair value hierarchy. OTC derivatives classified within Level 2 are valued using models that utilize actively quoted or observable market input from external market data providers, third-party pricing vendors and/or recent trading activity. The company's policy is to use mid-market pricing in determining its best estimate of fair value. The fair values of most OTC derivatives, including interest rate and cross-currency swaps, currency forward contracts and credit default swaps are determined using discounted cash flow models. The company's cleared interest rate swaps and credit derivatives linked to an index are valued using models that utilize actively quoted or observable market inputs, including the SOFR, obtained from external market data providers, third-party pricing vendors, and/or recent trading activity. These derivatives are classified as Level 2 in the fair value hierarchy. In addition, the company participates in a credit default swap with an affiliate for which the fair value is calculated using an internally developed notional principal contract pricing model. The company had no outstanding receivables or payables associated with the credit default swap on the consolidated balance sheets as of December 31, 2024.
- Derivative instruments (FIRL): The fair values of derivative contracts can be affected by changes in interest rates, foreign exchange rates, market volatility, expected returns, NPR, liquidity and other factors. The company's derivative positions are traded in the OTC derivative market and are classified within Level 2 in the fair value hierarchy. OTC derivatives classified within Level 2 are valued using models that utilize actively quoted or observable market input from external market data providers, third-party pricing vendors and/or recent trading activity. The company's policy is to use mid-market pricing in determining its best estimate of fair value. The fair values of most OTC derivatives, including cross-currency swaps and currency forward contracts are determined using discounted cash flow models.

- Other invested assets - Limited partnerships and limited liability companies (FGP, FRL, FIRL): Other invested assets include investments in private equity funds, for which the company utilizes net asset value ("NAV"), a permitted practical expedient, as an estimate of the fair value.
- Reinsurance receivables (FGP): FGP has elected the fair value option on certain reinsurance receivables which are measured in a consistent manner with the associated insurance liabilities, which are also recorded at fair value. Accordingly, the fair value of the reinsurance receivables for which the company has elected the Fair Value Option ("FVO") is determined by the fair value calculation of insurance liabilities.
- Modified coinsurance agreement receivables (FGP): The modified coinsurance receivable represents the reserve credits for the insurance liabilities covered under the reinsurance agreements regarding variable annuity base contracts, along with guaranteed benefits. The modified coinsurance receivable is measured in a consistent manner with the associated insurance liabilities, which are also recorded at fair value.
- Deposit asset (FGP): FGP has elected FVO on the entirety of the company's deposit asset, which represents assets, held in trust by the reinsurer, that back the insurance liabilities for certain fixed indexed annuities and fixed annuities with a guaranteed lifetime withdrawal income. The deposit is measured in a consistent manner with the associated insurance liabilities, which are recorded at fair value.
- Separate account assets (FGP): Separate account assets are comprised of mutual funds that contain various underlying investments such as fixed maturity securities, treasuries, and equity securities. These mutual funds generally transact regularly but do not typically trade in active markets because they are not publicly available, accordingly, fair values are based on transaction prices of identical fund shares and are classified within Level 2 in the fair value hierarchy.

U.S. insurance subsidiaries are subject to U.S. statutory accounting and NAIC RBC requirements. U.S. insurance subsidiaries submit statutory financial statements and RBC filings where assets are valued at amortized cost (i.e. book value basis), with the exception that certain derivative instruments are valued at market value. The statutory financial statements are prepared in accordance with NAIC's Statutory Accounting Principles, under which a portion of the Deferred Tax Asset ("DTA") is non-admitted in the U.S. statutory framework, and Goodwill is removed. A Replication/Synthetic Asset Transaction to manage interest rate risk impacts Statutory results. Finally, derivative financing premium is amortized on a straight line basis.

b. Valuation Bases, Assumptions and Methods to Derive the Value of Technical Provisions

Fortitude Re has considered valuation principles outlined by Schedule XXVI of the BMA's Insurance Prudential Standards Rules, as amended in 2024, when determining the insurance technical provisions for the Bermuda insurance entities. The primary valuation method that was used to determine the best estimate technical provisions for FRL and FIRL was the BMA's Scenario Based Approach.

The best estimate cash flows have been discounted reflecting the projected performance of the Bermuda insurance entities' assets under the most severe interest rate stress scenario at the sub-portfolio level. The risk free interest rate scenarios were supplied by the BMA. In addition, FRL and FIRL also hold a risk margin to reflect the cost of holding the non-hedgeable capital requirement in all future time periods, which is calculated using the cost of capital approach and a risk-free discount rate term structure. The discount rate term structures are prescribed by the BMA for each reporting period.

U.S. insurance subsidiaries' insurance liabilities are calculated according to the Standard Valuation Law ("SVL") developed by NAIC, which defines the methods and assumptions used in determining the minimum statutory formula reserves. For annuity contracts such those issued by FLIAC, the Commissioners Annuity Reserve Valuation Method ("CARVM") requires that statutory reserves be established to adequately fund all guaranteed contract obligations, including those obligations which are optional to the contract owner though not elected. For payout annuities, the reserves are based on the

mortality and maximum interest rates as prescribed by the SVL, based on date of issue or date of maturity, as appropriate. For other individual annuity contracts, such as variable deferred annuities, reserves are calculated pursuant to Section 21 of the Valuation Manual ("VM-21").

FLIAC's insurance liabilities include guarantees primarily associated with the living benefit features of certain variable annuity contracts, including guaranteed minimum accumulation benefits, guaranteed withdrawal benefits, guaranteed minimum death benefits, and guaranteed minimum income and withdrawal benefits. These are optional riders that are added to the base variable annuity contract, which includes mortality and expense risk charges and other contract charges.

The Technical Provisions for the Group, FRL and FIRL are presented in Figure 5 below for the applicable periods. For Fortitude Re's Bermuda insurance subsidiaries, the Technical Provisions are calculated under the BSCR framework. Fortitude Re's group Technical Provision is presented using the D&A methodology as agreed upon with the BMA.

Figure 5.1. Technical Provision (D&A Basis) (in millions) of Fortitude Re

	2024
Best Estimate	\$ 63,449
Risk Margin	1,220
Technical Provision	\$ 64,669

Figure 5.2. Technical Provision (EBS Basis) (in millions) of Fortitude Reinsurance Company Ltd

	Year Ended December 31,			
	2024		2023	
	Long-term	General	Long-term	General
Best Estimate	\$ 53,753	\$ 2,057	\$ 57,502	\$ 2,408
Risk Margin	907	290	1,009	376
Technical Provision	\$ 54,660	\$ 2,347	\$ 58,511	\$ 2,784

Figure 5.3. Technical Provision (EBS Basis) (in millions) of Fortitude International Reinsurance Ltd.

	Year Ended December 31,			
	2024		2023	
	Long-term	General	Long-term	General
Best Estimate	\$ 4,629	\$ —	\$ 4,095	\$ —
Risk Margin	23	—	24	—
Technical Provision	\$ 4,652	\$ —	\$ 4,119	\$ —

c. Description of Recoverables from Reinsurance Contracts

As of December 31, 2024, FRL and FIRL do not have any ceded reinsurance. FLIAC is involved with reinsurance agreements for which it is a ceding entity. As a ceding entity, the exposure to the risks reinsured is reduced by transferring certain rights and obligations of the underlying insurance product to a counterparty. FLIAC cedes a portion of general account business on a coinsurance basis and separate account business under modified coinsurance. FLIAC did not report any recoverable amount from ceded reinsurance contracts as of December 31, 2024.

d. Valuation Bases, Assumptions and Methods to Derive the Value of Other Liabilities

Similar to the valuation principles for assets, FRL and FIRL's liabilities follow the valuation principles outlined by the BMA's "Guidance Note for Statutory Reporting Regime" which values liabilities on a fair value basis.

Fortitude Re uses the following valuation methods and assumptions to estimate the fair value of other liabilities on the Economic Balance Sheets for FGP, FRL and FIRL.

- Future policy benefits, policyholder contract deposits and liability for loss and loss adjustment expenses (FGP, FRL, FIRL): Refer to section VII(b) for further information.
- Collateral deposit liability (FGP, FRL, FIRL): Under U.S. GAAP principles, the deposit liability is recognized on the balance sheet as a liability and interest expense is recognized using the effective yield method. Under EBS principles, the collateral deposit liability is discounted at an appropriate risk-adjusted discount rate.
- Deferred gain from reinsurance contracts (FGP, FRL, FIRL): Under U.S. GAAP principles, the difference between the consideration received in excess of the liabilities assumed under the reinsurance contract is recorded as a deferred gain from reinsurance contracts in the consolidated balance sheets. The deferred gain is amortized over the lives of the reinsured policies in relation to expected benefit payments or insurance in-force for life insurance contracts, or over the settlement period of the assumed reserves, as applicable. Under EBS principles, the deferred gain is recognized immediately within equity.
- Deferred cost of reinsurance contracts ("Deferred Costs") (FGP, FRL, FIRL): Under U.S. GAAP principles, for the reinsurance of existing in-force blocks that transfer significant insurance risk, the excess of the liabilities assumed that exceeds the fair value of assets received is recognized as Deferred Costs at the inception of the reinsurance agreement. Deferred Costs are amortized into income over the lives of the reinsured policies in relation to expected benefit payments or insurance in-force for life and annuity insurance contracts, or over the settlement period of the assumed reserves, as applicable. Under EBS principles, Deferred Costs are recognized immediately within equity.
- Modified coinsurance agreement payables (FGP): The modified coinsurance payable primarily represents the fair value of the cession of assets backing the ceded insurance liabilities under the reinsurance agreement. Accordingly, the fair value of the modified coinsurance payable is measured in a consistent manner with the fair value of the assets under the reinsurance agreement.
- Separate account liabilities (FGP): Separate account liabilities are recorded at the amount credited to the contractholder, which reflects the change in fair value of the corresponding separate account assets including contractholder deposits less withdrawals and fees.
- Value of Business Acquired ("VOBA") (FGP, FRL): In conjunction with "pushdown" accounting, a VOBA liability balance was established to reflect the difference between the fair value of reserves and their carried amount. Under U.S. GAAP principles, the VOBA liability balance is amortized over an estimated settlement period in relation to expected benefit payments or insurance in-force amounts for the reinsured insurance policies. The amortization is included within "Policyholder benefits and losses incurred" within the Statement of (Loss) / Income. Under EBS principles, the VOBA is recognized immediately within equity.
- Fixed index annuity ("FIA") embedded derivative (FGP and FRL only, not applicable to FIRL): The index-crediting feature in the FIA products is an embedded derivative that is required to be accounted for separately from the host contract and is classified within policyholder contract deposits on the consolidated balance sheet. The fair value of the obligation is calculated based on actuarial and capital market assumptions related to the projected cash flows over the anticipated life of the underlying policies. The cash flow estimates are produced by market implied assumptions. This embedded derivative is reflected within Level 3 in the fair value hierarchy. The company's cleared interest rate swaps and credit derivatives linked to an index are valued using models that utilize

actively quoted or observable market inputs, including the SOFR, obtained from external market data providers, third-party pricing vendors, and/or recent trading activity. These derivatives are classified as Level 2 in the fair value hierarchy. The valuation methodology for these liabilities under U.S. GAAP is consistent with the valuation approach for EBS purposes.

- Reinsurance payable, deferred income tax liability and other liabilities: The valuation methodology for these liabilities under U.S. GAAP is consistent with the valuation approach for EBS purposes.

e. *Any Other Material Information*

No other material information to report.

VIII. Capital Management

a. *Eligible Capital*

The capital management objective for Fortitude Re, including its operating subsidiaries, is to maintain sufficient capital at all times to meet regulatory requirements, provide stability to policyholders, and to support future business development needs. The Group's assessment of capital adequacy links the current and projected capital position of the Group, based on its business strategy and plans, to the standards and guidance set forth in its capital management policies and guidelines.

For the year ended December 31, 2024, the Group assesses capital adequacy based on the Bermuda solvency requirements as well as certain U.S. statutory guidelines. FRL and FIRL continue to assess capital management results under the BSCR framework; FLIAC operates in the United States and continues to assess capital management results under the NAIC RBC Framework.

The capital adequacy assessment process involves significant collaboration between the ERM, Actuarial, Capital Management and Treasury departments. The process is reliant upon baseline and stressed financial projections. The baseline is derived mainly from the respective operating entity-level and group-level budget plans which are prepared by business finance teams, then submitted to and approved by the Chief Financial Officer, and reviewed by the Chief Risk Officer.

The Group's risk profile is stressed to ensure internal and regulatory capital targets are not breached in a stress scenario. Under the Risk Appetite Framework implemented by the RCC, no capital or strategic transactions are submitted to the Board for approval without due consideration being given to the impact on capital adequacy. Transactions are reviewed in the context of the broader Fortitude Re group, including all subsidiary companies. FRL, FIRL, and FLIAC will consider, among other things, the capital needs of other operating groups, its own capital and/or liquidity needs, the broader strategic objectives of the Group, and the regulatory, compliance and ratings implications. Dividend recommendations and strategic transactions are only made to the Board should the testing show that, after payment of the dividend or strategic transaction, the Group and/or the operating entity would remain above its stress capital adequacy threshold as specified in the risk appetite statement.

The BMA has implemented a 'three-tiered capital system' for Class 4/E insurers and insurance groups designed to assess the quality of capital resources that an insurer has available to meet its capital requirements as outlined in the Act. Highest quality capital is classified as Tier 1 Capital, lesser quality capital is classified as either Tier 2 or Tier 3 Capital. Only Tier 1 and Tier 2 capital are admissible to cover the Minimum Solvency Margin ("MSM"), whereas all tiers of capital are admissible to cover the Enhanced Capital Ratio ("ECR"), subject to percentage admissibility limits defined by the BMA.

The eligible capital for Group, FRL, and FIRL is shown in Figure 6 below for the applicable periods. Tier 1 and 2 capital consisted of common stock, contributed surplus and economic surplus.

Figure 6.1. Eligible Capital Categorized by Tier (in millions) as of December 31, 2024

	Fortitude Re	FRL	FIRL
Tier 1	\$ 5,834	\$ 5,899	\$ 629
Tier 2	3	—	2
Tier 3	—	—	—
Total Eligible Capital	\$ 5,837	\$ 5,899	\$ 631

Figure 6.2. Eligible Capital Categorized by Tier (in millions) as of December 31, 2023⁽²⁾

	FRL	FIRL
Tier 1	\$ 6,925	\$ 270
Tier 2	4	1
Tier 3	—	—
Total Eligible Capital	\$ 6,929	\$ 271

⁽²⁾ Eligible capital at December 31, 2023 is only shown for FRL and FIRL. Group supervision came into effect as of April 1, 2024. Therefore, eligible capital at group level was not applicable at December 31, 2023.

As of December 31, 2024, nearly all statutory economic capital and surplus is eligible for FRL and used to meet the ECR and MSM regulatory capital limits. As of December 31, 2024, all statutory economic capital and surplus is eligible for FIRL and used to meet the ECR and MSM regulatory capital limits. Fortitude Re's eligible capital used to meet its ECR and MSM are shown below in Figure 7.

Figure 7.1. Eligible Capital Categorized by Tier (in millions) used to meet the ECR

	Fortitude Re	FRL	FIRL
Tier 1	\$ 5,834	\$ 5,899	\$ 629
Tier 2	3	—	2
Tier 3	—	—	—
Total Eligible Capital	\$ 5,837	\$ 5,899	\$ 631

Figure 7.2. Eligible Capital Categorized by Tier (in millions) used to meet the MSM

	Fortitude Re	FRL	FIRL
Tier 1	\$ 5,834	\$ 5,899	\$ 629
Tier 2	3	—	2
Tier 3	—	—	—
Total Eligible Capital	\$ 5,837	\$ 5,899	\$ 631

Confirmation of Eligible Capital is Subject to Transitional Arrangements

None of the eligible capital is subject to transitional arrangements.

Identification of Any Factors Affecting Encumbrances Affecting the Availability and Transferability of Capital to Meet the ECR

There are no factors affecting encumbrances which affect the availability and transferability of capital to meet the ECR.

Identification of Ancillary Capital Instruments Approved by the Authority

As of December 31, 2024, FRL and FIRL recorded \$628 million (2023: \$932 million) and \$24 million (2023: \$0), respectively, of Tier 1 capital relating to a long-term investment credit approved by the BMA as ancillary capital.

Identification of Differences in Shareholder's Equity as Stated in the Financial Statements Versus Available Statutory Capital and Surplus

A reconciliation between the total statutory capital and surplus and the total equity balance as per the insurer's general purpose financial statements is shown in Figure 8 below for the applicable periods.

Figure 8.1. Reconciliation of FGH Parent, L.P.'s Shareholders' Equity to Bermuda Statutory Capital and Surplus (in millions)

	2024
Total GAAP Shareholders' Equity	\$ 2,333
Section 6C Exemption & Other	1,818
Total Statutory Capital and Surplus	\$ 4,151

FRL and FIRL have obtained permission under Section 6C of the Insurance Act to value Funds Held By Ceding Companies (Line 12) and Fixed Income Securities ((Line 2(a)(ii)) pertaining to long-term business at amortized cost rather than fair value within the Bermuda statutory financial statements, net of the impact of deferred taxation, for the year ended December 31, 2024.

FRL has also obtained permission under Section 6C of the Insurance Act to record the SOP 03-01 liability on a book value basis relating to its long-term business only in the Bermuda statutory financial statements including the impact of the modification to its deferred taxation, and to perform Loss Recognition Testing pertaining to long-term business on a book value basis within the statutory financial statements, net of the impact of deferred taxation, for the year ended December 31, 2024.

Figure 8.2. Reconciliation of FRL's Shareholders' Equity to Bermuda Statutory Capital and Surplus (in millions)

	2024	2023
Total GAAP Shareholders' Equity	\$ (1,792)	\$ (592)
Section 6C Exemption & Other	5,508	4,557
Total Statutory Capital and Surplus	\$ 3,716	\$ 3,965

Figure 8.3. Reconciliation of FIRL's Shareholders' Equity to Bermuda Statutory Capital and Surplus (in millions)

	2024	2023
Total GAAP Shareholders' Equity	\$ 658	\$ 657
Section 6C Exemption	33	(42)
Total Statutory Capital and Surplus	\$ 690	\$ 615

b. Regulatory Capital Requirements

Fortitude Re's regulatory capital requirements for the year ended December 31, 2024 and 2023 are shown in Figure 9 below. For Fortitude Re Group and Bermuda insurance subsidiaries, regulatory capital requirements are presented under the BSCR framework.

Figure 9.1. ECR and MSM requirements of Fortitude Re

ECR Requirements (in millions, except ratios)	2024
Available Capital	\$ 6,003
Required Economic Capital and Surplus	3,278
Ratio	183 %

MSM Requirements (in millions)	2024
Actual Statutory Capital and Surplus	\$ 4,151
Required Capital and Surplus	3,278

Figure 9.2. ECR and MSM requirements of FRL

ECR Requirements (in millions, except ratios)	2024	2023
Available Capital	\$ 6,048	\$ 6,929
Required Economic Capital and Surplus	2,929	3,163
Ratio	206 %	219 %
MSM Requirements (in millions)	2024	2023
Actual Statutory Capital and Surplus	\$ 3,716	\$ 3,965
Required Capital and Surplus	1,435	1,558

Figure 9.3. ECR and MSM requirements of FIRL

ECR Requirements (in millions, except ratios)	2024	2023
Available Capital	\$ 631	\$ 272
Required Economic Capital and Surplus	187	165
Ratio	338 %	165 %
MSM Requirements (in millions)	2024	2023
Actual Statutory Capital and Surplus	\$ 690	\$ 615
Required Capital and Surplus	92	76

For Fortitude Re's U.S. insurance subsidiaries, regulatory capital requirements are presented under the NAIC RBC Framework.

Figure 9.4. Required Capital and RBC ratio of FLIAC

US Statutory Requirements (in millions, except ratios)	2024	2023
Actual Total Adjusted Capital	\$ 498	\$ 713
Required Capital	84	88
RBC Ratio	590 %	811 %

Figure 9.5. Required Capital and RBC ratio of FCIC

US Statutory Requirements (in thousands, except ratios)	2024	2023
Actual Total Adjusted Capital	\$ 8,588	\$ 8,080
Required Capital	83	79
RBC Ratio	10,307 %	10,225 %

Figure 9.6. Required Capital and RBC ratio of FRC

US Statutory Requirements (in thousands, except ratios)	2024	2023
Actual Total Adjusted Capital	\$ 8,793	\$ 9,839
Required Capital	706	772
RBC Ratio	1,246 %	1,274 %

The Group, FRL, and FIRL were compliant with the MSM and the ECR as of December 31, 2024. All U.S. operating entities were compliant with all U.S. Statutory and RBC requirements as of December 31, 2024.

Identification of Any Non-Compliance with the MSM and the ECR
Not applicable.

A description of the Amount and Circumstances Surrounding the Non-Compliance, the Remedial Measures and their Effectiveness
Not applicable.

Where the Non-Compliance has not been Resolved, a Description of the Amount of the Non-Compliance
Not applicable.

c. Approved Internal Capital Model

Not applicable.

IX. Subsequent Events

a. Description, Date and Impact of Significant Events on Most Recent Financial Condition Report

Effective January 1, 2025, a U.S. based life insurance company recaptured its reinsurance agreement with FRL. The recapture resulted in full and final settlement of the FRL's obligations under the reinsurance agreement. The impact of the recapture resulted in a reduction in future policy benefits, a reduction in policyholder contract deposit, a reduction in funds withheld by ceding companies and an extinguishment of the related VOBA liability.

On February 26, 2025, FRL entered into a reinsurance agreement with a subsidiary of a U.S. based life insurance company to assume, on a coinsurance basis, a block of Long Term Care statutory reserves and Individual Disability Insurance premium, with an immediate retrocession of biometric risk to a highly rated global reinsurer. The transaction closed on July 1, 2025 following the completion of closing conditions.

On March 18, 2025, FIRL entered into a reinsurance agreement with an affiliated Japanese life insurance company. The reinsurance agreement provides for FIRL to assume a block of fully paid up whole life annuity policies, issued into the Japanese market and denominated in JPY.

On March 31, 2025, FGH closed on \$750 million in 6.25% investment grade senior unsecured notes, due in 2030. The notes will be fully and unconditionally guaranteed on a senior unsecured basis by FGP. On March 31, 2025, FGH used the proceeds from the notes to discharge \$600 million of the borrowings outstanding under the existing term loan facilities.

On June 27, 2025, FGP and FGH entered into a new credit agreement (the "2025 Credit Agreement") comprising two senior unsecured term loans totaling \$800 million (the "2025 Term Loans") and a \$750 million revolving credit facility (the "2025 Revolving Credit Facility"). The 2025 Term Loans mature on June 27, 2028, and June 27, 2029, and the 2025 Revolving Credit Facility matures on June 27, 2030. The 2025 Credit Agreement replaces the Fifth Amended and Restated Credit Agreement dated December 14, 2023, which was repaid and terminated using proceeds from the new term loans. Borrowings under the 2025 Credit Agreement bear interest at Term SOFR plus 1.50% and 1.625% for each term loan.

In July 2025, H.R.1, known as the “One Big Beautiful Bill Act” was signed into law. H.R.1 includes a broad range of tax reform provisions that are expected to impact businesses across numerous sectors of the U.S. economy. We are currently evaluating the full potential impacts of H.R.1 on FGP but do not expect it will have a material impact on its financial position or results of operations in 2025.

Effective August 4, 2025, FIRL entered into a flow reinsurance agreement with a Japanese life insurance company to assume single-premium deferred annuities.

On August 7, 2025, the FGP’s Board of Directors declared and approved a dividend of \$300 million.

In September 2025, FLIAC established a funding agreement backed notes (“FABN”) program that allows Fortitude Global Funding (“FGF”), a special-purpose unaffiliated trust, to offer FABNs to institutional investors. In October 2025, FGF purchased \$500 million of funding agreements from FLIAC using the net proceeds from notes issued under the FABN program. The funding agreements issued by FLIAC have matching interest and maturity payment terms with the associated notes issued under the FABN program. The board-authorized capacity under the FABN program is \$3 billion.

In October 2025, FLIAC closed on a flow reinsurance agreement with a U.S. based life insurance company to assume, on a coinsurance basis, certain newly-written fixed annuity policies.

In October 2025, FGP filed its federal tax return for the year ended December 31, 2024, which remains open for examination.

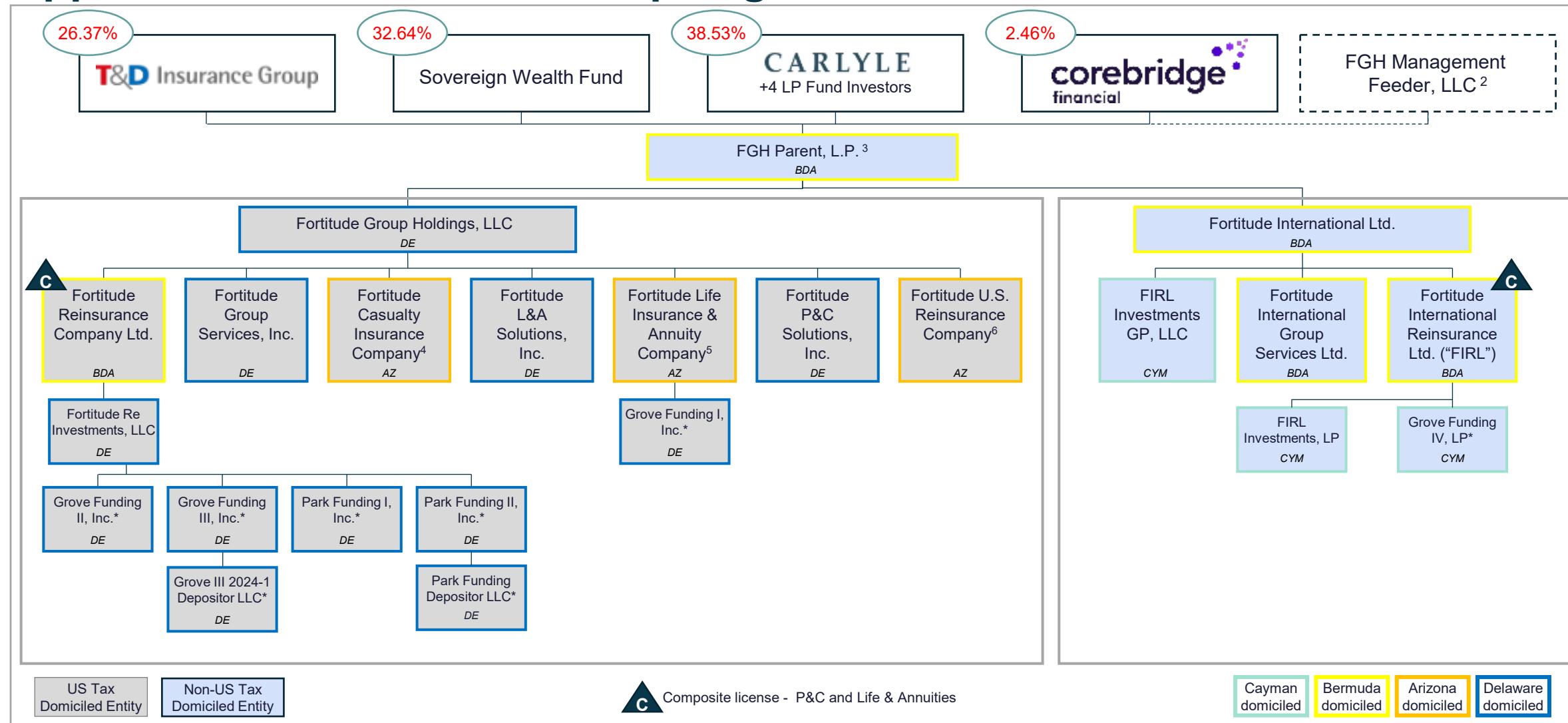
On November 1, 2025, FIRL entered into a quota share retrocession agreement with Fortitude Carlyle Asia Reinsurance Ltd. (“FCA Re”), a Class E licensed Bermuda-domiciled reinsurer, to which FIRL has committed to provide 19.9% of FCA Re’s equity capital. FIRL serves as insurance sponsor and Carlyle serves as asset management sponsor to FCA Re. Under the terms of the retrocession agreement FIRL has retroceded 50% of specified lines of business to FCA Re on a funds withheld basis, with an effective date of October 1, 2025, and may retrocede a specified quota share of future transactions meeting certain qualifying criteria.

Effective November 10, 2025, FIRL entered into a flow reinsurance agreement with a Japanese life insurance company to assume single-premium deferred annuities.

b. Any Other Material Information

No other material information to report.

Appendix One: Fortitude Group Legal Structure¹



Footnote: [1] As of December 31, 2024 [2] FGH Management Feeder, LLC is not an FGP wholly-owned subsidiary and owned by Fortitude management employees and ultimately the LTI Plan participants [3] Excludes investment subsidiaries that are not 100% owned by FGH Parent [4] f/k/a Plans' Liability Insurance Company [5] f/k/a Prudential Annuities Life Assurance Corporation [6] f/k/a Rx Life Insurance Company [*] These entities are affiliated with individual trusts: Grove Funding I Trust, Grove Funding II Trust, Grove Funding III Trust, Grove IV Grantor Trust I, Grove Funding III Trust 2024-1, Park Funding I Trust, Park Funding II Trust