

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended **June 30, 2023**
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the Transition period from to .
Commission File Number **001-34820**

KKR
KKR & CO. INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other Jurisdiction of
Incorporation or Organization)

88-1203639
(I.R.S. Employer
Identification Number)

30 Hudson Yards
New York, New York 10001
Telephone: (212) 750-8300

(Address, zip code, and telephone number, including
area code, of registrant's principal executive office.)

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock	KKR	New York Stock Exchange
6.00% Series C Mandatory Convertible Preferred Stock	KKR PR C	New York Stock Exchange
4.625% Subordinated Notes due 2061 of KKR Group Finance Co. IX LLC	KKRS	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 7, 2023, there were 857,679,856 shares of common stock of the registrant outstanding.

KKR & CO. INC.
FORM 10-Q
For the Quarterly Period Ended June 30, 2023

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which reflect our current views with respect to, among other things, our operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "believe," "think," "expect," "potential," "continue," "may," "should," "seek," "approximately," "predict," "intend," "will," "plan," "estimate," "anticipate," the negative version of these words, other comparable words or other statements that do not relate strictly to historical or factual matters. Without limiting the foregoing, statements regarding the declaration and payment of dividends on common or preferred stock of KKR & Co. Inc.; the timing, manner and volume of repurchase of common stock pursuant to its repurchase program; expansion and growth opportunities and other synergies resulting from acquisitions, reorganizations or strategic partnerships; the return of balance sheet capital if a fund has a successful fundraise; investment opportunities offered to individual investors to continue to grow and to represent a larger percentage of our assets under management; the estimate of the amounts expected to be owed under the tax receivable agreement; the ability of core private equity investments to generate earnings that compound over a long period of time; and the timing and completion of certain transactions contemplated by the Reorganization Agreement (as defined below) may constitute forward-looking statements. Forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements or cause the anticipated benefits and synergies from transactions to not be realized. We believe these factors include those described in the section entitled "Business Environment" in this report and "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the U.S. Securities and Exchange Commission ("SEC") on February 27, 2023 (our "Annual Report"). These factors should be read in conjunction with the other cautionary statements that are included in this report and in our other filings with the SEC. We do not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

CERTAIN TERMS USED IN THIS REPORT

In this report, references to "KKR," "we," "us" and "our" refer to KKR & Co. Inc. and its subsidiaries, including The Global Atlantic Financial Group LLC ("TGAFG" and, together with its subsidiaries, "Global Atlantic"), unless the context requires otherwise.

References to the "Series I preferred stockholder" or "KKR Management" are to KKR Management LLP, the holder of the sole outstanding share of our Series I preferred stock. References to our "senior principals" are to our senior employees who hold interests in the Series I preferred stockholder, including Mr. Henry Kravis and Mr. George Roberts (our "Co-Founders"). References to "principals" are to our current and former employees who formerly held interests in KKR Holdings L.P. ("KKR Holdings"), which we acquired on May 31, 2022, pursuant to the Reorganization Agreement, as discussed below. References to "carry pool participants" are to our current and former employees who hold interests in our "carry pool," which refers to the carried interest generated by KKR's business that is allocated to KKR Associates Holdings L.P. ("Associates Holdings"), in which carry pool participants are limited partners. Associates Holdings is currently not a subsidiary of KKR & Co. Inc.

KKR Group Partnership L.P. ("KKR Group Partnership") is the intermediate holding company that owns the entirety of KKR's business. Unless otherwise indicated, references to equity interests in KKR's business, or to percentage interests in KKR's business, reflect the aggregate equity interests in KKR Group Partnership, and are net of amounts that have been allocated to carry pool participants and any other holders of minority interests in KKR Group Partnership. References to "KKR Group Partnership" for periods prior to January 1, 2020 refer to KKR Fund Holdings L.P., KKR Management Holdings L.P. and KKR International Holdings L.P., collectively, which were combined on that date to form KKR Group Partnership. References to a "KKR Group Partnership Unit" refer to (i) one Class A partner interest in each of KKR Fund Holdings L.P., KKR Management Holdings L.P. and KKR International Holdings L.P., collectively, for periods prior to prior to January 1, 2020, and (ii) one Class A partner interest in KKR Group Partnership for periods on and after January 1, 2020. "Exchangeable securities" refers to securities that have the right to acquire KKR Group Partnership Units and to exchange them for our shares of common stock. As of the date of this report, our only outstanding exchangeable securities are vested restricted holdings units issued under the Amended and Restated KKR & Co. Inc. 2019 Equity Incentive Plan (the "2019 Equity Incentive Plan"). In the future, we may issue securities other than restricted holdings units that may constitute exchangeable securities.

On October 8, 2021, KKR entered into a Reorganization Agreement (the "Reorganization Agreement") with KKR Holdings, KKR Management, Associates Holdings, and the other parties thereto. Pursuant to the Reorganization Agreement, the parties agreed to undertake a series of integrated transactions to effect a number of transformative structural and governance changes, including (a) the acquisition by KKR of KKR Holdings and all of the KKR Group Partnership Units held by it (which

as noted below was completed), (b) the future elimination of voting control by KKR Management and the Series I preferred stock held by it, (c) the future establishment of voting rights for all common stock on a one vote per share basis, including with respect to the election of directors, and (d) the future control of the carry pool by KKR. On May 31, 2022, KKR completed the acquisition of KKR Holdings and the 258.3 million KKR Group Partnership Units held by it, and in exchange KKR issued and delivered 266.8 million shares of common stock to our principals. On the "Sunset Date" (which will occur no later than December 31, 2026), KKR will cancel the Series I preferred stock, establish voting rights for all common stock on a one vote per share basis, and acquire control of the carry pool. For more information about the Reorganization Agreement, see "Certain Relationships and Related Transactions, and Director Independence—Reorganization Agreement" in this report.

KKR's asset management business is conducted by Kohlberg Kravis Roberts & Co. L.P. and various other subsidiaries of KKR & Co. Inc. other than Global Atlantic. KKR's insurance business is operated by Global Atlantic, which KKR acquired (the "GA Acquisition") on February 1, 2021 (the "GA Acquisition Date"). KJR Management ("KJRM") is a Japanese real estate asset manager, which KKR acquired on April 28, 2022.

References to our "funds" or "vehicles" refer to a wide array of investment funds, vehicles and accounts that are advised, managed or sponsored by one or more subsidiaries of KKR, including collateralized loan obligations ("CLOs") business development companies (each, a "BDC"), and certain operating companies, unless the context requires otherwise. These references do not include the investment funds, vehicles or accounts of any hedge fund partnership or any other third-party manager with which we have formed a strategic partnership or have acquired a minority ownership interest. Unless the context requires otherwise, references to "fund investors" refers to the third-party investors in our funds and vehicles. References to "strategic investor partnerships" refers to separately managed accounts with certain investors, which typically have investment periods longer than our traditional funds and typically provide for investments across different investment strategies. References to "hedge fund partnerships" refers to strategic partnerships with third-party hedge fund managers in which KKR owns a minority stake.

Unless otherwise indicated, references in this report to our outstanding common stock on a fully exchanged and diluted basis reflect (i) actual shares of common stock outstanding, (ii) shares of common stock into which all outstanding shares of Series C Mandatory Convertible Preferred Stock are convertible, and (iii) shares of common stock issuable pursuant to equity awards actually granted pursuant to the Amended and Restated KKR & Co. Inc. 2010 Equity Incentive Plan (the "2010 Equity Incentive Plan" and, together with the 2019 Equity Incentive Plan, our "Equity Incentive Plans"). Our outstanding common stock on a fully exchanged and diluted basis does not include shares of common stock available for issuance pursuant to the Equity Incentive Plans for which equity awards have not yet been granted.

In this report, the term "GAAP" refers to accounting principles generally accepted in the United States of America. We disclose certain financial measures in this report that are calculated and presented using methodologies other than in accordance with GAAP, including after-tax distributable earnings, distributable operating earnings, fee related earnings ("FRE"), asset management segment revenues, book value and book value per adjusted share. We believe that providing these performance measures on a supplemental basis to our GAAP results is helpful to stockholders in assessing the overall performance of KKR's businesses. These non-GAAP financial measures should not be considered as a substitute for similar financial measures calculated in accordance with GAAP. We caution readers that these non-GAAP financial measures may differ from the calculations of other investment managers, and as a result, may not be comparable to similar measures presented by other investment managers. Reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP, where applicable, are included under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Analysis of Non-GAAP Performance Measures—Reconciliations to GAAP Measures." This report also uses the terms assets under management ("AUM"), fee paying assets under management ("FPAUM") and capital invested. You should note that our calculations of these and other operating metrics may differ from the calculations of other investment managers and, as a result, may not be comparable to similar metrics presented by other investment managers. These non-GAAP and operating metrics are defined in the section "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Non-GAAP Performance Measures and Other Operating Measures."

The use of any defined term in this report to mean more than one entity, person, security or other item collectively is solely for convenience of reference and in no way implies that such entities, persons, securities or other items are one indistinguishable group. For example, notwithstanding the use of the defined terms "KKR," "we" and "our" in this report to refer to KKR & Co. Inc. and its subsidiaries, each subsidiary of KKR & Co. Inc. is a standalone legal entity that is separate and distinct from KKR & Co. Inc. and any of its other subsidiaries. Any KKR entity (including any Global Atlantic entity) referenced herein is responsible for its own financial, contractual and legal obligations. Additionally, references to "including" are for the purpose of illustration and shall be read to mean "including but not limited to."

Website and Availability of SEC Filings

Our website address is www.kkr.com. Information on our website is not incorporated by reference herein and is not a part of this report. We make available free of charge on our website or provide a link on our website to our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after those reports are electronically filed with, or furnished to, the SEC. To access these filings, go to the "Stockholders (KKR & Co. Inc.)" section of our "Investor Center" page on our website, then click on "SEC Filings." In addition, these reports and the other documents we file with the SEC are available at a website maintained by the SEC at www.sec.gov.

From time to time, we may use our website as a channel of distribution of material information. Financial and other material information regarding our company is routinely posted on and accessible at www.kkr.com. Financial and other material information regarding Global Atlantic is routinely posted on and accessible at www.globalatlantic.com. In addition, you may automatically receive e-mail alerts and other information about our company by enrolling your e-mail address by visiting the "Contacts & Email Alerts" section under the "Investor Center" page at www.kkr.com.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

KKR & CO. INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)
(Amounts in Thousands, Except Share and Per Share Data)

	June 30, 2023	December 31, 2022
Assets		
<i>Asset Management</i>		
Cash and Cash Equivalents	\$ 5,885,308	\$ 6,705,325
Restricted Cash and Cash Equivalents	102,620	253,431
Investments	101,878,868	92,375,463
Due from Affiliates	1,573,430	1,663,303
Other Assets	5,027,922	5,197,626
	<u>114,468,148</u>	<u>106,195,148</u>
<i>Insurance</i>		
Cash and Cash Equivalents	\$ 4,421,172	\$ 6,118,231
Restricted Cash and Cash Equivalents	339,618	308,383
Investments	129,599,964	124,199,176
Reinsurance Recoverable	26,127,424	26,022,081
Insurance Intangible Assets	2,436,633	2,331,494
Other Assets	6,119,403	6,041,329
Separate Account Assets	4,182,437	4,130,794
	<u>173,226,651</u>	<u>169,151,488</u>
Total Assets	<u>\$ 287,694,799</u>	<u>\$ 275,346,636</u>
Liabilities and Equity		
<i>Asset Management</i>		
Debt Obligations	\$ 43,693,384	\$ 40,598,613
Due to Affiliates	421,256	466,057
Accrued Expenses and Other Liabilities	6,754,786	6,471,775
	<u>50,869,426</u>	<u>47,536,445</u>
<i>Insurance</i>		
Policy Liabilities (market risk benefit liabilities: \$828,364 and \$682,038, respectively)	\$ 141,429,215	\$ 137,780,929
Debt Obligations	2,356,162	2,128,166
Funds Withheld Payable at Interest	23,251,757	22,739,417
Accrued Expenses and Other Liabilities	4,192,354	4,600,375
Reinsurance Liabilities	819,014	1,059,820
Separate Account Liabilities	4,182,437	4,130,794
	<u>176,230,939</u>	<u>172,439,501</u>
Total Liabilities	<u>227,100,365</u>	<u>219,975,946</u>

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Commitments and Contingencies (See Note 25)		
Redeemable Noncontrolling Interests (See Note 24)	\$ 183,413	\$ 152,065
Stockholders' Equity		
Series C Mandatory Convertible Preferred Stock, \$0.01 par value. 22,998,802 and 22,999,974 shares, issued and outstanding as of June 30, 2023 and December 31, 2022, respectively.	\$ 1,115,792	\$ 1,115,792
Series I Preferred Stock, \$0.01 par value. 1 share authorized, 1 share issued and outstanding as of June 30, 2023 and December 31, 2022.	—	—
Common Stock, \$0.01 par value. 3,500,000,000 shares authorized, 857,987,641 and 861,110,478 shares, issued and outstanding as of June 30, 2023 and December 31, 2022, respectively.	8,580	8,611
Additional Paid-In Capital	16,186,898	16,284,057
Retained Earnings	7,592,571	6,701,107
Accumulated Other Comprehensive Income (Loss) ("AOCI")	(4,922,274)	(5,301,800)
Total KKR & Co. Inc. Stockholders' Equity	19,981,567	18,807,767
Noncontrolling Interests (See Note 23)	40,429,454	36,410,858
Total Equity	60,411,021	55,218,625
Total Liabilities and Equity	\$ 287,694,799	\$ 275,346,636

See notes to financial statements.

KKR & CO. INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (UNAUDITED) (CONTINUED)
(Amounts in Thousands)

The following presents the portion of the consolidated balances provided in the consolidated statements of financial condition attributable to consolidated variable interest entities ("VIEs"). As of June 30, 2023 and December 31, 2022, KKR's consolidated VIEs consist primarily of (i) certain collateralized financing entities ("CFEs") holding collateralized loan obligations ("CLOs"), (ii) certain investment funds, and (iii) certain VIEs formed by Global Atlantic. The noteholders, creditors and equity holders of these VIEs have no recourse to the assets of any other KKR entity.

With respect to consolidated CLOs and certain investment funds, the following assets may only be used to settle obligations of these consolidated VIEs and the following liabilities are only the obligations of these consolidated VIEs and not generally to KKR. Additionally, KKR has no right to the benefits from, nor does KKR bear the risks associated with, the assets held by these VIEs beyond KKR's beneficial interest therein and any income generated from the VIEs. There are neither explicit arrangements nor does KKR hold implicit variable interests that would require KKR to provide any material ongoing financial support to the consolidated VIEs, beyond amounts previously committed to them, if any.

With respect to certain other VIEs consolidated by Global Atlantic, Global Atlantic has formed certain VIEs to hold investments, including fixed maturity securities, consumer and other loans, renewable energy, transportation and real estate. These VIEs issue beneficial interests primarily to Global Atlantic's insurance companies.

	June 30, 2023			
	Consolidated CLOs	Consolidated Funds and Other Investment Vehicles	Other VIEs	Total
Assets				
<i>Asset Management</i>				
Cash and Cash Equivalents	\$ 940,326	\$ 1,390,247	\$ —	\$ 2,330,573
Restricted Cash and Cash Equivalents	—	91,600	—	91,600
Investments	24,514,439	61,993,547	—	86,507,986
Other Assets	333,546	538,353	—	871,899
	25,788,311	64,013,747	—	89,802,058
<i>Insurance</i>				
Cash and Cash Equivalents	—	—	765,011	765,011
Investments	—	—	23,899,222	23,899,222
Other Assets	—	—	1,295,670	1,295,670
	—	—	25,959,903	25,959,903
Total Assets	\$ 25,788,311	\$ 64,013,747	\$ 25,959,903	\$ 115,761,961
Liabilities				
<i>Asset Management</i>				
Debt Obligations	\$ 24,261,260	\$ 8,608,846	\$ —	\$ 32,870,106
Accrued Expenses and Other Liabilities	681,749	471,866	—	1,153,615
	24,943,009	9,080,712	—	34,023,721
<i>Insurance</i>				
Accrued Expenses and Other Liabilities	—	—	383,125	383,125
Total Liabilities	\$ 24,943,009	\$ 9,080,712	\$ 383,125	\$ 34,406,846

December 31, 2022

	<u>Consolidated CLOs</u>	<u>Consolidated Funds and Other Investment Vehicles</u>	<u>Other VIEs</u>	<u>Total</u>
Assets				
<i>Asset Management</i>				
Cash and Cash Equivalents	\$ 920,821	\$ 2,936,937	\$ —	\$ 3,857,758
Restricted Cash and Cash Equivalents	—	155,521	—	155,521
Investments	22,492,366	54,507,084	—	76,999,450
Other Assets	182,487	652,031	—	834,518
	<u>23,595,674</u>	<u>58,251,573</u>	<u>—</u>	<u>81,847,247</u>
<i>Insurance</i>				
Cash and Cash Equivalents	—	—	619,264	619,264
Investments	—	—	24,732,042	24,732,042
Other Assets	—	—	1,420,933	1,420,933
	<u>—</u>	<u>—</u>	<u>26,772,239</u>	<u>26,772,239</u>
Total Assets	<u>\$ 23,595,674</u>	<u>\$ 58,251,573</u>	<u>\$ 26,772,239</u>	<u>\$ 108,619,486</u>
Liabilities				
<i>Asset Management</i>				
Debt Obligations	\$ 22,273,242	\$ 7,306,625	\$ —	\$ 29,579,867
Accrued Expenses and Other Liabilities	620,200	742,384	—	1,362,584
	<u>22,893,442</u>	<u>8,049,009</u>	<u>—</u>	<u>30,942,451</u>
<i>Insurance</i>				
Accrued Expenses and Other Liabilities	—	—	461,812	461,812
Total Liabilities	<u>\$ 22,893,442</u>	<u>\$ 8,049,009</u>	<u>\$ 461,812</u>	<u>\$ 31,404,263</u>

See notes to financial statements.

KKR & CO. INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(Amounts in Thousands, Except Share and Per Share Data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues				
<i>Asset Management</i>				
Fees and Other	\$ 754,447	\$ 615,264	\$ 1,431,463	\$ 1,395,775
Capital Allocation-Based Income (Loss)	696,897	(923,474)	1,145,915	(1,869,217)
	<u>1,451,344</u>	<u>(308,210)</u>	<u>2,577,378</u>	<u>(473,442)</u>
<i>Insurance</i>				
Net Premiums	626,429	(225,502)	1,100,053	146,642
Policy Fees	315,382	319,030	629,184	632,812
Net Investment Income	1,311,055	931,889	2,611,752	1,744,494
Net Investment-Related Gains (Losses)	(117,550)	(426,326)	(241,383)	(795,006)
Other Income	39,858	32,512	77,016	67,256
	<u>2,175,174</u>	<u>631,603</u>	<u>4,176,622</u>	<u>1,796,198</u>
Total Revenues	<u>3,626,518</u>	<u>323,393</u>	<u>6,754,000</u>	<u>1,322,756</u>
Expenses				
<i>Asset Management</i>				
Compensation and Benefits	657,114	250,876	1,232,784	534,548
Occupancy and Related Charges	23,593	18,861	45,742	37,010
General, Administrative and Other	289,586	253,832	503,275	488,497
	<u>970,293</u>	<u>523,569</u>	<u>1,781,801</u>	<u>1,060,055</u>
<i>Insurance</i>				
Net Policy Benefits and Claims (including market risk benefit loss (gain) of \$(75,286), \$(198,225), \$71,024 and \$(393,908), respectively)	1,736,014	(256,179)	3,263,068	256,999
Amortization of Policy Acquisition Costs	170	(23,254)	44,381	(11,832)
Interest Expense	39,832	18,970	80,093	32,189
Insurance Expenses	172,121	130,338	397,439	246,141
General, Administrative and Other	204,052	171,251	415,783	338,875
	<u>2,152,189</u>	<u>41,126</u>	<u>4,200,764</u>	<u>862,372</u>
Total Expenses	<u>3,122,482</u>	<u>564,695</u>	<u>5,982,565</u>	<u>1,922,427</u>
Investment Income (Loss) - Asset Management				
Net Gains (Losses) from Investment Activities	570,085	(1,885,469)	410,676	(971,208)
Dividend Income	246,939	147,355	395,106	809,705
Interest Income	850,061	391,549	1,578,677	744,105
Interest Expense	(720,108)	(328,726)	(1,296,446)	(610,485)
Total Investment Income (Loss)	<u>946,977</u>	<u>(1,675,291)</u>	<u>1,088,013</u>	<u>(27,883)</u>
Income (Loss) Before Taxes	<u>1,451,013</u>	<u>(1,916,593)</u>	<u>1,859,448</u>	<u>(627,554)</u>
Income Tax Expense (Benefit)	<u>324,955</u>	<u>(102,511)</u>	<u>473,702</u>	<u>(65,860)</u>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net Income (Loss)	1,126,058	(1,814,082)	1,385,746	(561,694)
Net Income (Loss) Attributable to Redeemable Noncontrolling Interests	(1,740)	8	(9,043)	(55)
Net Income (Loss) Attributable to Noncontrolling Interests	266,086	(1,096,715)	193,083	148,272
Net Income (Loss) Attributable to KKR & Co. Inc.	861,712	(717,375)	1,201,706	(709,911)
Series C Mandatory Convertible Preferred Stock Dividends	17,249	17,250	34,499	34,500
Net Income (Loss) Attributable to KKR & Co. Inc. Common Stockholders	\$ 844,463	\$ (734,625)	\$ 1,167,207	\$ (744,411)
Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock				
Basic	\$ 0.98	\$ (1.08)	\$ 1.36	\$ (1.17)
Diluted	\$ 0.94	\$ (1.08)	\$ 1.32	\$ (1.17)
Weighted Average Shares of Common Stock Outstanding				
Basic	861,553,274	680,747,047	861,332,121	636,719,538
Diluted	912,147,881	680,747,047	913,068,567	636,719,538

See notes to financial statements.

KKR & CO. INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)
(Amounts in Thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net Income (Loss)	\$ 1,126,058	\$ (1,814,082)	\$ 1,385,746	\$ (561,694)
Other Comprehensive Income (Loss), Net of Tax:				
Unrealized Gains (Losses) on Available-For-Sale Securities and Other	(220,665)	(3,564,862)	912,087	(7,103,900)
Net effect of changes in discount rates and instrument-specific credit risk on policy liabilities	13,551	585,352	(123,550)	1,309,938
Foreign Currency Translation Adjustments	(106,615)	(119,373)	(124,853)	(141,654)
Comprehensive Income (Loss)	812,329	(4,912,965)	2,049,430	(6,497,310)
Comprehensive Income (Loss)				
Attributable to Redeemable Noncontrolling Interests	(1,740)	8	(9,043)	(55)
Comprehensive Income (Loss)				
Attributable to Noncontrolling Interests	188,936	(2,643,182)	483,121	(3,018,667)
Comprehensive Income (Loss) Attributable to KKR & Co. Inc.	<u>\$ 625,133</u>	<u>\$ (2,269,791)</u>	<u>\$ 1,575,352</u>	<u>\$ (3,478,588)</u>

See notes to financial statements.

KKR & CO. INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
(Amounts in Thousands, Except Share and Per Share Data)

	Three Months Ended June 30, 2023		Six Months Ended June 30, 2023	
	Amounts	Shares	Amounts	Shares
Series C Mandatory Convertible Preferred Stock				
Beginning of Period	\$ 1,115,792	22,999,974	\$ 1,115,792	22,999,974
Conversion of Series C Mandatory Convertible Preferred Stock	—	(1,172)	—	(1,172)
End of Period	1,115,792	22,998,802	1,115,792	22,998,802
Series I Preferred Stock				
Beginning of Period	—	1	—	1
End of Period	—	1	—	1
Common Stock				
Beginning of Period	8,611	861,104,000	8,611	861,110,478
Clawback of Transfer Restricted Shares	—	(6,153)	—	(19,777)
Net Delivery of Common Stock	20	1,974,782	20	1,981,928
Conversion of Series C Mandatory Convertible Preferred Stock	—	1,366	—	1,366
Repurchases of Common Stock	(51)	(5,086,354)	(51)	(5,086,354)
End of Period	8,580	857,987,641	8,580	857,987,641
Additional Paid-In Capital				
Beginning of Period (as previously reported for the prior period)	16,339,472		16,190,407	
Adoption of New Accounting Standard (See Note 2)	—		93,650	
Beginning of Period (as revised for the prior period)	16,339,472		16,284,057	
Net Delivery of Common Stock	(31,775)		(31,775)	
Repurchases of Common Stock	(272,224)		(272,224)	
Equity-Based Compensation	41,537		96,952	
Change in KKR & Co. Inc.'s Ownership Interest (See Note 23)	107,241		107,241	
Tax Effects of Changes in Ownership and Other	2,647		2,647	
End of Period	16,186,898		16,186,898	
Retained Earnings				
Beginning of Period (as previously reported for the prior period)	6,890,381		6,315,711	
Adoption of New Accounting Standard (See Note 2)	—		385,396	
Beginning of Period (as revised for the prior period)	6,890,381		6,701,107	
Net Income (Loss) Attributable to KKR & Co. Inc.	861,712		1,201,706	
Series C Mandatory Convertible Preferred Stock Dividends (\$0.75 and \$1.50 per share for the three and six months ended June 30, 2023, respectively)	(17,249)		(34,499)	
Common Stock Dividends (\$0.165 and \$0.32 per share)	(142,273)		(275,743)	
End of Period	7,592,571		7,592,571	
Accumulated Other Comprehensive Income (Loss) (net of tax)				
Beginning of Period (as previously reported for the prior period)	(4,691,575)		(5,901,701)	
Adoption of New Accounting Standard (See Note 2)	—		599,901	
Beginning of Period (as revised for the prior period)	(4,691,575)		(5,301,800)	
Other Comprehensive Income (Loss)	(236,579)		373,646	
Change in KKR & Co. Inc.'s Ownership Interest (See Note 23)	5,880		5,880	
End of Period	(4,922,274)		(4,922,274)	
Total KKR & Co. Inc. Stockholders' Equity	19,981,567		19,981,567	
Noncontrolling Interests (See Note 23)	40,429,454		40,429,454	
Total Equity	\$ 60,411,021		\$ 60,411,021	
Redeemable Noncontrolling Interests (See Note 24)	\$ 183,413		\$ 183,413	

KKR & CO. INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) (CONTINUED)
(Amounts in Thousands, Except Share and Per Share Data)

	Three Months Ended June 30, 2022		Six Months Ended June 30, 2022	
	Amounts	Shares	Amounts	Shares
Series C Mandatory Convertible Preferred Stock				
Beginning of Period	\$ 1,115,792	23,000,000	\$ 1,115,792	23,000,000
Conversion of Series C Mandatory Convertible Preferred Stock	—	(26)	—	(26)
End of Period	1,115,792	22,999,974	1,115,792	22,999,974
Series I Preferred Stock				
Beginning of Period	—	1	—	1
End of Period	—	1	—	1
Series II Preferred Stock				
Beginning of Period	2,587	258,726,163	2,587	258,726,163
Cancellation of Series II Preferred Stock - Holdings Merger (See Note 1)	(2,582)	(258,259,143)	(2,582)	(258,259,143)
Cancellation of Series II Preferred Stock	(5)	(467,020)	(5)	(467,020)
End of Period	—	—	—	—
Common Stock				
Beginning of Period	5,905	590,472,444	5,957	595,663,618
Exchange of KKR Holdings Units	5	467,020	5	467,020
Holdings Merger (See Note 1)	2,667	266,759,143	2,667	266,759,143
Net Delivery of Common Stock	21	2,134,807	21	2,134,807
Conversion of Series C Mandatory Convertible Preferred Stock	—	30	—	30
Repurchases of Common Stock	—	—	(52)	(5,191,174)
End of Period	8,598	859,833,444	8,598	859,833,444
Additional Paid-In Capital				
Beginning of Period	8,729,544		8,997,435	
Exchange of KKR Holdings Units	14,811		14,811	
Holdings Merger (See Note 1)	8,213,182		8,213,182	
Tax Effects - Holdings Merger and Other (See Note 1)	(1,092,750)		(1,065,970)	
Net Delivery of Common Stock	(34,895)		(34,895)	
Repurchases of Common Stock	—		(346,599)	
Equity-Based Compensation	47,800		99,728	
Change in KKR & Co. Inc.'s Ownership Interest	151,837		151,837	
End of Period	16,029,529		16,029,529	
Retained Earnings				
Beginning of Period (as previously reported)	7,510,671		7,670,182	
Adoption of New Accounting Standard (See Note 2)	129,914		65,930	
Beginning of Period (as revised)	7,640,585		7,736,112	
Net Income (Loss) Attributable to KKR & Co. Inc.	(717,375)		(709,911)	
Series C Mandatory Convertible Preferred Stock Dividends (\$0.75 and \$1.50 per share for the three and six months ended June 30, 2022, respectively)	(17,250)		(34,500)	
Common Stock Dividends (\$0.155 and \$0.30 per share for the three and six months ended June 30, 2022, respectively)	(91,854)		(177,595)	
End of Period	6,814,106		6,814,106	
Accumulated Other Comprehensive Income (Loss) (net of tax)				
Beginning of Period (as previously reported)	(1,650,212)		(209,789)	
Adoption of New Accounting Standard (See Note 2)	234,503		10,341	
Beginning of Period (as revised)	(1,415,709)		(199,448)	
Other Comprehensive Income (Loss)	(1,552,416)		(2,768,677)	
Exchange of KKR Holdings Units	(1,946)		(1,946)	
Holdings Merger (See Note 1)	(1,015,317)		(1,015,317)	
Change in KKR & Co. Inc.'s Ownership Interest	3,447		3,447	
End of Period	(3,981,941)		(3,981,941)	
Total KKR & Co. Inc. Stockholders' Equity	19,986,084		19,986,084	
Noncontrolling Interests (See Note 23)	34,239,969		34,239,969	
Total Equity	\$ 54,226,053		\$ 54,226,053	
Redeemable Noncontrolling Interests (See Note 24)	\$ 81,167		\$ 81,167	

See notes to financial statements.

KKR & CO. INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Amounts in Thousands)

	Six Months Ended June 30,	
	2023	2022
Operating Activities		
Net Income (Loss)	\$ 1,385,746	\$ (561,694)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Equity-Based and Other Non-Cash Compensation	331,667	385,508
Net Realized (Gains) Losses - Asset Management	289,920	(829,588)
Change in Unrealized (Gains) Losses - Asset Management	(700,596)	1,800,796
Capital Allocation-Based (Income) Loss - Asset Management	(1,145,915)	1,869,217
Net Investment and Policy Liability-Related (Gains) Losses - Insurance	1,464,930	(382,663)
Net Accretion and Amortization	37,449	231,074
Interest Credited to Policyholder Account Balances (net of Policy Fees) - Insurance	1,332,504	778,569
Other Non-Cash Amounts	69,461	26,284
Cash Flows Due to Changes in Operating Assets and Liabilities:		
Reinsurance Transactions and Acquisitions, Net of Cash Provided - Insurance	263,170	124,102
Change in Premiums, Notes Receivable and Reinsurance Recoverable, Net of Reinsurance Premiums Payable - Insurance	(16,926)	566,581
Change in Deferred Policy Acquisition Costs - Insurance	(244,503)	(240,183)
Change in Policy Liabilities and Accruals, Net - Insurance	(113,745)	(427,293)
Change in Due from / to Affiliates	109,539	(342,109)
Change in Other Assets	354,029	1,493,427
Change in Accrued Expenses and Other Liabilities	(308,920)	(2,404,702)
Investments Purchased - Asset Management	(19,797,968)	(23,387,850)
Proceeds from Investments - Asset Management	12,118,149	18,153,852
Net Cash Provided (Used) by Operating Activities	(4,572,009)	(3,146,672)
Investing Activities		
Acquisition of KJRM, Net of Cash Acquired (See Note 3)	—	(1,690,702)
Purchases of Fixed Assets	(61,762)	(34,173)
Investments Purchased - Insurance	(13,862,413)	(27,921,806)
Proceeds from Investments - Insurance	10,308,946	22,592,321
Other Investing Activities, Net - Insurance	(3,915)	(37,678)
Net Cash Provided (Used) by Investing Activities	(3,619,144)	(7,092,038)
Financing Activities		
Series C Mandatory Convertible Preferred Stock Dividends	(34,499)	(34,500)
Common Stock Dividends	(275,743)	(177,595)
Distributions to Redeemable Noncontrolling Interests	(1,785)	(1,270)
Contributions from Redeemable Noncontrolling Interests	69,997	—
Distributions to Noncontrolling Interests	(3,737,866)	(3,615,901)
Contributions from Noncontrolling Interests	7,404,393	7,346,788
Net Delivery of Common Stock (Equity Incentive Plans)	(31,755)	(34,874)
Repurchases of Common Stock	(272,275)	(346,651)
Proceeds from Debt Obligations	8,711,285	13,066,084
Repayment of Debt Obligations	(5,815,835)	(9,867,818)
Financing Costs Paid	(11,220)	(31,446)
Additions to Contractholder Deposit Funds - Insurance	7,527,948	10,931,742
Withdrawals from Contractholder Deposit Funds - Insurance	(8,096,042)	(5,480,678)
Reinsurance Transactions, Net of Cash Provided - Insurance	79,903	54,749
Other Financing Activity, Net - Insurance	10,798	496,375
Net Cash Provided (Used) by Financing Activities	5,527,304	12,305,005
Effect of exchange rate changes on cash, cash equivalents and restricted cash	27,197	(220,350)

	Six Months Ended June 30,	
	2023	2022
Net Increase/(Decrease) in Cash, Cash Equivalents and Restricted Cash	\$ (2,636,652)	\$ 1,845,945
Cash, Cash Equivalents and Restricted Cash, Beginning of Period	13,385,370	10,526,304
Cash, Cash Equivalents and Restricted Cash, End of Period	\$ 10,748,718	\$ 12,372,249
Cash, Cash Equivalents and Restricted Cash are comprised of the following:		
Beginning of the Period		
<i>Asset Management</i>		
Cash and Cash Equivalents	\$ 6,705,325	\$ 6,699,668
Restricted Cash and Cash Equivalents	253,431	134,298
<i>Total Asset Management</i>	6,958,756	6,833,966
<i>Insurance</i>		
Cash and Cash Equivalents	\$ 6,118,231	\$ 3,391,934
Restricted Cash and Cash Equivalents	308,383	300,404
<i>Total Insurance</i>	6,426,614	3,692,338
Cash, Cash Equivalents and Restricted Cash, Beginning of Period	\$ 13,385,370	\$ 10,526,304
End of the Period		
<i>Asset Management</i>		
Cash and Cash Equivalents	\$ 5,885,308	\$ 6,720,983
Restricted Cash and Cash Equivalents	102,620	170,374
<i>Total Asset Management</i>	5,987,928	6,891,357
<i>Insurance</i>		
Cash and Cash Equivalents	\$ 4,421,172	\$ 5,130,193
Restricted Cash and Cash Equivalents	339,618	350,699
<i>Total Insurance</i>	4,760,790	5,480,892
Cash, Cash Equivalents and Restricted Cash, End of Period	\$ 10,748,718	\$ 12,372,249

See notes to financial statements.

KKR & CO. INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (CONTINUED)
(Amounts in Thousands)

	Six Months Ended June 30,	
	2023	2022
Supplemental Disclosures of Cash Flow Information		
Payments for Interest	\$ 1,229,610	\$ 717,582
Payments for Income Taxes	\$ 598,252	\$ 383,655
Payments for Operating Lease Liabilities	\$ 28,896	\$ 23,697
Supplemental Disclosures of Non-Cash Investing and Financing Activities		
Non-Cash Contribution from Noncontrolling Interests	\$ —	\$ 85,260
Debt Obligations - Net Gains (Losses), Translation and Other	\$ (437,029)	\$ 2,482,700
Tax Effects - Exchange of KKR Holdings L.P. Units and Other (See Note 1)	\$ —	\$ (1,065,970)
Tax Effects of Changes in Ownership and Other	\$ 2,647	\$ —
Right-of-Use Assets obtained in Exchange for new Operating Lease Liabilities	\$ 17,167	\$ 28,962
Investments Acquired through Reinsurance Agreements	\$ 788,095	\$ 2,697,956
Contractholder Deposit Funds Acquired through Reinsurance Agreements	\$ 43,968	\$ 2,544,504
Change in Consolidation		
Investments - Asset Management	\$ (126,889)	\$ —
Investments - Insurance	\$ (93,545)	\$ —
Accrued Expenses and Other Liabilities	\$ (103)	\$ —
Noncontrolling Interests	\$ (165,607)	\$ —
Redeemable Noncontrolling Interests	\$ (27,821)	\$ —

See notes to financial statements.

KKR & CO. INC.
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)
(All Amounts in Thousands, Except Share and Per Share Data, and Except Where Noted)

1. ORGANIZATION

KKR & Co. Inc. (NYSE: KKR), through its subsidiaries (collectively, "KKR"), is a leading global investment firm that offers alternative asset management as well as capital markets and insurance solutions. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR's insurance subsidiaries offer retirement, life and reinsurance products under the management of The Global Atlantic Financial Group LLC ("TGAFG" and, together with its subsidiaries, "Global Atlantic").

KKR & Co. Inc. is the parent company of KKR Group Co. Inc., which in turn owns KKR Group Holdings Corp., which is the general partner of KKR Group Partnership L.P. ("KKR Group Partnership"). KKR & Co. Inc. both indirectly controls KKR Group Partnership and indirectly holds Class A partner interests in KKR Group Partnership ("KKR Group Partnership Units") representing economic interests in KKR's business. As of June 30, 2023, KKR & Co. Inc. held indirectly approximately 99.5% of the KKR Group Partnership Units. The remaining balance is held indirectly by KKR employees through vested restricted holdings units representing an ownership interest in KKR Group Partnership Units, which may be exchanged for shares of common stock of KKR & Co. Inc. ("exchangeable securities"). As limited partner interests, these KKR Group Partnership Units are non-voting and do not entitle anyone other than KKR to manage our business and affairs. KKR Group Partnership also has outstanding limited partner interests that provide for a carry pool provided by KKR Associates Holdings L.P. ("Associates Holdings") and preferred units with economic terms that mirror the Series C Mandatory Convertible Preferred Stock issued by KKR & Co. Inc.

References to "KKR" in these financial statements refer to KKR & Co. Inc. and its subsidiaries, including Global Atlantic, unless the context requires otherwise, especially in sections where "KKR" is intended to refer to the asset management business only. References in these financial statements to "principals" are to KKR's current and former employees who held interests in KKR's business through KKR Holdings prior to the Reorganization Mergers (as defined below). References to "Global Atlantic" in these financial statements includes the insurance companies of Global Atlantic, which are consolidated by KKR.

Reorganization Agreement

On October 8, 2021, KKR entered into a Reorganization Agreement (the "Reorganization Agreement") with KKR Holdings L.P. ("KKR Holdings"), KKR Management LLP (which holds the sole outstanding share of Series I preferred stock), Associates Holdings, and the other parties thereto. Pursuant to the Reorganization Agreement, the parties agreed to undertake a series of integrated transactions to effect a number of transformative structural and governance changes, some of which were completed on May 31, 2022, and other changes to be completed in the future. On May 31, 2022, KKR completed the merger transactions ("Reorganization Mergers") contemplated by the Reorganization Agreement pursuant to which KKR acquired KKR Holdings (which changed its name to KKR Group Holdings L.P.) and all of the KKR Group Partnership Units held by it.

Pursuant to the Reorganization Agreement, the following transactions will occur in the future on the Sunset Date (as defined below):

- i. the control of KKR & Co. Inc. by KKR Management LLP and the Series I Preferred Stock held by it will be eliminated,
- ii. the voting rights for all common stock, including with respect to the election of directors, will be established on a one vote per share basis, and
- iii. KKR will acquire control of Associates Holdings, the entity providing for the allocation of carry proceeds to KKR employees, also known as the carry pool.

The "Sunset Date" will be the earlier of (i) December 31, 2026 and (ii) the six-month anniversary of the first date on which the death or permanent disability of both Mr. Henry Kravis and Mr. George Roberts (collectively, "Co-Founders") has occurred (or any earlier date consented to by KKR Management LLP in its sole discretion). In addition, KKR Management LLP agreed not to transfer its ownership of the sole share of Series I Preferred Stock, and, the changes to occur effective on the Sunset Date are unconditional commitments of the parties to the Reorganization Agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited financial statements of KKR & Co. Inc. have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and the instructions to this Quarterly Report on Form 10-Q. The condensed consolidated financial statements (referred to hereafter as the "financial statements"), including these notes, are unaudited and exclude some of the disclosures required in annual financial statements. Management believes it has made all necessary adjustments (consisting of only normal recurring items) such that the financial statements are presented fairly and that estimates made in preparing the financial statements are reasonable and prudent. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year. Except for balances affected by the adoption of new accounting guidance for insurance and reinsurance companies that issue long-duration contracts ("LDTI") noted in Note 2—"Summary of Significant Accounting Policies", the consolidated balance sheet data as of December 31, 2022 were derived from audited financial statements included in KKR & Co. Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2022 filed with the U.S. Securities and Exchange Commission ("SEC") on February 27, 2023 (our "Annual Report"), and the financial statements should be read in conjunction with the audited financial statements included therein. Additionally, in the accompanying financial statements, the condensed consolidated statements of financial condition are referred to hereafter as the "consolidated statements of financial condition"; the condensed consolidated statements of operations are referred to hereafter as the "consolidated statements of operations"; the condensed consolidated statements of comprehensive income (loss) are referred to hereafter as the "consolidated statements of comprehensive income (loss)"; the condensed consolidated statements of changes in equity and redeemable noncontrolling interests are referred to hereafter as the "consolidated statements of changes in equity"; and the condensed consolidated statements of cash flows are referred to hereafter as the "consolidated statements of cash flows."

KKR consolidates the financial results of KKR Group Partnership and its consolidated entities, which include the accounts of KKR's investment management and capital markets companies, the general partners of certain unconsolidated investment funds, general partners of consolidated investment funds and their respective consolidated investment funds, Global Atlantic's insurance companies and certain other entities including CFEs.

The presentations in the consolidated statement of financial condition and consolidated statement of operations reflect the significant industry diversification of KKR by its acquisition of Global Atlantic. Global Atlantic operates an insurance business, and KKR operates an asset management business, each of which possess distinct characteristics. As a result, KKR developed a two-tiered approach for the financial statements presentation, where Global Atlantic's insurance operations are presented separately from KKR's asset management business. KKR believes that these separate presentations provide a more informative view of the consolidated financial position and results of operations than traditional aggregated presentations and that reporting Global Atlantic's insurance operations separately is appropriate given, among other factors, the relative significance of Global Atlantic's policy liabilities, which are not obligations of KKR (other than the insurance companies that issued them). If a traditional aggregate presentation were to be used, KKR would expect to eliminate or combine several identical or similar captions, which would condense the presentations, but would also reduce the level of information presented. KKR also believes that using a traditional aggregate presentation would result in no new line items compared to the two-tier presentation included in the financial statements in this report.

In the ordinary course of business, KKR's Asset Management business and Global Atlantic enter into transactions with each other, which may include transactions pursuant to their investment management agreements and financing arrangements. The borrowings from these financing arrangements are non-recourse to KKR beyond the assets pledged to support such borrowings. All the investment management and financing arrangements between KKR's Asset Management business and Global Atlantic are eliminated in consolidation; however, KKR's allocated share of the net income from the consolidation of Global Atlantic is increased by the amount of fees earned from and decreased by the amount of interest expense incurred from noncontrolling interest holders in Global Atlantic. Accordingly, the elimination of these fees and interest impacts the net income (loss) attributable to KKR and KKR stockholders' equity for the pro-rata ownership of the noncontrolling interests in Global Atlantic.

All intercompany transactions and balances have been eliminated.

For a detailed discussion about KKR's significant accounting policies and for further information on accounting updates adopted in the prior year, see Note 2 to the financial statements in the Annual Report. Other than the items listed below, during the six months ended June 30, 2023, there were no significant updates to KKR's significant accounting policies.

Deferral and amortization of certain revenues and expenses*Deferrals*

Deferred policy acquisition costs ("DAC") consist of commissions and other costs that are directly related to the successful acquisition of new or renewal life insurance or annuity contracts. DAC is estimated using a group approach, instead of on an individual contract level. DAC groups, or cohorts, are by product type and issue year and consistent with the groups used in estimating the associated insurance liability. DAC is recorded in insurance intangibles in the consolidated statements of financial condition.

Value of business acquired ("VOBA") represents the difference between the carrying value of the purchased insurance contract liabilities at the time of the business combination and the estimated fair value of insurance and reinsurance contracts. VOBA can be either positive or negative. Positive VOBA is recorded in insurance intangibles. Negative VOBA is recorded in the same financial statement line in the consolidated statement of financial condition as the associated reserves.

For limited-payment products (e.g., payout annuities), gross premiums received in excess of net premiums are deferred at initial recognition as a deferred profit liability ("DPL"). DPL is measured using assumptions consistent with those used in the measurement of the liability for future policy benefits, including discount rate, mortality, lapses, and expenses. DPL is recorded in policy liabilities in the consolidated statements of financial condition.

For certain preneed contracts, the gross premium is in excess of the benefit reserve plus additional insurance liability. An unearned front-end load ("UFEL") is established to defer the recognition of this front-end load. UFEL is recorded in policy liabilities in the consolidated statements of financial condition.

Amortization

DAC is amortized on a constant level basis for the grouped contracts over the expected economic life of the related contracts. Global Atlantic amortizes DAC for all products on a constant level basis based on policy count, except for DAC for traditional life products that are amortized on a constant level basis based on face amount. The constant level bases used for amortization are projected using mortality and lapse assumptions that are based on Global Atlantic's experience, industry data, and other factors and are consistent with those used for the liability for future policy benefits. If those projected assumptions change in future periods, they will be reflected in the cohort level amortization basis at that time. Unexpected lapses, due to higher mortality and lapse experience than expected, are recognized in the current period as a reduction of the capitalized balances.

Amortization of DAC is included in amortization of policyholder acquisition costs in the consolidated statements of operations.

VOBA is generally amortized using the same methodology and assumptions used to amortize DAC.

DPL is amortized and recognized in proportion to insurance in force for life insurance contracts and expected future benefit payments for annuity contracts. Interest is accreted on the balance of the DPL using the discount rate determined at contract issuance. Global Atlantic reviews and updates its estimates of cash flows for the DPL at the same time as the estimates of cash flows for the liability for future policy benefits. When cash flows are updated, the updated estimates are used to recalculate the DPL at contract issuance. The recalculated DPL as of the beginning of the current reporting period is compared to the carrying amount of the DPL as of the beginning of the current reporting period, and any difference is recognized as either a charge or credit to net policy benefits and claims.

UFEL is amortized consistent with the amortization of DAC on preneed contracts.

The key assumptions used in the calculation of the amortization of these balances are reviewed quarterly and updated if actual experience or other evidence suggests that current assumptions should be revised. In addition, Global Atlantic formally reviews assumptions annually as part of the assumptions review process. The effects of changes in assumptions are recorded in net income in the period in which the changes are made.

Internal replacements

An internal replacement is a modification in product benefits, features, rights, or coverages that occurs by the legal extinguishment of one contract and the issuance of another contract (a contract exchange), or by amendment, endorsement, or rider to a contract, or by the election of a benefit, feature, right, or coverage within a contract. If the modification does not substantially change the contract, the unchanged contract is viewed as a prospective revision and the unamortized DAC is

Notes to Financial Statements (Continued)

adjusted prospectively. As such, unamortized DAC and other associated balances from the unchanged contract are retained and acquisition costs incurred to modify the contract are not deferred but expensed as incurred. Other balances associated with the unchanged contract, such as any liability for future policyholder benefit or market risk benefits, should similarly be accounted for as if the unchanged contract is a continuation of the original contract. If an internal replacement represents a substantial change, the original contract is considered to be extinguished and any related DAC or other policy balances are charged or credited to income, and any new deferrable costs associated with the replacement contract are deferred.

Separate accounts

Separate account assets and liabilities represent segregated funds administered and invested by Global Atlantic for the benefit of variable annuities and variable universal life insurance contractholders and certain pension funds. Global Atlantic reports separately, as assets and liabilities, investments held in the separate accounts and liabilities of separate accounts if: (1) such separate accounts are legally recognized; (2) assets supporting the contract liabilities are legally insulated from Global Atlantic's general account liabilities; (3) investments are directed by the contract owner or participant; and (4) all investment performance, net of contract fees and assessments, is passed through to the contract owner.

Separate account assets consist principally of mutual funds at fair value. The investment income and gains and losses of these accounts generally accrue to the contractholders and therefore, are not included in Global Atlantic's net income. However, Global Atlantic's net income reflects fees assessed and earned on fund values of these contracts which are presented as a component of policy fees in the consolidated statements of operations. Realized investment gains and losses related to separate accounts that meet the conditions for separate account reporting accrue to and are borne by the contractholder.

Policy liabilities

Policy liabilities, or collectively, "reserves," are the portion of past premiums or assessments received that are set aside to meet future policy and contract obligations as they become due. Interest accrues on these reserves and on future premiums, which may also be available to pay for future obligations. Global Atlantic establishes reserves to pay future policyholder benefits, claims, and certain expenses for its life policies and annuity contracts.

Reserves are estimates based on models that include many actuarial assumptions and projections. These assumptions and projections, which are inherently uncertain, involve significant judgment, including assumptions as to the levels and/or timing of premiums, benefits, claims, expenses, interest credits, investment results (including equity market returns), mortality, longevity, and persistency.

The assumptions on which reserves are based are intended to represent an estimation of experience for the period that policyholder benefits are payable. The adequacy of these reserves and the assumptions underlying those reserves are reviewed at least annually. Global Atlantic cannot, however, determine with precision the amount or the timing of actual policyholder benefit payments. If actual experience is better than or equal to the assumptions, then reserves would be adequate to provide for future policyholder benefits and expenses. If experience is worse than the assumptions, additional reserves may be required to meet future policy and contract obligations. This would result in a charge to Global Atlantic's net income during the period in which excess policyholder benefits are paid or an increase in reserves occurs.

For a majority of Global Atlantic's in-force policies, including its universal life policies and most annuity contracts, the base policy reserve is equal to the account value. For these products, the account value represents Global Atlantic's obligation to repay to the policyholder the amounts held on deposit. However, there are several significant blocks of business where additional policyholder reserves are explicitly calculated, including fixed-indexed annuities, variable annuities, universal life with secondary guarantees, indexed universal life and preneed policies.

*Annuity contracts*Fixed-indexed annuities ("FIA")

Policy liabilities for fixed-indexed annuities earning a fixed rate of interest and certain other fixed-rate annuity products are computed under a retrospective deposit method and represent policyholder account balances before applicable surrender charges. For certain fixed-rate annuity products, an additional reserve was established for above market interest rate guarantees upon acquisition. These reserves are amortized on a straight-line basis over the remaining guaranteed interest rate period.

Certain of Global Atlantic's fixed-indexed annuity products enable the policyholder to allocate contract value between a fixed crediting rate and strategies which reflect the change in the value of an index, such as the S&P 500 Index or other indices. These products are accounted for as investment-type contracts. The liability for these products consists of a combination of the

Notes to Financial Statements (Continued)

underlying account value and an embedded derivative value. The liability for the underlying account value is primarily based on policy guarantees and its initial value is the difference between the premium payment and the fair value of the embedded derivative. Thereafter, the account value liability is determined in a manner consistent with the accounting for a deposit liability under the "effective yield method" (previously referred to in our Annual Report as the "constant yield method"). All future host balances are determined as: (1) the initial host balance; (2) plus interest; (3) less applicable policyholder benefits. The interest rate used in the prior roll forward is re-determined on each valuation date, per the effective yield method. The embedded derivative component's fair value is based on an estimate of the policyholders' expected participation in future increases in the relevant index. The fair value of this embedded derivative component includes assumptions, including those about future interest rates and investment yields, future costs for options used to hedge the contract obligations, projected withdrawal and surrender activity, benefit utilization and the level and limits on contract participation in any future increases in the respective index option. The account value liability and embedded derivative are recorded in policy liabilities in the consolidated statements of financial condition, with changes in value of the liabilities recorded in policy benefits and claims in the consolidated statements of operations.

Contractholder deposit funds reserves for certain assumed blocks of fixed-indexed and fixed-rate annuity products are accounted for as investment-type contracts. A net liability (consisting of the benefit reserve plus deferred revenue liability less ceding commission paid between a ceding and assuming reinsurance company) is established at inception and amortized under the effective yield method.

Global Atlantic issues registered index-linked annuity ("RILA") contracts, which are similar to FIAs in offering the policyholder the opportunity to participate in the performance of a market index, subject to a cap or adjusted for a participation rate. In contrast to the FIA, the RILA enables policyholders to earn higher returns but with the risk of loss to principal and related earnings. In particular, if performance of the market indices is negative, the policyholder may potentially absorb losses, subject to downside protection in the form of either a "buffer" or a "floor" specified in the contract. A "buffer" is protection from downside performance up to a certain percentage, typically 10 percent, with uncapped losses thereafter. A "floor" is protection from downside performance in excess of the "floor," e.g., if the floor is 10% then the policyholder absorbs losses up to 10% but not in excess.

The RILA is accounted for similar to the FIA. The RILA host contract is calculated at the inception of the contract as the value of the initial premium minus the value of the index option, which is an embedded derivative. That initial host value is then accreted to the guaranteed surrender value at the end of the surrender charge period. The RILA index option, which is an embedded derivative, is required to be measured at fair value. Fair value represents the policyholders' expected participation in future increases in the relevant index and is calculated as the excess cash flows from the indexed crediting feature above the guaranteed cash flows. The excess cash flows are based on the option budget methodology whereby the indexed account is projected to grow by the option budget. A key difference from a standard FIA product is that the RILA policyholder can lose principal on this investment. Therefore, it is possible that the embedded derivative can become negative. The option budget will be calculated depending on the product type and strategy. The growth in the indexed account will be projected based on the value of the options dependent upon the strategy and associated hedge construction. The fair value of this embedded derivative component includes assumptions, including those about future interest rates and investment yields, future costs for options used to hedge the contract obligations, projected withdrawal and surrender activity, benefit utilization and the level and limits on contract participation in any future increases in the respective index option. The account value liability and embedded derivative are recorded in policy liabilities in the consolidated statements of financial condition, with changes in value of the liabilities recorded in policy benefits and claims in the consolidated statements of operations.

Variable annuities

Global Atlantic issues and assumes variable annuity contracts for which the liabilities are included in policy liabilities in the consolidated statements of financial condition. The change in the liabilities for these benefits is included in policy benefits and claims in the consolidated statements of operations. Variable annuity contracts may have certain guarantees that are accounted for as market risk benefits, which are discussed in more detail below.

Funding agreements

Global Atlantic issues funding agreements to certain unaffiliated special purpose entities that have issued debt securities for which payment of interest and principal is secured by such funding agreements. Global Atlantic also has similar obligations to federal home loan banks. Global Atlantic's funding agreements are considered investment type contracts and liabilities are net deposits plus accrued and unpaid interest. Global Atlantic's obligation is reported in policy liabilities in the consolidated statements of financial condition. Interest expense is calculated using the effective interest method and recorded in policy benefits and claims in the consolidated statements of operations.

Interest-sensitive life products

For universal life policies, the base policy reserve is the policyholder account value.

Policy liabilities for indexed universal life with returns linked to the performance of a specified market index are equal to the sum of two components: (1) the fair value of the embedded derivative; and (2) the host (or guaranteed) component. The fair value of the embedded derivative component is based on the fair value of the policyholders' expected participation in future increases in the relevant index over the life of the contract. The fair value of this embedded derivative component includes assumptions, including those about future interest rates and investment yields, future costs for options used to hedge the contract obligations, projected benefits, benefit utilization and the level and limits on contract participation in any future increases in the respective index option.

The initial host balance is established at the time of premium payment and is equal to the total account value less the embedded derivative component. Thereafter, the balance of the host component is determined in a manner consistent with the accounting for a deposit liability under the "effective yield method." All future host balances are determined as: (1) the initial host balance; (2) plus interest; (3) less applicable policyholder benefits. The interest rate used in the prior roll forward is re-determined on each valuation date, per the effective yield method.

Preneed policies

Global Atlantic's preneed life insurance contracts are accounted for as universal life-type contracts which require that the retrospective deposit method be used. That accounting method establishes a liability for policyholder benefits in an amount determined by the account or contract balance that accrues to the benefit of the policyholder. This account value is deemed to be equal to the contract's statutory cash surrender value. The majority of Global Atlantic's preneed insurance contracts feature death benefits with a discretionary death benefit growth rate. Global Atlantic has the discretion to adjust these rates up or down. Global Atlantic has established an additional reserve for expected future discretionary benefits which is reflected as policy liabilities in the consolidated statements of financial condition. Global Atlantic has also issued preneed insurance contracts with crediting rates tied to inflation as measured by the U.S. Consumer Price Index.

*Traditional life and limited payment contracts*Liability for future policy benefits

A liability for future policy benefits, which is the present value of estimated future policy benefits to be paid to or on behalf of policyholders and certain related expenses less the present value of estimated future net premiums to be collected from policyholders, is accrued as premium revenue is recognized. The liability is estimated using current assumptions that include mortality, lapses, and expenses. These current assumptions are based on judgments that consider Global Atlantic's historical experience, industry data, and other factors.

For nonparticipating traditional and limited-payment contracts, contracts are grouped into cohorts by contract type and issue year. The liability is adjusted for differences between actual and expected experience. With the exception of the expense assumption, Global Atlantic reviews its historical and future cash flow assumptions quarterly and updates the net premium ratio used to calculate the liability each time the assumptions are changed. Global Atlantic has elected to use expense assumptions that are locked in at contract inception and are not subsequently reviewed or updated.

Each quarter, Global Atlantic updates its estimate of cash flows expected over the entire life of a group of contracts using actual historical experience and current future cash flow assumptions. These updated cash flows are discounted using the discount rate or curve on the original contract issue date to calculate the revised net premiums and net premium ratio, which are used to derive an updated liability for future policy benefits. This amount is then compared to the carrying amount of the liability before the updating of cash flow assumptions to determine the current period change in liability estimate. This current period change in the liability is the liability remeasurement gain or loss and is presented parenthetically as a separate component of benefit expense in the consolidated statements of operations.

Notes to Financial Statements (Continued)

For nonparticipating traditional and limited-payment contracts, the discount rate assumption is a spot rate yield curve that is derived based on upper medium grade (low credit risk) fixed-income instruments with similar duration to the liability. Global Atlantic uses one or more external indices of corporate credit issues as its proxy for these instruments. The discount rate assumption is updated quarterly and used to remeasure the liability at the reporting date, with the resulting change in the discount rate reflected in other comprehensive income. For liability cash flows between two market observable points on the yield curve, Global Atlantic interpolates the effective yield by holding the marginal rates constant. For liability cash flows that are projected beyond the last market-observable point on the yield curve, Global Atlantic uses the last market-observable yield level.

Payout annuities

Payout annuities include single premium immediate annuities, annuitizations of deferred annuities, pension risk transfer and structured settlements. These contracts subject the insurer to risks over a period that extends beyond the period or periods in which premiums are collected. These contracts may be either non-life contingent or life contingent. Non-life contingent annuities are accounted for as investment contracts. For life contingent annuities, Global Atlantic records a liability at the present value of future annuity payments and estimated future expenses calculated using expected mortality and costs, and expense assumptions. Any gross premiums received in excess of the net premium is the DPL and is recognized separately in income in a constant relationship with the discounted amount of the insurance in-force or expected future benefit payments. These liabilities are recorded in policy liabilities in the consolidated statements of financial condition.

Also included under payout annuities are liabilities for disability income benefits which pertain primarily to disability income policies that are already in claim payout status. Liabilities for disability income benefits are calculated as the present value of future disability payments and estimated future expenses using expected mortality and costs, and interest assumptions. The liabilities are recorded in policy liabilities in the consolidated statements of financial condition.

Whole and term life

Global Atlantic has established liabilities for amounts payable under insurance policies, including whole life insurance and term life insurance policies. These policies provide death benefits in exchange for a guaranteed level premium for a specified period of time and, in the case of whole life, a guaranteed minimum cash surrender value. Generally, liabilities for these policies are calculated as the present value of future expected benefits to be paid reduced by the present value of future expected net premiums. Current assumptions are used in the establishment of liabilities for future policyholder benefits including mortality, policy lapse, renewal, investment returns, inflation, expenses and other contingent events as appropriate for the respective product. Each quarter, Global Atlantic updates its estimate of cash flows using actual historical experience and current future cash flow assumptions. These updated cash flows are discounted using the discount rate or curve on the original contract issue date to calculate the revised net premiums and net premium ratio, which are used to derive an updated liability for future policy benefits. This amount is then compared to the carrying amount of the liability before the updating of cash flow assumptions to determine the current period change in liability estimate. This current period change in the liability is the liability remeasurement gain or loss and is presented parenthetically as a separate component of benefit expense in the consolidated statement of operations.

Policy liabilities for participating whole life insurance policies are equal to the aggregate of: (1) net level premium reserves for death and endowment policyholder benefits (calculated based upon the non-forfeiture interest rate, and mortality rated guarantee in calculating the cash surrender values described in such contracts); and (2) the liability for terminal dividends.

Product guarantees**Market risk benefits**

Market risk benefits are contracts or contract features that both provide protection to the policyholder from other-than-nominal capital market risk and expose Global Atlantic to other-than-nominal capital market risk.

Market risk benefits include certain contract features on fixed annuity and variable annuity products. These features include minimum guarantees to policyholders, such as guaranteed minimum death benefits (GMDBs), guaranteed minimum withdrawal benefits (GMWBs), and long-term care benefits (i.e., capped at the return of account value plus one or two times the account value). Market risk benefits are measured at fair value using a non-option and option valuation approach based on current net amounts at risk, market data, experience, and other factors. Changes in fair value are recognized in net income each period with the exception of the portion of the change in fair value due to a change in the instrument-specific credit risk, which is recognized in other comprehensive income.

Notes to Financial Statements (Continued)

Additional liability for annuitization, death, or other insurance benefits

Global Atlantic establishes additional liabilities for contracts or contract features that provide for potential benefits in addition to the account balance but are not market risk benefits or embedded derivatives. These benefits include annuitization benefits and death or other insurance benefits (e.g., universal life secondary guarantees). For these benefits, the liability is the sum of the current benefit ratio multiplied by cumulative assessments and accreted interest, less excess payments.

In particular, Global Atlantic holds additional liabilities for universal life products with secondary guarantees, sometimes referred to as no-lapse guarantees. The additional liabilities are measured using the benefit ratio approach where excess benefits are spread over the life of the contract based on assessments collected from the policyholder. Generally, total expected excess benefit payments are the aggregate of death claims after the policyholder account value is exhausted. The exception is when the cost of insurance charges are insufficient to produce consistently positive earnings in the future. In this case, all death benefits are deemed to be excess benefits. For annuitization benefits, the benefit ratio is the present value of expected annuitization payments to be made less the accrued account balance at the expected annuitization date divided by the present value of expected assessments during the accumulation phase of the contract, discounted at the contract rate. Expected annuitization payments and related incremental claim adjustment expenses, expected assessments, and expected excess payments are calculated using discount rate, mortality, lapse, and expense assumptions.

Global Atlantic recognizes a shadow reserve adjustment for the additional insurance liabilities when unrealized gains and losses are included in the investment margin while calculating the present value of expected assessments for the benefit ratios. Shadow reserve adjustments are recognized in other comprehensive income.

For additional liabilities for death or other insurance benefits, the discount rate assumption is based on the contract rate at inception. The mortality, lapse, and expense assumptions are based on Global Atlantic's experience, industry data, and other factors. Assumptions are reviewed and updated, if necessary, at least annually. When those assumptions are updated, the benefit ratio and the liability are remeasured, with the resulting gain or loss reflected in total benefits expense.

Outstanding claims

Outstanding claims include amounts payable relating to in course of settlement and incurred but not reported claim liabilities. In course of settlement, claim liabilities are established for policies when Global Atlantic is notified of the death of the policyholder, but the claim has not been paid as of the reporting date. Incurred but not reported claim liabilities are determined using studies of past experience and are estimated using actuarial assumptions of historical claims expense, adjusted for current trends and conditions. These estimates are continually reviewed, and the ultimate liability may vary significantly from the amounts initially recognized, which are reflected in net income in the period in which they are determined. Changes in policyholder and contract claims are recorded in policy benefits and claims in the consolidated statements of operations.

Closed blocks

Through its insurance companies, Global Atlantic has acquired several closed blocks of participating life insurance policies. Global Atlantic has elected to account for the closed block policy liabilities using the fair value option.

The assets and cash flow generated by the closed blocks inure solely to the benefit of the holders of policies included in the closed blocks. All closed block assets will ultimately be paid out as policyholder benefits and through policyholder dividends. In the event that the closed blocks' assets are insufficient to meet the benefits of the closed blocks' benefits, general assets of Global Atlantic would be used to meet the contractual benefits to the closed blocks' policyholders.

The closed block liabilities are measured at fair value, which comprises the fair value of the closed block assets plus the present value of projected expenses including commissions and the cost of capital charges associated with the closed blocks. In calculating the present value, Global Atlantic used a discount rate based on current U.S. Treasury rates, with a risk margin to reflect uncertainties in the closed block liability and a provision for Global Atlantic's instrument-specific credit risk.

Reinsurance

Consistent with the overall business strategy, Global Atlantic assumes certain policy risks written by other insurance companies on a coinsurance, modified coinsurance or funds withheld coinsurance basis. Reinsurance accounting is applied for ceded and assumed transactions when risk transfer provisions have been met. To meet risk transfer requirements, a long-duration reinsurance contract must transfer mortality or morbidity risks, and subject the reinsurer to a reasonable possibility of a significant loss. Those contracts that do not meet risk transfer requirements are accounted for using deposit accounting. Global Atlantic seeks to diversify risk and limits its overall financial exposure through reinsurance.

Notes to Financial Statements (Continued)

With respect to ceded reinsurance, Global Atlantic values reinsurance recoverables on reported claims at the time the underlying claim is recognized in accordance with contract terms. For future policyholder benefits, Global Atlantic estimates the amount of reinsurance recoverables based on the terms of the reinsurance contracts and historical reinsurance recovery information. The reinsurance recoverables are based on what Global Atlantic believes are reasonable estimates and the balance is reported as an asset in the consolidated statements of financial condition. However, the ultimate amount of the reinsurance recoverable is not known until all claims are settled.

The cost of reinsurance, which is the difference between the amount paid for a reinsurance contract and the amount of the liabilities for policy benefits relating to the underlying reinsured contracts, is deferred and amortized over the reinsurance contract period for short-duration contracts, or over the terms of the reinsured policies on a basis consistent with the reporting of those policies for long-duration contracts. Generally, Global Atlantic amortizes cost of reinsurance based on policy count or effective yield method, retrospectively calculated based on actual and projected future cash flows. Cost of reinsurance assets and liabilities are reported in insurance intangibles and policy liabilities in the consolidated statements of financial condition, respectively. Reinsurance contracts do not relieve Global Atlantic from its obligations to policyholders, and failure of reinsurers to honor their obligations could result in losses to Global Atlantic; consequently, allowances are established for expected credit losses, via a charge to policy benefits and claims in the consolidated statements of operations. Global Atlantic's funds withheld receivable at interest and reinsurance recoverable assets are reviewed for expected credit losses by considering credit ratings for each reinsurer, historical insurance industry specific default rate factors, rights of offset, expected recovery rates upon default and the impact of other terms specific to the reinsurance arrangement.

For funds withheld and modified coinsurance agreements, Global Atlantic has the right to receive or obligation to pay the total return on assets supporting the funds withheld receivable at interest or funds withheld payable at interest. This indirectly exposes Global Atlantic to the credit risk of the underlying assets. As a result, funds withheld coinsurance and modified coinsurance agreements are viewed as total return swaps and accounted for as embedded derivatives. Embedded derivatives are required to be separated from the host contracts and measured at fair value with changes in fair value recognized in net income. Generally, the embedded derivative is measured as the difference between the fair value of the underlying assets and the carrying value of the host contract at the balance sheet date. The fair value of the embedded derivative is included in the funds withheld receivable at interest or the funds withheld payable at interest on the consolidated statements of financial condition. Changes in the fair value of the embedded derivative are reported in operating activities on the consolidated statements of cash flows.

Recognition of insurance revenue and related benefits

Premiums related to whole life and term life insurance contracts and payout contracts with life contingencies are recognized in premiums in the consolidated statements of operations when due from the contractholders.

Amounts received as payment for universal life and investment-type contracts are reported as deposits to contractholder account balances and recorded in policy liabilities in the consolidated statements of financial condition. Amounts received as payment for Global Atlantic's fixed fund variable annuities are reported as a component of policy liabilities in the consolidated statements of financial condition. Revenues from these contracts consist primarily of fees assessed against the contractholder account balance for mortality, policy administration, separate account administration and surrender charges, and are reported in policy fees in the consolidated statements of operations. Additionally, Global Atlantic earns investment income from the investment of contract deposits in Global Atlantic's insurance companies' general account portfolio, which is reported in net investment income in the consolidated statements of operations.

Fees assessed that represent compensation to Global Atlantic for benefits to be provided in future periods and certain other fees are established as an unearned revenue reserve liability and amortized into revenue over the expected life of the related contracts in proportion to estimated gross profits in a manner consistent with DAC for these contracts. Unearned revenue reserves are reported in policy liabilities in the consolidated statements of financial condition and amortized into policy fees in the consolidated statements of operations. Benefits and expenses for these products include claims in excess of related account balances, expenses for contract administration and interest credited to contractholder account balances in the consolidated statements of operations.

Notes to Financial Statements (Continued)**Use of Estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and investment income (loss) during the reporting periods. Such estimates include but are not limited to (i) the valuation of investments and financial instruments, (ii) the determination of the income tax provision, (iii) the impairment of goodwill and intangible assets, (iv) the impairment of available-for-sale investments, (v) the valuation of insurance policy liabilities, including market risk benefits, (vi) the valuation of embedded derivatives in policy liabilities and funds withheld, (vii) the determination of the allowance for loan losses, and (viii) amortization of deferred revenues and expenses associated with the insurance business.

Certain events particular to each industry and country in which the portfolio companies conduct their operations, as well as general economic, political, regulatory and public health conditions, may have a significant negative impact on KKR's investments and profitability. Such events are beyond KKR's control, and the likelihood that they may occur and the effect on KKR's use of estimates cannot be predicted. Actual results could differ from those estimates, and such differences could be material to the financial statements.

Adoption of new accounting pronouncements*Targeted improvements to the accounting for long-duration contracts*

Effective January 1, 2023, Global Atlantic adopted new accounting guidance for insurance and reinsurance companies that issue long-duration contracts ("LDTI"), on February 1, 2021 ("GA Acquisition Date"), on a full retrospective basis, coinciding with the acquisition of Global Atlantic by KKR ("GA Acquisition").

The following table summarizes the balance of, and changes in the liability for future policy benefits as of February 1, 2021 due to the adoption of LDTI.

Liability for future policy benefits	Payout annuities		Other		Total
Balance, as of February 1, 2021	\$	12,785,557	\$	592,242	\$ 13,377,799
Change in discount rate assumptions		151,651		20,930	172,581
Adjusted balance, as of February 1, 2021	\$	12,937,208	\$	613,172	\$ 13,550,380

The increase to the liability for future policy benefits as of February 1, 2021, was primarily due to remeasuring the liability using a discount rate based on a spot rate yield curve that is derived based on upper medium grade (low credit risk) fixed-income instruments with similar duration to the liability.

The following table summarizes the balance of, and changes in, the net liability position of market risk benefits (previously recorded as product guarantees included within policy liabilities in the consolidated statement of financial condition) as of February 1, 2021 due to the adoption of LDTI.

Market risk benefits	Fixed-indexed annuities		Variable- and other annuities		Total
Balance, as of February 1, 2021 ⁽¹⁾	\$	895,114	\$	325,311	\$ 1,220,425
Adjustment for the difference between prior carrying amount and market risk benefit value		282,354		87,733	370,087
Adjusted balance, as of February 1, 2021	\$	1,177,468	\$	413,044	\$ 1,590,512

(1) The \$1,220.4 million balance associated with market risk benefits prior to transition was previously recorded as product guarantees either as an embedded derivative in contractholder deposits of \$236 million, or as an additional liability for insurance benefits of \$984.4 million under policy liabilities extinguished at transition, and remeasured as market risk benefits.

The transition approach for market risk benefits requires assessing products to determine whether contracts or contract features expose Global Atlantic to other than nominal capital market risk. The balance at February 1, 2021 reflects the population of market risk benefits identified. The increase to the carrying value of the market risk benefit liability as of February 1, 2021, reflects the required adjustment to remeasure the liability at fair value using current net amounts at risk, market data, experience, and other factors. The change primarily reflects the impact of discount rates and instrument-specific credit risk as of the transition date.

Notes to Financial Statements (Continued)

The following table summarizes the balance of, and changes in, reinsurance recoverable as of February 1, 2021 due to the adoption of LDTI.

Reinsurance recoverable	Fixed indexed annuities	Payout annuities	Other	Total
Balance, as of February 1, 2021	\$ 4,487,850	\$ 7,100,198	\$ 4,164,982	\$ 15,753,030
Change in discount rate assumptions	—	75,708	—	75,708
Adjusted balance, as of February 1, 2021, net of reinsurance	\$ 4,487,850	\$ 7,175,906	\$ 4,164,982	\$ 15,828,738

The following table summarizes the balance of, and changes in value of business acquired, net as of February 1, 2021 due to the adoption of LDTI.

VOBA	Fixed indexed annuities	Fixed-rate annuities	Payout annuities	Interest-sensitive life	Variable annuities	Other	Total
Balance, as of February 1, 2021	\$ 474,165	\$ 56,563	\$ —	\$ 307,216	\$ 186,576	\$ —	\$ 1,024,520
Adjustment to reflect transition impact to balance established as part of purchase accounting upon the GA Acquisition	282,354	—	101,338	692	108,411	—	492,795
Adjusted balance, as of February 1, 2021	\$ 756,519	\$ 56,563	\$ 101,338	\$ 307,908	\$ 294,987	\$ —	\$ 1,517,315

The following table summarizes the balance of, and changes in negative value of business acquired, net as of February 1, 2021 due to the adoption of LDTI.

Negative VOBA	Fixed indexed annuities	Fixed-rate annuities	Payout annuities	Interest-sensitive life	Variable annuities	Other	Total
Balance, as of February 1, 2021	\$ 222,135	\$ 180,769	\$ —	\$ 549,983	\$ 119,122	\$ 201,405	\$ 1,273,414
Adjustment to reflect transition impact to balance established as part of purchase accounting upon the GA Acquisition	—	—	25,395	755	—	(315)	25,835
Adjusted balance, as of February 1, 2021	\$ 222,135	\$ 180,769	\$ 25,395	\$ 550,738	\$ 119,122	\$ 201,090	\$ 1,299,249

As a result of the GA Acquisition, Global Atlantic established a new accounting basis to reflect the fair value of assets and liabilities on the GA Acquisition Date, including resetting retained earnings, deferred acquisition costs and accumulated other comprehensive income to zero. As a result of the transition coinciding with the acquisition by KKR, the transition impact of the adoption was recorded as a change to the present value of future profits reflected in the value of business acquired insurance intangible asset recognized as part of purchase accounting.

The following table presents the effect of transition adjustments on the value of business acquired assets and liabilities due to the adoption of LDTI.

	February 1, 2021	
	VOBA	Negative VOBA
Reinsurance recoverable	\$ (75,708)	\$ —
Liability for future policy benefits	198,416	(25,835)
Market risk benefits	370,087	—
Total transition adjustments	\$ 492,795	\$ (25,835)

Notes to Financial Statements (Continued)

As a result of the retrospective application of the LDTI adoption, KKR adjusted certain previously reported amounts in its consolidated statements of financial condition, consolidated statements of operations, consolidated statements of comprehensive income, and consolidated statements of cash flows, as follows:

Consolidated statement of financial condition as of December 31, 2022	As previously reported	Adjustment	As revised
Reinsurance recoverable	\$ 27,919,591	\$ (1,897,510)	\$ 26,022,081
Insurance intangibles	1,722,681	608,813	2,331,494
Other assets	6,483,187	(441,858)	6,041,329
Total assets	\$ 277,077,191	\$ (1,730,555)	\$ 275,346,636
Policy liabilities	141,223,287	(3,442,358)	137,780,929
Accrued Expenses and Other Liabilities	4,600,377	(2)	4,600,375
Total liabilities	\$ 223,418,306	\$ (3,442,360)	\$ 219,975,946
Additional Paid-In Capital	16,190,407	93,650	16,284,057
Retained earnings	6,315,711	385,396	6,701,107
Accumulated other comprehensive income (loss)	(5,901,701)	599,901	(5,301,800)
Noncontrolling interest	35,778,000	632,858	36,410,858
Total equity	\$ 53,506,820	\$ 1,711,805	\$ 55,218,625

The cumulative impact of the retrospective application of the LDTI adoption increased net income attributable to shareholders by \$319.5 million and \$65.9 million for each of the periods ended December 31, 2022 and 2021, respectively (\$385.4 million cumulatively), and increased other comprehensive income by \$589.6 million and \$10.3 million for each of the periods ended December 31, 2022 and 2021, respectively (\$599.9 million cumulatively). These increases were primarily as a result of an increase in discount rates and Global Atlantic's instrument-specific credit risk during each of the respective periods.

Consolidated statement of operations for the three months ended June 30, 2022	As previously reported	Adjustment	As revised
Policy fees	\$ 325,707	\$ (6,677)	\$ 319,030
Net policy benefits and claims ⁽¹⁾	(45,407)	(210,772)	(256,179)
Amortization of policy acquisition costs	13,204	(36,458)	(23,254)
Insurance expenses	131,065	(727)	130,338
General, Administrative and Other	170,892	359	171,251
Income tax expense (benefit)	(153,104)	50,593	(102,511)
Net Income (Loss)	(2,004,410)	190,328	(1,814,082)
Net Income (Loss) Attributable to KKR & Co. Inc. Common Stockholders	(827,934)	93,309	(734,625)
Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock – Basic	(1.22)	0.14	(1.08)
Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock – Diluted	(1.22)	0.14	(1.08)

(1) Includes adjustment for market risk benefit gain for the three months ended June 30, 2022 of \$(198.2) million.

Consolidated statement of operations for the six months ended June 30, 2022	As previously reported	Adjustment	As revised
Policy fees	\$ 644,143	\$ (11,331)	\$ 632,812
Net policy benefits and claims ⁽¹⁾	680,653	(423,654)	256,999
Amortization of policy acquisition costs	5,471	(17,303)	(11,832)
Insurance expenses	247,808	(1,667)	246,141
General, Administrative and Other	338,106	769	338,875
Income tax expense (benefit)	(156,270)	90,410	(65,860)
Net Income (Loss)	(901,808)	340,114	(561,694)
Net Income (Loss) Attributable to KKR & Co. Inc. Common Stockholders	(901,704)	157,293	(744,411)
Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock – Basic	(1.42)	0.25	(1.17)
Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock – Diluted	(1.42)	0.25	(1.17)

(1) Includes adjustment for market risk benefit gain for the six months ended June 30, 2022 of \$(393.9) million.

Notes to Financial Statements (Continued)

Consolidated statement of comprehensive income for the three months ended June 30, 2022				
	As previously reported		Adjustment	As revised
Unrealized Gains (Losses) on Available-For-Sale Securities and Other	\$ (3,422,234)	\$	(142,628)	\$ (3,564,862)
Net effect of changes in discount rates and instrument-specific credit risk on policy liabilities	—		585,352	585,352
Comprehensive Income (Loss)	(5,546,017)		633,052	(4,912,965)
Comprehensive Income (Loss) Attributable to KKR & Co. Inc.	(2,580,147)		310,356	(2,269,791)

Consolidated statement of comprehensive income for the six months ended June 30, 2022				
	As previously reported		Adjustment	As revised
Unrealized Gains (Losses) on Available-For-Sale Securities and Other	\$ (6,761,445)	\$	(342,455)	\$ (7,103,900)
Net effect of changes in discount rates and instrument-specific credit risk on policy liabilities	—		1,309,938	1,309,938
Comprehensive Income (Loss)	(7,804,907)		1,307,597	(6,497,310)
Comprehensive Income (Loss) Attributable to KKR & Co. Inc.	(4,077,090)		598,502	(3,478,588)

Consolidated statement of cash flow for the six months ended June 30, 2022				
	As previously reported		Adjustment	As revised
Net realized (gains) losses on insurance operations	\$ 11,246	\$	(393,909)	\$ (382,663)
Other non-cash amounts	8,949		17,335	26,284
Change in policy liabilities and accruals, net	(374,241)		(53,052)	(427,293)
Change in other assets	1,403,016		90,411	1,493,427
Change in accrued expenses and other liabilities	(2,403,802)		(900)	(2,404,702)

Troubled debt restructurings and vintage disclosures

In March 2022, the FASB issued new guidance regarding the modification of receivables, which affects their recognition and measurement. The guidance eliminates the concept of troubled debt restructurings and instead requires all modifications to be analyzed to determine whether they result in a new receivable or a continuation of an existing receivable. The guidance also makes related updates to the measurement of expected credit losses for receivables. The new guidance requires additional disclosures for receivable modifications involving borrowers experiencing financial difficulty as well as disclosure of loan charge-offs by origination year (vintage). For entities that have already adopted ASC 326 (addressing credit losses on financial instruments), the guidance was effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. KKR adopted this accounting standard effective January 1, 2023. Refer to Note 8 — “Investments–Loan modifications” for additional information.

Business combinations - Accounting for contract assets and contract liabilities from contracts with customers

In October 2021, the FASB issued new guidance (ASU 2021-08) to add contract assets and contract liabilities from contracts with customers acquired in a business combination to the list of exceptions to the fair value recognition and measurement principles that apply to business combinations, and instead require them to be accounted for in accordance with revenue recognition guidance. KKR adopted this accounting standard effective January 1, 2023 and its adoption did not have any material impact on KKR's consolidated financial statements.

Future application of accounting standards*Fair value measurement of equity security subject to contractual sale restriction*

In June 2022, the FASB issued ASU 2022-03, ASC Subtopic 820 “Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions”. According to ASU 2022-03, an entity should not consider the contractual sale restriction when measuring the equity security’s fair value and an entity is not allowed to recognize a contractual sale restriction as a separate unit of account.

ASU 2022-03 is effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. KKR is currently evaluating the impact of this accounting standard update on its consolidated financial statements.

Accounting for Investments in Tax Credit Structures

In March 2023, the FASB issued new guidance to expand the population of investments in tax credit structures that may be eligible to apply the proportional amortization method (“PAM”), if certain criteria are met. The election to use the PAM can be made on a tax credit program-by-program basis. Under the new guidance, certain disclosures are required for investments in tax credit programs for which the PAM is elected. The guidance is effective for fiscal years beginning after December 15, 2023, with early adoption permitted. KKR is currently evaluating the impact of this guidance on its consolidated financial statements.

3. ACQUISITIONS**Acquisition of Mitsubishi Corp-UBS Realty Inc.**

On March 17, 2022, KKR entered into an agreement to acquire all of the outstanding shares of Mitsubishi Corp.-UBS Realty Inc. (“MC-UBSR”) from Mitsubishi Corporation and UBS Asset Management in an all-cash transaction valued at ¥227 billion (which was approximately \$1.7 billion at such time) (the “KJRM Acquisition”). On April 28, 2022, KKR completed the acquisition of MC-UBSR, which changed its name to KJR Management (“KJRM”). KJRM is a real estate asset manager in Japan that manages two Tokyo Stock Exchange-listed real estate investment trusts (“REITs”): Japan Metropolitan Fund Investment Corporation, which is primarily focused on retail, offices, hotels and other assets located in urban areas in Japan, and Industrial & Infrastructure Fund Investment Corporation, which is primarily focused on industrial and infrastructure properties in Japan. The KJRM Acquisition was accounted for as a business combination under FASB Accounting Standards Codification Topic 805, Business Combinations (“Topic 805”).

KKR plans to continue the existing strategy and business of KJRM. The acquisition is expected to enhance KJRM’s leading real estate asset management business with potential opportunities for organic and inorganic growth and scale in Japan.

In connection with the acquisition, KKR allocated an amount of \$1,733 million to the fair value of KJRM’s investment management contracts and recognized approximately \$530 million of deferred tax liabilities resulting from the difference in book and tax basis of such intangible assets as of the acquisition date. Intangibles are based upon third-party valuations using the excess earnings method, which derives value based on the present value of the cash flow attributable to the investment management contracts, less returns for contributory assets. The significant assumptions used in the valuation of the intangible assets acquired are unobservable and include (i) the asset’s estimated useful life, (ii) the projected assets under management, (iii) the projected revenue growth rates, and (iv) the discount rate.

KJRM’s investment management contracts were determined to have indefinite useful lives at the time of the KJRM Acquisition and are not subject to amortization. The assignment of indefinite lives to such investment management contracts is primarily based upon (i) the assumption that there is no foreseeable limit on the contract period to manage KJRM’s listed REITs; (ii) KKR expects to have the ability to continue to operate these products indefinitely; (iii) the products have multiple investors and are not reliant on a single investor or small group of investors for their continued operation; (iv) current competitive factors and economic conditions do not indicate a finite life; and (v) there is a high likelihood of continued renewal based on historical experience.

The carrying value of goodwill associated with the KJRM Acquisition was \$509 million as of the acquisition date and is entirely allocated to the asset management segment. The goodwill is attributable primarily to the assembled workforce of KJRM and expected synergies. The goodwill recorded is not expected to be deductible for tax purposes.

KKR finalized the purchase price allocation in December 2022. No measurement period adjustments to reflect new information obtained about facts and circumstances that existed as of the acquisition date were recorded.

Pro forma results of operations would not be materially different as a result of the acquisition and therefore are not presented.

Notes to Financial Statements (Continued)

4. REVENUES - ASSET MANAGEMENT

For the three and six months ended June 30, 2023 and 2022, respectively, Asset Management revenues consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Management Fees	\$ 446,809	\$ 418,229	\$ 899,902	\$ 816,275
Fee Credits	(49,612)	(63,574)	(107,143)	(251,319)
Transaction Fees	269,416	177,861	479,255	644,827
Monitoring Fees	34,796	30,522	64,649	69,922
Incentive Fees	12,158	7,141	18,571	14,198
Expense Reimbursements	16,840	25,576	32,384	66,879
Consulting Fees	24,040	19,509	43,845	34,993
Total Fees and Other	754,447	615,264	1,431,463	1,395,775
Carried Interest	540,615	(738,309)	883,685	(1,521,997)
General Partner Capital Interest	156,282	(185,165)	262,230	(347,220)
Total Capital Allocation-Based Income (Loss)	696,897	(923,474)	1,145,915	(1,869,217)
Total Revenues - Asset Management	\$ 1,451,344	\$ (308,210)	\$ 2,577,378	\$ (473,442)

Notes to Financial Statements (Continued)
5. NET GAINS (LOSSES) FROM INVESTMENT ACTIVITIES - ASSET MANAGEMENT

Net Gains (Losses) from Investment Activities in the consolidated statements of operations consist primarily of the realized and unrealized gains and losses on investments (including foreign exchange gains and losses attributable to foreign denominated investments and related activities) and other financial instruments, including those for which the fair value option has been elected. Unrealized gains or losses result from changes in the fair value of these investments and other financial instruments during a period. Upon disposition of an investment or financial instrument, previously recognized unrealized gains or losses are reversed and an offsetting realized gain or loss is recognized in the current period.

The following table summarizes total Net Gains (Losses) from Investment Activities:

	Three Months Ended June 30, 2023			Three Months Ended June 30, 2022		
	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total
Private Equity ⁽¹⁾	\$ (27,156)	\$ 507,346	\$ 480,190	\$ 225,585	\$ (1,663,216)	\$ (1,437,631)
Credit ⁽¹⁾	(276,849)	316,985	40,136	(42,011)	(309,990)	(352,001)
Investments of Consolidated CFEs ⁽¹⁾	(44,865)	251,101	206,236	205	(1,474,681)	(1,474,476)
Real Assets ⁽¹⁾	51,620	(183,635)	(132,015)	263,324	(72,768)	190,556
Equity Method - Other ⁽¹⁾	18,817	233,278	252,095	40,009	(245,626)	(205,617)
Other Investments ⁽¹⁾	(210,136)	188,596	(21,540)	35,160	(352,215)	(317,055)
Foreign Exchange Forward Contracts and Options ⁽²⁾	61,106	(70,072)	(8,966)	50,952	228,930	279,882
Securities Sold Short ⁽²⁾	2,519	(5,669)	(3,150)	23,470	10,163	33,633
Other Derivatives ⁽²⁾	16,070	(8,419)	7,651	(4,617)	22,191	17,574
Debt Obligations and Other ⁽³⁾	19,574	(270,126)	(250,552)	(42,118)	1,421,784	1,379,666
Net Gains (Losses) From Investment Activities	\$ (389,300)	\$ 959,385	\$ 570,085	\$ 549,959	\$ (2,435,428)	\$ (1,885,469)

	Six Months Ended June 30, 2023			Six Months Ended June 30, 2022		
	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total
Private Equity ⁽¹⁾	\$ 171,925	\$ 470,682	\$ 642,607	\$ 423,965	\$ (1,928,542)	\$ (1,504,577)
Credit ⁽¹⁾	(299,812)	421,760	121,948	(53,466)	(498,964)	(552,430)
Investments of Consolidated CFEs ⁽¹⁾	(49,882)	568,982	519,100	3,154	(1,744,229)	(1,741,075)
Real Assets ⁽¹⁾	61,054	(509,544)	(448,490)	260,563	1,224,502	1,485,065
Equity Method - Other ⁽¹⁾	58,036	262,783	320,819	54,293	(318,268)	(263,975)
Other Investments ⁽¹⁾	(322,799)	188,077	(134,722)	36,903	(367,230)	(330,327)
Foreign Exchange Forward Contracts and Options ⁽²⁾	2,471	(33,803)	(31,332)	141,842	81,923	223,765
Securities Sold Short ⁽²⁾	(956)	(3,428)	(4,384)	59,552	20,344	79,896
Other Derivatives ⁽²⁾	13,948	5,911	19,859	(16,622)	42,328	25,706
Debt Obligations and Other ⁽³⁾	76,095	(670,824)	(594,729)	(80,596)	1,687,340	1,606,744
Net Gains (Losses) From Investment Activities	\$ (289,920)	\$ 700,596	\$ 410,676	\$ 829,588	\$ (1,800,796)	\$ (971,208)

(1) See Note 8 "Investments."

(2) See Note 9 "Derivatives" and Note 15 "Other Assets and Accrued Expenses and Other Liabilities."

(3) See Note 17 "Debt Obligations."

Notes to Financial Statements (Continued)**6. NET INVESTMENT INCOME - INSURANCE**

Net investment income for Global Atlantic is comprised primarily of interest income, including amortization of premiums and accretion of discounts, based on yields that change due to expectations in projected cash flows, dividend income from common and preferred stock, earnings from investments accounted for under equity method accounting, and lease income on other investments.

The components of net investment income were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Fixed maturity securities – interest and other income	\$ 1,086,016	\$ 745,346	\$ 2,136,812	\$ 1,436,639
Mortgage and other loan receivables	472,074	373,563	931,220	697,704
Investments in transportation and other leased assets	78,727	66,714	154,915	134,393
Investments in renewable energy	17,346	44,419	37,929	69,637
Investments in real estate	43,360	29,954	79,461	33,857
Short-term and other investment income	54,678	29,800	132,294	50,497
Income assumed from funds withheld receivable at interest	25,681	23,497	47,782	43,102
Policy loans	8,424	7,055	18,701	14,966
Income ceded to funds withheld payable at interest	(317,260)	(238,761)	(618,483)	(418,463)
Gross investment income	1,469,046	1,081,587	2,920,631	2,062,332
<i>Less investment expenses:</i>				
Investment management and administration	80,137	95,656	165,478	208,787
Transportation and renewable energy asset depreciation and maintenance	57,226	48,856	106,388	102,809
Interest expense on derivative collateral and repurchase agreements	20,628	5,186	37,013	6,242
Net investment income	\$ 1,311,055	\$ 931,889	\$ 2,611,752	\$ 1,744,494

Notes to Financial Statements (Continued)

7. NET INVESTMENT-RELATED GAINS (LOSSES) - INSURANCE

Net investment-related gains (losses) from insurance operations primarily consists of (i) realized gains and (losses) from the disposal of investments, (ii) unrealized gains and (losses) from investments held for trading, equity securities, real estate investments accounted for under investment company accounting, and investments with fair value remeasurements recognized in earnings as a result of the election of a fair-value option, (iii) unrealized gains and (losses) on funds withheld at interest, (iv) unrealized gains and (losses) from derivatives not designated in an hedging relationship, and (v) allowances for credit losses, and other impairments of investments.

Net investment-related gains (losses) were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Realized gains (losses) on available-for-sale fixed maturity debt securities	\$ (55,471)	\$ (287,373)	\$ (52,039)	\$ (530,723)
Credit loss allowances on available-for-sale securities	(30,622)	(6,442)	(106,940)	(17,044)
Credit loss allowances on mortgage and other loan receivables	(30,580)	(12,298)	(94,691)	(38,383)
Allowances on unfunded commitments	39,594	(10,168)	31,594	(3,378)
Impairment of available-for-sale fixed maturity debt securities due to intent to sell	—	—	(26,741)	—
Unrealized gains (losses) on fixed maturity securities classified as trading	(66,627)	(989,678)	309,663	(2,028,124)
Unrealized losses on investments recognized under the fair-value option	(3,440)	(38,435)	(59,213)	(40,928)
Unrealized (losses) gains on real estate investments recognized at fair value under investment company accounting	(43,371)	45,396	19,821	123,088
Net (losses) gains on derivative instruments	78,244	855,366	(269,981)	1,715,100
Realized gains on funds withheld at interest payable portfolio	3,632	28,727	7,612	2,340
Realized (losses) gains on funds withheld at interest receivable portfolio	(12,020)	(22,162)	5,713	3,438
Other realized gains (losses)	3,111	10,741	(6,181)	19,608
Net investment-related gains (losses)	\$ (117,550)	\$ (426,326)	\$ (241,383)	\$ (795,006)

Notes to Financial Statements (Continued)
Allowance for credit losses
Available-for-sale fixed maturity securities

The table below presents a roll-forward of the allowance for credit losses recognized for fixed maturity securities held by Global Atlantic:

	Three Months Ended June 30, 2023			Six Months Ended June 30, 2023		
	Corporate	Structured	Total	Corporate	Structured	Total
Balance, as of beginning of period	\$ 1,449	\$ 199,665	\$ 201,114	\$ 1,298	\$ 127,034	\$ 128,332
Initial impairments for credit losses recognized on securities not previously impaired	20,586	1,808	22,394	20,737	47,008	67,745
Accretion of initial credit loss allowance on PCD securities	—	336	336	—	687	687
Reductions due to sales (or maturities, pay downs or prepayments) during the period of securities previously identified as credit impaired	—	(2,774)	(2,774)	—	(6,661)	(6,661)
Net additions / reductions for securities previously impaired	916	7,312	8,228	916	38,279	39,195
Balance, as of end of period	\$ 22,951	\$ 206,347	\$ 229,298	\$ 22,951	\$ 206,347	\$ 229,298

	Three Months Ended June 30, 2022			Six Months Ended June 30, 2022		
	Corporate	Structured	Total	Corporate	Structured	Total
Balance, as of beginning of period	\$ 5,000	\$ 91,908	\$ 96,908	\$ 3,238	\$ 84,895	\$ 88,133
Initial impairments for credit losses recognized on securities not previously impaired	—	20,197	20,197	122	35,955	36,077
Initial credit loss allowance recognized on purchased credit deteriorated ("PCD") securities	—	567	567	—	707	707
Accretion of initial credit loss allowance on PCD securities	—	391	391	—	868	868
Reductions due to sales (or maturities, pay downs or prepayments) during the period of securities previously identified as credit impaired	—	(2,015)	(2,015)	—	(4,459)	(4,459)
Net additions / reductions for securities previously impaired	2,842	(16,597)	(13,755)	4,482	(23,515)	(19,033)
Balance, as of end of period	\$ 7,842	\$ 94,451	\$ 102,293	\$ 7,842	\$ 94,451	\$ 102,293

Mortgage and other loan receivables

Changes in the allowance for credit losses on mortgage and other loan receivables held by Global Atlantic are summarized below:

	Three Months Ended June 30, 2023				Six Months Ended June 30, 2023			
	Commercial Mortgage Loans	Residential Mortgage Loans	Consumer and Other Loan Receivables	Total	Commercial Mortgage Loans	Residential Mortgage Loans	Consumer and Other Loan Receivables	Total
Balance, as of beginning of period	\$ 247,426	\$ 134,447	\$ 207,227	\$ 589,100	\$ 227,315	\$ 125,824	\$ 207,089	\$ 560,228
Net provision (release)	6,440	7,218	16,922	30,580	26,551	17,534	50,606	94,691
Charge-offs	(14,000)	(1,729)	(34,576)	(50,305)	(14,000)	(3,422)	(69,948)	(87,370)
Recoveries of amounts previously charged-off	—	—	8,674	8,674	—	—	10,500	10,500
Balance, as of end of period	\$ 239,866	\$ 139,936	\$ 198,247	\$ 578,049	\$ 239,866	\$ 139,936	\$ 198,247	\$ 578,049

Notes to Financial Statements (Continued)

	Three Months Ended June 30, 2022				Six Months Ended June 30, 2022			
	Commercial Mortgage Loans	Residential Mortgage Loans	Consumer and Other Loan Receivables	Total	Commercial Mortgage Loans	Residential Mortgage Loans	Consumer and Other Loan Receivables	Total
Balance, as of beginning of period	\$ 81,536	\$ 87,583	\$ 231,043	\$ 400,162	\$ 65,970	\$ 72,082	\$ 236,025	\$ 374,077
Net provision (release)	22,408	8,611	(18,721)	12,298	37,974	24,112	(23,703)	38,383
Charge-offs	—	—	(575)	(575)	—	—	(575)	(575)
Balance, as of end of period	\$ 103,944	\$ 96,194	\$ 211,747	\$ 411,885	\$ 103,944	\$ 96,194	\$ 211,747	\$ 411,885

Proceeds and gross gains and losses from voluntary sales

The proceeds from voluntary sales and the gross gains and losses on those sales of available-for-sale ("AFS") fixed maturity securities were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
AFS fixed maturity securities:				
Proceeds from voluntary sales	\$ 1,728,403	\$ 3,933,957	\$ 3,135,328	\$ 10,062,242
Gross gains	15,101	1,254	30,565	10,196
Gross losses	(70,812)	(286,576)	(80,856)	(532,447)

Notes to Financial Statements (Continued)
8. INVESTMENTS

Investments consist of the following:

	June 30, 2023	December 31, 2022
<i>Asset Management</i>		
Private Equity	\$ 29,884,522	\$ 26,607,688
Credit	7,962,238	7,804,392
Investments of Consolidated CFEs	24,514,439	22,492,366
Real Assets	21,142,323	17,976,366
Equity Method - Other	6,572,739	6,838,541
Equity Method - Capital Allocation-Based Income	7,810,797	6,862,712
Other Investments	3,991,810	3,793,398
Investments - Asset Management	\$ 101,878,868	\$ 92,375,463
<i>Insurance</i>		
Fixed maturity securities, available-for-sale, at fair value ⁽¹⁾	\$ 67,034,371	\$ 61,939,529
Mortgage and other loan receivables	35,907,563	35,090,698
Fixed maturity securities, trading, at fair value ⁽²⁾	12,585,845	12,038,847
Other investments	10,453,844	11,374,656
Funds withheld receivable at interest	2,727,317	2,868,036
Policy loans	871,422	868,911
Equity securities at fair value	19,602	18,499
Investments - Insurance	\$ 129,599,964	\$ 124,199,176
Total Investments	\$ 231,478,832	\$ 216,574,639

(1) Amortized cost of \$77.7 billion and \$73.6 billion, net of credit loss allowances of \$229.3 million and \$128.3 million, respectively.

(2) Amortized cost of \$15.0 billion and \$14.8 billion, respectively.

As of both June 30, 2023 and December 31, 2022, there were no investments which represented greater than 5% of total investments.

Fixed maturity securities

The cost or amortized cost and fair value for AFS fixed maturity securities were as follows:

As of June 30, 2023	Cost or amortized cost	Allowance for Credit Losses ⁽¹⁾⁽²⁾	Gross unrealized		Fair value
			gains	losses	
AFS fixed maturity securities portfolio by type:					
U.S. government and agencies	\$ 491,921	\$ —	\$ 445	\$ (69,685)	\$ 422,681
U.S. state, municipal and political subdivisions	5,442,438	—	8,257	(1,066,857)	4,383,838
Corporate	46,533,475	(22,951)	98,029	(7,397,857)	39,210,696
Residential mortgage-backed securities, or "RMBS"	8,200,045	(153,009)	14,105	(696,380)	7,364,761
Commercial mortgage-backed securities, or "CMBS"	7,499,573	(14,577)	417	(801,183)	6,684,230
Collateralized bond obligations, or "CBOs"	2,995,905	(906)	—	(213,268)	2,781,731
CLOs	3,515,267	(25,765)	1,684	(144,320)	3,346,866
Asset-backed securities, or "ABSs"	3,050,641	(12,090)	9,349	(208,332)	2,839,568
Total AFS fixed maturity securities	\$ 77,729,265	\$ (229,298)	\$ 132,286	\$ (10,597,882)	\$ 67,034,371

Notes to Financial Statements (Continued)

- (1) Represents the cumulative amount of credit impairments that have been recognized in the consolidated statements of operations (as net investment (losses) gains) or that were recognized as a gross-up of the purchase price of PCD securities. Amount excludes unrealized losses related to non-credit impairment.
- (2) Includes credit loss allowances on purchase-credit deteriorated fixed-maturity securities of \$(21.3) million.

As of December 31, 2022	Cost or amortized cost	Allowance for Credit Losses ⁽¹⁾⁽²⁾	Gross unrealized		Fair value
			gains	losses	
AFS fixed maturity securities portfolio by type:					
U.S. government and agencies	\$ 438,931	\$ —	\$ 304	\$ (72,494)	\$ 366,741
U.S. state, municipal and political subdivisions	5,638,252	—	6,582	(1,233,874)	4,410,960
Corporate	44,253,062	(1,298)	49,509	(7,984,341)	36,316,932
RMBS	7,307,526	(100,554)	12,052	(834,212)	6,384,812
CMBS	7,269,662	(14,490)	36	(834,735)	6,420,473
CBOs	3,051,850	(426)	—	(217,773)	2,833,651
CLOs	2,726,888	(6,165)	127	(200,160)	2,520,690
ABSs	2,914,617	(5,399)	4,702	(228,650)	2,685,270
Total AFS fixed maturity securities	\$ 73,600,788	\$ (128,332)	\$ 73,312	\$ (11,606,239)	\$ 61,939,529

- (1) Represents the cumulative amount of credit impairments that have been recognized in the consolidated statements of operations (as net investment (losses) gains) or that were recognized as a gross-up of the purchase price of PCD securities. Amount excludes unrealized losses related to non-credit impairment.
- (2) Includes credit loss allowances on purchase-credit deteriorated fixed-maturity securities of \$(29.9) million.

Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties, or Global Atlantic may have the right to put or sell the obligations back to the issuers. Structured securities are shown separately as they have periodic payments and are not due at a single maturity.

The maturity distribution for AFS fixed maturity securities is as follows:

As of June 30, 2023	Cost or amortized cost (net of allowance)	Fair value
Due in one year or less	\$ 1,364,257	\$ 1,343,976
Due after one year through five years	12,602,956	12,001,680
Due after five years through ten years	9,394,459	8,602,514
Due after ten years	29,083,211	22,069,045
Subtotal	52,444,883	44,017,215
RMBS	8,047,036	7,364,761
CMBS	7,484,996	6,684,230
CBOs	2,994,999	2,781,731
CLOs	3,489,502	3,346,866
ABSs	3,038,551	2,839,568
Total AFS fixed maturity securities	\$ 77,499,967	\$ 67,034,371

Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties, or the Global Atlantic may have the right to put or sell the obligations back to the issuers. Structured securities are shown separately as they have periodic payments and are not due at a single maturity.

Purchased credit deteriorated securities

Certain securities purchased by Global Atlantic were assessed at acquisition as having experienced a more-than-insignificant deterioration in credit quality since their origination. These securities are identified as PCD, and a reconciliation of the difference between the purchase price and the par value of these PCD securities is below:

Notes to Financial Statements (Continued)

	Six Months Ended June 30,	
	2023	2022
Purchase price of PCD securities acquired during the current period	\$ —	\$ 15,951
Allowance for credit losses at acquisition	—	707
Discount attributable to other factors	—	1,057
Par value	\$ —	\$ 17,715

Securities in a continuous unrealized loss position

The following tables provide information about AFS fixed maturity securities that have been continuously in an unrealized loss position:

As of June 30, 2023	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
AFS fixed maturity securities portfolio by type:						
U.S. government and agencies	\$ 177,322	\$ (2,918)	\$ 198,376	\$ (66,767)	\$ 375,698	\$ (69,685)
U.S. state, municipal and political subdivisions	321,202	(13,832)	3,766,538	(1,053,025)	4,087,740	(1,066,857)
Corporate	8,821,425	(339,357)	25,974,990	(7,058,500)	34,796,415	(7,397,857)
RMBS	1,633,807	(49,552)	4,845,271	(646,828)	6,479,078	(696,380)
CBOs	—	—	2,781,731	(213,268)	2,781,731	(213,268)
CMBS	545,960	(59,584)	6,045,832	(741,599)	6,591,792	(801,183)
CLOs	688,364	(4,229)	2,258,563	(140,091)	2,946,927	(144,320)
ABSs	886,866	(42,113)	1,525,227	(166,219)	2,412,093	(208,332)
Total AFS fixed maturity securities in a continuous loss position	\$ 13,074,946	\$ (511,585)	\$ 47,396,528	\$ (10,086,297)	\$ 60,471,474	\$ (10,597,882)

As of December 31, 2022	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
AFS fixed maturity securities portfolio by type:						
U.S. government and agencies	\$ 122,272	\$ (52,639)	\$ 108,498	\$ (19,855)	\$ 230,770	\$ (72,494)
U.S. state, municipal and political subdivisions	2,321,404	(605,698)	1,780,984	(628,176)	4,102,388	(1,233,874)
Corporate	14,792,384	(2,114,695)	17,943,907	(5,869,646)	32,736,291	(7,984,341)
RMBS	3,998,737	(442,543)	2,068,529	(391,669)	6,067,266	(834,212)
CBOs	1,351,552	(103,499)	1,482,099	(114,274)	2,833,651	(217,773)
CMBS	4,054,053	(445,168)	2,338,517	(389,567)	6,392,570	(834,735)
CLOs	1,862,608	(139,766)	636,014	(60,394)	2,498,622	(200,160)
ABSs	1,610,876	(113,285)	832,635	(115,365)	2,443,511	(228,650)
Total AFS fixed maturity securities in a continuous loss position	\$ 30,113,886	\$ (4,017,293)	\$ 27,191,183	\$ (7,588,946)	\$ 57,305,069	\$ (11,606,239)

Unrealized gains and losses can be created by changing interest rates or several other factors, including changing credit spreads. Global Atlantic had gross unrealized losses on below investment grade AFS fixed maturity securities of \$721.3 million and \$836.3 million as of June 30, 2023 and December 31, 2022, respectively. The single largest unrealized loss on AFS fixed maturity securities was \$56.5 million and \$60.4 million as of June 30, 2023 and December 31, 2022, respectively. Global Atlantic had 6,483 and 6,328 securities in an unrealized loss position as of June 30, 2023 and December 31, 2022, respectively.

Notes to Financial Statements (Continued)

As of June 30, 2023, AFS fixed maturity securities in an unrealized loss position for 12 months or more consisted of 5,193 debt securities. These debt securities primarily relate to Corporate, RMBS, and U.S. state, municipal and political subdivisions fixed maturity securities, which have depressed values due primarily to an increase in interest rates since the purchase of these securities. Unrealized losses were not recognized in net income on these debt securities since Global Atlantic neither intends to sell the securities nor does it believe that it is more likely than not that it will be required to sell these securities before recovery of their cost or amortized cost basis. For securities with significant declines in value, individual security level analysis was performed utilizing underlying collateral default expectations, market data, and industry analyst reports.

Mortgage and other loan receivables

Mortgage and other loan receivables consist of the following:

	June 30, 2023	December 31, 2022
Commercial mortgage loans ⁽¹⁾	\$ 19,623,670	\$ 18,830,780
Residential mortgage loans ⁽¹⁾	11,451,908	10,688,972
Consumer loans	4,797,741	5,228,534
Other loan receivables ⁽²⁾	612,293	902,640
Total mortgage and other loan receivables	36,485,612	35,650,926
Allowance for credit losses ⁽³⁾	(578,049)	(560,228)
Total mortgage and other loan receivables, net of allowance for credit losses	\$ 35,907,563	\$ 35,090,698

(1) Includes \$768.3 million and \$787.5 million of loans carried at fair value using the fair value option as of June 30, 2023 and December 31, 2022, respectively. The fair value option was elected for these loans for asset-liability matching purposes. These loans had unpaid principal balances of \$847.1 million and \$871.2 million as of June 30, 2023 and December 31, 2022, respectively.

(2) As of June 30, 2023 and December 31, 2022, other loan receivables consisted primarily of loans collateralized by aircraft of \$266.0 million and \$282.3 million, respectively.

(3) Includes credit loss allowances on purchase-credit deteriorated mortgage and other loan receivables of \$(99.8) million and \$(106.2) million as of June 30, 2023 and December 31, 2022, respectively.

The maturity distribution for residential and commercial mortgage loans was as follows as of June 30, 2023:

Years	Residential	Commercial	Total mortgage loans
Remainder of 2023	\$ 80,155	\$ 1,112,763	\$ 1,192,918
2024	370,707	2,066,110	2,436,817
2025	15,373	3,647,053	3,662,426
2026	865,712	4,381,877	5,247,589
2027	861,384	2,897,827	3,759,211
2028	130,047	1,381,665	1,511,712
2029 and thereafter	9,128,530	4,136,375	13,264,905
Total	\$ 11,451,908	\$ 19,623,670	\$ 31,075,578

Actual maturities could differ from contractual maturities, because borrowers may have the right to prepay (with or without prepayment penalties) and loans may be refinanced.

Notes to Financial Statements (Continued)

Global Atlantic diversifies its mortgage loan portfolio by both geographic region and property type to reduce concentration risk. The following tables present the mortgage loans by geographic region and property type:

Mortgage loans – carrying value by geographic region	June 30, 2023		December 31, 2022	
Pacific	\$ 7,772,463	25.0 %	\$ 7,197,110	24.4 %
West South Central	4,095,311	13.2 %	3,582,648	12.1 %
South Atlantic	8,403,005	27.0 %	8,051,653	27.3 %
Middle Atlantic	3,711,831	11.9 %	3,590,530	12.2 %
East North Central	1,162,564	3.7 %	1,240,264	4.2 %
Mountain	3,227,895	10.4 %	3,152,895	10.7 %
New England	1,326,697	4.3 %	1,414,897	4.8 %
East South Central	736,473	2.4 %	712,886	2.4 %
West North Central	356,590	1.1 %	349,079	1.2 %
Other regions	282,749	1.0 %	227,790	0.7 %
Total by geographic region	\$ 31,075,578	100.0 %	\$ 29,519,752	100.0 %

Mortgage loans – carrying value by property type	June 30, 2023		December 31, 2022	
Residential	\$ 11,451,908	36.9 %	\$ 10,688,972	36.2 %
Office building	4,548,586	14.6 %	4,594,238	15.6 %
Multi-family	10,058,850	32.4 %	9,698,728	32.9 %
Industrial	3,455,341	11.1 %	3,139,163	10.6 %
Retail	540,899	1.7 %	630,455	2.1 %
Other property types	790,795	2.5 %	582,479	2.0 %
Warehouse	229,199	0.8 %	185,717	0.6 %
Total by property type	\$ 31,075,578	100.0 %	\$ 29,519,752	100.0 %

As of June 30, 2023 and December 31, 2022, Global Atlantic had \$204.8 million and \$192.3 million of mortgage loans that were 90 days or more past due or in the process of foreclosure, respectively, and have been classified as non-income producing. Global Atlantic ceases accrual of interest on loans that are more than 90 days past due and recognizes income as cash is received.

Notes to Financial Statements (Continued)
Credit quality indicators
Mortgage and loan receivable performance status

The following table represents the portfolio of mortgage and loan receivables by origination year and performance status as of June 30, 2023 and December 31, 2022:

Performance status as of June 30, 2023	By year of origination						
	2023	2022	2021	2020	2019	Prior	Total
Commercial mortgage loans							
Current-period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ (14,000)	\$ —	\$ (14,000)
Current	\$ 1,007,089	\$ 6,241,717	\$ 6,890,616	\$ 728,767	\$ 1,489,734	\$ 3,232,200	\$ 19,590,123
30 to 59 days past due	—	—	—	—	—	—	—
60 to 89 days past due	—	—	—	—	—	33,547	33,547
90 days or more past due	—	—	—	—	—	—	—
Total commercial mortgage loans	\$ 1,007,089	\$ 6,241,717	\$ 6,890,616	\$ 728,767	\$ 1,489,734	\$ 3,265,747	\$ 19,623,670
Residential mortgage loans							
Current-period gross charge-offs	\$ —	\$ (247)	\$ (420)	\$ (175)	\$ (1,253)	\$ (1,327)	\$ (3,422)
Current	\$ 884,306	\$ 2,034,999	\$ 4,703,496	\$ 1,714,490	\$ 248,569	\$ 1,447,905	\$ 11,033,765
30 to 59 days past due	17,059	23,739	39,798	701	6,585	69,442	157,324
60 to 89 days past due	2,770	4,494	18,167	3,158	925	26,523	56,037
90 days or more past due	—	10,051	55,863	10,722	11,187	116,959	204,782
Total residential mortgage loans	\$ 904,135	\$ 2,073,283	\$ 4,817,324	\$ 1,729,071	\$ 267,266	\$ 1,660,829	\$ 11,451,908
Consumer loans							
Current-period gross charge-offs	\$ —	\$ (6,077)	\$ (37,268)	\$ (10,414)	\$ (6,636)	\$ (9,553)	\$ (69,948)
Current	\$ 40,157	\$ 500,041	\$ 1,955,018	\$ 776,939	\$ 674,950	\$ 722,964	\$ 4,670,069
30 to 59 days past due	33	4,686	32,464	5,388	4,581	13,933	61,085
60 to 89 days past due	—	2,349	14,721	3,310	1,860	6,765	29,005
90 days or more past due	—	4,269	16,273	5,167	4,663	7,210	37,582
Total consumer loans	\$ 40,190	\$ 511,345	\$ 2,018,476	\$ 790,804	\$ 686,054	\$ 750,872	\$ 4,797,741
Total mortgage and consumer loan receivables	\$ 1,951,414	\$ 8,826,345	\$ 13,726,416	\$ 3,248,642	\$ 2,443,054	\$ 5,677,448	\$ 35,873,319

Notes to Financial Statements (Continued)

Performance status as of December 31, 2022	By year of origination						
	2022	2021	2020	2019	2018	Prior	Total
Commercial mortgage loans							
Current	\$ 6,081,261	\$ 6,845,839	\$ 809,254	\$ 1,529,897	\$ 1,260,593	\$ 2,303,936	\$ 18,830,780
30 to 59 days past due	—	—	—	—	—	—	—
60 to 89 days past due	—	—	—	—	—	—	—
90 days or more past due	—	—	—	—	—	—	—
Total commercial mortgage loans	\$ 6,081,261	\$ 6,845,839	\$ 809,254	\$ 1,529,897	\$ 1,260,593	\$ 2,303,936	\$ 18,830,780
Residential mortgage loans							
Current	\$ 1,855,038	\$ 4,802,333	\$ 1,879,606	\$ 264,050	\$ 13,670	\$ 1,485,244	\$ 10,299,941
30 to 59 days past due	10,534	49,169	6,144	6,471	—	80,357	152,675
60 to 89 days past due	796	13,143	2,016	955	—	27,114	44,024
90 days or more past due	7,598	35,978	11,483	8,389	2,438	126,446	192,332
Total residential mortgage loans	\$ 1,873,966	\$ 4,900,623	\$ 1,899,249	\$ 279,865	\$ 16,108	\$ 1,719,161	\$ 10,688,972
Total mortgage loans	\$ 7,955,227	\$ 11,746,462	\$ 2,708,503	\$ 1,809,762	\$ 1,276,701	\$ 4,023,097	\$ 29,519,752

The following table represents the portfolio of consumer loan receivables by performance status:

Performance status	December 31, 2022
Consumer loans	
Current	\$ 5,113,507
30 to 59 days past due	62,742
60 to 89 days past due	31,371
90 days or more past due	20,914
Total consumer loans	\$ 5,228,534

Loan-to-value ratio on mortgage loans

The loan-to-value ratio is expressed as a percentage of the current amount of the loan relative to the value of the underlying collateral. The following table summarizes Global Atlantic's loan-to-value ratios for its commercial mortgage loans as of June 30, 2023 and December 31, 2022:

Loan-to-value as of June 30, 2023, by year of origination	Carrying value loan-to-value 70% and less	Carrying value loan-to-value 71% - 90%	Carrying value loan-to-value over 90%	Total carrying value
2023	\$ 1,007,089	\$ —	\$ —	\$ 1,007,089
2022	5,838,036	403,681	—	6,241,717
2021	5,021,450	1,653,636	215,530	6,890,616
2020	599,616	94,027	35,124	728,767
2019	1,338,401	151,333	—	1,489,734
2018	906,284	19,025	178,714	1,104,023
Prior	2,099,976	—	61,748	2,161,724
Total commercial mortgage loans	\$ 16,810,852	\$ 2,321,702	\$ 491,116	\$ 19,623,670

Notes to Financial Statements (Continued)

Loan-to-value as of December 31, 2022, by year of origination	Carrying value loan-to-value 70% and less	Carrying value loan-to-value 71% - 90%	Carrying value loan-to-value over 90%	Total carrying value
2022	\$ 5,677,763	\$ 403,498	\$ —	\$ 6,081,261
2021	4,971,346	1,758,748	115,745	6,845,839
2020	650,825	123,343	35,086	809,254
2019	1,211,523	215,050	103,324	1,529,897
2018	1,061,566	18,885	180,142	1,260,593
2017	699,144	—	18,160	717,304
Prior	1,586,632	—	—	1,586,632
Total commercial mortgage loans	\$ 15,858,799	\$ 2,519,524	\$ 452,457	\$ 18,830,780

Changing economic conditions and updated assumptions affect Global Atlantic's assessment of the collectability of commercial mortgage loans. Changing vacancies and rents are incorporated into the analysis that Global Atlantic performs to measure the allowance for credit losses. In addition, Global Atlantic continuously monitors its commercial mortgage loan portfolio to identify risk. Areas of emphasis are properties that have exposure to specific geographic events or have deteriorating credit.

The weighted average loan-to-value ratio for Global Atlantic's residential mortgage loans was 63% and 64% as of June 30, 2023 and December 31, 2022, respectively.

Loan modifications

Global Atlantic may modify the terms of a loan when the borrower is experiencing financial difficulties, as a means to optimize recovery of amounts due on the loan. Modifications may involve temporary relief, such as payment forbearance for a short period time (where interest continues to accrue) or may involve more substantive changes to a loan. Changes to the terms of a loan, pursuant to a modification agreement, are factored into the analysis of the loan's expected credit losses, under the allowance model applicable to the loan.

For commercial mortgage loans, modifications for borrowers experiencing financial difficulty are tailored for individual loans and may include interest rate relief, maturity extensions or, less frequently, principal forgiveness. For both residential mortgage loans and consumer loans, the most common modifications for borrowers experiencing financial difficulty, aside from insignificant delays in payment, typically involve deferral of missed payments to the end of the loan term, interest rate relief, or maturity extensions.

The table below presents the carrying value of loans to borrowers experiencing financial difficulty, for which modifications have been granted during the three and six months ended June 30, 2023.

Three months ended June 30, 2023 by loan type	Deferral of Amounts Due	Interest Rate Relief	Maturity Extension	Combination ⁽¹⁾	Total	Percentage of total carrying value outstanding
Commercial mortgage loans	\$ —	\$ —	\$ —	\$ 133,668	\$ 133,668	0.68 %
Residential mortgage loans	517	847	17,207	1,762	20,333	0.18 %
Consumer loans	3,149	1,395	44,074	9,513	58,131	1.21 %
Total	\$ 3,666	\$ 2,242	\$ 61,281	\$ 144,943	\$ 212,132	

(1) Includes modifications involving deferral of amounts due, interest rate relief and/or maturity extension.

Notes to Financial Statements (Continued)

Six months ended June 30, 2023 by loan type	Modification Type				Total	Percentage of total carrying value outstanding
	Deferral of Amounts Due	Interest Rate Relief	Maturity Extension	Combination ⁽¹⁾		
Commercial mortgage loans	\$ —	\$ —	\$ —	\$ 198,371	\$ 198,371	1.01 %
Residential mortgage loans ⁽²⁾	1,090	1,201	29,493	2,292	34,076	0.30 %
Consumer loans	4,266	1,395	44,074	9,513	59,248	1.23 %
Total	\$ 5,356	\$ 2,596	\$ 73,567	\$ 210,176	\$ 291,695	

(1) Includes modifications involving deferral of amounts due, interest rate relief and/or maturity extension.

(2) Certain loans that were modified in the prior quarter have since been repaid in full.

All of the commercial mortgage loans that had a combination of modifications had both interest rate relief and maturity extensions. For these loans, the interest rate relief involved a change from a floating rate to a weighted average fixed rate of 4.0%. The maturity extensions for these loans added a weighted-average of 2.5 years to the life of the loans. In addition, one of the commercial mortgage loans that had a combination of modifications had forgiveness of a portion of the principal due. Global Atlantic has commitments to lend additional funds of \$12.9 million for the modified commercial mortgage loans disclosed above.

The table below presents the performance status of the loans modified during the six months ended June 30, 2023.

Performance status as of June 30, 2023 by loan type	Current	30-59 days past due	60-89 days past due	90 days or more past due	Total
Commercial mortgage loans	\$ 164,824	\$ —	\$ 33,547	\$ —	\$ 198,371
Residential mortgage loans	22,860	757	6,394	4,065	34,076
Consumer loans	46,778	8,428	3,087	955	59,248
Total	\$ 234,462	\$ 9,185	\$ 43,028	\$ 5,020	\$ 291,695

Other investments

Other investments consist of the following:

	June 30, 2023	December 31, 2022
Investments in real estate ⁽¹⁾	\$ 4,826,960	\$ 4,641,429
Investments in renewable energy ⁽²⁾	2,288,584	3,427,062
Investments in transportation and other leased assets ⁽³⁾	2,876,274	2,821,602
Other investment partnerships	181,811	197,378
Federal Home Loan Bank (FHLB) common stock and other investments	280,215	287,185
Total other investments	\$ 10,453,844	\$ 11,374,656

(1) Investments in real estate are held in consolidated investment companies that use fair value accounting.

(2) Net of accumulated depreciation attributed to consolidated renewable energy assets of \$134.7 million and \$229.7 million as of June 30, 2023 and December 31, 2022, respectively.

(3) Net of accumulated depreciation of \$268.8 million and \$230.2 million as of June 30, 2023 and December 31, 2022, respectively.

The total amount of other investments accounted for using the equity method of accounting was \$1.1 billion as of both June 30, 2023 and December 31, 2022, respectively. Global Atlantic's maximum exposure to loss related to these equity method investments is limited to the carrying value of these investments plus unfunded commitments of \$20.5 million and \$21.0 million as of June 30, 2023 and December 31, 2022, respectively.

In addition, Global Atlantic has investments that would otherwise require the equity method of accounting for which the fair value option has been elected. The carrying amount of these investments was \$216.0 million and \$264.9 million as of June 30, 2023 and December 31, 2022, respectively.

Notes to Financial Statements (Continued)**Repurchase agreement transactions**

As of June 30, 2023 and December 31, 2022, Global Atlantic participated in repurchase agreements with a notional value of \$814.1 million and \$798.9 million, respectively. As collateral for these transactions, Global Atlantic may post AFS fixed maturity securities and residential mortgage loans, which are included in Insurance - Investments in the consolidated statements of financial condition. The gross obligation for repurchase agreements is reported in other liabilities in the consolidated statements of financial condition.

The carrying value of assets pledged for repurchase agreements by type of collateral and remaining contractual maturity of the repurchase agreements as of June 30, 2023 and December 31, 2022 is presented in the following tables:

As of June 30, 2023	Overnight	<30 Days	30 - 90 Days	> 90 Days	Total
AFS corporate securities	\$ —	\$ 525,024	\$ —	\$ 322,723	\$ 847,747
Residential mortgage loans	—	10,889	—	—	10,889
Total borrowing	\$ —	\$ 535,913	\$ —	\$ 322,723	\$ 858,636

As of December 31, 2022	Overnight	<30 Days	30 - 90 Days	> 90 Days	Total
AFS corporate securities	\$ —	\$ —	\$ 507,656	\$ 325,912	\$ 833,568
Total borrowing	\$ —	\$ —	\$ 507,656	\$ 325,912	\$ 833,568

Other pledges and restrictions

Certain of Global Atlantic's subsidiaries are members of regional banks in the FHLB system and such membership requires the members to own stock in these FHLBs. Global Atlantic owns an aggregate of \$131 million and \$129 million (accounted for at cost basis) of stock in FHLBs as of June 30, 2023 and December 31, 2022, respectively. In addition, Global Atlantic's operating insurance subsidiaries have entered into funding agreements with the FHLB, which require that Global Atlantic pledge eligible assets, such as fixed maturity securities and mortgage loans, as collateral. Assets pledged as collateral for these funding agreements had a carrying value of \$5.1 billion and \$3.6 billion as of June 30, 2023 and December 31, 2022, respectively.

Insurance – statutory deposits

As of June 30, 2023 and December 31, 2022, the carrying value of the assets on deposit with various state and U.S. governmental authorities were \$146.2 million and \$142.7 million, respectively.

9. DERIVATIVES

Asset Management

KKR and certain of its consolidated funds have entered into derivative transactions as part of their overall risk management for the asset management business and investment strategies. These derivative contracts are not designated as hedging instruments for accounting purposes. Such contracts may include forward, swap and option contracts related to foreign currencies and interest rates to manage foreign exchange risk and interest rate risk arising from certain assets and liabilities. All derivatives are recognized in Other Assets or Accrued Expenses and Other Liabilities and are presented on a gross basis in the consolidated statements of financial condition and measured at fair value with changes in fair value recorded in Net Gains (Losses) from Investment Activities in the accompanying consolidated statements of operations. KKR's derivative financial instruments contain credit risk to the extent that its counterparties may be unable to meet the terms of the agreements. KKR attempts to reduce this risk by limiting its counterparties to major financial institutions with strong credit ratings.

Insurance

Global Atlantic holds derivative instruments that are primarily used in its hedge program. Global Atlantic has established a hedge program that seeks to mitigate economic impacts primarily from interest rate and equity price movements, while taking into consideration accounting and capital impacts.

Global Atlantic hedges interest rate and equity market risks associated with its insurance liabilities including fixed-indexed annuities, indexed universal life policies, variable annuity policies and variable universal life policies, among others. For fixed-indexed annuities and indexed universal life policies, Global Atlantic generally seeks to use static hedges to offset the exposure primarily created by changes in its embedded derivative balances. Global Atlantic generally purchases options which replicate the crediting rate strategies, often in the form of call spreads. Call spreads are the purchase of a call option matched by the sale of a different call option. For variable annuities and variable universal life policies, Global Atlantic generally seeks to dynamically hedge its exposure to changes in the value of the guarantee it provides to policyholders. Doing so requires the active trading of several financial instruments to respond to changes in market conditions. In addition, Global Atlantic enters into inflation swaps to manage inflation risk associated with inflation-indexed preneed policies.

In the context of specific reinsurance transactions in the institutional channel or acquisitions, Global Atlantic may also enter into hedges which are designed to limit short-term market risks to the economic value of the target assets. From time to time, Global Atlantic also enters into hedges designed to mitigate interest rate and credit risk in investment income, interest expense, and fair value of assets and liabilities. In addition, Global Atlantic enters into currency swaps and forwards to manage any foreign exchange rate risks that may arise from investments denominated in foreign currencies.

Global Atlantic attempts to mitigate the risk of loss due to ineffectiveness under these derivative investments through a regular monitoring process which evaluates the program's effectiveness. Global Atlantic monitors its derivative activities by reviewing portfolio activities and risk levels. Global Atlantic also oversees all derivative transactions to ensure that the types of transactions entered into and the results obtained from those transactions are consistent with both Global Atlantic's risk management strategy and its policies and procedures.

The restricted cash which was held in connection with open derivative transactions with exchange brokers was \$279.6 million and \$278.7 million as of June 30, 2023 and December 31, 2022, respectively.

Global Atlantic also has embedded derivatives related to reinsurance contracts that are accounted for on a modified coinsurance and funds withheld basis. An embedded derivative exists because the arrangement exposes the reinsurer to third-party credit risk. These embedded derivatives are included in funds withheld receivable and payable at interest in the consolidated statements of financial condition.

Credit Risk

Global Atlantic may be exposed to credit-related losses in the event of nonperformance by its counterparties to derivatives. Generally, the current credit exposure of the Global Atlantic's derivatives is limited to the positive fair value of derivatives less any collateral received from the counterparty.

Global Atlantic manages the credit risk on its derivatives by entering into derivative transactions with highly rated financial institutions and other creditworthy counterparties and, where feasible, by trading through central clearing counterparties. Global Atlantic further manages its credit risk on derivatives via the use of master netting agreements, which require the daily posting of collateral by the party in a liability position. Counterparty credit exposure and collateral values are monitored

Notes to Financial Statements (Continued)

regularly and measured against counterparty exposure limits. The provisions of derivative transactions may allow for the termination and settlement of a transaction if there is a downgrade to Global Atlantic's financial strength ratings below a specified level.

The fair value and notional value of the derivative assets and liabilities were as follows:

As of June 30, 2023	Notional Value	Derivative Assets	Derivative Liabilities
<i>Asset Management</i>			
Foreign Exchange Contracts and Options	\$ 17,599,590	\$ 523,986	\$ 303,777
Other Derivatives	503,362	8,093	2,590
Total Asset Management	<u>\$ 18,102,952</u>	<u>\$ 532,079</u>	<u>\$ 306,367</u>
<i>Insurance</i>			
Derivatives designated as hedge accounting instruments:			
Interest rate contracts	\$ 8,676,000	\$ 15,604	\$ 699,007
Foreign currency contracts	2,216,666	27,434	55,199
Total derivatives designated as hedge accounting instruments	<u>\$ 10,892,666</u>	<u>\$ 43,038</u>	<u>\$ 754,206</u>
Derivatives not designated as hedge accounting instruments:			
Interest rate contracts	\$ 19,427,472	\$ 188,044	\$ 275,269
Equity market contracts	37,955,559	1,298,658	260,233
Foreign currency contracts	702,911	79,417	34,403
Credit risk contracts	60,000	—	762
Total derivatives not designated as hedge accounting instruments	<u>\$ 58,145,942</u>	<u>\$ 1,566,119</u>	<u>\$ 570,667</u>
Impact of netting ⁽²⁾	\$ —	\$ (572,346)	\$ (572,346)
Total Insurance ⁽¹⁾	<u>\$ 69,038,608</u>	<u>\$ 1,036,811</u>	<u>\$ 752,527</u>
Fair value included within total assets and liabilities	<u><u>\$ 87,141,560</u></u>	<u><u>\$ 1,568,890</u></u>	<u><u>\$ 1,058,894</u></u>

(1) Excludes embedded derivatives. The fair value of these embedded derivatives related to assets was \$(3.8) million and the fair value of these embedded derivatives related to liabilities was \$172.4 million as of June 30, 2023.

(2) Represents netting of derivative exposures covered by qualifying master netting agreements.

As of December 31, 2022	Notional Value	Derivative Assets	Derivative Liabilities
<i>Asset Management</i>			
Foreign Exchange Contracts and Options	\$ 16,144,795	\$ 668,716	\$ 406,746
Other Derivatives	125,000	7,519	11,018
Total Asset Management	<u>\$ 16,269,795</u>	<u>\$ 676,235</u>	<u>\$ 417,764</u>
<i>Insurance</i>			
Derivatives designated as hedge accounting instruments:			
Interest rate contracts	\$ 6,999,000	\$ —	\$ 695,296
Foreign currency contracts	2,021,061	42,557	44,238
Total derivatives designated as hedge accounting instruments	<u>\$ 9,020,061</u>	<u>\$ 42,557</u>	<u>\$ 739,534</u>
Derivatives not designated as hedge accounting instruments:			
Interest rate contracts	\$ 8,700,253	\$ 182,734	\$ 267,033
Equity market contracts	34,889,122	626,391	91,344
Foreign currency contracts	675,390	84,883	47,442
Credit risk contracts	60,000	—	929
Total derivatives not designated as hedge accounting instruments	<u>\$ 44,324,765</u>	<u>\$ 894,008</u>	<u>\$ 406,748</u>
Impact of netting ⁽²⁾	\$ —	\$ (212,175)	\$ (212,175)
Total Insurance ⁽¹⁾	<u>\$ 53,344,826</u>	<u>\$ 724,390</u>	<u>\$ 934,107</u>
Fair value included within total assets and liabilities	<u><u>\$ 69,614,621</u></u>	<u><u>\$ 1,400,625</u></u>	<u><u>\$ 1,351,871</u></u>

Notes to Financial Statements (Continued)

- (1) Excludes embedded derivatives. The fair value of these embedded derivatives related to assets was \$12.8 million and the fair value of these embedded derivatives related to liabilities was \$(1.3) billion as of December 31, 2022.
- (2) Represents netting of derivative exposures covered by qualifying master netting agreements.

Derivatives designated as accounting hedges

Where Global Atlantic has derivative instruments that are designated and qualify as accounting hedges, these derivative instruments receive hedge accounting.

Global Atlantic has designated foreign exchange forward purchase contracts ("FX forwards") to hedge the foreign currency risk associated with foreign currency-denominated bonds in fair value hedges. These foreign currency-denominated bonds are accounted for as AFS fixed maturity securities. Changes in the fair value of the hedged AFS fixed maturity securities due to changes in spot exchange rates are reclassified from AOCI to earnings, which offsets the earnings impact of the spot changes of the FX forwards, both of which are recognized within investment-related (losses) gains. The effectiveness of these hedges is assessed using the spot method. Changes in the fair value of the FX forwards related to changes in the spot-forward difference are excluded from the assessment of hedge effectiveness and are deferred in AOCI and recognized in earnings using a systematic and rational method over the life of the FX forwards.

Global Atlantic has designated interest rate swaps to hedge the interest rate risk associated with certain debt and policy liabilities. These fair value hedges qualify for the shortcut method of assessing hedge effectiveness.

The following table presents the financial statement classification, carrying amount and cumulative fair value hedging adjustments for qualifying hedged assets and liabilities:

	As of June 30, 2023		As of December 31, 2022	
	Carrying amount of hedged assets/(liabilities)	Cumulative amount of fair value hedging adjustments included in the carrying amount of hedged assets/(liabilities) ⁽¹⁾	Carrying amount of hedged assets/(liabilities)	Cumulative amount of fair value hedging adjustments included in the carrying amount of hedged assets/(liabilities) ⁽¹⁾
AFS fixed maturity securities ⁽²⁾	\$ 2,166,079	\$ 56,037	\$ 2,010,748	\$ (61,785)
Debt	(1,575,234)	(197,789)	(945,873)	(201,603)
Policy liabilities	(6,123,575)	(370,874)	(5,670,884)	(435,494)

(1) Includes \$39.9 million and \$53.1 million of hedging adjustments on discontinued hedging relationships as of June 30, 2023 and December 31, 2022, respectively.

(2) Carrying amount is the amortized cost for AFS debt securities.

Global Atlantic has designated bond forwards to hedge the interest rate risk associated with the planned purchase of AFS debt securities in cash flow hedges. These arrangements are hedging purchases from July 2023 through December 2027 and are expected to affect earnings until 2052. Regression analysis is used to assess the effectiveness of these hedges.

As of June 30, 2023 and December 31, 2022, there was a cumulative (loss) gain of \$(132.6) million and \$(169.8) million on the currently designated bond forwards recorded in accumulated other comprehensive loss, respectively. Amounts deferred in accumulated other comprehensive loss are reclassified to net investment income following the qualifying purchases of AFS securities, as an adjustment to the yield earned over the life of the purchased securities, using the effective interest method.

Global Atlantic estimates that the amount of gains/losses in accumulated other comprehensive loss to be reclassified into earnings in the next 12 months will not be material.

Notes to Financial Statements (Continued)
Derivative results

The following table presents the financial statement classification and amount of gains (losses) recognized on derivative instruments and related hedged items, where applicable:

	Three Months Ended June 30, 2023				
	Net investment-related gains (losses)	Net investment income	Net policy benefits and claims	Interest expense	Change in AOCI
Derivatives designated as hedge accounting instruments:					
Fair value hedges					
Gains (losses) on derivatives designated as hedge instruments:					
Interest rate contracts	\$ —	\$ —	\$ (85,895)	\$ (40,492)	\$ —
Foreign currency contracts	(19,512)	—	—	—	(6,397)
Total gains (losses) on derivatives designated as hedge instruments	\$ (19,512)	\$ —	\$ (85,895)	\$ (40,492)	\$ (6,397)
Gains (losses) on hedged items:					
Interest rate contracts	\$ —	\$ —	\$ 85,895	\$ 40,492	\$ —
Foreign currency contracts	26,413	—	—	—	—
Total gains (losses) on hedged items	\$ 26,413	\$ —	\$ 85,895	\$ 40,492	\$ —
Amortization for gains (losses) excluded from assessment of effectiveness:					
Foreign currency contracts	\$ 7,229	\$ —	\$ —	\$ —	\$ —
Total amortization for gains (losses) excluded from assessment of effectiveness	7,229	—	—	—	—
Total gains (losses) on fair value hedges, net of hedged items	\$ 14,130	\$ —	\$ —	\$ —	\$ (6,397)
Cash flow hedges					
Interest rate contracts	\$ (269)	\$ —	\$ —	\$ —	\$ (20,702)
Total gains (losses) on cash flow hedges	\$ (269)	\$ —	\$ —	\$ —	\$ (20,702)
Derivatives not designated as hedge accounting instruments:					
<i>Asset Management</i>					
Foreign Exchange Contracts and Options	\$ (8,966)	\$ —	\$ —	\$ —	\$ —
Other Derivatives	7,651	—	—	—	—
Total included in Net Gains (Losses) from Investment Activities	\$ (1,315)	\$ —	\$ —	\$ —	\$ —
<i>Insurance</i>					
Embedded derivatives - funds withheld receivable	\$ 14,149	\$ —	\$ —	\$ —	\$ —
Embedded derivatives - funds withheld payable	32,842	—	—	—	—
Equity index options	230,602	—	—	—	—
Equity future contracts	(48,383)	—	—	—	—
Interest rate contracts and other contracts	(164,765)	—	—	—	—
Credit risk contracts	(62)	—	—	—	—
Total gains (losses) on derivatives not designated as hedge accounting instruments from Insurance Activities	\$ 64,383	\$ —	\$ —	\$ —	\$ —
Total	\$ 76,929	\$ —	\$ —	\$ —	\$ (27,099)

Notes to Financial Statements (Continued)

	Six Months Ended June 30, 2023				
	Net investment-related gains (losses)	Net investment income	Net policy benefits and claims	Interest expense	Change in AOCI
Derivatives designated as hedge accounting instruments:					
Fair value hedges					
Gains (losses) on derivatives designated as hedge instruments:					
Interest rate contracts	\$ —	\$ —	\$ (51,338)	\$ (20,388)	\$ —
Foreign currency contracts	(54,900)	—	—	—	2,883
Total gains (losses) on derivatives designated as hedge instruments	\$ (54,900)	\$ —	\$ (51,338)	\$ (20,388)	\$ 2,883
Gains (losses) on hedged items:					
Interest rate contracts	\$ —	\$ —	\$ 51,338	\$ 20,388	\$ —
Foreign currency contracts	56,037	—	—	—	—
Total gains (losses) on hedged items	\$ 56,037	\$ —	\$ 51,338	\$ 20,388	\$ —
Amortization for gains (losses) excluded from assessment of effectiveness:					
Foreign currency contracts	\$ 14,055	\$ —	\$ —	\$ —	\$ —
Total amortization for gains (losses) excluded from assessment of effectiveness	14,055	—	—	—	—
Total gains (losses) on fair value hedges, net of hedged items	\$ 15,192	\$ —	\$ —	\$ —	\$ 2,883
Cash flow hedges					
Interest rate contracts	\$ (537)	\$ —	\$ —	\$ —	\$ 37,218
Total gains (losses) on cash flow hedges	\$ (537)	\$ —	\$ —	\$ —	\$ 37,218
Derivatives not designated as hedge accounting instruments:					
<i>Asset Management</i>					
Foreign Exchange Contracts and Options	\$ (31,332)	\$ —	\$ —	\$ —	\$ —
Other Derivatives	19,859	—	—	—	—
Total included in Net Gains (Losses) from Investment Activities	\$ (11,473)	\$ —	\$ —	\$ —	\$ —
<i>Insurance</i>					
Embedded derivatives - funds withheld receivable	\$ (16,618)	\$ —	\$ —	\$ —	\$ —
Embedded derivatives - funds withheld payable	(397,393)	—	—	—	—
Equity index options	314,489	—	—	—	—
Equity future contracts	(89,208)	—	—	—	—
Interest rate contracts and other contracts	(95,769)	—	—	—	—
Credit risk contracts	(137)	—	—	—	—
Total gains (losses) on derivatives not designated as hedge accounting instruments from Insurance Activities	\$ (284,636)	\$ —	\$ —	\$ —	\$ —
Total	\$ (281,454)	\$ —	\$ —	\$ —	\$ 40,101

Notes to Financial Statements (Continued)

	Three Months Ended June 30, 2022				
	Net investment-related gains (losses)	Net investment income	Net policy benefits and claims	Interest expense	Change in AOCI
Derivatives designated as hedge accounting instruments:					
Fair value hedges					
Gains (losses) on derivatives designated as hedge instruments:					
Interest rate contracts	\$ —	\$ —	\$ (148,285)	\$ (47,115)	\$ —
Foreign currency contracts	77,686	—	—	—	331
Total gains (losses) on derivatives designated as hedge instruments	\$ 77,686	\$ —	\$ (148,285)	\$ (47,115)	\$ 331
Gains (losses) on hedged items:					
Interest rate contracts	\$ —	\$ —	\$ 148,285	\$ 47,115	\$ —
Foreign currency contracts	(60,535)	—	—	—	—
Total gains (losses) on hedged items	\$ (60,535)	\$ —	\$ 148,285	\$ 47,115	\$ —
Amortization for gains (losses) excluded from assessment of effectiveness:					
Foreign currency contracts	\$ 1,986	\$ —	\$ —	\$ —	\$ —
Total amortization for gains (losses) excluded from assessment of effectiveness	\$ 1,986	\$ —	\$ —	\$ —	\$ —
Total gains (losses) on fair value hedges, net of hedged items	\$ 19,137	\$ —	\$ —	\$ —	\$ 331
Cash flow hedges					
Interest rate contracts	\$ 218	\$ —	\$ —	\$ —	\$ (67,029)
Total gains (losses) on cash flow hedges	\$ 218	\$ —	\$ —	\$ —	\$ (67,029)
Derivatives not designated as hedge accounting instruments:					
<i>Asset Management</i>					
Foreign Exchange Contracts and Options	\$ 279,882	\$ —	\$ —	\$ —	\$ —
Other Derivatives	17,574	—	—	—	—
Total included in Net Gains (Losses) from Investment Activities	\$ 297,456	\$ —	\$ —	\$ —	\$ —
<i>Insurance</i>					
Embedded derivatives - funds withheld receivable	\$ (33,361)	\$ —	\$ —	\$ —	\$ —
Embedded derivatives - funds withheld payable	1,363,700	—	—	—	—
Equity index options	(504,859)	—	—	—	—
Equity future contracts	82,389	—	—	—	—
Interest rate contracts and other contracts	(73,725)	—	—	—	—
Credit risk contracts	1,867	—	—	—	—
Total gains (losses) on derivatives not qualifying as hedge accounting instruments from Insurance Activities	\$ 836,011	\$ —	\$ —	\$ —	\$ —
Total	\$ 1,152,822	\$ —	\$ —	\$ —	\$ (66,698)

Notes to Financial Statements (Continued)

	Six Months Ended June 30, 2022				
	Net investment-related gains (losses)	Net investment income	Net policy benefits and claims	Interest expense	Change in AOCI
Derivatives designated as hedge accounting instruments:					
Fair value hedges					
Gains (losses) on derivatives designated as hedge instruments:					
Interest rate contracts	\$ —	\$ —	\$ (269,659)	\$ (117,675)	\$ —
Foreign currency contracts	118,428	—	—	—	18,649
Total gains (losses) on derivatives designated as hedge instruments	\$ 118,428	\$ —	\$ (269,659)	\$ (117,675)	\$ 18,649
Gains (losses) on hedged items:					
Interest rate contracts	\$ —	\$ —	\$ 269,659	\$ 117,675	\$ —
Foreign currency contracts	(96,467)	—	—	—	—
Total gains (losses) on hedged items	\$ (96,467)	\$ —	\$ 269,659	\$ 117,675	\$ —
Amortization for gains (losses) excluded from assessment of effectiveness:					
Foreign currency contracts	\$ 5,530	\$ —	\$ —	\$ —	\$ —
Total amortization for gains (losses) excluded from assessment of effectiveness	\$ 5,530	\$ —	\$ —	\$ —	\$ —
Total gains (losses) on fair value hedges, net of hedged items	\$ 27,491	\$ —	\$ —	\$ —	\$ 18,649
Cash flow hedges					
Interest rate contracts	\$ 421	\$ —	\$ —	\$ —	\$ (115,093)
Total gains (losses) on cash flow hedges	\$ 421	\$ —	\$ —	\$ —	\$ (115,093)
Derivatives not designated as hedge accounting instruments:					
<i>Asset Management</i>					
Foreign Exchange Contracts and Options	\$ 223,765	\$ —	\$ —	\$ —	\$ —
Other Derivatives	25,706	—	—	—	—
Total included in Net Gains (Losses) from Investment Activities	\$ 249,471	\$ —	\$ —	\$ —	\$ —
<i>Insurance</i>					
Embedded derivatives - funds withheld receivable	\$ (67,341)	\$ —	\$ —	\$ —	\$ —
Embedded derivatives - funds withheld payable	2,544,135	—	—	—	—
Equity index options	(728,225)	—	—	—	—
Equity future contracts	162,185	—	—	—	—
Interest rate contracts and other contracts	(223,901)	—	—	—	—
Credit risk contracts	335	—	—	—	—
Total gains (losses) on derivatives not qualifying as hedge accounting instruments from Insurance Activities	\$ 1,687,188	\$ —	\$ —	\$ —	\$ —
Total	\$ 1,964,571	\$ —	\$ —	\$ —	\$ (96,444)

Notes to Financial Statements (Continued)**Collateral**

The amount of Global Atlantic's net derivative assets and liabilities after consideration of collateral received or pledged were as follows:

As of June 30, 2023	Gross amount recognized	Gross amounts offset in the statements of financial position⁽¹⁾	Net amounts presented in the statements of financial condition	Collateral (received) / pledged	Net amount after collateral
Derivative assets (excluding embedded derivatives)	\$ 1,609,157	\$ (572,346)	\$ 1,036,811	\$ (938,003)	\$ 98,808
Derivative liabilities (excluding embedded derivatives)	\$ 1,324,873	\$ (572,346)	\$ 752,527	\$ 565,957	\$ 186,570

(1) Represents netting of derivative exposures covered by qualifying master netting agreements.

As of December 31, 2022	Gross amount recognized	Gross amounts offset in the statements of financial position⁽¹⁾	Net amounts presented in the statements of financial condition	Collateral (received) / pledged	Net amount after collateral
Derivative assets (excluding embedded derivatives)	\$ 936,565	\$ (212,175)	\$ 724,390	\$ (466,371)	\$ 258,019
Derivative liabilities (excluding embedded derivatives)	\$ 1,146,282	\$ (212,175)	\$ 934,107	\$ 366,508	\$ 567,599

(1) Represents netting of derivative exposures covered by qualifying master netting agreements.

Notes to Financial Statements (Continued)
10. FAIR VALUE MEASUREMENTS

The following tables summarize the valuation of assets and liabilities measured and reported at fair value by the fair value hierarchy. Investments classified as Equity Method - Other, for which the fair value option has not been elected, and Equity Method - Capital Allocation-Based Income have been excluded from the tables below.

Assets, at fair value:

	June 30, 2023			
	Level I	Level II	Level III	Total
Asset Management				
Private Equity	\$ 1,224,878	\$ 53,423	\$ 28,606,221	\$ 29,884,522
Credit	286,269	2,303,087	5,372,882	7,962,238
Investments of Consolidated CFEs	—	24,514,439	—	24,514,439
Real Assets	—	834,744	20,307,579	21,142,323
Equity Method - Other	406,958	172,449	1,695,170	2,274,577
Other Investments	240,539	80,941	3,670,330	3,991,810
Total Investments	\$ 2,158,644	\$ 27,959,083	\$ 59,652,182	\$ 89,769,909
Foreign Exchange Contracts and Options	—	523,986	—	523,986
Other Derivatives	158	7,935	—	8,093
Total Assets at Fair Value - Asset Management	\$ 2,158,802	\$ 28,491,004	\$ 59,652,182	\$ 90,301,988
Insurance				
AFS fixed maturity securities:				
U.S. government and agencies	\$ 335,919	\$ 86,762	\$ —	\$ 422,681
U.S. state, municipal and political subdivisions	—	4,383,838	—	4,383,838
Corporate	—	30,818,137	8,392,560	39,210,697
Structured securities	—	21,094,411	1,922,744	23,017,155
Total AFS fixed maturity securities	\$ 335,919	\$ 56,383,148	\$ 10,315,304	\$ 67,034,371
Trading fixed maturity securities:				
U.S. government and agencies	\$ 232,707	\$ 62,291	\$ —	\$ 294,998
U.S. state, municipal and political subdivisions	—	468,522	—	468,522
Corporate	—	7,372,596	636,764	8,009,360
Structured securities	—	3,154,782	658,183	3,812,965
Total trading fixed maturity securities	\$ 232,707	\$ 11,058,191	\$ 1,294,947	\$ 12,585,845
Equity securities	3,907	—	15,695	19,602
Mortgage and other loan receivables	—	—	768,276	768,276
Other investments ⁽¹⁾	—	—	5,016,427	5,016,427
Funds withheld receivable at interest	—	—	(3,833)	(3,833)
Reinsurance recoverable	—	—	988,639	988,639
Derivative assets:				
Equity market contracts	4,954	1,293,704	—	1,298,658
Interest rate contracts	9,211	194,437	—	203,648
Foreign currency contracts	—	106,851	—	106,851
Impact of netting ⁽²⁾	(41,186)	(531,160)	—	(572,346)
Total derivative assets	\$ (27,021)	\$ 1,063,832	\$ —	\$ 1,036,811
Separate account assets	4,182,437	—	—	4,182,437
Total Assets at Fair Value - Insurance	\$ 4,727,949	\$ 68,505,171	\$ 18,395,455	\$ 91,628,575
Total Assets at Fair Value	\$ 6,886,751	\$ 96,996,175	\$ 78,047,637	\$ 181,930,563

Notes to Financial Statements (Continued)

	December 31, 2022			
	Level I	Level II	Level III	Total
Asset Management				
Private Equity	\$ 1,057,025	\$ 213,706	\$ 25,336,957	\$ 26,607,688
Credit	187,504	1,830,862	5,786,026	7,804,392
Investments of Consolidated CFEs	—	22,492,366	—	22,492,366
Real Assets	—	961,254	17,015,112	17,976,366
Equity Method - Other	435,315	883,652	1,624,420	2,943,387
Other Investments	395,972	63,060	3,334,366	3,793,398
Total Investments	<u>\$ 2,075,816</u>	<u>\$ 26,444,900</u>	<u>\$ 53,096,881</u>	<u>\$ 81,617,597</u>
Foreign Exchange Contracts and Options	—	668,716	—	668,716
Other Derivatives	9	7,510	—	7,519
Total Assets at Fair Value - Asset Management	<u><u>\$ 2,075,825</u></u>	<u><u>\$ 27,121,126</u></u>	<u><u>\$ 53,096,881</u></u>	<u><u>\$ 82,293,832</u></u>
Insurance				
AFS fixed maturity securities:				
U.S. government and agencies	\$ 283,402	\$ 83,339	\$ —	\$ 366,741
U.S. state, municipal and political subdivisions	—	4,410,960	—	4,410,960
Corporate	—	28,006,275	8,310,657	36,316,932
Structured securities	—	19,425,455	1,419,441	20,844,896
Total AFS fixed maturity securities	<u>\$ 283,402</u>	<u>\$ 51,926,029</u>	<u>\$ 9,730,098</u>	<u>\$ 61,939,529</u>
Trading fixed maturity securities:				
U.S. government and agencies	\$ 93,697	\$ 59,940	\$ —	\$ 153,637
U.S. state, municipal and political subdivisions	—	705,836	—	705,836
Corporate	—	7,218,354	672,023	7,890,377
Structured securities	—	2,645,186	643,811	3,288,997
Total trading fixed maturity securities	<u>\$ 93,697</u>	<u>\$ 10,629,316</u>	<u>\$ 1,315,834</u>	<u>\$ 12,038,847</u>
Equity securities	2,213	—	16,286	18,499
Mortgage and other loan receivables	—	—	787,515	787,515
Other investments ⁽¹⁾	—	—	4,883,441	4,883,441
Funds withheld receivable at interest	—	—	12,785	12,785
Reinsurance recoverable	—	—	981,775	981,775
Derivative assets:				
Equity market contracts	31,025	595,366	—	626,391
Interest rate contracts	4,856	177,878	—	182,734
Foreign currency contracts	—	127,440	—	127,440
Impact of netting ⁽²⁾	(7,079)	(205,096)	—	(212,175)
Total derivative assets	<u>\$ 28,802</u>	<u>\$ 695,588</u>	<u>\$ —</u>	<u>\$ 724,390</u>
Separate account assets	4,130,794	—	—	4,130,794
Total Assets at Fair Value - Insurance	<u><u>\$ 4,538,908</u></u>	<u><u>\$ 63,250,933</u></u>	<u><u>\$ 17,727,734</u></u>	<u><u>\$ 85,517,575</u></u>
Total Assets at Fair Value	<u><u>\$ 6,614,733</u></u>	<u><u>\$ 90,372,059</u></u>	<u><u>\$ 70,824,615</u></u>	<u><u>\$ 167,811,407</u></u>

(1) Other investments excluded from the fair value hierarchy include certain real estate and private equity funds for which fair value is measured at net asset value per share as a practical expedient. As of June 30, 2023 and December 31, 2022, the fair value of these investments was \$138.4 million and \$148.9 million, respectively.

(2) Represents netting of derivative exposures covered by qualifying master netting agreements.

Notes to Financial Statements (Continued)
Liabilities, at fair value:

	June 30, 2023			
	Level I	Level II	Level III	Total
Asset Management				
Securities Sold Short	\$ 138,360	\$ —	\$ —	\$ 138,360
Foreign Exchange Contracts and Options	—	303,780	—	303,780
Unfunded Revolver Commitments	—	—	110,106 ⁽¹⁾	110,106
Other Derivatives	—	2,590	—	2,590
Debt Obligations of Consolidated CFEs	—	24,261,260	—	24,261,260
Total Liabilities at Fair Value - Asset Management	<u>\$ 138,360</u>	<u>\$ 24,567,630</u>	<u>\$ 110,106</u>	<u>\$ 24,816,096</u>
Insurance				
Policy liabilities ⁽³⁾ (including market risk benefits)	\$ —	\$ —	\$ 1,181,368	\$ 1,181,368
Closed block policy liabilities	—	—	1,026,339	1,026,339
Funds withheld payable at interest	—	—	(3,090,373)	(3,090,373)
Derivative instruments payable:				
Equity market contracts	25,653	234,580	—	260,233
Interest rate contracts	15,533	958,743	—	974,276
Foreign currency contracts	—	89,602	—	89,602
Credit contracts	—	762	—	762
Impact of netting ⁽²⁾	(41,186)	(531,160)	—	(572,346)
Total derivative instruments payable	—	752,527	—	752,527
Embedded derivative – interest-sensitive life products	—	—	447,005	447,005
Embedded derivative – annuity products	—	—	2,815,783	2,815,783
Total Liabilities at Fair Value - Insurance	<u>\$ —</u>	<u>\$ 752,527</u>	<u>\$ 2,380,122</u>	<u>\$ 3,132,649</u>
Total Liabilities at Fair Value	<u>\$ 138,360</u>	<u>\$ 25,320,157</u>	<u>\$ 2,490,228</u>	<u>\$ 27,948,745</u>

Notes to Financial Statements (Continued)

	December 31, 2022			
	Level I	Level II	Level III	Total
Asset Management				
Securities Sold Short	\$ 158,751	\$ —	\$ —	\$ 158,751
Foreign Exchange Contracts and Options	—	406,746	—	406,746
Unfunded Revolver Commitments	—	—	137,315 ⁽¹⁾	137,315
Other Derivatives	—	11,018	—	11,018
Debt Obligations of Consolidated CFEs	—	22,273,242	—	22,273,242
Total Liabilities at Fair Value - Asset Management	<u>\$ 158,751</u>	<u>\$ 22,691,006</u>	<u>\$ 137,315</u>	<u>\$ 22,987,072</u>
Insurance				
Policy liabilities ⁽³⁾ (including market risk benefits)	\$ —	\$ —	\$ 1,063,496	\$ 1,063,496
Closed block policy liabilities	—	—	1,016,313	1,016,313
Funds withheld payable at interest	—	—	(3,487,766)	(3,487,766)
Derivative instruments payable:				
Equity market contracts	2,692	88,652	—	91,344
Interest rate contracts	9,693	952,636	—	962,329
Foreign currency contracts	—	91,680	—	91,680
Credit contracts	—	929	—	929
Impact of netting ⁽²⁾	(7,079)	(205,096)	—	(212,175)
Total derivative instruments payable	<u>5,306</u>	<u>928,801</u>	<u>—</u>	<u>934,107</u>
Embedded derivative – interest-sensitive life products	—	—	337,860	337,860
Embedded derivative – annuity products	—	—	1,851,381	1,851,381
Total Liabilities at Fair Value - Insurance	<u>\$ 5,306</u>	<u>\$ 928,801</u>	<u>\$ 781,284</u>	<u>\$ 1,715,391</u>
Total Liabilities at Fair Value	<u>\$ 164,057</u>	<u>\$ 23,619,807</u>	<u>\$ 918,599</u>	<u>\$ 24,702,463</u>

(1) These unfunded revolver commitments are valued using the same valuation methodologies as KKR's Level III credit investments.

(2) Represents netting of derivative exposures covered by qualifying master netting agreement.

(3) Includes market risk benefit of \$828.4 million and \$682.0 million as of June 30, 2023 and December 31, 2022, respectively.

Notes to Financial Statements (Continued)

The following tables summarize changes in assets and liabilities measured and reported at fair value for which Level III inputs have been used to determine fair value for the three and six months ended June 30, 2023 and 2022, respectively.

Three Months Ended June 30, 2023											
	Balance, Beg. of Period	Transfers In / (Out) - Changes in Consolidation	Transfers In	Transfers Out	Net Purchases/Issuances/Sales/Settlements	Net Unrealized and Realized Gains (Losses)	Change in OCI	Balance, End of Period	Changes in Net Unrealized Gains (Losses) Included in Earnings related to Level III Assets and Liabilities still held as of the Reporting Date	Changes in Net Unrealized Gains (Losses) Included in OCI related to Level III Assets and Liabilities still held as of the Reporting Date	
Assets											
<i>Asset Management</i>											
Private Equity	\$ 26,189,501	\$ —	\$ —	\$ —	\$ —	1,963,136	\$ 453,584	\$ —	\$ 28,606,221	\$ 520,098	\$ —
Credit	5,902,578	—	—	—	—	(541,887)	12,191	—	5,372,882	58,128	—
Real Assets	18,946,851	(126,889)	—	—	—	1,554,061	(66,444)	—	20,307,579	(58,048)	—
Equity Method - Other	1,602,694	—	—	(2,335)	—	2,856	91,955	—	1,695,170	92,549	—
Other Investments	3,738,446	—	22,777	—	—	(76,145)	(14,748)	—	3,670,330	(10,374)	—
Other Derivatives	—	—	—	—	—	—	—	—	—	—	—
Total Assets - Asset Management	\$ 56,380,070	\$ (126,889)	\$ 22,777	\$ (2,335)	\$ —	2,902,021	\$ 476,538	\$ —	\$ 59,652,182	\$ 602,353	\$ —
<i>Insurance</i>											
AFS fixed maturity securities:											
Corporate fixed maturity securities	\$ 8,294,423	\$ —	\$ 33,196	\$ —	\$ —	48,066	\$ 16,996	\$ (121)	\$ 8,392,560	\$ —	\$ 21,233
Structured securities	1,770,785	—	104,572	—	—	29,871	7,234	10,282	1,922,744	—	12,158
Total AFS fixed maturity securities	10,065,208	—	137,768	—	—	77,937	24,230	10,161	10,315,304	—	33,391
Trading fixed maturity securities:											
Corporate fixed maturity securities	631,870	—	—	—	—	3,109	1,785	—	636,764	1,867	—
Structured securities	661,565	—	6,081	—	—	(1,023)	(8,440)	—	658,183	(8,247)	—
Total trading fixed maturity securities	1,293,435	—	6,081	—	—	2,086	(6,655)	—	1,294,947	(6,380)	—
Equity securities	15,311	—	—	—	—	—	384	—	15,695	384	—
Mortgage and other loan receivables	773,917	—	—	—	—	(16,306)	10,665	—	768,276	11,178	—
Other investments	5,009,113	—	—	—	—	54,343	(47,029)	—	5,016,427	(58,190)	—
Funds withheld receivable at interest	(17,982)	—	—	—	—	—	14,149	—	(3,833)	—	—
Reinsurance recoverable	1,010,602	—	—	—	—	64	(22,027)	—	988,639	—	—
Total Assets - Insurance	\$ 18,149,604	\$ —	\$ 143,849	\$ —	\$ —	118,124	\$ (26,283)	10,161	\$ 18,395,455	\$ (53,008)	\$ 33,391
Total	\$ 74,529,674	\$ (126,889)	\$ 166,626	\$ (2,335)	\$ —	3,020,145	\$ 450,255	10,161	\$ 78,047,637	\$ 549,345	\$ 33,391

Notes to Financial Statements (Continued)

Six Months Ended June 30, 2023

	Balance, Beg. of Period	Transfers In / (Out) - Changes in Consolidation	Transfers In	Transfers Out	Net Purchases/Issuances/Sales/Settlements	Net Unrealized and Realized Gains (Losses)	Change in OCI	Balance, End of Period	Changes in Net Unrealized Gains (Losses) Included in Earnings related to Level III Assets and Liabilities still held as of the Reporting Date	Changes in Net Unrealized Gains (Losses) Included in OCI related to Level III Assets and Liabilities still held as of the Reporting Date	
Assets											
<i>Asset Management</i>											
Private Equity	\$ 25,336,957	\$ —	\$ —	\$ —		2,896,563	\$ 372,701	\$ —	28,606,221	\$ 437,195	\$ —
Credit	5,786,026	—	17,628	(23,758)		(465,555)	58,541	—	5,372,882	102,197	—
Real Assets	17,015,112	(126,889)	—	—		3,769,101	(349,745)	—	20,307,579	(346,687)	—
Equity Method - Other	1,624,420	—	—	(2,335)		8,500	64,585	—	1,695,170	69,192	—
Other Investments	3,334,366	—	22,777	(22,376)		435,107	(99,544)	—	3,670,330	(102,992)	—
Other Derivatives	—	—	—	—		2,153	(2,153)	—	—	—	—
Total Assets - Asset Management	\$ 53,096,881	\$ (126,889)	\$ 40,405	\$ (48,469)		6,645,869	\$ 44,385	\$ —	59,652,182	\$ 158,905	\$ —
<i>Insurance</i>											
AFS fixed maturity securities:											
Corporate fixed maturity securities	\$ 8,310,657	\$ —	\$ 33,196	\$ —		(18,018)	\$ 38,261	\$ 28,464	\$ 8,392,560	\$ —	\$ 35,900
Structured securities	1,419,441	—	275,347	(3,374)		184,854	3,095	43,381	1,922,744	—	45,225
Total AFS fixed maturity securities	9,730,098	—	308,543	(3,374)		166,836	41,356	71,845	10,315,304	—	81,125
Trading fixed maturity securities:											
Corporate fixed maturity securities	672,023	—	—	—		(24,784)	(10,475)	—	636,764	(10,009)	—
Structured securities	643,811	—	11,971	(6,747)		12,994	(3,846)	—	658,183	(2,959)	—
Total trading fixed maturity securities	1,315,834	—	11,971	(6,747)		(11,790)	(14,321)	—	1,294,947	(12,968)	—
Equity securities	16,286	—	—	—		—	(591)	—	15,695	(591)	—
Mortgage and other loan receivables	787,515	—	—	—		(26,866)	7,627	—	768,276	5,434	—
Other investments	4,883,441	—	—	—		165,285	(32,299)	—	5,016,427	(33,644)	—
Funds withheld receivable at interest	12,785	—	—	—		—	(16,618)	—	(3,833)	—	—
Reinsurance recoverable	981,775	—	—	—		(10,590)	17,454	—	988,639	—	—
Total Assets - Insurance	\$ 17,727,734	\$ —	\$ 320,514	\$ (10,121)		282,875	\$ 2,608	\$ 71,845	18,395,455	\$ (41,769)	\$ 81,125
Total	\$ 70,824,615	\$ (126,889)	\$ 360,919	\$ (58,590)		6,928,744	\$ 46,993	\$ 71,845	78,047,637	\$ 117,136	\$ 81,125

Notes to Financial Statements (Continued)

Three Months Ended June 30, 2022

	Balance, Beg. of Period	Transfers In / (Out) - Changes in Consolidation	Transfers In	Transfers Out	Net Purchases/Issuances/Sales/Settlements	Net Unrealized and Realized Gains (Losses)	Change in OCI	Balance, End of Period	Changes in Net Unrealized Gains (Losses) Included in Earnings related to Level III Assets and Liabilities still held as of the Reporting Date	Changes in Net Unrealized Gains (Losses) Included in OCI related to Level III Assets and Liabilities still held as of the Reporting Date	
Assets											
<i>Asset Management</i>											
Private Equity	\$ 23,999,016	\$ —	\$ —	\$ —		(2,632)	(1,077,663)	\$ —	22,918,721	(1,145,266)	\$ —
Credit	5,314,853	—	—	(88,092)		(174,627)	(121,123)	(3,099)	4,927,912	(116,384)	(3,099)
Real Assets	13,292,123	—	—	—		2,085,875	573,743	—	15,951,741	313,218	—
Equity Method - Other	984,904	—	—	—		565,959	(76,506)	—	1,474,357	(75,498)	—
Other Investments	3,134,926	—	—	(347)		16,343	(216,150)	—	2,934,772	(200,055)	—
Other Derivatives	705	—	—	—		44,423	(3,189)	—	41,939	1,428	—
Total Assets - Asset Management	\$ 46,726,527	\$ —	\$ —	(88,439)		2,535,341	(920,888)	(3,099)	48,249,442	(1,222,557)	(3,099)
<i>Insurance</i>											
AFS fixed maturity securities:											
Corporate fixed maturity securities	\$ 7,970,195	\$ —	\$ —	(65,005)		357,033	(64,510)	(154,644)	8,043,069	\$ —	(155,609)
Structured securities	1,382,539	—	—	—		(42,805)	(5,945)	(49,910)	1,283,879	—	(50,327)
Total AFS fixed maturity securities	9,352,734	—	—	(65,005)		314,228	(70,455)	(204,554)	9,326,948	—	(205,936)
Trading fixed maturity securities:											
Corporate fixed maturity securities	705,685	—	—	(12,867)		11,995	(37,798)	—	667,015	(37,036)	—
Structured securities	630,579	—	7,675	(3,475)		(22,156)	(32,923)	—	579,700	(33,025)	—
Total trading fixed maturity securities	1,336,264	—	7,675	(16,342)		(10,161)	(70,721)	—	1,246,715	(70,061)	—
Equity securities	32,937	—	—	—		—	(15,620)	—	17,317	(15,620)	—
Mortgage and other loan receivables	1,007,906	—	—	—		(74,787)	(27,456)	—	905,663	(25,597)	—
Other investments	3,620,186	—	—	—		367,172	23,748	—	4,011,106	28,655	—
Funds withheld receivable at interest	8,196	—	—	—		—	(33,362)	—	(25,166)	—	—
Reinsurance recoverable	1,231,957	—	—	—		1,273	(129,546)	—	1,103,684	—	—
Total Assets - Insurance	\$ 16,590,180	\$ —	\$ 7,675	(81,347)		597,725	(323,412)	(204,554)	16,586,267	(82,623)	(205,936)
Total	\$ 63,316,707	\$ —	\$ 7,675	(169,786)		3,133,066	(1,244,300)	(207,653)	64,835,709	(1,305,180)	(209,035)

Notes to Financial Statements (Continued)

Six Months Ended June 30, 2022

	Balance, Beg. of Period	Transfers In / (Out) - Changes in Consolidation	Transfers In	Transfers Out	Net Purchases/Issuances/Sales/Settlements	Net Unrealized and Realized Gains (Losses)	Change in OCI	Balance, End of Period	Changes in Net Unrealized Gains (Losses) Included in Earnings related to Level III Assets and Liabilities still held as of the Reporting Date	Changes in Net Unrealized Gains (Losses) Included in OCI related to Level III Assets and Liabilities still held as of the Reporting Date
Assets										
<i>Asset Management</i>										
Private Equity	\$ 23,322,634	\$ —	\$ —	\$ (138,220)	\$ 678,160	\$ (943,853)	\$ —	\$ 22,918,721	\$ (1,126,962)	\$ —
Credit	5,826,661	—	—	(88,092)	(558,468)	(247,721)	(4,468)	4,927,912	(175,067)	(4,468)
Real Assets	11,389,530	—	—	—	3,094,516	1,467,695	—	15,951,741	1,177,804	—
Equity Method - Other	1,013,807	—	—	—	606,141	(145,591)	—	1,474,357	(146,808)	—
Other Investments	3,240,013	—	—	(347)	(69,915)	(234,979)	—	2,934,772	(215,050)	—
Other Derivatives	479	—	—	—	55,707	(14,247)	—	41,939	(9,630)	—
Total Assets - Asset Management	\$ 44,793,124	\$ —	\$ —	\$ (226,659)	\$ 3,806,141	\$ (118,696)	\$ (4,468)	\$ 48,249,442	\$ (495,713)	\$ (4,468)
<i>Insurance</i>										
AFS fixed maturity securities:										
Corporate fixed maturity securities	\$ 7,652,134	\$ —	\$ —	\$ (65,005)	\$ 748,638	\$ (64,710)	\$ (227,988)	\$ 8,043,069	\$ —	\$ (205,729)
Structured securities	828,381	—	343,338	—	185,929	(9,354)	(64,415)	1,283,879	—	(74,724)
Total AFS fixed maturity securities	8,480,515	—	343,338	(65,005)	934,567	(74,064)	(292,403)	9,326,948	—	(280,453)
Trading fixed maturity securities:										
Corporate fixed maturity securities	565,354	—	—	(44,274)	194,427	(48,492)	—	667,015	(46,513)	—
Structured securities	418,774	—	105,982	(25,220)	122,047	(41,883)	—	579,700	(43,126)	—
Total trading fixed maturity securities	984,128	—	105,982	(69,494)	316,474	(90,375)	—	1,246,715	(89,639)	—
Equity securities	32,937	—	—	—	—	(15,620)	—	17,317	(15,620)	—
Mortgage and other loan receivables	832,674	—	—	—	128,410	(55,421)	—	905,663	(41,173)	—
Other investments	1,603,345	—	—	—	2,287,652	120,109	—	4,011,106	93,603	—
Funds withheld receivable at interest	31,740	—	—	—	10,435	(67,341)	—	(25,166)	—	—
Reinsurance recoverable	1,293,791	—	—	—	(13,102)	(177,005)	—	1,103,684	—	—
Total Assets - Insurance	\$ 13,259,130	\$ —	\$ 449,320	\$ (134,499)	\$ 3,664,436	\$ (359,717)	\$ (292,403)	\$ 16,586,267	\$ (52,829)	\$ (280,453)
Total	\$ 58,052,254	\$ —	\$ 449,320	\$ (361,158)	\$ 7,470,577	\$ (478,413)	\$ (296,871)	\$ 64,835,709	\$ (548,542)	\$ (284,921)

Notes to Financial Statements (Continued)

	Three Months Ended June 30, 2023					Six Months Ended June 30, 2023				
	Purchases	Issuances	Sales	Settlements	Net Purchases/ Issuances/ Sales/ Settlements	Purchases	Issuances	Sales	Settlements	Net Purchases/ Issuances/ Sales/ Settlements
Assets										
<i>Asset Management</i>										
Private Equity	\$ 1,966,888	\$ —	\$ (3,752)	\$ —	\$ 1,963,136	\$ 2,922,825	\$ —	\$ (26,262)	\$ —	\$ 2,896,563
Credit	296,290	—	(824,088)	(14,089)	(541,887)	737,023	—	(1,103,069)	(99,509)	(465,555)
Real Assets	1,965,000	—	(410,939)	—	1,554,061	4,256,691	—	(486,551)	(1,039)	3,769,101
Equity Method - Other	3,651	—	(795)	—	2,856	10,123	—	(1,623)	—	8,500
Other Investments	83,402	—	(123,520)	(36,027)	(76,145)	675,579	—	(139,536)	(100,936)	435,107
Other Derivatives	—	—	—	—	—	2,153	—	—	—	2,153
Total Assets - Asset Management	\$ 4,315,231	\$ —	\$ (1,363,094)	\$ (50,116)	\$ 2,902,021	\$ 8,604,394	\$ —	\$ (1,757,041)	\$ (201,484)	\$ 6,645,869
<i>Insurance</i>										
AFS fixed maturity securities:										
Corporate fixed maturity securities	\$ 215,605	\$ —	\$ (5,080)	\$ (162,459)	\$ 48,066	\$ 450,987	\$ —	\$ (5,668)	\$ (463,337)	\$ (18,018)
Structured securities	88,308	—	—	(58,437)	29,871	265,127	—	—	(80,273)	184,854
Total AFS fixed maturity securities	303,913	—	(5,080)	(220,896)	77,937	716,114	—	(5,668)	(543,610)	166,836
Trading fixed maturity securities:										
Corporate fixed maturity securities	7,146	—	—	(4,037)	3,109	14,863	—	(1,000)	(38,647)	(24,784)
Structured securities	12,787	—	—	(13,810)	(1,023)	37,437	—	(694)	(23,749)	12,994
Total trading fixed maturity securities	19,933	—	—	(17,847)	2,086	52,300	—	(1,694)	(62,396)	(11,790)
Mortgage and other loan receivables	257	—	—	(16,563)	(16,306)	634	—	(3,078)	(24,422)	(26,866)
Other investments	59,240	—	(4,897)	—	54,343	177,634	—	(12,349)	—	165,285
Reinsurance recoverable	—	—	—	64	64	—	—	—	(10,590)	(10,590)
Total Assets - Insurance	\$ 383,343	\$ —	\$ (9,977)	\$ (255,242)	\$ 118,124	\$ 946,682	\$ —	\$ (22,789)	\$ (641,018)	\$ 282,875
Total	\$ 4,698,574	\$ —	\$ (1,373,071)	\$ (305,358)	\$ 3,020,145	\$ 9,551,076	\$ —	\$ (1,779,830)	\$ (842,502)	\$ 6,928,744

	Three Months Ended June 30, 2022					Six Months Ended June 30, 2022				
	Purchases	Issuances	Sales	Settlements	Net Purchases/ Issuances/Sales/ Settlements	Purchases	Issuances	Sales	Settlements	Net Purchases/ Issuances/ Sales/ Settlements
Assets										
<i>Asset Management</i>										
Private Equity	\$ 152,355	\$ —	\$ (154,987)	\$ —	(2,632)	\$ 1,056,616	\$ —	\$ (378,456)	\$ —	\$ 678,160
Credit	254,525	—	(162,001)	(267,151)	(174,627)	773,876	—	(1,047,331)	(285,013)	(558,468)
Real Assets	2,866,531	—	(780,656)	—	2,085,875	4,377,318	—	(1,282,802)	—	3,094,516
Equity Method - Other	570,347	—	(4,388)	—	565,959	612,166	—	(6,025)	—	606,141
Other Investments	67,684	—	(51,341)	—	16,343	229,560	—	(299,475)	—	(69,915)
Other Derivatives	44,423	—	—	—	44,423	55,707	—	—	—	55,707
Total Assets - Asset Management	\$ 3,955,865	\$ —	\$ (1,153,373)	\$ (267,151)	\$ 2,535,341	\$ 7,105,243	\$ —	\$ (3,014,089)	\$ (285,013)	\$ 3,806,141
<i>Insurance</i>										
AFS fixed maturity securities:										
Corporate fixed maturity securities	\$ 672,049	\$ —	\$ (70,112)	\$ (244,904)	\$ 357,033	\$ 1,596,721	\$ —	\$ (128,504)	\$ (719,579)	\$ 748,638
Structured securities	122,344	—	—	(165,149)	(42,805)	354,260	—	—	(168,331)	185,929
Total AFS fixed maturity securities	794,393	—	(70,112)	(410,053)	314,228	1,950,981	—	(128,504)	(887,910)	934,567
Trading fixed maturity securities:										
Corporate fixed maturity securities	29,638	—	(601)	(17,042)	11,995	218,655	—	(601)	(23,627)	194,427
Structured securities	40,541	—	—	(62,697)	(22,156)	195,794	—	—	(73,747)	122,047
Total trading fixed maturity securities	70,179	—	(601)	(79,739)	(10,161)	414,449	—	(601)	(97,374)	316,474
Mortgage and other loan receivables	13,053	—	(7,302)	(80,538)	(74,787)	233,278	—	(7,302)	(97,566)	128,410
Other investments	641,557	—	(274,385)	—	367,172	2,562,037	—	(274,385)	—	2,287,652
Funds withheld receivable at interest	—	—	—	—	—	—	10,435	—	—	10,435
Reinsurance recoverable	—	—	—	1,273	1,273	—	—	—	(13,102)	(13,102)
Total Assets - Insurance	\$ 1,519,182	\$ —	\$ (352,400)	\$ (569,057)	\$ 597,725	\$ 5,160,745	\$ 10,435	\$ (410,792)	\$ (1,095,952)	\$ 3,664,436
Total	\$ 5,475,047	\$ —	\$ (1,505,773)	\$ (836,208)	\$ 3,133,066	\$ 12,265,988	\$ 10,435	\$ (3,424,881)	\$ (1,380,965)	\$ 7,470,577

Notes to Financial Statements (Continued)

Three Months Ended June 30, 2023

	Balance, Beg. of Period	Transfers In / (Out) - Changes in Consolidation	Transfers In	Transfers Out	Net Purchases/Sales/Settlements/Issuances	Net Unrealized and Realized Gains (Losses)	Change in OCI	Balance, End of Period	Changes in Net Unrealized Gains (Losses) Included in Earnings related to Level III Assets and Liabilities still held as of the Reporting Date
Liabilities									
<i>Asset Management</i>									
Unfunded Revolver Commitments	\$ 112,534	\$ —	\$ —	\$ —	\$ —	\$ (2,428)	\$ —	\$ 110,106	\$ (2,428)
Total Liabilities - Asset Management	\$ 112,534	\$ —	\$ —	\$ —	\$ —	\$ (2,428)	\$ —	\$ 110,106	\$ (2,428)
<i>Insurance</i>									
Policy liabilities	\$ 1,133,779	\$ —	\$ —	\$ —	\$ (1,508)	\$ (97,515)	\$ 146,612	\$ 1,181,368	\$ —
Closed block policy liabilities	1,046,458	—	—	—	(3,166)	(16,297)	(656)	1,026,339	—
Funds withheld payable at interest	(3,057,531)	—	—	—	—	(32,842)	—	(3,090,373)	—
Embedded derivative - interest-sensitive life products	373,391	—	—	—	5,255	68,359	—	447,005	—
Embedded derivative - annuity products	2,402,427	—	—	—	200,486	212,870	—	2,815,783	—
Total Liabilities - Insurance	\$ 1,898,524	\$ —	\$ —	\$ —	\$ 201,067	\$ 134,575	\$ 145,956	\$ 2,380,122	\$ —
Total	\$ 2,011,058	\$ —	\$ —	\$ —	\$ 201,067	\$ 132,147	\$ 145,956	\$ 2,490,228	\$ (2,428)

Notes to Financial Statements (Continued)

Six Months Ended June 30, 2023

	Balance, Beg. of Period	Transfers In / (Out) - Changes in Consolidation	Transfers In	Transfers Out	Net Purchases/Sales/Settlements/Issuances	Net Unrealized and Realized Gains (Losses)	Change in OCI	Balance, End of Period	Changes in Net Unrealized Gains (Losses) Included in Earnings related to Level III Assets and Liabilities still held as of the Reporting Date
Liabilities									
<i>Asset Management</i>									
Unfunded Revolver Commitments	\$ 137,315	\$ —	\$ —	\$ —	\$ —	\$ (27,209)	\$ —	\$ 110,106	\$ (27,209)
Total Liabilities - Asset Management	\$ 137,315	\$ —	\$ —	\$ —	\$ —	\$ (27,209)	\$ —	\$ 110,106	\$ (27,209)
<i>Insurance</i>									
Policy liabilities	\$ 1,063,496	\$ —	\$ —	\$ —	\$ (2,373)	\$ 25,648	\$ 94,597	\$ 1,181,368	\$ —
Closed block policy liabilities	1,016,313	—	—	—	(9,028)	20,961	(1,907)	1,026,339	—
Funds withheld payable at interest	(3,487,766)	—	—	—	—	397,393	—	(3,090,373)	—
Embedded derivative – interest-sensitive life products	337,860	—	—	—	2,307	106,838	—	447,005	—
Embedded derivative – annuity products	1,851,381	—	—	—	549,968	414,434	—	2,815,783	—
Total Liabilities - Insurance	\$ 781,284	\$ —	\$ —	\$ —	\$ 540,874	\$ 965,274	\$ 92,690	\$ 2,380,122	\$ —
Total	\$ 918,599	\$ —	\$ —	\$ —	\$ 540,874	\$ 938,065	\$ 92,690	\$ 2,490,228	\$ (27,209)

Notes to Financial Statements (Continued)

Three Months Ended June 30, 2022

	Balance, Beg. of Period	Transfers In / (Out) - Changes in Consolidation	Transfers In	Transfers Out	Net Purchases/Sales/Settlements/Issuances	Net Unrealized and Realized Gains (Losses)	Change in OCI	Balance, End of Period	Changes in Net Unrealized Gains (Losses) Included in Earnings related to Level III Assets and Liabilities still held as of the Reporting Date	
Liabilities										
<i>Asset Management</i>										
Unfunded Revolver Commitments	\$ 64,556	\$ —	\$ —	\$ —	\$ —	(4,728)	\$ 35,970	\$ —	\$ 95,798	\$ 35,970
Total Liabilities - Asset Management	\$ 64,556	\$ —	\$ —	\$ —	\$ —	(4,728)	\$ 35,970	\$ —	\$ 95,798	\$ 35,970
<i>Insurance</i>										
Policy liabilities	\$ 1,583,528	\$ —	\$ —	\$ —	\$ —	(1,708)	\$ (211,039)	\$ (125,378)	\$ 1,245,403	\$ —
Closed block policy liabilities	1,269,991	—	—	—	—	398	(136,356)	1,876	1,135,909	—
Funds withheld payable at interest	(1,219,491)	—	—	—	—	—	(1,363,700)	—	(2,583,191)	—
Embedded derivative – interest-sensitive life products	512,015	—	—	—	—	(2,199)	(167,970)	—	341,846	—
Embedded derivative – annuity products	1,713,227	—	—	—	—	167,929	(488,261)	—	1,392,895	—
Total Liabilities - Insurance	\$ 3,859,270	\$ —	\$ —	\$ —	\$ —	164,420	\$ (2,367,326)	\$ (123,502)	\$ 1,532,862	\$ —
Total	\$ 3,923,826	\$ —	\$ —	\$ —	\$ —	159,692	\$ (2,331,356)	\$ (123,502)	\$ 1,628,660	\$ 35,970

Notes to Financial Statements (Continued)

Six Months Ended June 30, 2022

	Balance, Beg. of Period	Transfers In / (Out) - Changes in Consolidation	Transfers In	Transfers Out	Net Purchases/Sales/Settlements/Issuances	Net Unrealized and Realized Gains (Losses)	Change in OCI	Balance, End of Period	Changes in Net Unrealized Gains (Losses) Included in Earnings related to Level III Assets and Liabilities still held as of the Reporting Date	
Liabilities										
<i>Asset Management</i>										
Unfunded Revolver Commitments	\$ 64,276	\$ —	\$ —	\$ —		(4,728)	36,250	\$ —	95,798	36,250
Total Liabilities - Asset Management	\$ 64,276	\$ —	\$ —	\$ —		(4,728)	36,250	\$ —	95,798	36,250
<i>Insurance</i>										
Policy liabilities	\$ 1,962,855	\$ —	\$ —	\$ —		39,996	(459,470)	(297,978)	1,245,403	—
Closed block policy liabilities	1,350,224	—	—	—		(12,972)	(207,079)	5,736	1,135,909	—
Funds withheld payable at interest	(49,491)	—	—	—		10,435	(2,544,135)	—	(2,583,191)	—
Embedded derivative – interest-sensitive life products	557,276	—	—	—		4,533	(219,963)	—	341,846	—
Embedded derivative – annuity products	1,864,409	—	—	—		263,830	(735,344)	—	1,392,895	—
Total Liabilities - Insurance	\$ 5,685,273	\$ —	\$ —	\$ —		305,822	(4,165,991)	(292,242)	1,532,862	—
Total	\$ 5,749,549	\$ —	\$ —	\$ —		301,094	(4,129,741)	(292,242)	1,628,660	36,250

Notes to Financial Statements (Continued)

	Three Months Ended June 30, 2023			Six Months Ended June 30, 2023		
	Issuances	Settlements	Net Issuances/Settlements	Issuances	Settlements	Net Issuances/Settlements
Liabilities						
<i>Asset Management</i>						
Unfunded Revolver Commitments	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total Liabilities - Asset Management	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<i>Insurance</i>						
Policy liabilities	(48)	(1,460)	(1,508)	(93)	(2,280)	(2,373)
Closed block policy liabilities	\$ —	\$ (3,166)	\$ (3,166)	\$ —	\$ (9,028)	\$ (9,028)
Embedded derivative – interest-sensitive life products	—	5,255	5,255	—	2,307	2,307
Embedded derivative – annuity products	223,713	(23,227)	200,486	592,611	(42,643)	549,968
Total Liabilities - Insurance	\$ 223,665	\$ (22,598)	\$ 201,067	\$ 592,518	\$ (51,644)	\$ 540,874
Total	\$ 223,665	\$ (22,598)	\$ 201,067	\$ 592,518	\$ (51,644)	\$ 540,874
Three Months Ended June 30, 2022						
Six Months Ended June 30, 2022						
	Issuances	Settlements	Net Issuances/Settlements	Issuances	Settlements	Net Issuances/Settlements
Liabilities						
<i>Asset Management</i>						
Unfunded Revolver Commitments	\$ 17,090	\$ (21,818)	\$ (4,728)	\$ 17,090	\$ (21,818)	\$ (4,728)
Total Liabilities - Asset Management	\$ 17,090	\$ (21,818)	\$ (4,728)	\$ 17,090	\$ (21,818)	\$ (4,728)
<i>Insurance</i>						
Policy liabilities	\$ 56	\$ (1,764)	\$ (1,708)	\$ 42,426	\$ (2,430)	\$ 39,996
Closed block policy liabilities	—	398	398	—	(12,972)	(12,972)
Funds withheld payable at interest	—	—	—	10,435	—	10,435
Embedded derivative – interest-sensitive life products	(2,144)	(55)	(2,199)	4,664	(131)	4,533
Embedded derivative – annuity products	170,352	(2,423)	167,929	275,333	(11,503)	263,830
Total Liabilities - Insurance	\$ 168,264	\$ (3,844)	\$ 164,420	\$ 332,858	\$ (27,036)	\$ 305,822
Total	\$ 185,354	\$ (25,662)	\$ 159,692	\$ 349,948	\$ (48,854)	\$ 301,094

Total realized and unrealized gains and losses recorded for Asset Management - Level III assets and liabilities are reported in Net Gains (Losses) from Investment Activities in the accompanying consolidated statements of operations while Insurance - Level III assets and liabilities are reported in Net Investment Gains and Policy Benefits and Claims in the accompanying consolidated statements of operations.

The following table presents additional information about valuation methodologies and significant unobservable inputs used for financial assets and liabilities that are measured and reported at fair value and categorized within Level III as of June 30, 2023. Because input information includes only those items for which information is reasonably available, balances shown below may not equal total amounts reported for such Level III assets and liabilities:

Level III Assets	Fair Value June 30, 2023	Valuation Methodologies	Unobservable Input(s) ⁽¹⁾	Weighted Average ⁽²⁾	Range	Impact to Valuation from an Increase in Input ⁽³⁾
ASSET MANAGEMENT						
Private Equity	\$ 28,606,221					
Private Equity	\$ 25,952,540	Inputs to market comparables, discounted cash flow and transaction price	Illiquidity Discount	6.2%	5.0% - 15.0%	Decrease
			Weight Ascribed to Market Comparables	27.9%	0.0% - 100.0%	(4)
			Weight Ascribed to Discounted Cash Flow	65.9%	0.0% - 100.0%	(5)
			Weight Ascribed to Transaction Price	6.2%	0.0% - 100.0%	(6)
		Market comparables	Enterprise Value/LTM EBITDA Multiple	19.0x	7.5x - 55.3x	Increase
			Enterprise Value/Forward EBITDA Multiple	16.9x	5.0x - 31.2x	Increase
		Discounted cash flow	Weighted Average Cost of Capital	9.9%	6.6% - 13.8%	Decrease
			Enterprise Value/LTM EBITDA Exit Multiple	14.5x	6.0x - 27.6x	Increase

Notes to Financial Statements (Continued)

Level III Assets	Fair Value June 30, 2023	Valuation Methodologies	Unobservable Input(s) ⁽¹⁾	Weighted Average ⁽²⁾	Range	Impact to Valuation from an Increase in Input ⁽³⁾	
Growth Equity	\$ 2,653,681	Inputs to market comparables, discounted cash flow and milestones	Illiquidity Discount	9.0%	5.0% - 15.0%	Decrease	
			Weight Ascribed to Market Comparables	28.0%	0.0% - 100.0%	(4)	
			Weight Ascribed to Discounted Cash Flow	5.3%	0.0% - 50.0%	(5)	
			Weight Ascribed to Milestones	66.7%	0.0% - 100.0%	(6)	
			Scenario Weighting	Base	76.7%	70.0% - 80.0%	Increase
				Downside	10.0%	10.0% - 10.0%	Decrease
				Upside	18.3%	10.0% - 25.0%	Increase
Credit	\$ 5,372,882	Yield Analysis	Yield	11.6%	8.5% - 21.1%	Decrease	
			Net Leverage	6.2x	0.3x - 13.8x	Decrease	
			EBITDA Multiple	12.5x	0.2x - 31.0x	Increase	
Real Assets	\$ 20,307,579						
Energy	\$ 1,561,688	Inputs to market comparables, discounted cash flow and transaction price	Weight Ascribed to Market Comparables	42.5%	0.0% - 50.0%	(4)	
			Weight Ascribed to Discounted Cash Flow	57.5%	50.0% - 100.0%	(5)	
			Weight Ascribed to Transaction Price	—%	0.0% - 0.0%	(6)	
			Market comparables	Enterprise Value/LTM EBITDA Multiple	3.0x	3.0x - 3.0x	Increase
				Enterprise Value/Forward EBITDA Multiple	6.5x	4.1x - 7.4x	Increase
			Discounted cash flow	Weighted Average Cost of Capital	12.0%	11.8% - 12.5%	Decrease
				Average Price Per BOE (8)	\$50.01	\$44.91 - \$55.11	Increase
Infrastructure	\$ 10,406,642		Inputs to market comparables, discounted cash flow and transaction price	Illiquidity Discount	5.5%	5.0% - 10.0%	Decrease
		Weight Ascribed to Market Comparables		1.5%	0.0% - 25.0%	(4)	
		Weight Ascribed to Discounted Cash Flow		85.4%	0.0% - 100.0%	(5)	
		Weight Ascribed to Transaction Price		13.1%	0.0% - 100.0%	(6)	
		Market comparables		Enterprise Value/LTM EBITDA Multiple	10.7x	10.7x - 10.7x	Increase
				Enterprise Value/Forward EBITDA Multiple	14.5x	10.3x - 20.5x	Increase
		Discounted cash flow		Weighted Average Cost of Capital	7.7%	5.1% - 10.1%	Decrease
				Enterprise Value/LTM EBITDA Exit Multiple	16.9x	10.0x - 22.0x	Increase
Real Estate	\$ 8,339,249	Inputs to direct income capitalization, discounted cash flow and transaction price	Weight Ascribed to Direct Income Capitalization	22.1%	0.0% - 100.0%	(7)	
			Weight Ascribed to Discounted Cash Flow	71.2%	0.0% - 100.0%	(5)	
			Weight Ascribed to Transaction Price	6.7%	0.0% - 100.0%	(6)	
			Direct income capitalization	Current Capitalization Rate	5.3%	2.0% - 8.4%	Decrease
				Discounted cash flow	Unlevered Discount Rate	7.0%	2.6% - 18.0%
Equity Method - Other	\$ 1,695,170		Inputs to market comparables, discounted cash flow and transaction price	Illiquidity Discount	6.6%	5.0% - 10.0%	Decrease
		Weight Ascribed to Market Comparables		47.1%	0.0% - 100.0%	(4)	
		Weight Ascribed to Discounted Cash Flow		37.2%	0.0% - 50.0%	(5)	
		Weight Ascribed to Transaction Price		15.7%	0.0% - 100.0%	(6)	
		Market comparables		Enterprise Value/LTM EBITDA Multiple	14.1x	3.0x - 20.4x	Increase
				Enterprise Value/Forward EBITDA Multiple	11.2x	4.1x - 18.8x	Increase
		Discounted cash flow		Weighted Average Cost of Capital	10.4%	7.0% - 15.5%	Decrease
				Enterprise Value/LTM EBITDA Exit Multiple	11.0x	9.5x - 15.0x	Increase
Other Investments	\$ 3,670,330 ⁽⁹⁾	Inputs to market comparables, discounted cash flow and transaction price	Illiquidity Discount	8.4%	5.0% - 15.0%	Decrease	
			Weight Ascribed to Market Comparables	15.1%	0.0% - 100.0%	(4)	
			Weight Ascribed to Discounted Cash Flow	48.3%	0.0% - 100.0%	(5)	
			Weight Ascribed to Transaction Price	36.6%	0.0% - 100.0%	(6)	
			Market comparables	Enterprise Value/LTM EBITDA Multiple	10.1x	5.8x - 22.0x	Increase
				Enterprise Value/Forward EBITDA Multiple	9.8x	0.0x - 19.1x	Increase
			Discounted cash flow	Weighted Average Cost of Capital	11.0%	9.3% - 25.0%	Decrease
				Enterprise Value/LTM EBITDA Exit Multiple	12.2x	8.5x - 15.0x	Increase

Notes to Financial Statements (Continued)

Level III Assets	Fair Value June 30, 2023	Valuation Methodologies	Unobservable Input(s) ⁽¹⁾	Weighted Average ⁽²⁾	Range	Impact to Valuation from an Increase in Input ⁽³⁾	
INSURANCE							
Corporate fixed maturity securities	\$ 1,342,594	Discounted cash flow	Discount Spread	3.75%	1.35% - 5.93%	Decrease	
Structured securities	\$ 89,461	Discounted cash flow	Discount Spread	3.78%	3.30% - 6.63%	Decrease	
			Constant Prepayment Rate	6.90%	5.00% - 15.00%	Increase/Decrease	
			Constant Default Rate	1.18%	1.00% - 2.50%	Decrease	
			Loss Severity	100%		Decrease	
Other investments	\$ 4,825,147	(10) Discounted cash flow	Vacancy rate	2.70%	0.00% - 5.00%	Decrease	
			Discount rate	7.42%	6.00% - 7.67%	Decrease	
			Terminal capitalization rate	5.95%	4.75% - 6.65%	Decrease	
Funds withheld receivable at interest	\$ (3,833)	Discounted cash flow	Duration/Weighted Average Life	8.19 years	0.0 years - 19.4 years	Increase	
			Contractholder Persistency	6.75%	3.30% - 16.80%	Increase	
			Instrument-specific credit risk	1.21%	0.75% - 1.30%	Decrease	
Reinsurance recoverable	\$ 988,639	Present value of expenses paid from the open block plus the cost of capital held in support of the liabilities.	Expense assumption	\$17.3	The average expense assumption is between \$8.23 and \$78.00 per policy, increased by inflation. The annual inflation rate was increased by 2.50%.	Increase	
			Unobservable inputs are a market participant's view of the expenses, a risk margin on the uncertainty of the level of expenses and a cost of capital on the capital held in support of the liabilities.	Expense risk margin	9.42%		Decrease
			Discounted cash flow	Cost of capital	9.8%	3.69% - 13.85%	Increase
				Mortality Rate	5.52%		Increase
			Surrender Rate	2.00%		Increase	

- (1) In determining certain of these inputs, management evaluates a variety of factors including economic conditions, industry and market developments, market valuations of comparable companies and company specific developments including exit strategies and realization opportunities. KKR has determined that market participants would take these inputs into account when valuing the investments and debt obligations. "LTM" means last twelve months, and "EBITDA" means earnings before interest, taxes, depreciation and amortization.
- (2) Inputs were weighted based on the fair value of the investments included in the range.
- (3) Unless otherwise noted, this column represents the directional change in the fair value of the Level III investments that would result from an increase to the corresponding unobservable input. A decrease to the unobservable input would have the opposite effect. Significant increases and decreases in these inputs in isolation could result in significantly higher or lower fair value measurements.
- (4) The directional change from an increase in the weight ascribed to the market comparables approach would increase the fair value of the Level III investments if the market comparables approach results in a higher valuation than the discounted cash flow approach and transaction price. The opposite would be true if the market comparables approach results in a lower valuation than the discounted cash flow approach and transaction price.
- (5) The directional change from an increase in the weight ascribed to the discounted cash flow approach would increase the fair value of the Level III investments if the discounted cash flow approach results in a higher valuation than the market comparables approach, transaction price and direct income capitalization approach. The opposite would be true if the discounted cash flow approach results in a lower valuation than the market comparables approach, transaction price and direct income capitalization approach.
- (6) The directional change from an increase in the weight ascribed to the transaction price or milestones would increase the fair value of the Level III investments if the transaction price or milestones results in a higher valuation than the market comparables and discounted cash flow approach. The opposite would be true if the transaction price or milestones results in a lower valuation than the market comparables approach and discounted cash flow approach.
- (7) The directional change from an increase in the weight ascribed to the direct income capitalization approach would increase the fair value of the Level III investments if the direct income capitalization approach results in a higher valuation than the discounted cash flow approach. The opposite would be true if the direct income capitalization approach results in a lower valuation than the discounted cash flow approach.

Notes to Financial Statements (Continued)

- (8) The total energy fair value amount includes multiple investments (in multiple locations throughout North America) that are held in different investment funds and produce varying quantities of oil, condensate, natural gas liquids, and natural gas. Commodity price may be measured using a common volumetric equivalent where one barrel of oil equivalent ("BOE") is determined using the ratio of six thousand cubic feet of natural gas to one barrel of oil, condensate or natural gas liquids. The price per BOE is provided to show the aggregate of all price inputs for the various investments over a common volumetric equivalent although the valuations for specific investments may use price inputs specific to the asset for purposes of our valuations. The discounted cash flows include forecasted production of liquids (oil, condensate, and natural gas liquids) and natural gas with a forecasted revenue ratio of approximately 88% liquids and 12% natural gas.
- (9) Consists primarily of investments in common stock, preferred stock, warrants and options of companies that are not private equity, real assets, credit, equity method - other or investments of consolidated CFEs.
- (10) For CRE currently in lease, this assumption is applicable to terminal value calculations only once current lease term ends.

Level III Liabilities	Fair Value June 30, 2023	Valuation Methodologies	Unobservable Input(s) ⁽¹⁾	Weighted Average ⁽²⁾	Range	Impact to Valuation from an Increase in Input ⁽³⁾
ASSET MANAGEMENT						
Unfunded Revolver Commitments	\$ 110,106	Yield Analysis	Yield	12.7%	9.2% - 23.0%	Decrease
INSURANCE						
Policy liabilities	\$ 1,181,368	<i>Policy liabilities under fair value option:</i>				
		Present value of best estimate liability cash flows. Unobservable inputs include a market participant view of the risk margin included in the discount rate which reflects the variability of the cash flows.	Risk Margin Rate	1.12%	0.75% - 1.60%	Decrease
		Policyholder behavior is also a significant unobservable input, including lapse, surrender and mortality.	Surrender Rate	6.16%	3.47% - 7.14%	Decrease
			Mortality Rate	4.46%	3.50% - 9.09%	Increase
		<i>Market risk benefit:</i>				
		Fair value using a non-option and option valuation approach	Interest rates (10 and 30 year Treasury)		3.81% / 3.85%	Decrease
			Instrument-specific credit risk (10 and 30 year)		1.18% / 1.30%	Decrease
		Policyholder behavior is also a significant unobservable input, including lapse, surrender, and mortality.	Mortality Rate	2.10%	0.70% - 22.20%	Increase
			Lapse Rate	3.20%	0.40% - 44.80%	Increase
Closed block policy liabilities	\$ 1,026,339	Present value of expenses paid from the open block plus the cost of capital held in support of the liabilities.	Expense assumption	\$17.3	The average expense assumption is between \$8.23 and \$78.00 per policy, increased by inflation. The annual inflation rate was increased by 2.50%.	Increase
		Instrument-specific credit risk		1.21%	0.75% - 1.30%	Decrease
		Unobservable inputs are a market participant's view of the expenses, a risk margin on the uncertainty of the level of expenses and a cost of capital on the capital held in support of the liabilities.	Expense Risk Margin	9.42%		Decrease
			Cost of Capital	9.8%	3.69% - 13.85%	Increase
		Discounted cash flow	Mortality Rate	5.52%		Increase
			Surrender Rate	2.00%		Increase

Notes to Financial Statements (Continued)

Level III Liabilities	Fair Value June 30, 2023	Valuation Methodologies	Unobservable Input(s) ⁽¹⁾	Weighted Average ⁽²⁾	Range	Impact to Valuation from an Increase in Input ⁽³⁾	
Funds withheld payable at interest	\$ (3,090,373)	Discounted cash flow	Duration/Weighted Average Life	8.14	0.0 years - 16.74 years	Decrease	
			Contractholder Persistency	6.75%	3.30% - 16.80%	Decrease	
			Instrument-specific credit risk	1.21%	0.75% - 1.30%	Decrease	
Embedded derivative – interest-sensitive life products	\$ 447,005	Policy persistency is a significant unobservable input.	Lapse Rate	3.40%		Decrease	
			Mortality Rate	0.77%		Decrease	
			Future costs for options used to hedge the contract obligations	Option Budge Assumption	3.67%		Increase
			Instrument-specific credit risk	1.21%	0.75% - 1.30%	Decrease	
Embedded derivative – annuity products	\$ 2,815,783	Policyholder behavior is a significant unobservable input, including utilization and lapse.	Utilization:				
			Fixed-indexed annuity	3.41%		Decrease	
			Surrender Rate:				
			Retail FIA	11.60%		Decrease	
			Institutional FIA	16.42%		Decrease	
			Mortality Rate:				
			Retail FIA	2.14%		Decrease	
			Institutional FIA	1.94%		Decrease	
			Future costs for options used to hedge the contract obligations	Option Budge Assumption:			
			Retail RIA	2.26%		Increase	
Institutional FIA	2.86%		Increase				
Instrument-specific credit risk	1.21%	0.75% - 1.30%	Decrease				

- (1) In determining certain of these inputs, management evaluates a variety of factors including economic conditions, industry and market developments, market valuations of comparable companies and company specific developments including exit strategies and realization opportunities. KKR has determined that market participants would take these inputs into account when valuing the investments and debt obligations. "LTM" means last twelve months, and "EBITDA" means earnings before interest, taxes, depreciation and amortization.
- (2) Inputs were weighted based on the fair value of the investments included in the range.
- (3) Unless otherwise noted, this column represents the directional change in the fair value of the Level III investments that would result from an increase to the corresponding unobservable input. A decrease to the unobservable input would have the opposite effect. Significant increases and decreases in these inputs in isolation could result in significantly higher or lower fair value measurements.

In the table above, certain private equity investments may be valued at cost for a period of time after an acquisition as the best indicator of fair value. In addition, certain valuations of private equity investments may be entirely or partially derived by reference to observable valuation measures for a pending or consummated transaction.

The various unobservable inputs used to determine the Level III valuations may have similar or diverging impacts on valuation. Significant increases and decreases in these inputs in isolation and interrelationships between those inputs could result in significantly higher or lower fair value measurements as noted in the table above.

Financial Instruments Not Carried At Fair Value

Asset management financial instruments are primarily measured at fair value on a recurring basis, except as disclosed in Note 17 "Debt Obligations."

Notes to Financial Statements (Continued)

The following tables present carrying amounts and fair values of Global Atlantic's financial instruments which are not carried at fair value as of June 30, 2023 and December 31, 2022:

As of June 30, 2023	Carrying Value	Fair Value Hierarchy			Fair Value
		Level I	Level II	Level III	
<i>(\$ in thousands)</i>					
Financial assets:					
<i>Insurance</i>					
Mortgage and other loan receivables	\$ 35,139,287	\$ —	\$ —	\$ 32,522,375	\$ 32,522,375
Policy loans	871,422	—	—	789,120	789,120
FHLB common stock and other investments	169,212	—	—	169,212	169,212
Funds withheld receivables at interest	2,731,150	—	2,731,150	—	2,731,150
Cash and cash equivalents	4,421,172	4,421,172	—	—	4,421,172
Restricted cash and cash equivalents	339,618	339,618	—	—	339,618
Total financial assets	\$ 43,671,861	\$ 4,760,790	\$ 2,731,150	\$ 33,480,707	\$ 40,972,647
Financial liabilities:					
<i>Insurance</i>					
Policy liabilities - policyholder account balances	\$ 49,200,459	\$ —	\$ 39,869,529	\$ 7,434,641	\$ 47,304,170
Funds withheld payables at interest	26,342,130	—	26,342,130	—	26,342,130
Debt obligations	2,356,162	—	—	1,905,137	1,905,137
Securities sold under agreements to repurchase	820,242	—	820,242	—	820,242
Total financial liabilities	\$ 78,718,993	\$ —	\$ 67,031,901	\$ 9,339,778	\$ 76,371,679
As of December 31, 2022					
As of December 31, 2022	Carrying Value	Fair Value Hierarchy			Fair Value
		Level I	Level II	Level III	
<i>(\$ in thousands)</i>					
Financial assets:					
<i>Insurance</i>					
Mortgage and other loan receivables	\$ 34,303,183	\$ —	\$ —	\$ 31,256,107	\$ 31,256,107
Policy loans	868,911	—	—	789,726	789,726
FHLB common stock and other investments	163,289	—	—	163,289	163,289
Funds withheld receivables at interest	2,855,251	—	2,855,251	—	2,855,251
Cash and cash equivalents	6,118,231	6,118,231	—	—	6,118,231
Restricted cash and cash equivalents	308,383	308,383	—	—	308,383
Total financial assets	\$ 44,617,248	\$ 6,426,614	\$ 2,855,251	\$ 32,209,122	\$ 41,490,987
Financial liabilities:					
<i>Insurance</i>					
Policy liabilities - policyholder account balances	\$ 48,403,949	\$ —	\$ 38,328,025	\$ 7,383,537	\$ 45,711,562
Funds withheld payables at interest	26,227,183	—	26,227,183	—	26,227,183
Debt obligations	2,128,166	—	—	1,698,526	1,698,526
Securities sold under agreements to repurchase	805,316	—	805,316	—	805,316
Total financial liabilities	\$ 77,564,614	\$ —	\$ 65,360,524	\$ 9,082,063	\$ 74,442,587

Notes to Financial Statements (Continued)

11. FAIR VALUE OPTION

The following table summarizes the financial instruments for which the fair value option has been elected:

	June 30, 2023	December 31, 2022
Assets		
<i>Asset Management</i>		
Credit	\$ 719,441	\$ 1,121,775
Investments of Consolidated CFEs	24,514,439	22,492,366
Real Assets	57,821	202,153
Equity Method - Other	2,274,577	2,943,387
Other Investments	101,788	88,046
Total Asset Management	<u>\$ 27,668,066</u>	<u>\$ 26,847,727</u>
<i>Insurance</i>		
Mortgage and other loan receivables	\$ 768,276	\$ 787,515
Other investments	278,861	335,168
Reinsurance recoverable	988,639	981,775
Total Insurance	<u>\$ 2,035,776</u>	<u>\$ 2,104,458</u>
Total Assets	<u>\$ 29,703,842</u>	<u>\$ 28,952,185</u>
Liabilities		
<i>Asset Management</i>		
Debt Obligations of Consolidated CFEs	\$ 24,261,260	\$ 22,273,242
Total Asset Management	<u>\$ 24,261,260</u>	<u>\$ 22,273,242</u>
<i>Insurance</i>		
Policy liabilities	\$ 1,379,342	\$ 1,410,951
Total Insurance	<u>\$ 1,379,342</u>	<u>\$ 1,410,951</u>
Total Liabilities	<u>\$ 25,640,602</u>	<u>\$ 23,684,193</u>

Notes to Financial Statements (Continued)

The following table presents the net realized and unrealized gains (losses) on financial instruments for which the fair value option was elected:

	Three Months Ended June 30, 2023			Three Months Ended June 30, 2022		
	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total
Assets						
<i>Asset Management</i>						
Credit	\$ (52,593)	\$ 63,266	\$ 10,673	\$ (24,442)	\$ 83	\$ (24,359)
Investments of Consolidated CFEs	(44,865)	251,101	206,236	205	(1,474,681)	(1,474,476)
Real Assets	51,637	(48,294)	3,343	—	(470)	(470)
Equity Method - Other	14,061	59,443	73,504	18,514	(125,423)	(106,909)
Other Investments	(75)	(4,239)	(4,314)	(186)	1,136	950
Total Asset Management	\$ (31,835)	\$ 321,277	\$ 289,442	\$ (5,909)	\$ (1,599,355)	\$ (1,605,264)
<i>Insurance</i>						
Mortgage and other loan receivables	\$ —	\$ 12,540	\$ 12,540	\$ —	\$ (26,780)	\$ (26,780)
Other investments	—	(8,649)	(8,649)	—	10,094	10,094
Total Insurance	\$ —	\$ 3,891	\$ 3,891	\$ —	\$ (16,686)	\$ (16,686)
Total Assets	\$ (31,835)	\$ 325,168	\$ 293,333	\$ (5,909)	\$ (1,616,041)	\$ (1,621,950)
Liabilities						
<i>Asset Management</i>						
Debt Obligations of Consolidated CFEs	\$ —	\$ (258,665)	\$ (258,665)	\$ —	\$ 1,329,624	\$ 1,329,624
Total Asset Management	\$ —	\$ (258,665)	\$ (258,665)	\$ —	\$ 1,329,624	\$ 1,329,624
<i>Insurance</i>						
Policy liabilities	\$ —	\$ (1,265)	\$ (1,265)	\$ —	\$ 6,473	\$ 6,473
Total Insurance	\$ —	\$ (1,265)	\$ (1,265)	\$ —	\$ 6,473	\$ 6,473
Total Liabilities	\$ —	\$ (259,930)	\$ (259,930)	\$ —	\$ 1,336,097	\$ 1,336,097
	Six Months Ended June 30, 2023			Six Months Ended June 30, 2022		
	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Total
Assets						
<i>Asset Management</i>						
Credit	\$ (60,346)	\$ 56,295	\$ (4,051)	\$ (61,957)	\$ (15,751)	\$ (77,708)
Investments of Consolidated CFEs	(49,882)	568,982	519,100	3,154	(1,744,229)	(1,741,075)
Real Assets	51,637	(56,597)	(4,960)	85	24,215	24,300
Equity Method - Other	47,367	(16,300)	31,067	2,181	(170,891)	(168,710)
Other Investments	1,561	(1,761)	(200)	6,122	(6,549)	(427)
Total Asset Management	\$ (9,663)	\$ 550,619	\$ 540,956	\$ (50,415)	\$ (1,913,205)	\$ (1,963,620)
<i>Insurance</i>						
Mortgage and other loan receivables	\$ —	\$ 6,196	\$ 6,196	\$ —	\$ (53,795)	\$ (53,795)
Other investments	—	(55,641)	(55,641)	—	37,831	37,831
Total Insurance	\$ —	\$ (49,445)	\$ (49,445)	\$ —	\$ (15,964)	\$ (15,964)
Total Assets	\$ (9,663)	\$ 501,174	\$ 491,511	\$ (50,415)	\$ (1,929,169)	\$ (1,979,584)
Liabilities						
<i>Asset Management</i>						
Debt Obligations of Consolidated CFEs	\$ —	\$ (635,153)	\$ (635,153)	\$ (785)	\$ 1,555,682	\$ 1,554,897
Total Asset Management	\$ —	\$ (635,153)	\$ (635,153)	\$ (785)	\$ 1,555,682	\$ 1,554,897
<i>Insurance</i>						
Policy liabilities	\$ —	\$ (671)	\$ (671)	\$ —	\$ 9,465	\$ 9,465
Total Insurance	\$ —	\$ (671)	\$ (671)	\$ —	\$ 9,465	\$ 9,465
Total Liabilities	\$ —	\$ (635,824)	\$ (635,824)	\$ (785)	\$ 1,565,147	\$ 1,564,362

Notes to Financial Statements (Continued)
12. INSURANCE INTANGIBLES, UNEARNED REVENUE RESERVES AND UNEARNED FRONT-END LOADS

The following reflects the reconciliation of the components of insurance intangibles to the total balance reported in the consolidated statements of financial condition as of June 30, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
Deferred acquisition costs	\$ 973,471	\$ 820,970
Value of business acquired	1,270,894	1,316,529
Cost-of-reinsurance assets	192,268	193,995
Total insurance intangibles	\$ 2,436,633	\$ 2,331,494

Deferred acquisition costs

The following tables reflect the deferred acquisition costs roll-forward by product category for the six months ended June 30, 2023 and 2022:

Six Months Ended June 30, 2023						
	Fixed rate annuities	Fixed indexed annuities	Interest sensitive life	Other	Total	
Balance, as of the beginning of the period	\$ 221,679	\$ 367,813	\$ 116,021	\$ 115,457	\$	820,970
Capitalizations	79,572	88,945	16,396	34,544		219,457
Amortization expense	(29,119)	(27,531)	(3,270)	(7,036)		(66,956)
Balance, as of the end of the period	\$ 272,132	\$ 429,227	\$ 129,147	\$ 142,965	\$	973,471

Six Months Ended June 30, 2022						
	Fixed rate annuities	Fixed indexed annuities	Interest sensitive life	Other	Total	
Balance, as of the beginning of the period	\$ 107,104	\$ 179,449	\$ 54,298	\$ 56,730	\$	397,581
Capitalizations	66,696	108,465	37,326	38,891		251,378
Amortization expense	(11,260)	(12,547)	(3,078)	(4,700)		(31,585)
Balance, as of the end of the period	\$ 162,540	\$ 275,367	\$ 88,546	\$ 90,921	\$	617,374

Value of business acquired

The following tables reflect the value of business acquired, or “VOBA” asset roll-forward by product category for the six months ended June 30, 2023 and 2022:

Six Months Ended June 30, 2023							
	Fixed rate annuities	Fixed indexed annuities	Interest sensitive life	Variable annuities	Other	Total	
Balance, as of the beginning of the period	\$ 48,762	\$ 663,296	\$ 276,795	\$ 241,778	\$ 85,898	\$	1,316,529
Amortization expense	(1,937)	(20,595)	(6,785)	(12,649)	(3,669)		(45,635)
Balance, as of the end of the period	\$ 46,825	\$ 642,701	\$ 270,010	\$ 229,129	\$ 82,229	\$	1,270,894

Six Months Ended June 30, 2022							
	Fixed rate annuities	Fixed indexed annuities	Interest sensitive life	Variable annuities	Other	Total	
Balance, as of the beginning of the period	\$ 52,723	\$ 709,271	\$ 292,323	\$ 269,172	\$ 94,479	\$	1,417,968
Amortization expense	(1,994)	(24,837)	(7,855)	(14,583)	(4,750)		(54,019)
Balance, as of the end of the period	\$ 50,729	\$ 684,434	\$ 284,468	\$ 254,589	\$ 89,729	\$	1,363,949

Notes to Financial Statements (Continued)

The following tables reflect the negative value of business acquired, or “negative VOBA” liability roll-forward by product category for the six months ended June 30, 2023 and 2022:

	Six Months Ended June 30, 2023					
	Fixed rate annuities	Fixed indexed annuities	Interest sensitive life	Variable annuities	Other	Total
Balance, as of the beginning of the period	\$ 98,342	\$ 145,610	\$ 461,592	\$ 99,776	\$ 198,804	\$ 1,004,124
Amortization expense	(16,799)	(19,828)	(17,857)	(4,801)	(8,909)	(68,194)
Balance, as of the end of the period	\$ 81,543	\$ 125,782	\$ 443,735	\$ 94,975	\$ 189,895	\$ 935,930

	Six Months Ended June 30, 2022					
	Fixed rate annuities	Fixed indexed annuities	Interest sensitive life	Variable annuities	Other	Total
Balance, as of the beginning of the period	\$ 136,227	\$ 184,664	\$ 500,264	\$ 109,826	\$ 211,296	\$ 1,142,277
Amortization expense	(19,458)	(18,979)	(22,561)	(5,042)	(7,411)	(73,451)
Balance, as of the end of the period	\$ 116,769	\$ 165,685	\$ 477,703	\$ 104,784	\$ 203,885	\$ 1,068,826

Estimated future amortization of VOBA and Negative VOBA as of June 30, 2023 is as follows:

Years	VOBA	Negative VOBA	Total, net
Remainder of 2023	\$ 44,172	\$ (60,804)	\$ (16,632)
2024	84,351	(102,610)	(18,259)
2025	79,042	(83,881)	(4,839)
2026	74,671	(69,403)	5,268
2027	70,129	(59,433)	10,696
2028	66,302	(51,659)	14,643
2029 and thereafter	852,227	(508,140)	344,087
Total	\$ 1,270,894	\$ (935,930)	\$ 334,964

Unearned revenue reserves and unearned front-end loads

	Six Months Ended June 30,	
	2023	2022
	Preneed	
Balance, as of the beginning of the period	\$ 118,186	\$ 55,510
Deferral	36,360	34,753
Amortized to income during the year	(5,341)	(2,745)
Balance, as of the end of the period	\$ 149,205	\$ 87,518

Significant inputs, judgments, assumptions for DAC and related amortization amounts

Global Atlantic considers surrender rates, mortality rates, and other relevant policy decrements in determining the expected life of the contract. As a part of Global Atlantic's actual experience update for the six months ended June 30, 2023 and 2022, Global Atlantic observed that there was no significant change in relevant inputs, judgments, or assumptions requiring an update of the amortization rate for DAC and related amortization amounts.

Notes to Financial Statements (Continued)
13. REINSURANCE

Global Atlantic maintains a number of reinsurance treaties with third parties whereby Global Atlantic assumes annuity and life policies on a coinsurance, modified coinsurance or funds withheld basis. Global Atlantic also maintains other reinsurance treaties including the cession of certain annuity, life and health policies.

The effects of all reinsurance agreements on the consolidated statements of financial condition were as follows:

	June 30, 2023	December 31, 2022
Policy liabilities:		
Direct	\$ 73,377,623	\$ 71,833,991
Assumed	68,051,592	65,946,938
Total policy liabilities	141,429,215	137,780,929
Ceded ⁽¹⁾	(25,932,785)	(25,755,283)
Net policy liabilities	\$ 115,496,430	\$ 112,025,646

(1) Reported within reinsurance recoverable within the consolidated statements of financial condition.

A key credit quality indicator is a counterparty's A.M. Best financial strength rating. A.M. Best ratings are an independent opinion of a reinsurer's ability to meet ongoing obligations to policyholders. Global Atlantic mitigates counterparty credit risk by requiring collateral and credit enhancements in various forms including engaging in funds withheld at interest and modified coinsurance transactions. The following shows the amortized cost basis of Global Atlantic's reinsurance recoverable and funds withheld receivable at interest by credit quality indicator and any associated credit enhancements Global Atlantic has obtained to mitigate counterparty credit risk:

A.M. Best Rating ⁽¹⁾	As of June 30, 2023			As of December 31, 2022		
	Reinsurance recoverable and funds withheld receivable at interest ⁽²⁾	Credit enhancements ⁽³⁾	Net reinsurance credit exposure ⁽⁴⁾	Reinsurance recoverable and funds withheld receivable at interest ⁽²⁾	Credit enhancements ⁽³⁾	Net reinsurance credit exposure ⁽⁴⁾
A++	\$ 42,611	\$ —	\$ 42,611	\$ 62,674	\$ —	\$ 62,674
A+	1,787,555	—	1,787,555	1,849,918	—	1,849,918
A	2,292,139	—	2,292,139	2,491,461	—	2,491,461
A-	4,570,737	3,960,510	610,227	5,397,767	4,197,739	1,200,028
B++	31,106	—	31,106	37,939	—	37,939
B+	—	—	—	—	—	—
B	—	—	—	—	—	—
B-	—	—	—	(221)	—	—
C++/C+	(227)	—	—	—	—	—
Not rated or private rating ⁽⁵⁾	20,142,442	19,291,247	851,195	20,994,058	18,541,678	2,452,380
Total	\$ 28,866,363	\$ 23,251,757	\$ 5,614,833	\$ 30,833,596	\$ 22,739,417	\$ 8,094,400

(1) Ratings are periodically updated (at least annually) as A.M. Best issues new ratings.

(2) At amortized cost, excluding any associated embedded derivative assets and liabilities.

(3) Includes funds withheld payable at interest and deferred intangible reinsurance assets and liabilities.

(4) Includes credit loss allowance of \$21.0 million and \$41.2 million as of June 30, 2023 and December 31, 2022, respectively, held against reinsurance recoverable.

(5) Includes \$20.1 billion and \$21.0 billion as of June 30, 2023 and December 31, 2022, respectively, associated with cessions to co-investment vehicles (the "Ivy Vehicles") that participate in qualifying reinsurance transactions sourced by Global Atlantic.

As of June 30, 2023 and December 31, 2022, Global Atlantic had \$2.7 billion and \$2.9 billion of funds withheld receivable at interest, respectively, with six counterparties related to modified coinsurance and funds withheld contracts. The assets supporting these receivables were held in trusts and not part of the respective counterparty's general accounts.

Notes to Financial Statements (Continued)

The effects of reinsurance on the consolidated statements of operations were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net premiums:				
Direct	\$ 33,255	\$ 28,033	\$ 65,908	\$ 64,606
Assumed	1,135,174	302,359	1,753,904	703,874
Ceded	(542,000)	(555,894)	(719,759)	(621,838)
Net premiums	\$ 626,429	\$ (225,502)	\$ 1,100,053	\$ 146,642

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Policy fees:				
Direct	\$ 229,043	\$ 238,167	\$ 456,900	\$ 474,504
Assumed	105,673	91,737	210,262	169,515
Ceded	(19,334)	(10,874)	(37,978)	(11,207)
Net policy fees	\$ 315,382	\$ 319,030	\$ 629,184	\$ 632,812

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net policy benefits and claims:				
Direct	\$ 785,168	\$ (220,399)	\$ 1,733,287	\$ (215,937)
Assumed	1,583,542	434,425	2,600,478	1,034,644
Ceded	(632,696)	(470,205)	(1,070,697)	(561,708)
Net policy benefits and claims	\$ 1,736,014	\$ (256,179)	\$ 3,263,068	\$ 256,999

Global Atlantic holds collateral for and provides collateral to its reinsurance clients. Global Atlantic held \$26.2 billion and \$26.1 billion of collateral in the form of funds withheld payable on behalf of its reinsurers as of June 30, 2023 and December 31, 2022, respectively. As of June 30, 2023 and December 31, 2022, reinsurers held collateral of \$1.2 billion and \$1.3 billion on behalf of Global Atlantic, respectively. A significant portion of the collateral that Global Atlantic provides to its reinsurance clients is provided in the form of assets held in a trust for the benefit of the counterparty. As of June 30, 2023 and December 31, 2022, these trusts held in excess of the \$68.1 billion and \$65.8 billion of assets it is required to hold in order to support reserves of \$64.6 billion and \$62.4 billion, respectively. Of the cash held in trust, Global Atlantic classified \$62.8 million and \$31.3 million as restricted as of June 30, 2023 and December 31, 2022, respectively.

Notes to Financial Statements (Continued)
14. NET INCOME (LOSS) ATTRIBUTABLE TO KKR & CO. INC. PER SHARE OF COMMON STOCK

For the three and six months ended June 30, 2023 and 2022, basic and diluted Net Income (Loss) attributable to KKR & Co. Inc. per share of common stock were calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net Income (Loss) Available to KKR & Co. Inc. Common Stockholders - Basic	\$ 844,463	\$ (734,625)	\$ 1,167,207	\$ (744,411)
(+) Series C Mandatory Convertible Preferred Dividend (if dilutive) ⁽¹⁾	17,249	—	34,499	—
Net Income (Loss) Available to KKR & Co. Inc. Common Stockholders - Diluted	\$ 861,712	\$ (734,625)	\$ 1,201,706	\$ (744,411)
Basic Net Income (Loss) Per Share of Common Stock				
Weighted Average Shares of Common Stock Outstanding - Basic	861,553,274	680,747,047	861,332,121	636,719,538
Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock - Basic	\$ 0.98	\$ (1.08)	\$ 1.36	\$ (1.17)
Diluted Net Income (Loss) Per Share of Common Stock				
Weighted Average Shares of Common Stock Outstanding - Basic	861,553,274	680,747,047	861,332,121	636,719,538
Incremental Common Shares:				
Assumed vesting of dilutive equity awards ⁽²⁾	23,699,808	—	24,877,562	—
Assumed conversion of Series C Mandatory Convertible Preferred Stock ⁽¹⁾	26,894,799	—	26,858,884	—
Weighted Average Shares of Common Stock Outstanding - Diluted	912,147,881	680,747,047	913,068,567	636,719,538
Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock - Diluted	\$ 0.94	\$ (1.08)	\$ 1.32	\$ (1.17)

(1) For the three and six months ended June 30, 2022, the impact of Series C Mandatory Convertible Preferred Stock calculated under the if-converted method was anti-dilutive, and as such (i) shares of common stock (assuming a conversion ratio based on the average volume weighted average price per share of common stock over each reporting period) were not included in the Weighted Average Shares of Common Stock Outstanding - Diluted and (ii) Series C Mandatory Convertible Preferred dividends were not added back to Net Income (Loss) Available to KKR & Co. Inc. Common Stockholders - Diluted.

(2) For the three and six months ended June 30, 2023, Weighted Average Shares of Common Stock Outstanding – Diluted includes unvested equity awards, including certain equity awards that have met their market price-based vesting condition but have not satisfied their service-based vesting condition, which have been granted under the Equity Incentive Plans. Vesting of these equity awards dilute equity holders of KKR Group Partnership, including KKR & Co. Inc. and holders of exchangeable securities pro rata in accordance with their respective ownership interests in KKR Group Partnership. For the three and six months ended June 30, 2022, all unvested equity awards are excluded from the calculation of Diluted Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock because inclusion of such unvested equity awards would be anti-dilutive having the effect of decreasing the loss per share of common stock.

Notes to Financial Statements (Continued)*Exchangeable Securities*

For the three and six months ended June 30, 2023 and 2022, KKR Holdings Units and vested restricted holdings units (as defined in Note 20 "Equity Based Compensation") have been excluded from the calculation of Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock - Diluted since the exchange of these units would not dilute KKR & Co. Inc.'s ownership interests in KKR Group Partnership. As of May 31, 2022, there are no outstanding KKR Holdings Units. See Note 1 "Organization" in our financial statements.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Weighted Average KKR Holdings Units	—	173,365,106	—	215,809,830
Weighted Average Vested Restricted Holdings Units	3,869,444	2,453,841	3,285,537	1,918,224
Total	3,869,444	175,818,947	3,285,537	217,728,054

Market Condition Awards

For the three months ended June 30, 2023 and 2022, 22.5 million and 17.0 million, respectively, and for the six months ended June 30, 2023 and 2022, 22.5 million and 17.0 million, respectively, of unvested equity awards that are subject to market price based and service-based vesting conditions were excluded from the calculation of Net Income (Loss) Attributable to KKR & Co. Inc. Per Share of Common Stock - Diluted since the market price based vesting condition was not satisfied. See Note 20 "Equity Based Compensation" in our financial statements.

15. OTHER ASSETS AND ACCRUED EXPENSES AND OTHER LIABILITIES

Other Assets consist of the following:

	June 30, 2023	December 31, 2022
<i>Asset Management</i>		
Unsettled Investment Sales ⁽¹⁾	\$ 244,916	\$ 90,072
Receivables	46,168	26,119
Due from Broker ⁽²⁾	93,077	160,533
Deferred Tax Assets, net (See Note 19)	50,157	54,769
Interest Receivable	265,973	223,660
Fixed Assets, net ⁽³⁾	866,757	857,903
Foreign Exchange Contracts and Options ⁽⁴⁾	523,986	668,716
Goodwill ⁽⁵⁾	547,523	594,270
Intangible Assets ⁽⁶⁾	1,588,412	1,747,891
Derivative Assets	8,093	7,519
Prepaid Taxes	133,272	68,107
Prepaid Expenses	41,696	48,233
Operating Lease Right of Use Assets ⁽⁷⁾	376,855	344,022
Deferred Financing Costs	27,518	16,382
Other	213,519	289,430
Total Asset Management	\$ 5,027,922	\$ 5,197,626
<i>Insurance</i>		
Unsettled Investment Sales ⁽¹⁾ and Derivative Collateral Receivables	\$ 319,081	\$ 663,280
Deferred Tax Assets, net	2,121,555	2,272,153
Derivative Assets	1,036,811	724,390
Accrued Investment Income	1,146,857	1,130,103
Goodwill ⁽⁹⁾	501,496	501,496
Intangible Assets and Deferred Sales Inducements ⁽⁸⁾	267,353	276,176
Operating Lease Right of Use Assets ⁽⁷⁾	177,321	175,035
Premiums and Other Account Receivables	187,342	141,551
Other	127,567	121,114
Prepaid Taxes	230,850	22,851
Market risk benefit asset	3,170	13,180
Total Insurance	\$ 6,119,403	\$ 6,041,329
Total Other Assets	\$ 11,147,325	\$ 11,238,955

(1) Represents amounts due from third parties for investments sold for which cash settlement has not occurred.

(2) Represents amounts held at clearing brokers resulting from securities transactions.

(3) Net of accumulated depreciation and amortization of \$221.3 million and \$188.8 million as of June 30, 2023 and December 31, 2022, respectively. Depreciation and amortization expense of \$16.6 million and \$12.9 million for the three months ended June 30, 2023 and 2022, respectively, and \$32.4 million and \$25.6 million for the six months ended June 30, 2023 and 2022, respectively, are included in General, Administrative and Other in the accompanying consolidated statements of operations. Additionally, KKR's fixed assets are predominantly located in the United States.

(4) Represents derivative financial instruments used to manage foreign exchange risk arising from certain foreign currency denominated investments. Such instruments are measured at fair value with changes in fair value recorded in Net Gains (Losses) from Investment Activities in the accompanying consolidated statements of operations. See Note 5 "Net Gains (Losses) from Investment Activities - Asset Management" in our financial statements for the net changes in fair value associated with these instruments.

(5) As of June 30, 2023, the carrying value of goodwill is recorded and assessed for impairment at the reporting unit. As of June 30, 2023, there are approximately \$(44.9) million of cumulative foreign currency translation adjustments included in AOCI related to the goodwill recorded as result of the acquisition of KJRM (see Note 3 "Acquisitions" in our financial statements).

(6) As of June 30, 2023, there are approximately \$(153.4) million of cumulative foreign currency translation adjustments included in AOCI related to the intangible assets recorded as result of the acquisition of KJRM (see Note 3 "Acquisitions" in our financial statements).

Notes to Financial Statements (Continued)

- (7) For Asset Management, non-cancelable operating leases consist of leases for office space in North America, Europe, Asia and Australia. KKR is the lessee under the terms of the operating leases. The operating lease cost was \$17.7 million and \$13.2 million for the three months ended June 30, 2023 and 2022, respectively, and \$33.4 million and \$25.4 million for the six months ended June 30, 2023 and 2022, respectively. For Insurance, non-cancelable operating leases consist of leases for office space and land in the U.S. For the three months ended June 30, 2023 and 2022, the operating lease cost was \$6.8 million and \$5.9 million, respectively, and for the six months ended June 30, 2023 and 2022, the operating lease cost was \$13.6 million and \$11.9 million, respectively. Insurance lease right-of-use assets are reported net of \$22.3 million and \$21.8 million in deferred rent and lease incentives as of June 30, 2023 and December 31, 2022, respectively.
- (8) The definite life intangible assets are amortized using the straight-line method over the useful life of the assets which is an average of 15 years. The indefinite life intangible assets are not subject to amortization. The amortization expense of definite life intangible assets was \$4.4 million for both the three months ended June 30, 2023 and 2022 and \$8.8 million for both the six months ended June 30, 2023 and 2022.
- (9) The amounts include approximately \$4.5 million of goodwill related to an immaterial acquisition of a residential mortgage platform, which Global Atlantic acquired in October 2021 for a purchase price consideration of \$4.6 million. The insurance segment reported a negative equity carrying amount as of June 30, 2023 and December 31, 2022 primarily due to unrealized losses on available-for-sale fixed maturity investment portfolio. Global Atlantic expects that substantially all of these unrealized losses will not be realized as it intends to hold these investments until recovery of the losses, which may be at maturity, as part of its asset liability cash-flow matching strategy. KKR evaluated qualitative factors, including market and economic conditions, industry-specific events and company-specific financial results, and determined that it was not more likely than not that goodwill was impaired.

Accrued Expenses and Other Liabilities consist of the following:

	June 30, 2023	December 31, 2022
<i>Asset Management</i>		
Amounts Payable to Carry Pool ⁽¹⁾	\$ 2,152,438	\$ 1,872,568
Unsettled Investment Purchases ⁽²⁾	410,342	416,822
Securities Sold Short ⁽³⁾	138,360	158,752
Derivative Liabilities	2,590	11,018
Accrued Compensation and Benefits	413,477	265,712
Interest Payable	463,660	363,849
Foreign Exchange Contracts and Options ⁽⁴⁾	303,777	406,746
Accounts Payable and Accrued Expenses	212,945	216,688
Taxes Payable	30,525	136,245
Uncertain Tax Positions	43,752	56,032
Unfunded Revolver Commitments	110,106	137,315
Operating Lease Liabilities ⁽⁵⁾	380,194	347,901
Deferred Tax Liabilities, net (See Note 19)	1,893,174	1,667,740
Other Liabilities	199,446	414,387
Total Asset Management	\$ 6,754,786	\$ 6,471,775
<i>Insurance</i>		
Unsettled Investment Purchases ⁽²⁾	\$ 264,664	\$ 208,941
Collateral on Derivative Instruments	921,491	466,371
Accrued Expenses	657,027	600,633
Insurance Operations Balances in Course of Settlement	113,563	949,383
Securities Sold Under Agreements to Repurchase	820,242	805,316
Derivative Liabilities	752,527	934,107
Accrued Employee Related Expenses	363,055	322,698
Operating Lease Liabilities ⁽⁵⁾	198,346	195,001
Tax Payable to Former Parent Company	61,180	67,086
Interest Payable	15,227	13,329
Accounts and Commissions Payable	18,435	25,261
Other Tax Related Liabilities	6,597	12,249
Total Insurance	\$ 4,192,354	\$ 4,600,375
Total Accrued Expenses and Other Liabilities	\$ 10,947,140	\$ 11,072,150

- (1) Represents the amount of carried interest payable to current and former KKR employees arising from KKR's investment funds and co-investment vehicles that provide for carried interest.
- (2) Represents amounts owed to third parties for investment purchases for which cash settlement has not occurred.

Notes to Financial Statements (Continued)

- (3) Represents the obligations of KKR to deliver a specified security at a future point in time. Such securities are measured at fair value with changes in fair value recorded in Net Gains (Losses) from Investment Activities in the accompanying consolidated statements of operations. See Note 5 "Net Gains (Losses) from Investment Activities - Asset Management" in our financial statements for the net changes in fair value associated with these instruments.
- (4) Represents derivative financial instruments used to manage foreign exchange risk arising from certain foreign currency denominated investments. Such instruments are measured at fair value with changes in fair value recorded in Net Gains (Losses) from Investment Activities in the accompanying consolidated statements of operations. See Note 5 "Net Gains (Losses) from Investment Activities - Asset Management" in our financial statements for the net changes in fair value associated with these instruments.
- (5) For Asset Management, operating leases for office space have remaining lease terms that range from approximately 1 year to 17 years, some of which include options to extend the leases from 5 years to 10 years. The weighted average remaining lease terms were 11.0 years and 10.4 years as of June 30, 2023 and December 31, 2022, respectively. The weighted average discount rates were 2.9% and 2.5% as of June 30, 2023 and December 31, 2022, respectively. For Insurance, operating leases for office space have remaining lease terms that range from approximately 1 year to 12 years, some of which include options to extend the leases for up to 10 years. The weighted average remaining lease terms were 7.6 years and 7.0 years as of June 30, 2023 and December 31, 2022, respectively. The weighted average discount rate was 4.2% and 3.6% as of June 30, 2023 and December 31, 2022, respectively. The weighted average remaining lease terms for land were 25.9 years and 26.9 years as of June 30, 2023 and December 31, 2022, respectively.

16. VARIABLE INTEREST ENTITIES**Consolidated VIEs**

KKR consolidates certain VIEs in which it is determined that KKR is the primary beneficiary. The consolidated VIEs are predominately CLOs and certain investment funds sponsored by KKR. The primary purpose of these VIEs is to provide strategy specific investment opportunities to earn investment gains, current income or both in exchange for management fees and performance income. KKR's investment strategies differ for these VIEs; however, the fundamental risks have similar characteristics, including loss of invested capital and loss of management fees and performance income. KKR does not provide performance guarantees and has no other financial obligation to provide funding to these consolidated VIEs, beyond amounts previously committed, if any. Furthermore, KKR consolidates certain VIEs, which are formed by Global Atlantic to hold investments, including investments in transportation, renewable energy, consumer and other loans and fixed maturity securities.

Unconsolidated VIEs

KKR holds variable interests in certain VIEs which are not consolidated as it has been determined that KKR is not the primary beneficiary. VIEs that are not consolidated predominantly include certain investment funds sponsored by KKR as well as certain investment partnerships where Global Atlantic retains an economic interest. KKR's investment strategies differ by investment fund; however, the fundamental risks have similar characteristics, including loss of invested capital and loss of management fees and performance income. KKR's maximum exposure to loss as a result of its investments in the unconsolidated investment funds is the carrying value of such investments, including KKR's capital interest and any unrealized carried interest. Accordingly, disaggregation of KKR's involvement by type of unconsolidated investment fund would not provide more useful information. For these unconsolidated investment funds in which KKR is the sponsor, KKR may have an obligation as general partner to provide commitments to such investment funds. As of June 30, 2023, KKR's commitments to these unconsolidated investment funds were \$3.4 billion. KKR has not provided any financial support other than its obligated amount as of June 30, 2023. Additionally, Global Atlantic also has unfunded commitments of \$23.8 million in relation to other limited partnership interests as of June 30, 2023.

As of June 30, 2023 and December 31, 2022, the maximum exposure to loss, before allocations to the carry pool and noncontrolling interests, if any, for those VIEs in which KKR is determined not to be the primary beneficiary but in which it has a variable interest is as follows:

	June 30, 2023	December 31, 2022
Investments - Asset Management	\$ 7,810,797	\$ 6,862,712
Due from (to) Affiliates, net - Asset Management	1,274,668	1,356,308
Maximum Exposure to Loss - Asset Management	\$ 9,085,465	\$ 8,219,020
Other Investment Partnerships - Insurance	\$ 171,140	\$ 295,808
Investment in Renewable Energy - Insurance	102,211	30,177
Maximum Exposure to Loss - Insurance	\$ 273,351	\$ 325,985
Total Maximum Exposure to Loss	\$ 9,358,816	\$ 8,545,005

17. DEBT OBLIGATIONS

Asset Management Debt Obligations

In Asset Management, KKR enters into credit agreements and issues debt for its general operating and investment purposes. KKR consolidates and reports debt obligations of KKR Financial Holdings LLC, a KKR subsidiary ("KFN"), which are non-recourse to KKR beyond the assets of KFN. From time to time, KKR may provide credit support for the funding obligations of its subsidiaries.

Certain of KKR's consolidated investment funds have entered into financing arrangements with financial institutions, generally to provide liquidity to such investment funds. These financing arrangements are generally not direct obligations of the general partners of KKR's investment funds (beyond KKR's capital interest) or its management companies. Such borrowings have varying maturities and bear interest at floating rates. Borrowings are generally secured by the investment purchased with the proceeds of the borrowing and/or the uncalled capital commitment of each respective fund. When an investment vehicle borrows, the proceeds are available only for use by that investment vehicle and are not available for the benefit of other investment vehicles or KKR. Collateral within each investment vehicle is also available only against borrowings by that investment vehicle and not against the borrowings of other investment vehicles or KKR.

In certain other cases, investments and other assets held directly by majority-owned consolidated investment vehicles and other entities have been funded with borrowings that are collateralized by the investments and assets they own. These borrowings are non-recourse to KKR beyond the investments or assets serving as collateral or the capital that KKR has committed to fund such investment vehicles. Such borrowings have varying maturities and generally bear interest at fixed rates.

In addition, consolidated CFEs issue debt securities to third-party investors which are collateralized by assets held by the CFE. Debt securities issued by CFEs are supported solely by the assets held at the CFEs and are not collateralized by assets of any other KKR entity. CFEs also may have warehouse facilities with banks to provide liquidity to the CFE. The CFE's debt obligations are non-recourse to KKR beyond the assets of the CFE.

Notes to Financial Statements (Continued)

KKR's Asset Management debt obligations consisted of the following:

	June 30, 2023			December 31, 2022		
	Financing Available	Borrowing Outstanding	Fair Value	Financing Available	Borrowing Outstanding	Fair Value
Revolving Credit Facilities:						
Corporate Credit Agreement	\$ 1,500,000	\$ —	\$ —	\$ 1,500,000	\$ —	\$ —
KCM Credit Agreement ⁽¹⁾	727,986	—	—	723,132	—	—
KCM 364-Day Revolving Credit Agreement	750,000	—	—	750,000	—	—
Notes Issued: ⁽²⁾						
KKR ¥25 billion (or \$173.2 million) 0.509% Notes Due 2023 ⁽⁸⁾	⁽⁵⁾ —	—	—	—	189,432	189,447
KKR ¥5 billion (or \$34.6 million) 0.764% Notes Due 2025	⁽⁵⁾ —	34,447	34,585	—	37,646	37,625
KKR ¥36.4 billion (or \$252.2 million) 1.054% Notes Due 2027	⁽⁵⁾ —	251,073	251,137	—	274,628	271,081
KKR ¥44.7 billion (or \$309.7 million) 1.428% Notes Due 2028	⁽⁵⁾ —	308,184	311,777	—	—	—
KKR €650 million (or \$709.1 million) 1.625% Notes Due 2029	⁽⁵⁾ —	703,587	597,931	—	687,928	565,003
KKR \$750 million 3.750% Notes Due 2029	⁽⁵⁾ —	744,666	666,150	—	744,222	675,413
KKR ¥4.9 billion (or \$34.0 million) 1.244% Notes Due 2029	⁽⁵⁾ —	33,505	33,540	—	36,657	36,020
KKR ¥1.8 billion (or \$12.5 million) 1.614% Notes Due 2030	⁽⁵⁾ —	12,131	12,446	—	—	—
KKR \$750 million 4.850% Notes Due 2032	⁽⁵⁾ —	742,100	707,970	—	741,655	701,610
KKR ¥6.2 billion (or \$43.0 million) 1.437% Notes Due 2032	⁽⁵⁾ —	42,424	42,081	—	46,431	44,800
KKR ¥1.5 billion (or \$10.4 million) 1.939% Notes Due 2033	⁽⁵⁾ —	10,055	10,359	—	—	—
KKR ¥7.5 billion (or \$52.0 million) 1.553% Notes Due 2034	⁽⁵⁾ —	51,349	50,648	—	56,204	53,477
KKR ¥5.5 billion (or \$38.1 million) 1.795% Notes Due 2037	⁽⁵⁾ —	37,536	36,818	—	41,097	38,550
KKR ¥10.3 billion (or \$71.4 million) 1.595% Notes Due 2038	⁽⁵⁾ —	70,457	65,945	—	77,134	69,565
KKR ¥3.0 billion (or \$20.8 million) 2.312% Notes Due 2038	⁽⁵⁾ —	20,373	20,654	—	—	—
KKR \$500 million 5.500% Notes Due 2043 ⁽⁷⁾	⁽⁵⁾ —	490,693	453,597	—	490,494	455,287
KKR ¥4.5 billion (or \$31.2 million) 2.574% Notes Due 2043	⁽⁵⁾ —	30,669	31,152	—	—	—
KKR \$1.0 billion 5.125% Notes Due 2044 ⁽⁷⁾	⁽⁵⁾ —	965,088	839,663	—	964,726	845,944
KKR \$500 million 3.625% Notes Due 2050	⁽⁵⁾ —	492,886	343,160	—	492,753	343,490
KKR \$750 million 3.500% Notes Due 2050 ⁽⁷⁾	⁽⁵⁾ —	736,694	508,556	—	736,451	503,862
KKR \$750 million 3.250% Notes Due 2051	⁽⁵⁾ —	740,008	482,925	—	739,832	475,920
KKR ¥6.0 billion (or \$41.6 million) 2.747% Notes Due 2053	⁽⁵⁾ —	40,944	41,371	—	—	—
KKR \$500 million 4.625% Notes Due 2061	⁽⁶⁾ —	486,577	358,600	—	486,399	340,400
KFN \$500 million 5.500% Notes Due 2032	⁽³⁾ —	495,752	436,055	—	495,511	417,551
KFN \$120 million 5.200% Notes Due 2033	⁽³⁾ —	118,834	101,139	—	118,773	96,502
KFN \$70 million 5.400% Notes Due 2033	⁽³⁾ —	69,094	59,767	—	69,048	57,042
KFN Issued Junior Subordinated Notes ⁽⁴⁾	⁽³⁾ —	238,130	200,662	—	237,471	189,673
	2,977,986	7,967,256	6,698,688	2,973,132	7,764,492	6,408,262
Other Debt Obligations ⁽¹⁾⁽⁷⁾	6,615,684	35,726,128	35,516,217	4,837,893	32,834,121	32,649,546
	<u>\$ 9,593,670</u>	<u>\$ 43,693,384</u>	<u>\$ 42,214,905</u>	<u>\$ 7,811,025</u>	<u>\$ 40,598,613</u>	<u>\$ 39,057,808</u>

Notes to Financial Statements (Continued)

- (1) Financing available is reduced by the dollar amounts specified in any issued letters of credit.
- (2) Borrowing outstanding includes: (i) unamortized note discount (net of premium), as applicable and (ii) unamortized debt issuance costs, as applicable. Financing costs related to the issuance of the notes have been deducted from the note liability and are being amortized over the life of the notes.
- (3) These debt obligations are classified as Level III within the fair value hierarchy and valued using the same valuation methodologies as KKR's Level III credit investments.
- (4) KKR consolidates KFN and reports KFN's outstanding \$258.5 million aggregate principal amount of junior subordinated notes. The weighted average interest rate is 7.8% and 6.9% and the weighted average years to maturity is 13.3 years and 13.8 years as of June 30, 2023 and December 31, 2022, respectively.
- (5) The notes are classified as Level II within the fair value hierarchy and fair value is determined by third party broker quotes.
- (6) The notes are classified as Level I within the fair value hierarchy and fair value is determined by quoted prices in active markets since the debt is publicly listed.
- (7) As of June 30, 2023 and December 31, 2022, the borrowing outstanding and fair value reflects the elimination for the portion of these debt obligations that are held by Global Atlantic.
- (8) On March 22, 2023, the 2023 Notes matured, and KKR Group Finance Co. IV LLC repaid the principal and accrued interest in full.

Asset Management Revolving Credit Facilities*KCM Short-Term Credit Agreement*

On April 7, 2023, KKR Capital Markets Holdings L.P. and certain other capital markets subsidiaries (the "KCM Borrowers") replaced their existing 364-day revolving credit agreement with a new 364-day revolving credit agreement (the "KCM Short-Term Credit Agreement") with Mizuho Bank, Ltd., as administrative agent, and one or more lenders party thereto. The KCM Short-Term Credit Agreement replaces the prior 364-day revolving credit agreement, dated as of April 8, 2022, between the KCM Borrowers and the administrative agent, and one or more lenders party to the KCM Short-Term Agreement, which was terminated according to its terms on April 7, 2023. The KCM Short-Term Credit Agreement provides for revolving borrowings up to \$750 million, expires on April 5, 2024, and ranks pari passu with the existing \$750 million revolving credit facility provided by them for KKR's capital markets business (the "KCM Credit Agreement").

If a borrowing is made under the KCM Short-Term Credit Agreement, the interest rate will vary depending on the type of drawdown requested. If the borrowing is (i) denominated in U.S. dollars and a term rate, it will be based on the term Secured Overnight Financing Rate ("SOFR"), (ii) denominated in euros, it will be based on EURIBOR and (iii) denominated in pounds sterling, it will be based on the Sterling Overnight Interbank Average Rate (SONIA), in each case, plus the applicable margin which ranges initially between 1.50% and 2.75%, depending on the duration of the loan. If the borrowing is an ABR Loan, it will be based on the greater of (i) the federal funds rate plus 0.50% and (ii) term SOFR for one-month tenor plus 1.00%, in each case, plus the applicable margin which ranges initially between 0.50% and 1.75% depending on the amount and nature of the loan. Borrowings under the KCM Short-Term Credit Agreement may only be used to facilitate the settlement of debt transactions syndicated by KKR's capital markets business. Obligations under the KCM Short-Term Credit Agreement are limited to the KCM Borrowers, which are solely entities involved in KKR's capital markets business, and liabilities under the KCM Short-Term Credit Agreement are non-recourse to other parts of KKR.

The KCM Short-Term Credit Agreement contains customary representations and warranties, events of default, and affirmative and negative covenants, including a financial covenant providing for a maximum debt to equity ratio for the KCM Borrowers. The KCM Borrowers' obligations under the KCM Short-Term Credit Agreement are secured by certain assets of the KCM Borrowers, including a pledge of equity interests of certain subsidiaries of the KCM Borrowers.

Repayment of KKR-Issued 2023 Yen Senior Notes

On March 23, 2018, KKR Group Finance Co. IV LLC, an indirect subsidiary of KKR & Co. Inc., issued ¥40.3 billion aggregate principal amount of its (i) ¥25.0 billion 0.509% Senior Notes due 2023 (the "2023 Notes"), (ii) ¥5.0 billion 0.764% Senior Notes due 2025 (the "2025 Notes") and (iii) ¥10.3 billion 1.595% Senior Notes due 2038 (the "2038 Notes" and, together with the 2023 Notes and the 2025 Notes, the "JPY Notes"). On March 22, 2023, the 2023 Notes matured, and KKR Group Finance Co. IV LLC repaid the principal and accrued interest in full.

Notes to Financial Statements (Continued)
KKR Issued Yen Senior Notes

On May 25, 2023, KKR Group Finance Co. XI LLC, an indirect subsidiary of KKR & Co. Inc., completed the offering of (i) ¥44.7 billion aggregate principal amount of its 1.428% Senior Notes due May 25, 2028 (the “2028 Notes”), (ii) ¥1.8 billion aggregate principal amount of its 1.614% Senior Notes due May 24, 2030 (the “2030 Notes”), (iii) ¥1.5 billion aggregate principal amount of its 1.939% Senior Notes due May 25, 2033 (the “2033 Notes”), (iv) ¥3.0 billion aggregate principal amount of its 2.312% Senior Notes due May 25, 2038 (the “2038 Notes”), (v) ¥4.5 billion aggregate principal amount of its 2.574% Senior Notes due May 22, 2043 (the “2043 Notes”) and (vi) ¥6.0 billion aggregate principal amount of its 2.747% Senior Notes due May 23, 2053 (the “2053 Notes” and, together with the 2028 Notes, the 2030 Notes, the 2033 Notes, the 2038 Notes and the 2043 Notes, the “Yen Notes”). The Yen Notes are guaranteed by KKR & Co. Inc. and KKR Group Partnership.

The Yen Notes bear interest at the rates, and will mature on the dates, set forth above unless earlier redeemed. Interest on the Yen Notes accrues from May 25, 2023 and is payable semi-annually in arrears on May 25 and November 25 of each year, commencing on November 25, 2023 and ending on the applicable maturity date. The Yen Notes are unsecured and unsubordinated obligations of KKR Group Finance Co. XI LLC. The Yen Notes are fully and unconditionally guaranteed, jointly and severally, by each of the guarantors. The guarantees are unsecured and unsubordinated obligations of the guarantors.

The Yen Notes were issued pursuant to an indenture, dated as of April 26, 2022, among KKR Group Finance Co. XI LLC, KKR Group Co. Inc. (formerly known as KKR & Co. Inc.), KKR Group Partnership and The Bank of New York Mellon Trust Company, N.A., as trustee (as supplemented, the “Indenture”). The Indenture includes covenants, including limitations on KKR Group Finance Co. XI LLC’s and the Guarantors’ ability to, subject to exceptions, incur indebtedness secured by liens on voting stock or profit participating equity interests of their subsidiaries or merge, consolidate or sell, transfer or convey all or substantially all of their assets. The Indenture also provides for events of default and further provides that the trustee or the holders of not less than 25% in aggregate principal amount of the outstanding Yen Notes may declare the Yen Notes immediately due and payable upon the occurrence and during the continuance of any event of default after expiration of any applicable grace period. In the case of specified events of bankruptcy, insolvency, receivership or reorganization, the principal amount of the Yen Notes and any accrued and unpaid interest on the Yen Notes automatically become due and payable. KKR Group Finance Co. XI LLC may redeem the Yen Notes at its option, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Yen Notes to be redeemed, together with interest accrued and unpaid to, but excluding, the date fixed for redemption, at any time, in the event of certain changes affecting taxation as provided in the indenture governing the Yen Notes. If a change of control repurchase event occurs, the Yen Notes are subject to repurchase by KKR Group Finance Co. XI LLC at a repurchase price in cash equal to 101% of the aggregate principal amount of the Yen Notes repurchased plus any accrued and unpaid interest on the Yen Notes repurchased to, but not including, the date of repurchase.

Other Asset Management Debt Obligations

As of June 30, 2023, other debt obligations consisted of the following:

	Financing Available	Borrowing Outstanding	Fair Value	Weighted Average Interest Rate	Weighted Average Remaining Maturity in Years
Financing Facilities of Consolidated Funds and Other ⁽¹⁾	\$ 6,615,684	\$ 11,464,868	\$ 11,254,957	6.1%	4.8
Debt Obligations of Consolidated CLOs	—	24,261,260	24,261,260	⁽²⁾	9.5
	\$ 6,615,684	\$ 35,726,128	\$ 35,516,217		

(1) Includes borrowings collateralized by fund investments, fund co-investments and other assets held by levered investment vehicles of \$2.4 billion.

(2) The senior notes of the consolidated CLOs had a weighted average interest rate of 6.2%. The subordinated notes of the consolidated CLOs do not have contractual interest rates but instead receive a pro rata amount of the net distributions from the excess cash flows of the respective CLO vehicle. Accordingly, weighted average borrowing rates for the subordinated notes are based on cash distributions during the period, if any.

Debt obligations of consolidated CLOs are collateralized by assets held by each respective CLO vehicle and assets of one CLO vehicle may not be used to satisfy the liabilities of another. As of June 30, 2023, the fair value of the consolidated CLO assets was \$25.8 billion. This collateral consisted of Cash and Cash Equivalents, Investments, and Other Assets.

Notes to Financial Statements (Continued)
Insurance Debt Obligations

Global Atlantic's debt obligations consisted of the following:

	June 30, 2023			December 31, 2022		
	Financing Available	Borrowing Outstanding	Fair Value ⁽²⁾	Financing Available	Borrowing Outstanding	Fair Value ⁽²⁾
Revolving Credit Facilities:						
Global Atlantic revolving credit facility, due August 2026	\$ 1,000,000	\$ —	\$ —	\$ 600,000	\$ 400,000	\$ 400,000
Notes Issued and Others:						
Global Atlantic senior notes, due October 2029		500,000	422,200		500,000	419,550
Global Atlantic senior notes, due June 2031		650,000	489,905		650,000	478,335
Global Atlantic senior notes, due June 2033		650,000	653,770		—	—
Global Atlantic subordinated debentures, due October 2051		750,000	533,100		750,000	572,475
		2,550,000	\$ 2,098,975		2,300,000	\$ 1,870,360
Purchase accounting adjustments ⁽¹⁾		41,729			43,285	
Debt issuance costs, net of accumulated amortization		(37,778)			(17,623)	
Fair value loss (gain) of hedged debt obligations, recognized in earnings		(197,789)			(197,496)	
		<u>\$ 2,356,162</u>			<u>\$ 2,128,166</u>	

(1) The amortization of the purchase accounting adjustments was \$0.8 million for both the three months ended June 30, 2023 and 2022, and \$1.6 million and \$6.2 million for the six months ended June 30, 2023 and 2022, respectively.

(2) These debt obligations are classified as Level III within the fair value hierarchy and valued using the same valuation methodologies as KKR's Level III credit investments.

Global Atlantic senior notes due 2033

In June 2023, Global Atlantic (Fin) Company, or “GA FinCo,” a Delaware corporation and an indirect subsidiary of Global Atlantic, issued \$650 million aggregate principal amount of 7.950% senior unsecured notes due 2033 (the “GA 2033 Senior Notes”). This included \$500 million issued on June 15, 2023, and a subsequent reopening of \$150 million issued on June 21, 2023. The proceeds of the 2033 Senior Notes were used, in part, to repay outstanding indebtedness under Global Atlantic's revolving credit facility. Remaining proceeds are intended to be used for general corporate purposes. The GA 2033 Senior Notes were issued pursuant to an indenture, dated as of October 7, 2019, among GA FinCo, as issuer, GAFL, as guarantor, and U.S. Bank National Association, as trustee, and supplemented by the Third and Fourth Supplemental Indentures, dated as of June 15, 2023 and June 21, 2023, respectively, among GA FinCo, GAFL and the trustee. The GA 2033 Senior Notes are fully and unconditionally guaranteed on a senior unsecured basis by GAFL.

The GA 2033 Senior Notes bear interest at a rate of 7.950% per year. Interest on the GA 2033 Senior Notes is payable semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2023. The GA 2033 Senior Notes will mature on June 15, 2033. GA FinCo may, at its option, redeem some or all of the GA 2033 Senior Notes at any time: (i) prior to March 15, 2033 at a redemption price equal to 100% of the principal amount of the GA 2033 Senior Notes to be redeemed plus a “make-whole” premium and accrued and unpaid interest, if any, to the date of redemption; and (ii) on or after March 15, 2033 at a redemption price equal to 100% of the principal amount of the GA 2033 Senior Notes to be redeemed, plus accrued and unpaid interest to the date of redemption.

Debt Covenants

Borrowings of KKR (including Global Atlantic) contain various debt covenants. These covenants do not, in management's opinion, materially restrict KKR's operating business or investment strategies as of June 30, 2023. KKR (including Global Atlantic) was in compliance with such debt covenants in all material respects as of June 30, 2023.

Notes to Financial Statements (Continued)
18. POLICY LIABILITIES

The following reflects the reconciliation of the components of policy liabilities to the total balance reported in the consolidated statements of financial condition as of June 30, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
Policyholders' account balances	\$ 113,601,314	\$ 112,281,236
Liability for future policy benefits	15,500,860	14,445,920
Additional liability for annuitization, death, or other insurance benefits	5,062,377	4,970,969
Market risk benefit liability	828,364	682,038
Other policy-related liabilities ⁽¹⁾	6,436,300	5,400,766
Total policy liabilities	\$ 141,429,215	\$ 137,780,929

(1) Other policy-related liabilities as of June 30, 2023, and December 31, 2022, primarily consists of negative VOBA (\$935.9 million and \$1.0 billion, respectively), policy liabilities accounted under a fair value option (both \$1.3 billion), embedded derivatives associated with contractholder deposit funds (\$3.3 billion and \$2.2 billion, respectively) and outstanding claims (\$231.1 million and \$253.7 million, respectively).

Policyholders' account balances

The following reflects the policyholders' account balances roll-forward for the six months ended June 30, 2023 and 2022, and the policyholders' account balances weighted average crediting rating, net amount at risk, and cash surrender value as of those dates:

	Six Months Ended June 30, 2023					
	Fixed rate annuities	Fixed indexed annuities	Interest sensitive life	Funding agreements	Other ⁽¹⁾	Total
Balance as of beginning of period	\$ 48,510,703	\$ 29,123,926	\$ 17,397,185	\$ 7,535,489	\$ 9,713,933	\$ 112,281,236
Issuances and premiums received	4,806,261	2,714,727	361,289	200,000	219,980	8,302,257
Benefit payments, surrenders, and withdrawals	(4,662,115)	(2,005,875)	(454,520)	(280,367)	(818,454)	(8,221,331)
Interest ⁽²⁾	714,552	242,348	233,704	108,293	149,183	1,448,080
Other, including changes in assumptions and fair value changes	(132,690)	(20,889)	(226,377)	41,456	129,572	(208,928)
Balance as of end of period	\$ 49,236,711	\$ 30,054,237	\$ 17,311,281	\$ 7,604,871	\$ 9,394,214	\$ 113,601,314
Less: reinsurance recoverable	(6,849,070)	(3,225,203)	(3,499,441)	—	(3,020,941)	(16,594,655)
Balance as of end of period, net of reinsurance recoverable	\$ 42,387,641	\$ 26,829,034	\$ 13,811,840	\$ 7,604,871	\$ 6,373,273	\$ 97,006,659
Average interest rate	2.90 %	1.82 %	3.14 %	2.88 %	2.69 %	2.59 %
Net amount at risk, gross of reinsurance ⁽³⁾	\$ —	\$ —	\$ 83,314,521	\$ —	\$ 1,183,790	\$ 84,498,311
Cash surrender value ⁽⁴⁾	\$ 39,742,358	\$ 27,548,010	\$ 12,894,769	\$ —	\$ 4,679,664	\$ 84,864,801

(1) "Other" consists of activity related to payout annuities (without life contingencies), preneed, variable annuities and life products.

(2) Interest includes interest credited to policyholders' account values, and interest accreted in other components of the policyholder account balance, including investment-type contract values, host amounts for contractholder deposits with embedded derivatives, funding agreements and other associated reserves.

(3) Net amount at risk represents the difference between the face value of the insurance policy and the reserve accumulated under that same policy.

(4) Cash surrender values are reported net of any applicable surrender charges, net of reinsurance.

Notes to Financial Statements (Continued)
Six Months Ended June 30, 2022

	Fixed rate annuities	Fixed indexed annuities	Interest sensitive life	Funding agreements	Other ⁽¹⁾	Total
Balance as of beginning of period	\$ 42,408,740	\$ 25,204,787	\$ 17,391,996	\$ 6,014,553	\$ 6,624,562	\$ 97,644,638
Issuances and premiums received	6,717,836	3,151,058	577,403	1,998,776	618,545	13,063,618
Benefit payments, surrenders, and withdrawals	(3,029,203)	(985,071)	(294,705)	(40,498)	(378,664)	(4,728,141)
Interest ⁽²⁾	470,744	134,422	254,325	51,676	97,798	1,008,965
Other, including changes in assumptions and fair value changes	(161,873)	(10,731)	(458,816)	(275,154)	(6,370)	(912,944)
Balance as of end of period	\$ 46,406,244	\$ 27,494,465	\$ 17,470,203	\$ 7,749,353	\$ 6,955,871	\$ 106,076,136
Less: reinsurance recoverable	(6,967,101)	(3,800,049)	(3,512,293)	—	(1,260,136)	(15,539,579)
Balance as of end of period, net of reinsurance recoverable	\$ 39,439,143	\$ 23,694,416	\$ 13,957,910	\$ 7,749,353	\$ 5,695,735	\$ 90,536,557
Average interest rate	2.27 %	1.07 %	3.09 %	1.51 %	2.25 %	2.05 %
Net amount at risk, gross of reinsurance ⁽³⁾	\$ —	\$ —	\$ 84,450,972	\$ —	\$ 1,187,423	\$ 85,638,395
Cash surrender value ⁽⁴⁾	\$ 36,548,250	\$ 23,591,798	\$ 13,570,814	\$ —	\$ 3,505,284	\$ 77,216,146

(1) "Other" consists of activity related to payout annuities (without life contingencies), preneed, variable annuities and life products.

(2) Interest includes interest credited to policyholders' account values, and interest accreted in other components of the policyholder account balance, including investment-type contract values, host amounts for contractholder deposits with embedded derivatives, funding agreements and other associated reserves.

(3) Net amount at risk represents the difference between the face value of the life insurance policy and the reserve accumulated under that same policy.

(4) Cash surrender values are reported net of any applicable surrender charges, net of reinsurance.

The following table presents the account values by range of guaranteed minimum crediting rates and the related range of difference, in basis points, between rates being credited to policyholders and the respective guaranteed minimums. Account values, as disclosed below differs from policyholder account balances as it excludes balances associated with index credits, contractholder deposit fund host balances, funding agreements, and other associated reserves. In addition, policyholder account balances include discounts and premiums on assumed business which are not reflected in account values.

As of June 30, 2023

Range of guaranteed minimum crediting rates:	Account values with adjustable crediting rates subject to guaranteed minimums:					Total
	At guaranteed minimum	1 - 49 bps above guaranteed minimum	50 - 99 bps above guaranteed minimum	100 - 150 bps above guaranteed minimum	Greater than 150 bps above guaranteed minimum	
Less than 1.00%	\$ 2,796,085	\$ 23,208	\$ 849,903	\$ 4,315,030	\$ 22,189,077	\$ 30,173,303
1.00% - 1.99%	1,670,531	1,221,713	993,189	1,853,681	4,048,609	9,787,723
2.00% - 2.99%	995,061	42,477	8,922	56,948	709,314	1,812,722
3.00% - 4.00%	11,974,567	440,560	121,550	532,894	136,852	13,206,423
Greater than 4.00%	7,465,770	1,835,087	63,693	5,888	54,774	9,425,212
Total	\$ 24,902,014	\$ 3,563,045	\$ 2,037,257	\$ 6,764,441	\$ 27,138,626	\$ 64,405,383
Percentage of total	39 %	6 %	3 %	11 %	41 %	100 %

As of December 31, 2022

Range of guaranteed minimum crediting rates:	Account values with adjustable crediting rates subject to guaranteed minimums:					Total
	At guaranteed minimum	1 - 49 bps above guaranteed minimum	50 - 99 bps above guaranteed minimum	100 - 150 bps above guaranteed minimum	Greater than 150 bps above guaranteed minimum	
Less than 1.00%	\$ 3,211,064	\$ 25,500	\$ 847,989	\$ 4,669,081	\$ 20,158,257	\$ 28,911,891
1.00% - 1.99%	2,350,348	1,171,911	1,077,219	1,910,863	2,820,473	9,330,814
2.00% - 2.99%	1,096,383	53,360	9,747	1,222	590,032	1,750,744
3.00% - 4.00%	12,505,278	417,005	147,812	494,726	136,429	13,701,250
Greater than 4.00%	7,822,274	1,596,918	65,498	6,087	55,589	9,546,366
Total	\$ 26,985,347	\$ 3,264,694	\$ 2,148,265	\$ 7,081,979	\$ 23,760,780	\$ 63,241,065
Percentage of total	43 %	5 %	3 %	11 %	38 %	100 %

Notes to Financial Statements (Continued)
Liability for future policy benefits

The following tables summarize the balances of, and changes in, the liability for future policy benefits for traditional and limited-payment contracts for the six months ended June 30, 2023 and 2022:

	Six months ended					
	June 30, 2023			June 30, 2022		
	Payout annuities ⁽¹⁾	Other ⁽²⁾	Total	Payout annuities ⁽¹⁾	Other ⁽²⁾	Total
Present value of expected net premiums						
Balance as of beginning of the period	\$ —	\$ (255,401)	\$ (255,401)	\$ —	\$ (329,716)	\$ (329,716)
Balance at original discount rate	\$ —	\$ (303,610)	\$ (303,610)	\$ —	\$ (334,780)	\$ (334,780)
Effect of changes in cash flow assumptions	—	—	—	—	—	—
Effect of actual variances from expected experience	—	3,380	3,380	—	9,177	9,177
Adjusted beginning of period balance	—	(300,230)	(300,230)	—	(325,603)	(325,603)
Interest	—	(2,399)	(2,399)	—	(2,343)	(2,343)
Net premiums collected	—	16,685	16,685	—	18,660	18,660
Flooring impact	2	—	2	—	—	—
Ending balance at original discount rate	2	(285,944)	(285,942)	—	(309,286)	(309,286)
Effect of changes in discount rate assumptions	—	47,419	47,419	—	39,935	39,935
Balance as of the end of the period	\$ 2	\$ (238,525)	\$ (238,523)	\$ —	\$ (269,351)	\$ (269,351)
Present value of expected future policy benefits						
Balance as of beginning of the period	\$ 14,021,514	\$ 679,807	\$ 14,701,321	\$ 16,302,904	\$ 883,399	\$ 17,186,303
Balance at original discount rate	\$ 17,180,626	\$ 806,555	\$ 17,987,181	\$ 16,443,480	\$ 895,295	\$ 17,338,775
Effect of changes in cash flow assumptions	—	—	—	—	—	—
Effect of actual variances from expected experience	(12,863)	1,818	(11,045)	(14,985)	(7,828)	(22,813)
Adjusted beginning of period balance	17,167,763	808,373	17,976,136	16,428,495	887,467	17,315,962
Issuances	1,610,241	342	1,610,583	595,122	4,840	599,962
Interest	198,070	4,908	202,978	144,262	8,243	152,505
Benefit payments	(793,163)	(47,493)	(840,656)	(744,663)	(53,482)	(798,145)
De-recognition (lapses and withdrawals)	—	—	—	—	(3,271)	(3,271)
Ending balance at original discount rate	18,182,911	766,130	18,949,041	16,423,216	843,797	17,267,013
Effect of changes in discount rate assumptions	(3,083,441)	(126,217)	(3,209,658)	(2,843,185)	(108,051)	(2,951,236)
Balance as of the end of the period	15,099,470	639,913	15,739,383	13,580,031	735,746	14,315,777
Net liability for future policy benefits	15,099,472	401,388	15,500,860	13,580,031	466,395	14,046,426
Less: reinsurance recoverable ⁽³⁾	(7,749,635)	1,739	(7,747,896)	(7,482,271)	(3,725)	(7,485,996)
Net liability for future policy benefits, net of reinsurance recoverables	\$ 7,349,837	\$ 403,127	\$ 7,752,964	\$ 6,097,760	\$ 462,670	\$ 6,560,430

(1) Payout annuities generally only have a single premium received at contract inception. As a result, the liability for future policy benefits generally would not reflect a present value for future premiums for payout annuities.

(2) "Other" consists of activity related to variable annuities, traditional life insurance, preneed insurance and fixed-rate annuity products.

(3) Reinsurance recoverables associated with the liability for future policy benefits is net of the effect of changes in discount rate assumptions of \$45.7 million and \$(1.6) billion for the six months ended June 30, 2023 and 2022, respectively.

Notes to Financial Statements (Continued)

The following table summarizes the amount of gross premiums related to traditional and limited-payment contracts recognized in the consolidated statement of operations for the six months ended June 30, 2023 and 2022:

	Gross premiums	
	Six months ended June 30,	
	2023	2022
Payout annuities	\$ 1,759,137	\$ 697,136
Other	34,063	39,571
Total products	\$ 1,793,200	\$ 736,707

The following table reflects the weighted-average duration and weighted-average interest rates of the future policy benefit liability as of June 30, 2023 and December 31, 2022:

	As of June 30, 2023	
	Payout annuities	Other
Weighted-average interest rates, original discount rate	3.09 %	2.53 %
Weighted-average interest rates, current discount rate	5.32 %	5.33 %
Weighted-average liability duration (years, current rates)	8.44	9.19

	As of December 31, 2022	
	Payout annuities	Other
Weighted-average interest rates, original discount rate	2.76 %	2.50 %
Weighted-average interest rates, current discount rate	5.04 %	5.03 %
Weighted-average liability duration (years, current rates)	8.39	9.32

The following reflects the undiscounted ending balance of expected future gross premiums and expected future benefits and payments for traditional and limited-payment contracts, as of June 30, 2023 and December 31, 2022:

	As of June 30, 2023	
	Payout annuities	Other
Expected future benefit payments, undiscounted	\$ 25,944,347	\$ 934,197
Expected future benefit payments, discounted (original discount rate)	18,182,911	766,130
Expected future benefit payments, discounted (current discount rate)	15,099,470	639,913
Expected future gross premiums, undiscounted	—	485,618
Expected future gross premiums, discounted (original discount rate)	—	397,690
Expected future gross premiums, discounted (current discount rate)	—	327,481

	As of December 31, 2022	
	Payout annuities	Other
Expected future benefit payments, undiscounted	\$ 23,980,780	\$ 986,614
Expected future benefit payments, discounted (original discount rate)	17,321,202	812,773
Expected future benefit payments, discounted (current discount rate)	14,021,514	680,807
Expected future gross premiums, undiscounted	—	524,122
Expected future gross premiums, discounted (original discount rate)	—	431,466
Expected future gross premiums, discounted (current discount rate)	—	356,968

Significant inputs, judgments and assumptions used in measuring future policyholder benefits

Significant policyholder behavior and other assumption inputs to the calculation of the liability for future policy benefits include discount rates, mortality and, for life insurance, lapse rates. Global Atlantic reviews all assumptions at least annually, and more frequently if necessary.

Notes to Financial Statements (Continued)

For the six months ended June 30, 2023 and 2022, Global Atlantic recognized \$(29.5) million and \$1.2 billion in other comprehensive income, respectively, due to changes in the future policy benefits estimate from updating discount rates. During six months ended June 30, 2023 and 2022, there were no changes to the methods used to determine the discount rates.

Additional liability for annuitization, death, or other insurance benefits

The following tables reflect the additional liability for annuitization, death, or other insurance benefits roll-forward for the six months ended June 30, 2023 and 2022:

	Six months ended	
	June 30, 2023	June 30, 2022
Balance as of beginning of period	\$ 5,104,810	\$ 4,832,678
Effect of changes in experience	(28,486)	18,972
Adjusted balance as of beginning of period	5,076,324	4,851,650
Issuances	13,006	11,648
Assessments	218,534	242,618
Benefits paid	(193,836)	(215,236)
Interest	64,982	73,630
Balance as of end of period	5,179,010	4,964,310
Less: impact of unrealized investment gain and losses	116,633	95,076
Less: reinsurance recoverable, end of period	—	—
Balance, end of period, net of reinsurance recoverable and impact of unrealized investment gains and losses	\$ 5,062,377	\$ 4,869,234

The additional liability for annuitization, death, or other insurance benefits relates primarily to secondary guarantees on certain interest-sensitive life products, and preneed insurance.

The following reflects the amount of gross assessments recognized for the additional liability for annuitization, death, or other insurance benefits in the consolidated statements of operations for the six months ended June 30, 2023 and 2022:

	Gross assessments	
	Six months ended June 30,	
	2023	2022
Total amount recognized within revenue in the consolidated statements of operations	\$ 205,414	\$ 290,642

The following reflects the weighted average duration and weighted average interest rate for the additional liability for annuitization, death, or other insurance benefits as of June 30, 2023 and December 31, 2022:

	As of	
	June 30, 2023	December 31, 2022
Weighted-average interest, current discount rate	3.00 %	3.00 %
Weighted-average liability duration (years)	27.35	28.21

Significant inputs, judgments and assumptions used in measuring the additional liabilities for annuitization, death, or other insurance benefits

Significant policyholder behavior assumption inputs to the calculation of the additional liability for annuitization, death, or other insurance benefits include mortality and lapse rates. Global Atlantic reviews all assumptions at least annually, and more frequently if necessary.

Notes to Financial Statements (Continued)
Market risk benefits

The following table presents the balances of, and changes in, market risk benefits:

	Six months ended					
	June 30, 2023			June 30, 2022		
	Fixed-indexed annuity	Variable- and other annuities	Total	Fixed-indexed annuity	Variable- and other annuities	Total
Balance as of beginning of period	\$ 548,536	\$ 120,322	\$ 668,858	\$ 1,188,355	\$ 255,048	\$ 1,443,403
Balance as of beginning of period, before impact of changes in instrument-specific credit risk	\$ 656,880	\$ 150,633	\$ 807,513	\$ 1,183,116	\$ 254,972	\$ 1,438,088
Issuances	(67)	(26)	(93)	415	42,011	42,426
Interest	19,242	4,515	23,757	4,628	1,306	5,934
Attributed fees collected	51,087	42,067	93,154	47,287	42,608	89,895
Benefit payments	(1,671)	(609)	(2,280)	(1,174)	(1,256)	(2,430)
Effect of changes in interest rates	29,868	8,818	38,686	(440,836)	(251,050)	(691,886)
Effect of changes in equity markets	(17,621)	(53,608)	(71,229)	52,138	147,887	200,025
Effect of actual experience different from assumptions	(1,824)	(18,835)	(20,659)	16,081	(14,098)	1,983
Effect of changes in assumptions	—	—	—	—	—	—
Balance as of end of period before impact of changes in instrument-specific credit risk	735,894	132,955	868,849	861,655	222,380	1,084,035
Effect of changes in instrument-specific credit risk	(35,095)	(8,560)	(43,655)	(227,277)	(65,386)	(292,663)
Balance as of end of period	700,799	124,395	825,194	634,378	156,994	791,372
Less: reinsurance recoverable as of the end of the period	—	(14,194)	(14,194)	—	(24,433)	(24,433)
Balance as of end of period, net of reinsurance recoverable	\$ 700,799	\$ 110,201	\$ 811,000	\$ 634,378	\$ 132,561	\$ 766,939
Net amount at risk	\$ 4,100,714	\$ 1,201,064	\$ 5,301,778	\$ 3,539,283	\$ 1,158,307	\$ 4,697,590
Weighted-average attained age of contract holders (years)	70	70	70	70	69	70

The following reflects the reconciliation of the market risk benefits reflected in the preceding table to the amounts reported in an asset and liability position, respectively, in the consolidated statements of financial condition as of June 30, 2023 and December 31, 2022:

	As of June 30, 2023			As of December 31, 2022		
	Asset	Liability	Net	Asset	Liability	Net
Fixed-indexed annuities	\$ 3,143	\$ 703,942	\$ (700,799)	\$ 13,150	\$ 561,686	\$ (548,536)
Variable- and other annuities	27	124,422	(124,395)	30	120,352	(120,322)
Total	\$ 3,170	\$ 828,364	\$ (825,194)	\$ 13,180	\$ 682,038	\$ (668,858)

Significant inputs, judgments, and assumptions used in measuring market risk benefits

Significant policyholder behavior and other assumption inputs to the calculation of the market risk benefits include interest rates, instrument-specific credit risk, mortality rates, lapse rates and utilization rates. Global Atlantic reviews all assumptions at least annually, and more frequently if evidence suggests.

Separate account liabilities

Separate account assets and liabilities consist of investment accounts established and maintained by Global Atlantic for certain variable annuity and interest-sensitive life insurance contracts. Some of these contracts include minimum guarantees such as GMDBs and GMWBs that guarantee a minimum payment to the policyholder.

Notes to Financial Statements (Continued)

The assets that support these variable annuity and interest-sensitive life insurance contracts are measured at fair value and are reported as separate account assets on the consolidated statements of financial condition. An equivalent amount is reported as separate account liabilities. Market risk benefit assets and liabilities for minimum guarantees are valued and presented separately from separate account assets and separate account liabilities. For more information on market risk benefits see “–Market risk benefits” in this footnote. Policy charges assessed against the policyholders for mortality, administration and other services are included in “Policy fees” in the consolidated statements of operations.

The following table presents the balances of and changes in separate account liabilities:

	June 30, 2023			June 30, 2022		
	Variable annuities	Interest-sensitive life	Total	Variable annuities	Interest-sensitive life	Total
Balance as of beginning of period	\$ 3,627,769	\$ 503,025	\$ 4,130,794	\$ 4,922,704	\$ 663,724	\$ 5,586,428
Premiums and deposits	16,371	6,977	23,348	15,794	7,415	23,209
Surrenders, withdrawals and benefit payments	(233,703)	(10,018)	(243,721)	(231,508)	(9,073)	(240,581)
Investment performance	301,383	60,124	361,507	(785,691)	(130,224)	(915,915)
Other	(65,086)	(24,405)	(89,491)	(66,592)	(23,916)	(90,508)
Balance as of end of period	\$ 3,646,734	\$ 535,703	\$ 4,182,437	\$ 3,854,707	\$ 507,926	\$ 4,362,633
Cash surrender value as of end of period ⁽¹⁾	\$ 3,646,734	\$ 535,703	\$ 4,182,437	\$ 3,854,707	\$ 507,926	\$ 4,362,633

(1) Cash surrender value attributed to the separate accounts does not reflect the impact of surrender charges; surrender charges are attributed to policyholder account balances recorded in the general account.

The following table presents the aggregate fair value of assets, by major investment asset type, supporting separate accounts:

Asset type:	June 30, 2023	December 31, 2022
Managed volatility equity/fixed income blended fund	\$ 2,207,414	\$ 2,246,803
Equity	1,578,291	1,634,357
Fixed income	152,309	156,594
Money market	243,811	92,284
Alternative	612	756
Total assets supporting separate account liabilities	\$ 4,182,437	\$ 4,130,794

19. INCOME TAXES

KKR & Co. Inc. is a domestic corporation for U.S. federal income tax purposes and is subject to U.S. federal, state and local income taxes at the entity level on its share of taxable income. In addition, KKR Group Partnership and certain of its subsidiaries operate as partnerships for U.S. federal tax purposes but as taxable entities for certain state, local or non-U.S. tax purposes. Moreover, certain corporate subsidiaries of KKR, including certain Global Atlantic subsidiaries, are domestic corporations for U.S. federal income tax purposes and are subject to U.S. federal, state, and local income taxes. Income taxes reported in these consolidated financial statements include the taxes described in this paragraph.

For the three months ended June 30, 2023 and 2022, the effective tax rates were 22.4% and 5.3%, respectively, and for the six months ended June 30, 2023 and 2022, the effective tax rates were 25.5% and 10.5%, respectively. The effective tax rate differs from the statutory rate primarily due to the mix of asset management and insurance income (loss) along with a substantial portion of the reported net income (loss) before taxes not being attributable to KKR but rather being attributable to (i) third-party limited partner interests in consolidated investment funds and (ii) exchangeable securities representing ownership interests in KKR Group Partnership,

Based on all available evidence as of December 31, 2022, Global Atlantic concluded that a valuation allowance should be established on a portion of the deferred tax assets related to unrealized tax capital losses that are not more-likely-than-not to be realized, which represents the portion of the portfolio Global Atlantic estimates it would not be able to hold to recovery. As of December 31, 2022, Global Atlantic recorded \$89.3 million of valuation allowance allocated to other comprehensive income associated with the unrealized tax capital losses in the available for sale securities portfolio. There was no change in the valuation allowance recorded as of June 30, 2023. Based on available evidence and various assumptions as to the timing of income, KKR believes it is likely that all other deferred tax assets will eventually be realized.

During the six months ended June 30, 2023, there was a decrease of \$8.7 million to KKR's uncertain tax positions primarily due to the settlement of local tax audits conducted for the years ended 2010 through 2014.

On August 16, 2022, the Inflation Reduction Act (the "IRA") was signed into law. In general, the provisions of the IRA were effective as of January 1, 2023. The IRA includes a new 15% corporate minimum tax, which KKR concluded there was no impact on income taxes for the three and six months ended June 30, 2023. The IRA also enacted a 1% excise tax on certain actual and deemed stock repurchases by publicly traded U.S. corporations effective January 1, 2023. The value of repurchases subject to the tax is reduced by the value of any stock issued during the tax year, including stock issued or provided to employees. The excise tax is accounted for in equity as an additional repurchase cost. KKR will continue to evaluate the potential future impacts of the IRA, and will continue to review and monitor the issuance of additional guidance.

Notes to Financial Statements (Continued)

20. EQUITY BASED COMPENSATION

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
KKR Equity Incentive Plan Awards ⁽¹⁾	\$ 112,616	\$ 112,596	\$ 241,888	\$ 227,740

(1) For the three months ended June 30, 2023 and 2022, KKR recorded equity based compensation related to our insurance business of \$3.7 million and \$2.2 million, respectively, and for the six months ended June 30, 2023 and 2022, KKR recorded equity based compensation related to our insurance business of \$6.7 million and \$4.3 million, respectively.

Asset Management*KKR Equity Incentive Plan Awards*

Under KKR's Equity Incentive Plans, KKR is permitted to grant equity awards representing ownership interests in KKR & Co. Inc. common stock. On March 29, 2019, the 2019 Equity Incentive Plan became effective. Following the effectiveness of the 2019 Equity Incentive Plan, KKR no longer makes further grants under the 2010 Equity Incentive Plan, and the 2019 Equity Incentive Plan became KKR's only plan for providing new equity-based awards by KKR & Co. Inc. Outstanding awards under the 2010 Equity Incentive Plan will remain outstanding, unchanged and subject to the terms of the 2010 Equity Incentive Plan and their respective equity award agreements, until the vesting, expiration or lapse of such awards in accordance with their terms. The total number of equity awards representing shares of common stock that may be issued under the 2019 Equity Incentive Plan is equivalent to 15% of the aggregate number of the shares of common stock and KKR Group Partnership Units (excluding KKR Group Partnership Units held by KKR & Co. Inc. or its wholly-owned subsidiaries), subject to annual adjustment. As of June 30, 2023, 69,700,744 shares may be issued under the 2019 Equity Incentive Plan. Equity awards granted pursuant to the Equity Plans generally consist of (i) restricted stock units that convert into shares of common stock of KKR & Co. Inc. (or cash equivalent) upon vesting and (ii) restricted holdings units that are exchangeable into shares of common stock of KKR & Co. Inc. upon vesting and certain other conditions.

Service-Vesting Awards

Under the Equity Incentive Plans, KKR grants restricted stock units and restricted holdings units that are subject to service-based vesting, typically over a three to five-year period from the date of grant (referred to hereafter as "Service-Vesting Awards"). In certain cases, these Service-Vesting Awards may have a percentage of the award that vests immediately upon grant. Additionally, some but not all Service-Vesting Awards are subject to transfer restrictions and/or minimum retained ownership requirements. The transfer restriction period, if applicable, lasts for (i) one year with respect to one-half of the interests vesting on any vesting date and (ii) two years with respect to the other one-half of the interests vesting on such vesting date. While providing services to KKR, some but not all of these awards are also subject to minimum retained ownership rules requiring the award recipient to continuously hold shares of common stock equivalents equal to at least 15% of their cumulatively vested awards that have or had the minimum retained ownership requirement. Holders of the Service-Vesting Awards do not participate in dividends until such awards have met their vesting requirements.

Expense associated with the vesting of these Service-Vesting Awards is based on the closing price of KKR & Co. Inc. common stock on the date of grant, discounted for the lack of participation rights in the expected dividends on unvested equity awards. Expense is recognized on a straight line basis over the life of the award and assumes a forfeiture rate of up to 7% annually based upon expected turnover by class of recipient.

As of June 30, 2023, there was approximately \$451.8 million of total estimated unrecognized expense related to unvested Service-Vesting Awards, which is expected to be recognized over the weighted average remaining requisite service period of 1.7 years.

Notes to Financial Statements (Continued)

A summary of the status of unvested Service-Vesting Awards granted under the Equity Incentive Plans from January 1, 2023 through June 30, 2023 is presented below:

	Shares ⁽¹⁾	Weighted Average Grant Date Fair Value
Balance, January 1, 2023	16,170,064	\$ 45.82
Granted	372,110	50.06
Vested	(3,773,734)	44.46
Forfeitures	(419,166)	41.03
Balance, June 30, 2023	12,349,274	\$ 46.52

(1) Unvested Service-Vesting Awards include restricted stock units granted to Global Atlantic employees.

Market Condition Awards

Under the Equity Incentive Plans, KKR also grants restricted stock units and restricted holdings units that are subject to both a service-based vesting condition and a market price based vesting condition (referred to hereafter as "Market Condition Awards") for certain employees. The following is a discussion of Market Condition Awards excluding the Co-CEO Awards, except where discussed below.

The number of Market Condition Awards (other than the Co-CEO awards) that will vest depend upon (i) the market price of KKR common stock reaching certain price targets that range from \$45.00 to \$140.00 and (ii) the employee being employed by KKR on a certain date, which typically is five and a half years from the date of grant (with exceptions for involuntary termination without cause, death and permanent disability). The market price vesting condition is met when the average closing price of KKR common stock during 20 consecutive trading days meets or exceeds the stock price targets. Holders of the Market Condition Awards do not participate in dividends until such awards have met both their service-based and market price based vesting requirements. Additionally, these awards are subject to additional transfer restrictions and minimum retained ownership requirements after vesting.

Due to the existence of the service requirement, the vesting period for these Market Condition Awards (other than the Co-CEO awards) is explicit, and as such, compensation expense will be recognized on (i) a straight-line basis over the period from the date of grant through the date the award recipient is required to be employed by KKR and (ii) assumes a forfeiture rate of up to 7% annually based upon expected turnover. The fair value of the awards granted are based on a Monte Carlo simulation valuation model. In addition, the grant date fair value assumes that holders of the Market Condition Awards will not participate in dividends until such awards have met all of their vesting requirements.

Below is a summary of the grant date fair value based on the Monte Carlo simulation valuation model and the significant assumptions used to estimate the grant date fair value of these Market Condition Awards:

	Weighted Average	Range
Grant Date Fair Value	\$25.29	\$19.87 - \$66.80
Closing KKR share price as of valuation date	\$43.89	\$37.93 - \$76.31
Risk Free Rate	1.14%	0.41% - 3.86%
Volatility	30.07%	28.00% - 38.00%
Dividend Yield	1.39%	0.76% - 1.53%
Expected Cost of Equity	10.83%	9.13% - 11.80%

As of June 30, 2023, there was approximately \$356.7 million of total estimated unrecognized expense related to these unvested Market Condition Awards, which is expected to be recognized over the weighted average remaining requisite service period of 3.1 years.

Notes to Financial Statements (Continued)

A summary of the status of unvested Market Condition Awards granted under the Equity Incentive Plans from January 1, 2023 through June 30, 2023 is presented below:

	Shares	Weighted Average Grant Date Fair Value
Balance, January 1, 2023	26,198,531	\$ 25.30
Granted	—	—
Vested	(130,000)	20.49
Forfeitures	(514,950)	20.67
Balance, June 30, 2023	25,553,581	\$ 25.42

As of June 30, 2023, 18.7 million of these Market Condition awards have met their market price based vesting condition.

Co-CEO Awards

On December 9, 2021, the Board of Directors approved grants of 7.5 million restricted holdings units to each of KKR's Co-Chief Executive Officers that are subject to both a service-based vesting condition and a market price based vesting condition (referred to hereafter as "Co-CEOs Awards"). For both Co-Chief Executive Officers, 20% of the Co-CEOs Awards are eligible to vest at each of the following KKR common stock prices targets: \$95.80, \$105.80, \$115.80, \$125.80 and \$135.80. The market price based vesting condition is met when the average closing price of KKR common stock during 20 consecutive trading days meets or exceeds the stock price targets. In addition to the market price based vesting conditions, in order for the award to vest, the Co-Chief Executive Officer is required to be employed by KKR on December 31, 2026 (with exceptions for involuntary termination without cause, death and permanent disability).

These awards will be automatically canceled and forfeited upon the earlier of a Co-Chief Executive Officer's termination of service (except for involuntary termination without cause, death or permanent disability) or the failure to meet the market price based vesting condition by December 31, 2028 (for which continued service is required if the market price vesting condition is met after December 31, 2026). Co-CEO Awards do not participate in dividends until such awards have met both their service-based and market price based vesting requirements. Additionally, these awards are subject to additional transfer restrictions and minimum retained ownership requirements after vesting.

Due to the existence of the service requirement, the vesting period for these Co-CEO Awards is explicit, and as such, compensation expense will be recognized on a straight-line basis over the period from the date of grant through December 31, 2026 given the derived service period is less than the explicit service period. The fair value of the awards granted are based on a Monte Carlo simulation valuation model. In addition, the grant date fair value assumes that these Co-CEO Awards will not participate in dividends until such awards have met all of their vesting requirements.

Below is a summary of the grant date fair value based on the Monte Carlo simulation valuation model and the significant assumptions used to estimate the grant date fair value of these Co-CEO Awards:

Grant Date Fair Value	\$48.91
Closing KKR share price as of valuation date	\$75.76
Risk Free Rate	1.42 %
Volatility	28.0 %
Dividend Yield	0.77 %
Expected Cost of Equity	9.36 %

As of June 30, 2023, there was approximately \$508.2 million of total estimated unrecognized expense related to these unvested Co-CEO Awards, which is expected to be recognized ratably from July 1, 2023 to December 31, 2026. As of June 30, 2023, none of these Co-CEO awards have met their market price based vesting condition.

Notes to Financial Statements (Continued)**Insurance**

Global Atlantic recognized \$18.8 million and \$16.0 million for the three months ended June 30, 2023 and 2022, respectively, and \$37.5 million and \$36.6 million for the six months ended June 30, 2023 and 2022, respectively, of expense related to equity-based compensation and long-term incentive awards.

No equity-based compensation costs were capitalized during the three and six months ended June 30, 2023 and 2022.

Equity Classified Awards - KKR Equity Incentive Plan Awards

Employees of Global Atlantic are awarded restricted stock units under the 2019 Equity Incentive Plan. These awards are subject to service-based vesting conditions, and expense associated with the vesting of these awards is based on the closing price of KKR & Co. Inc. common stock on the date of grant, consistent with other awards granted under the 2019 Equity Incentive Plan as described above.

Global Atlantic recognized \$3.7 million and \$2.2 million for the three months ended June 30, 2023 and 2022, respectively, and \$6.7 million and \$4.3 million for the six months ended June 30, 2023 and 2022, respectively, of total equity-based compensation expense associated with these awards.

Liability Classified Awards - Book Value Awards

On February 1, 2021, Global Atlantic adopted the Global Atlantic Financial Company Book Value Award Plan ("GA Book Value Plan") to enhance the ability of Global Atlantic to attract, motivate and retain its employees and to promote the success of the Global Atlantic business.

The GA Book Value Plan authorizes the grant of cash-settled awards ("book value awards", or "BVAs") representing the right to receive one or more payments upon vesting equal to the product of an initial dollar value set by the award multiplied by a pre-determined formula as of each applicable vesting date. The predetermined formula is equal to the quotient determined by dividing the book value of one share of TGAFG on the applicable vesting date by the book value of a share on the original grant date, subject to adjustments. Book value awards generally vest in three equal, annual installments, subject to continued employment.

On February 1, 2021, under the terms of the GA Merger Agreement and in accordance with applicable plan documentation, former Global Atlantic restricted share awards that were unvested immediately prior to the closing of the GA Acquisition converted into the right to receive a number of book value awards under the GA Book Value Plan having the same value and the same vesting schedule as the former Global Atlantic restricted share awards immediately prior to the closing of the GA Acquisition.

An aggregate of 3,020,017 unvested former Global Atlantic restricted share awards having a fair value of \$29.47 per share were converted to book value awards at an aggregate grant-date value of \$89.0 million. On February 28, 2021, book value awards having an aggregate value of approximately \$28.0 million vested as set forth in the former Global Atlantic grant agreements and resulted in a cash payment of \$17.0 million to participants, net of applicable tax withholding.

Also in connection with the GA Acquisition, on February 1, 2021, Global Atlantic employees were issued a one-time grant of book value awards having an aggregate initial value of \$23.0 million. These one-time book value awards vest over five (5) years, with the first 25% vesting on April 1, 2023 and the remainder vesting 25% annually on April 1 each subsequent year until fully vested, subject to continued employment. Global Atlantic is recording compensation expense over the vesting schedule of the awards, net of an estimated forfeiture rate of 4%.

On March 1, 2021, pursuant to the GA Book Value Plan, book value awards having an aggregate initial value of approximately \$32 million were granted. Such book value awards generally vest annually over three years in equal increments, subject to continued employment. Global Atlantic is recording compensation expense over the vesting schedule of the awards, net of an estimated forfeiture rate of 4%.

Notes to Financial Statements (Continued)

Global Atlantic began recognizing long-term incentive expense for the book value awards described above at the grant dates, based on their initial value, net of a 4% estimated forfeiture rate. Global Atlantic adjusts expense periodically for changes in book value until the awards are settled or forfeited. Expense recognized on forfeited awards is reversed in the period of forfeiture.

On April 1, 2023, BVAs having an aggregate value of approximately \$35 million vested as set forth under the terms of the Book Value Plan agreements and resulted in a cash payment on April 3, 2023 of an aggregate \$21 million to unit holders, net of applicable tax withholdings.

On February 28, 2023, BVAs having an aggregate value of approximately \$24 million vested as set forth under the pre-acquisition grant agreements and resulted in a cash payment of an aggregate \$14 million to participants, net of applicable tax withholdings.

The table below presents the activity related to book value awards for the six months ended June 30, 2023:

	Six Months Ended	
	June 30, 2023	
Outstanding amount as of beginning of period	\$	138,595
Granted		31,240
Forfeited		(1,809)
Vested and issued		(61,593)
Outstanding amount as of end of period	\$	106,433

Global Atlantic recognized \$15.1 million and \$13.9 million for the three months ended June 30, 2023 and 2022, respectively, and \$30.8 million and \$32.4 million for the six months ended June 30, 2023 and 2022, respectively, of compensation expense associated with these awards. As of June 30, 2023, the remaining unamortized compensation expenses of \$95.0 million are expected to be recognized over a remaining average period of 2.31 years.

GA Equity Incentive Plan Awards

On June 24, 2021, Global Atlantic issued 1,000 non-voting incentive shares to a Bermuda exempted partnership owned by certain Global Atlantic employees, who are eligible to receive incentive units under Global Atlantic's Senior Management Equity Incentive Plan ("GA Equity Incentive Plan"). These incentive units represent an interest in the receipt of certain amounts based on Global Atlantic's book value, market value, and AUM, in each case as derived in part from the value of TGAFG's fully-diluted equity shares.

On June 24, 2021, Global Atlantic granted approximately 808 incentive units under the GA Equity Incentive Plan. The book value component of the incentive units vests 20% per year on the anniversary of the GA Acquisition Date, as long as the grantee remains then employed, and will be settled in cash. The market value and AUM components of the incentive units cliff vest upon the earlier to occur of (i) the fifth anniversary of the GA Acquisition Date, or (ii) a change of control, and will be settled in a variable number of TGAFG's non-voting common shares. TGAFG shares issued under the AUM component of the Plan are exchangeable for shares of KKR. Except in the event of termination due to death or disability, generally, unvested market value and AUM amounts are forfeited upon a termination of employment.

The GA Equity Incentive Plan is accounted for as a hybrid compensation plan, consisting of one component most closely aligned with a profit-sharing plan under ASC 710, Compensation - General, as well as other components within scope of ASC 718, Compensation - Stock Compensation, in all cases with obligations liability-classified. Accordingly, with regard to awards within scope of ASC 710, Global Atlantic records expense based on payouts deemed to be probable and reasonably estimable based on the book value growth of Global Atlantic at the grant date and at each reporting period. For award components subject to liability-classification under ASC 718, Global Atlantic records expense, net of a 0% estimated forfeiture rate, based on the fair value of awards granted, with periodic adjustments to expense for changes in fair value, over the requisite 5-year service period.

The aggregate value of the GA Equity Incentive Plan awards at the initial date of grant was \$197.0 million, based on the intrinsic value of the book value component (\$5.0 million), as determined by applying the book value profit share percentage rate to Global Atlantic's net book value growth at the date of grant, and the fair value of the market value and AUM components at the date of grant (\$192.0 million, collectively), based on the projected growth in value of each component over the 5-year vesting schedule and applying a forfeiture rate of 0%. Expense is remeasured accordingly at each reporting period and adjusted as needed until the awards are forfeited or settled.

Notes to Financial Statements (Continued)

During the six months ended June 30, 2023 77 incentive units were granted to employees and 35 incentive units were forfeited. As of June 30, 2023 and December 31, 2022, there were approximately 887 and 845 incentive units outstanding under the Plan, respectively.

Global Atlantic recorded compensation expense of \$17.9 million and \$9.4 million for the three months ended June 30, 2023 and 2022, respectively, and \$56.3 million and \$26.8 million for the six months ended June 30, 2023 and 2022, respectively, related to periodic change in expense for the GA Units granted under the GA Equity Incentive Plan, with a corresponding offset to other liabilities. As of June 30, 2023, there was approximately \$99.3 million of unrecognized expense related to the GA Units granted under the GA Equity Incentive Plan with a weighted average service period remaining of 2.59 years.

21. RELATED PARTY TRANSACTIONS**Due from Affiliates consists of:**

	June 30, 2023	December 31, 2022
Amounts due from unconsolidated investment funds	\$ 1,291,358	\$ 1,401,766
Amounts due from portfolio companies	282,072	261,537
Due from Affiliates	\$ 1,573,430	\$ 1,663,303

Due to Affiliates consists of:

	June 30, 2023	December 31, 2022
Amounts due to current and former employees under the tax receivable agreement ⁽¹⁾	\$ 404,566	\$ 420,599
Amounts due to unconsolidated investment funds	16,690	45,458
Due to Affiliates	\$ 421,256	\$ 466,057

(1) See Note 1 "Organization" in our financial statements.

22. SEGMENT REPORTING

KKR operates through two reportable segments which are presented below and reflect how its chief operating decision-makers allocate resources and assess performance:

- Asset Management - the asset management business offers a broad range of investment management services to investment funds, vehicles and accounts (including Global Atlantic) and provides capital markets services to portfolio companies and third parties. This reportable segment also reflects how its business lines operate collaboratively with predominantly a single expense pool.
- Insurance - the insurance business is operated by Global Atlantic, which is a leading U.S. retirement and life insurance company that provides a broad suite of protection, legacy and savings products and reinsurance solutions to clients across individual and institutional markets. Global Atlantic primarily generates income by earning a spread between its investment income and the cost of policyholder benefits.

KKR's segment profitability measure used to make operating decisions and assess performance across KKR's reportable segments is presented prior to giving effect to the allocation of income (loss) among KKR & Co. Inc. and holders of any exchangeable securities, and the consolidation of the investment funds, vehicles and accounts that KKR advises, manages or sponsors (including CFEs). KKR's segment profitability measure excludes: (i) equity-based compensation charges, (ii) amortization of acquired intangibles, (iii) strategic corporate related charges and (iv) non-recurring items, if any. Strategic corporate related items arise from corporate actions and consist primarily of (i) impairments, (ii) transaction costs from strategic acquisitions, and (iii) depreciation on real estate that KKR owns and occupies. Inter-segment transactions are not eliminated from segment results when management considers those transactions in assessing the results of the respective segments. These transactions include (i) management fees earned by KKR as the investment adviser for Global Atlantic insurance companies and (ii) interest income and expense based on lending arrangements where one or more KKR subsidiaries borrow from a Global Atlantic insurance subsidiary. Inter-segment transactions are recorded by each segment based on the definitive documents that contain arms' length terms and comply with applicable regulatory requirements. Segment operating earnings for the asset management and insurance segments is further defined as follows:

- Asset Management Segment Operating Earnings is the segment profitability measure used to make operating decisions and to assess the performance of the Asset Management segment and is comprised of: (i) Fee Related Earnings, (ii) Realized Performance Income, (iii) Realized Performance Income Compensation, (iv) Realized Investment Income, and (v) Realized Investment Income Compensation. Asset Management Segment Operating Earnings excludes the impact of: (i) unrealized gains (losses) on investments, (ii) unrealized carried interest, and (iii) related unrealized carried interest compensation (carry pool). Management fees earned by KKR as the adviser, manager or sponsor for its investment funds, vehicles and accounts, including its Global Atlantic insurance companies, are included in Asset Management Segment Operating Earnings.
- Insurance Segment Operating Earnings is the segment profitability measure used to make operating decisions and to assess the performance of the Insurance segment. This measure is presented before income taxes and is comprised of: (i) Net Investment Income, (ii) Net Cost of Insurance, (iii) General, Administrative, and Other Expenses, and (iv) Net Income Attributable to Noncontrolling Interests. The non-operating adjustments made to derive Insurance Segment Operating Earnings excludes the impact of: (i) investment gains (losses) which include realized gains (losses) related to asset/liability matching investments strategies and unrealized investment gains (losses) and (ii) non-operating changes in policy liabilities and derivatives which includes (a) changes in the fair value of market risk benefits and other policy liabilities measured at fair value and related benefit payments, (b) fees attributed to guaranteed benefits, (c) derivatives used to manage the risks associated with policy liabilities, and (d) losses at contract issuance on payout annuities. Insurance Segment Operating Earnings includes (i) realized gains and losses not related to asset/liability matching investments strategies and (ii) the investment management costs that are earned by KKR as the investment adviser of the Global Atlantic insurance companies.

Modification of Segment Information

In connection with the adoption of LDTI (see Note 2 in our financial statements), KKR reevaluated the manner in which it makes operational and resource deployment decisions and assesses the overall performance of KKR's business. As a result, KKR has modified the presentation of its segment financial information effective as of and for the three and six months ended June 30, 2023 with retrospective application to all prior periods presented. The most significant changes are as follows:

- (1) implementation of the accounting changes as a result of LDTI within KKR's Insurance Segment. KKR excludes (i) changes in the fair value of market risk benefits and other policy liabilities and the associated derivatives, (ii) fees attributed to guaranteed benefits, and (iii) losses at contract issuance on payout annuities from the Insurance Segment Operating Earnings. These items are excluded from Insurance Segment Operating Earnings, because the chief operating decision-makers believe these items do not reflect the underlying performance of this business; and
- (2) reporting on a pre-tax basis Insurance Segment Operating Earnings (which was previously reported on an after-tax basis).

Notes to Financial Statements (Continued)
Segment Presentation

The following tables set forth information regarding KKR's segment results:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Asset Management				
Management Fees ⁽¹⁾	\$ 748,888	\$ 654,927	\$ 1,487,044	\$ 1,279,855
Transaction and Monitoring Fees, Net	190,228	107,301	332,407	413,339
Fee Related Performance Revenues	28,352	9,999	50,093	22,050
Fee Related Compensation	(217,684)	(173,748)	(420,778)	(385,968)
Other Operating Expenses	(147,475)	(137,244)	(297,879)	(263,119)
Fee Related Earnings	602,309	461,235	1,150,887	1,066,157
Realized Performance Income	149,334	730,858	324,732	1,340,065
Realized Performance Income Compensation	(97,085)	(474,428)	(211,094)	(858,063)
Realized Investment Income ⁽²⁾	114,675	276,888	312,769	626,242
Realized Investment Income Compensation	(17,183)	(41,533)	(46,897)	(93,936)
Asset Management Segment Operating Earnings	\$ 752,050	\$ 953,020	\$ 1,530,397	\$ 2,080,465
Insurance				
Net Investment Income ⁽¹⁾⁽²⁾	\$ 1,283,794	\$ 964,396	\$ 2,555,049	\$ 1,826,810
Net Cost of Insurance	(811,677)	(504,712)	(1,562,289)	(986,582)
General, Administrative and Other	(203,285)	(165,911)	(399,999)	(312,323)
Pre-tax Operating Earnings	268,832	293,773	592,761	527,905
Pre-tax Operating Earnings Attributable to Noncontrolling Interest	(98,608)	(113,158)	(217,425)	(203,343)
Insurance Segment Operating Earnings	170,224	180,615	\$ 375,336	\$ 324,562
Total Segment Operating Earnings	\$ 922,274	\$ 1,133,635	\$ 1,905,733	\$ 2,405,027

⁽¹⁾ Includes intersegment management fees of \$110.6 million and \$69.3 million, for three months ended June 30, 2023 and 2022, respectively, and \$218.9 million and \$128.3 million for the six months ended June 30, 2023 and 2022, respectively.

⁽²⁾ Includes intersegment interest expense and income of \$43.4 million and \$34.5 million, for the three months ended June 30, 2023 and 2022, respectively, and \$88.2 million and \$60.3 million for the six months ended June 30, 2023 and 2022, respectively.

	As of June 30,	
	2023	2022
Segment Assets:		
Asset Management	\$ 31,532,471	\$ 31,457,937
Insurance	176,041,236	166,034,315
Total Segment Assets	\$ 207,573,707	\$ 197,492,252

Notes to Financial Statements (Continued)
Reconciliations of Total Segment Amounts

The following tables reconcile the Segment Revenues, Segment Operating Earnings, and Segment Assets to their equivalent GAAP measure:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Total GAAP Revenues	\$ 3,626,518	\$ 323,393	\$ 6,754,000	\$ 1,322,756
Impact of Consolidation and Other	184,775	172,118	394,553	385,518
<i>Asset Management Adjustments:</i>				
Capital Allocation-Based Income (Loss) (GAAP)	(696,897)	923,474	(1,145,915)	1,869,217
Realized Carried Interest	146,232	723,609	318,921	1,303,376
Realized Investment Income	114,675	276,888	312,769	626,242
Capstone Fees	(24,040)	(19,510)	(43,845)	(34,995)
Expense Reimbursements	(16,840)	(25,576)	(32,384)	(66,879)
<i>Insurance Adjustments:</i>				
Net Premiums	(626,429)	225,502	(1,100,053)	(146,642)
Policy Fees	(315,382)	(319,030)	(629,184)	(632,812)
Other Income	(39,858)	(32,512)	(77,016)	(67,256)
(Gains) Losses from Investments ⁽¹⁾	193,770	21,041	454,277	188,143
Non-operating Changes in Policy Liabilities and Derivatives	(31,253)	474,972	(144,029)	761,693
Total Segment Revenues ⁽²⁾	\$ 2,515,271	\$ 2,744,369	\$ 5,062,094	\$ 5,508,361

(1) Includes gains and losses on funds withheld receivables and payables embedded derivatives.

(2) Total Segment Revenues is comprised of (i) Management Fees, (ii) Transaction and Monitoring Fees, Net, (iii) Fee Related Performance Revenues, (iv) Realized Performance Income, (v) Realized Investment Income, and (vi) Net Investment Income.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Income (Loss) Before Tax (GAAP)	\$ 1,451,013	\$ (1,916,593)	\$ 1,859,448	\$ (627,554)
Impact of Consolidation and Other	(251,248)	790,100	(152,111)	(510,226)
Interest Expense	92,010	76,619	177,510	146,079
Equity-based compensation - KKR Holdings ⁽¹⁾	—	80,513	—	100,334
<i>Asset Management Adjustments:</i>				
Unrealized (Gains) Losses	(458,311)	1,178,759	(358,984)	1,501,028
Unrealized Carried Interest	(435,495)	1,561,367	(638,154)	2,851,400
Unrealized Carried Interest Compensation (Carry Pool)	195,361	(646,239)	279,191	(1,160,226)
Strategic Corporate Related Charges ⁽²⁾	7,192	50,306	13,999	70,204
Equity-based compensation	45,261	50,582	104,278	105,693
Equity-based compensation - Performance based	63,654	59,831	130,927	117,784
<i>Insurance Adjustments:</i> ⁽³⁾				
(Gains) Losses from Investments ⁽³⁾⁽⁴⁾	125,483	79,905	256,597	208,937
Non-operating Changes in Policy Liabilities and Derivatives ⁽³⁾	57,463	(250,582)	163,954	(442,783)
Strategic Corporate Related Charges ⁽³⁾	3,199	2,890	3,199	5,969
Equity-based and Other Compensation ⁽³⁾	23,898	13,464	60,291	32,962
Amortization of Acquired Intangibles ⁽³⁾	2,794	2,713	5,588	5,426
Total Segment Operating Earnings	\$ 922,274	\$ 1,133,635	\$ 1,905,733	\$ 2,405,027

(1) Represents equity-based compensation expense in connection with the allocation of units of KKR Holdings, which were not dilutive to common stockholders of KKR & Co. Inc.

(2) For the three and six months ended June 30, 2022, strategic corporate transaction-related charges include a \$40.7 million realized loss from foreign exchange derivatives that were entered into in connection with the acquisition of KJRM and that were settled upon closing.

(3) Amounts represent the portion allocable to KKR & Co. Inc.

(4) Includes gains and losses on funds withheld receivables and payables embedded derivatives.

Notes to Financial Statements (Continued)

	As of	
	June 30, 2023	June 30, 2022
Total GAAP Assets	\$ 287,694,799	\$ 264,792,220
Impact of Consolidation and Reclassifications	(77,968,654)	(64,825,125)
Carry Pool Reclassifications	(2,152,438)	(2,474,843)
Total Segment Assets	\$ 207,573,707	\$ 197,492,252

23. EQUITY**Stockholders' Equity***Common Stock*

The common stock of KKR & Co. Inc. is entitled to vote as provided by its certificate of incorporation, Delaware General Corporation Law and the rules of the New York Stock Exchange ("NYSE"). Subject to preferences that apply to shares of Series C Mandatory Convertible Preferred Stock and any other shares of preferred stock outstanding at the time on which dividends are payable, the holders of common stock are entitled to receive dividends out of funds legally available if the Board of Directors, in its discretion, determines to declare dividends and then only at the times and in the amounts that the Board of Directors may determine. The common stock is not entitled to preemptive rights and is not subject to conversion, redemption or sinking fund provisions.

Series I Preferred Stock

Except for any distribution required by Delaware law to be made upon a dissolution event, the holders of Series I preferred stock do not have any economic rights to receive dividends. Series I preferred stock is entitled to vote on various matters that may be submitted to vote of the stockholders and the other matters as set forth in the certificate of incorporation. Upon a dissolution event, each holder of Series I preferred stock will be entitled to a payment equal to \$0.01 per share of Series I preferred stock. The Series I preferred stock will be eliminated on the Sunset Date (as defined in Note 1 "Organization"), which is scheduled to occur not later than December 31, 2026.

Series C Mandatory Convertible Preferred Stock

On August 14, 2020, KKR & Co. Inc. issued 23,000,000 shares, or \$1.15 billion aggregate liquidation preference, of its 6.00% Series C Mandatory Convertible Preferred Stock (the "Series C Mandatory Convertible Preferred Stock").

Unless converted or redeemed earlier in accordance with the terms of the Series C Mandatory Convertible Preferred Stock, each share of Series C Mandatory Convertible Preferred Stock will automatically convert on the mandatory conversion date, which is expected to be September 15, 2023, into between 1.1662 shares and 1.4285 shares of common stock, in each case, subject to customary anti-dilution adjustments described in the certificate of designations related to the Series C Mandatory Convertible Preferred Stock. The number of shares of common stock issuable upon conversion will be determined based on the average volume weighted average price per share of common stock over the 20 consecutive trading day period beginning on, and including, the 21st scheduled trading day immediately prior to September 15, 2023.

Dividends on the Series C Mandatory Convertible Preferred Stock will be payable on a cumulative basis when, as and if declared by our Board of Directors, or an authorized committee thereof, at an annual rate of 6.00% on the liquidation preference of \$50.00 per share of Series C Mandatory Convertible Preferred Stock, and may be paid in cash or, subject to certain limitations, in shares of common stock or, subject to certain limitations, any combination of cash and shares of common stock. If declared, dividends on the Series C Mandatory Convertible Preferred Stock will be payable quarterly on March 15, June 15, September 15 and December 15 of each year to, and including, September 15, 2023, commencing on December 15, 2020.

Upon KKR & Co. Inc.'s voluntary or involuntary liquidation, winding-up or dissolution, each holder of the Series C Mandatory Convertible Preferred Stock would be entitled to receive a liquidation preference in the amount of \$50.00 per share of Series C Mandatory Convertible Preferred Stock, plus an amount equal to accumulated and unpaid dividends on such shares, whether or not declared, to, but excluding, the date fixed for liquidation, winding-up or dissolution, to be paid out of KKR & Co. Inc.'s assets legally available for distribution to its stockholders after satisfaction of debt and other liabilities owed to KKR & Co. Inc.'s creditors and holders of shares of its stock ranking senior to the Series C Mandatory Convertible Preferred Stock and before any payment or distribution is made to holders of any stock ranking junior to the Series C Mandatory Convertible Preferred Stock, including, without limitation, common stock.

Notes to Financial Statements (Continued)

In connection with the issuance of the Series C Mandatory Convertible Preferred Stock, the limited partnership agreement of KKR Group Partnership was amended to provide for preferred units with economic terms designed to mirror those of the Series C Mandatory Convertible Preferred Stock.

Share Repurchase Program

Under KKR's repurchase program, shares of common stock of KKR & Co. Inc. may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing, manner, price and amount of any repurchases will be determined by KKR in its discretion and will depend on a variety of factors, including legal requirements, price and economic and market conditions. In addition to the repurchases of common stock, the repurchase program will be used for the retirement (by cash settlement or the payment of tax withholding amounts upon net settlement) of equity awards granted pursuant to our Equity Incentive Plans representing the right to receive common stock. KKR expects that the program, which has no expiration date, will be in effect until the maximum approved dollar amount has been used. The program does not require KKR to repurchase or retire any specific number of shares of common stock or equity awards, respectively, and the program may be suspended, extended, modified or discontinued at any time. As of August 1, 2023, there was approximately \$208 million remaining under the program.

The following table presents KKR & Co. Inc. common stock that has been repurchased or equity awards retired under the repurchase program:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Shares of common stock repurchased	5,086,354	—	5,086,354	5,191,174
Equity awards for common stock retired	604,281	596,437	604,281	596,437

Change in KKR & Co. Inc.'s Ownership Interest

Vesting of restricted holdings units results in a change in ownership in KKR Group Partnership L.P., while KKR retains a controlling interest, and is accounted for as an equity transaction between the controlling and noncontrolling interests. The impact of the vesting of restricted holdings units are included within "Change in KKR & Co. Inc.'s Ownership Interest."

Noncontrolling Interests

Noncontrolling interests in consolidated entities represent the non-redeemable ownership interests in KKR that are held primarily by:

- (i) third party fund investors in KKR's consolidated funds and certain other entities;
- (ii) third parties in KKR's Capital Markets business line;
- (iii) certain current and former employees who hold exchangeable securities; and
- (iv) third parties in KKR's insurance business including GA Rollover Investors, GA Co-Investors and third party investors in Global Atlantic's consolidated renewable energy entities and certain other entities.

Notes to Financial Statements (Continued)

The following tables present the calculation of total noncontrolling interests:

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
Beginning of Period (as previously reported for the prior period)	\$ 37,316,569	\$ 35,778,000
Adoption of New Accounting Standard (See Note 2)	—	632,858
Balance at the beginning of the period (as revised for the prior period)	37,316,569	36,410,858
Net Income (Loss) Attributable to Noncontrolling Interests	266,086	193,083
Other Comprehensive Income (Loss), net of tax	(77,150)	290,038
Change in KKR & Co. Inc.'s Ownership Interest	(113,121)	(113,121)
Equity Based Compensation (Non cash Contribution)	71,080	147,676
Capital Contributions	4,935,615	7,404,393
Capital Distributions	(1,897,563)	(3,737,866)
Changes in Consolidation	(72,062)	(165,607)
Balance at the end of the period	\$ 40,429,454	\$ 40,429,454

	Three Months Ended June 30, 2022	Six Months Ended June 30, 2022
Beginning of Period (as previously reported for the prior period)	\$ 41,501,791	\$ 40,474,565
Adoption of New Accounting Standard (See Note 2)	491,360	104,961
Balance at the beginning of the period (as revised for the prior period)	41,993,151	40,579,526
Net Income (Loss) Attributable to Noncontrolling Interests	(1,096,715)	148,272
Other Comprehensive Income (Loss), net of tax	(1,546,467)	(3,166,939)
Exchange of KKR Holdings units to Common Stock	(12,865)	(12,865)
Equity Based Compensation (Non cash Contribution)	145,670	229,062
Capital Contributions	3,852,457	7,432,048
Capital Distributions	(1,742,028)	(3,615,901)
Holdings Merger ⁽¹⁾	(7,197,950)	(7,197,950)
Change in KKR & Co. Inc.'s Ownership Interest	(155,284)	(155,284)
Balance at the end of the period	\$ 34,239,969	\$ 34,239,969

(1) Refer to Note 1 "Organization" for further information on the Reorganization Mergers that closed on May 31, 2022, pursuant to which KKR acquired KKR Holdings and all of the KKR Group Partnership Units held by it, and all outstanding KKR Holdings Units were exchanged for KKR & Co. Inc. common stock.

24. REDEEMABLE NONCONTROLLING INTERESTS

Redeemable noncontrolling interests represent:

(i) Noncontrolling interests of certain KKR investment funds and vehicles that are subject to periodic redemption by fund investors following the expiration of a specified period of time, or may be withdrawn subject to a redemption fee during the period when capital may not be otherwise withdrawn. Consolidated fund investor's interests subject to redemption as described above are presented as Redeemable Noncontrolling Interests in the accompanying consolidated statements of financial condition and presented as Net Income (Loss) Attributable to Redeemable Noncontrolling Interests in the accompanying consolidated statements of operations. When redeemable amounts become legally payable to fund investors, they are classified as a liability and included in Accounts Payable, Accrued Expenses and Other Liabilities in the accompanying consolidated statements of financial condition.

(ii) Global Atlantic has redeemable noncontrolling interests related to renewable energy entities of approximately \$49.9 million and \$82.7 million as of June 30, 2023 and December 31, 2022, respectively, as determined by the hypothetical liquidation at book value ("HLBV") method, respectively. The estimated redemption value of redeemable noncontrolling interests is calculated as the discounted cash flows subsequent to the expected flip date of the respective renewable energy entity. The flip date represents the date at which the allocation of income and cash flows among the investors in the entity is adjusted, pursuant to the redeemable noncontrolling interest investors having achieved an agreed-upon return. The flip date of renewable energy partnerships determines when the redeemable noncontrolling interests are eligible to be redeemed. Eligible redemption dates range from January 1, 2028 to June 30, 2028. For the redeemable noncontrolling interests outstanding as of June 30, 2023 and December 31, 2022, the estimated redemption value that would be due at the respective redemption dates is \$3.2 million and \$5.3 million, respectively.

The following tables presents the calculation of Redeemable Noncontrolling Interests:

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
Balance at the beginning of the period	\$ 144,126	\$ 152,065
Net income (loss) attributable to Redeemable Noncontrolling Interests	(1,740)	(9,043)
Capital contributions	69,997	69,997
Capital distributions	(1,149)	(1,785)
Changes in Consolidation	(27,821)	(27,821)
Balance at the end of the period	\$ 183,413	\$ 183,413

	Three Months Ended June 30, 2022	Six Months Ended June 30, 2022
Balance at the beginning of the period	\$ 81,793	82,491
Net income (loss) attributable to Redeemable Noncontrolling Interests	8	(55)
Capital contributions	—	—
Capital distributions	(634)	(1,269)
Balance at the end of the period	\$ 81,167	\$ 81,167

25. COMMITMENTS AND CONTINGENCIES

Funding Commitments and Others

As of June 30, 2023, KKR had unfunded commitments consisting of \$9.2 billion to its investment funds and vehicles. KKR has also agreed for certain of its investment vehicles to fund or otherwise be liable for a portion of their investment losses (up to a maximum of approximately \$111.7 million) and/or to provide them with liquidity upon certain termination events (the maximum amount of which is unknown until the scheduled termination date of the investment vehicle).

In addition to these uncalled commitments and funding obligations to KKR's investment funds and vehicles, KKR has entered into contractual commitments primarily with respect to underwriting transactions, debt financing, revolving credit facilities, and syndications in KKR's Capital Markets business line. As of June 30, 2023, these commitments amounted to \$615.7 million. Whether these amounts are actually funded, in whole or in part, depends on the contractual terms of such commitments, including the satisfaction or waiver of any conditions to closing or funding. KKR's capital markets business has arrangements with third parties, which reduce its risk when underwriting certain debt transactions, and thus our unfunded commitments as of June 30, 2023 have been reduced to reflect the amount to be funded by such third parties. In the case of purchases of investments or assets in our Principal Activities business line, the amount to be funded includes amounts that are intended to be syndicated to third parties, and the actual amounts to be funded may be less.

Global Atlantic has commitments to purchase or fund investments of \$3.0 billion and \$3.3 billion as of June 30, 2023 and December 31, 2022, respectively. These commitments include those related to commercial mortgage loans, other lending facilities and other investments. For those commitments that represent a contractual obligation to extend credit, Global Atlantic has recorded a liability of \$24.2 million and \$55.8 million for current expected credit losses as of June 30, 2023 and December 31, 2022, respectively.

In addition, Global Atlantic has entered into certain forward flow agreements to purchase loans. Global Atlantic's obligations under these agreements are subject to change, curtailment, and cancellation based on various provisions including repricing mechanics, due diligence reviews, and performance or pool quality, among other factors.

Non-cancelable Operating Leases

KKR's non-cancelable operating leases consist of leases of office space around the world. There are no material rent holidays, contingent rent, rent concessions or leasehold improvement incentives associated with any of these property leases. In addition to base rentals, certain lease agreements are subject to escalation provisions and rent expense is recognized on a straight-line basis over the term of the lease agreement.

Global Atlantic also enters into land leases for its consolidated investments in renewable energy.

Contingent Repayment Guarantees

The partnership documents governing KKR's carry-paying investment funds and vehicles generally include a "clawback" provision that, if triggered, may give rise to a contingent obligation requiring the general partner to return amounts to the fund for distribution to the fund investors at the end of the life of the fund. Under a clawback obligation, upon the liquidation of a fund, the general partner is required to return, typically on an after-tax basis, previously distributed carry to the extent that, due to the diminished performance of later investments, the aggregate amount of carry distributions received by the general partner during the term of the fund exceed the amount to which the general partner was ultimately entitled, including the effects of any performance thresholds. KKR has guaranteed its general partners' clawback obligations.

As of June 30, 2023, approximately \$525 million of carried interest was subject to this clawback obligation, assuming that all applicable carry-paying funds and their alternative investment vehicles were liquidated at their June 30, 2023 fair values. Although KKR would be required to remit the entire amount to fund investors that are entitled to receive the clawback payment, KKR would be entitled to seek reimbursement of approximately \$210 million of that amount from Associates Holdings, which is not a KKR subsidiary. As of June 30, 2023, Associates Holdings had access to cash reserves sufficient to reimburse the full \$210 million that would be due to KKR. If the investments in all carry-paying funds were to be liquidated at zero value, the clawback obligation would have been approximately \$3.1 billion, and KKR would be entitled to seek reimbursement of approximately \$1.2 billion of that amount from Associates Holdings. KKR will acquire control of Associates Holdings when a subsidiary of KKR becomes its general partner upon the closing of the transactions contemplated to occur on the Sunset Date (as defined in Note 1 "Organization"), which will occur not later than December 31, 2026.

Notes to Financial Statements (Continued)

Carried interest is recognized in the consolidated statements of operations based on the contractual conditions set forth in the agreements governing the fund as if the fund were terminated and liquidated at the reporting date and the fund's investments were realized at the then estimated fair values. Amounts earned pursuant to carried interest are earned by the general partner of those funds to the extent that cumulative investment returns are positive and where applicable, preferred return thresholds have been met. If these investment amounts earned decrease or turn negative in subsequent periods, recognized carried interest will be reversed and to the extent that the aggregate amount of carry distributions received by the general partner during the term of the fund exceed the amount to which the general partner was ultimately entitled, a clawback obligation would be recorded. For funds that are consolidated, this clawback obligation, if any, is reflected as an increase in noncontrolling interests in the consolidated statements of financial condition. For funds that are not consolidated, this clawback obligation, if any, is reflected as a reduction of KKR's investment balance as this is where carried interest is initially recorded.

Indemnifications and Other Guarantees*Asset Management Segment*

KKR may incur contingent liabilities for claims that may be made against it in the future. KKR enters into contracts that contain a variety of representations, warranties and covenants, including indemnifications. KKR (including KFN) and certain of KKR's investment funds have provided and provide certain credit support, such as indemnities and guarantees, relating to a variety of matters, including non-recourse carve-out guarantees for fraud, willful misconduct and other wrongful acts in connection with the financing of (i) certain real estate investments that we have made, including KKR's corporate real estate, and (ii) certain investment vehicles that KKR manages or sponsors.

KKR also has provided, and provides, credit support in connection with the Asset Management business, including:

- i. to certain of its subsidiaries' obligations in connection with a limited number of investment vehicles that KKR manages,
- ii. in connection with repayment and funding obligations to third-party lenders on behalf of certain employees, excluding its executive officers, in connection with their personal investments in KKR investment funds and a levered multi-asset investment vehicle,
- iii. to one of its hedge fund partnerships,
- iv. through a contingent guarantee of a subsidiary's loan repayment obligations, which does not become effective unless and until its loan becomes accelerated due to certain specified events of default involving the investment vehicles managed by KJRM,
- v. the obligations of our subsidiaries' funding obligations to our investment vehicles, and
- vi. certain of our investment vehicles to fund or otherwise be liable for a portion of their investment losses and/or to provide them with liquidity upon certain termination events (the maximum amount of which is unknown until the scheduled termination date of the investment vehicle).

KKR may also become liable for certain fees payable to sellers of businesses or assets if a transaction does not close, subject to certain conditions, if any, specified in the acquisition agreements for such businesses or assets.

Insurance Segment

The Global Atlantic business was formerly owned by The Goldman Sachs Group, Inc. (together with its subsidiaries, "Goldman Sachs"). In connection with the separation of Global Atlantic from Goldman Sachs in 2013, Global Atlantic entered into a tax benefit payment agreement with Goldman Sachs. Under the tax benefit payment agreement, GA FinCo is obligated to make annual payments out of available cash, guaranteed by GAFG, to Goldman Sachs over an approximately 25-year period totaling \$214.0 million. As of June 30, 2023, the present value of the remaining amount to be paid is \$61.2 million. Although these payments are subordinated and deferrable, deferral of these payments would result in restrictions on distributions by GA FinCo and GAFG.

In lieu of funding certain investments in loan facilities to third party borrowers in cash, Global Atlantic has arranged or participated in letters of credit issued by third-party banks on behalf of the borrowers in the amount of \$29.5 million, as of June 30, 2023, with expiration dates between October 2023 to September 2024. Global Atlantic has available lines of credit that would allow for additional letters of credit to be issued on behalf of certain borrowers, up to \$235.5 million, as of June 30,

Notes to Financial Statements (Continued)

2023. For accounting purposes, these letters of credit are considered guarantees of certain obligations of the borrowers. If a letter of credit were to be drawn, Global Atlantic would be obligated to repay the issuing third-party bank, and Global Atlantic would recognize a loan receivable from the borrowers on the consolidated statements of financial condition. Global Atlantic monitors the likelihood of these letters of credit being drawn, and any related contingent obligation. As of both June 30, 2023 and December 31, 2022, the expected credit loss on the contingent liability associated with these letters of credit was not material.

Unless otherwise stated above, KKR's maximum exposure under the arrangements described under this section "Indemnifications and Other Guarantees" are currently unknown as there are no stated or notional amounts included in these arrangements and KKR's liabilities for these matters would require a claim to be made against KKR in the future.

Litigation

From time to time, KKR (including Global Atlantic) is involved in various legal proceedings, lawsuits, arbitration and claims incidental to the conduct of KKR's businesses. KKR's asset management and insurance businesses are also subject to extensive regulation, which may result in regulatory proceedings against them.

In December 2017, KKR & Co. L.P. (which is now KKR Group Co. Inc.) and its then Co-Chief Executive Officers were named as defendants in a lawsuit filed in Kentucky state court alleging, among other things, the violation of fiduciary and other duties in connection with certain separately managed accounts that Prisma Capital Partners LP, a former subsidiary of KKR, manages for the Kentucky Retirement Systems. Also named as defendants in the lawsuit are certain current and former trustees and officers of the Kentucky Retirement Systems, Prisma Capital Partners LP, and various other service providers to the Kentucky Retirement Systems and their related persons. KKR and other defendants' motions to dismiss were denied by the trial court in November 2018, but in April 2019 the Kentucky Court of Appeals vacated the trial court's opinion and order denying the motions to dismiss the case for lack of standing. The decision of the Court of Appeals was appealed by plaintiffs to the Supreme Court of Kentucky. On July 9, 2020, the Supreme Court of Kentucky reversed the trial court's order and remanded the case to the trial court with direction to dismiss the complaint for lack of constitutional standing. On July 20, 2020, the Office of the Attorney General, on behalf of the Commonwealth of Kentucky, filed a motion to intervene as a plaintiff in the lawsuit and on July 21, 2020 filed a new lawsuit in the same Kentucky trial court making essentially the same allegations against the defendants, including KKR & Co. Inc. and Messrs. Kravis and Roberts. On July 29, 2020, certain private plaintiffs in the original lawsuit filed a motion to further amend their original complaint and to add new plaintiffs. On July 30, 2020, KKR and other defendants filed objections to the Attorney General's motion to intervene. On December 28, 2020, the trial court dismissed the complaint filed by the original plaintiffs and denied their motion to amend their original complaint and add new plaintiffs, but granted the Office of the Attorney General's motion to intervene. In January 2021, some of the attorneys for the private plaintiffs in the original lawsuit filed a new lawsuit, and a motion to intervene in the original lawsuit, on behalf of a new set of plaintiffs, who claim to be "Tier 3" members of Kentucky Retirement Systems, alleging substantially the same allegations as in the original lawsuit. The motion to intervene in the original lawsuit was denied. These "Tier 3" plaintiffs appealed the denial of their motion to intervene but then voluntarily dismissed their appeal on January 31, 2022. In addition, the Kentucky Retirement Systems had commissioned an investigation into certain matters alleged in the Attorney General's complaint. The trial court ordered that this investigation be completed by May 17, 2021, and the Attorney General was permitted to amend its complaint after reviewing the investigation's report within ten days of the Attorney General's receipt of it. On May 24, 2021, the Attorney General filed a First Amended Complaint on behalf of the Commonwealth of Kentucky. This complaint continues to name KKR & Co. L.P. and its then Co-Chief Executive Officers, as defendants, and makes similar allegations against them. KKR and the other defendants moved to dismiss the First Amended Complaint on July 30, 2021. The court held oral argument on these motions to dismiss on December 14, 2021. On July 9, 2021, the individual plaintiffs served an amended complaint, which purports to assert, on behalf of a class of beneficiaries of Kentucky Retirement Systems, direct claims for breach of fiduciary duty and civil violations under the Racketeer Influenced and Corrupt Organizations Act ("RICO"). This complaint was removed to the U.S. District Court for the Eastern District of Kentucky, which has entered an order staying this case until the completion of the Attorney General's lawsuit on behalf of the Commonwealth.

On August 20, 2021, the same and other individual plaintiffs filed a second complaint in Kentucky state court, purportedly on behalf of Kentucky Retirement Systems' funds, alleging the same claims against KKR & Co. Inc. and Messrs. Kravis and Roberts as in the July 9th amended complaint but without the RICO or class action allegations. KKR and the other defendants have moved to dismiss the August 20, 2021 complaint by the Tier 3 plaintiffs, whose motions are awaiting a decision from the Kentucky state court. On March 24, 2022, in a separate declaratory judgment action brought by the Commonwealth of Kentucky regarding the enforceability of certain indemnification provisions available to KKR & Co. Inc. and Prisma Capital Partners LP, the Kentucky state court found that it has personal jurisdiction over KKR & Co. Inc., and this finding is currently being appealed by KKR. On May 27, 2022, following a motion by KKR, the judge then adjudicating the lawsuits recused himself from the original 2017 action and the second Tier 3 action, and a new judge was assigned. On December 9, 2022, the

Notes to Financial Statements (Continued)

new judge issued an order that held in abeyance the motions to dismiss filed by KKR and other defendants pending the outcome of appeals which challenge the trial court's December 28, 2020 order granting the Attorney General's motion to intervene. On April 14, 2023, the Kentucky Court of Appeals ruled in favor of KKR and the other defendants in their appeal of the trial court's December 28, 2020 order granting the Kentucky Attorney General's motion to intervene in the 2017 action, including that the trial court should have dismissed the entire 2017 action after the Kentucky Supreme Court's 2020 decision. On May 4, 2023, the Attorney General filed a petition for rehearing with the Court of Appeals. The Court of Appeals denied the petition for rehearing. On July 6, 2023, the Attorney General filed with the Kentucky Supreme Court a motion for discretionary review of the Court of Appeals' decision. The Court of Appeals' April 14, 2023 decision does not dismiss the Kentucky Attorney General's standalone lawsuit filed on July 21, 2020.

KKR (including Global Atlantic) currently is and expects to continue to become, from time to time, subject to examinations, inquiries and investigations by various U.S. and non-U.S. governmental and regulatory agencies, including but not limited to the SEC, U.S. Department of Justice, U.S. state attorney generals, Financial Industry Regulatory Authority ("FINRA"), the U.K. Financial Conduct Authority, Central Bank of Ireland, Monetary Authority of Singapore, U.S. state insurance regulatory authorities, and the Bermuda Monetary Authority. Such examinations, inquiries and investigations may result in the commencement of civil, criminal or administrative proceedings or fines against KKR or its personnel. KKR is presently subject to civil investigations and inquiries by the U.S. Department of Justice related to antitrust matters and by the SEC related to business-related electronic communications. KKR is currently cooperating with these civil investigations and inquiries.

Moreover, in the ordinary course of business, KKR (including Global Atlantic) is and can be both the defendant and the plaintiff in numerous lawsuits with respect to acquisitions, bankruptcy, insolvency and other events. Such lawsuits may involve claims that adversely affect the value of certain investments owned by KKR's funds and Global Atlantic's insurance companies.

KKR establishes an accrued liability for legal proceedings only when those matters present loss contingencies that are both probable and reasonably estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. No loss contingency is recorded for matters where such losses are either not probable or reasonably estimable (or both) at the time of determination. Such matters may be subject to many uncertainties, including among others: (i) the proceedings may be in early stages; (ii) damages sought may be unspecified, unsupported, unexplained or uncertain; (iii) discovery may not have been started or is incomplete; (iv) there may be uncertainty as to the outcome of pending appeals or motions; (v) there may be significant factual issues to be resolved or (vi) there may be novel legal issues or unsettled legal theories to be presented or a large number of parties. Consequently, management is unable to estimate a range of potential loss, if any, related to these matters. In addition, loss contingencies may be, in part or in whole, subject to insurance or other payments such as contributions and/or indemnity, which may reduce any ultimate loss. KKR has included in its financial statements the reserve for regulatory, litigation and related matters that Global Atlantic includes in its financial statements, including with respect to matters arising from the conversion of life insurance policies from systems previously managed by Athene Holdings Limited to the platform of one of Global Atlantic's third party service providers, Alliance-One, a subsidiary of DXC Technology Company.

It is not possible to predict the ultimate outcome of all pending legal proceedings, and some of the matters discussed above seek or may seek potentially large and/or indeterminate amounts. Based on information known by management, management has not concluded that the final resolutions of the matters above will have a material effect upon the financial statements. However, given the potentially large and/or indeterminate amounts sought or may be sought in certain of these matters and the inherent unpredictability of investigations and litigations, it is possible that an adverse outcome in certain matters could, from time to time, have a material effect on KKR's financial results in any particular period.

Other Financing Arrangements

Global Atlantic has financing arrangements with unaffiliated third parties to support the reserves of its affiliated special purpose reinsurers. Total fees associated with these financing arrangements were \$5.0 million and \$5.6 million for the three months ended June 30, 2023 and 2022, respectively, and \$10.1 million for both the six months ended June 30, 2023 and 2022, respectively, and are included in insurance expenses in the consolidated statements of operations. As of both June 30, 2023 and December 31, 2022, the total capacity of the financing arrangements with third parties was \$2.3 billion.

Other than the matters disclosed above, there were no outstanding or unpaid balances from the financing arrangements with unaffiliated third parties as of both June 30, 2023 and December 31, 2022.

26. SUBSEQUENT EVENTS

Common Stock Dividend

A dividend of \$0.165 per share of common stock of KKR & Co. Inc. has been declared and was announced on August 7, 2023. This dividend will be paid on August 31, 2023 to common stockholders of record as of the close of business on August 17, 2023.

Preferred Stock Dividends

On September 15, 2023, each outstanding share of the Series C Mandatory Convertible Preferred Stock will automatically convert into a number of shares of our common stock based on the conversion rate set forth in the Series C Mandatory Convertible Preferred Stock prospectus supplement. A dividend of \$0.75 per share of Series C Mandatory Convertible Preferred Stock has been declared and was announced on August 7, 2023 and set aside for payment. This dividend will be paid on September 15, 2023 to holders of record of Series C Mandatory Convertible Preferred Stock as of the close of business on September 1, 2023.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements of KKR & Co. Inc., together with its consolidated subsidiaries, and the related notes included elsewhere in this report and our Annual Report, including the audited consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained therein. In addition, this discussion and analysis contains forward-looking statements and involves numerous risks and uncertainties, including those described under "Cautionary Note Regarding Forward-looking Statements" and "Business Environment" in this report and our Annual Report and "Risk Factors" in our Annual Report, and our other filings with the SEC. Actual results may differ materially from those contained in any forward-looking statements.

The unaudited condensed consolidated financial statements and the related notes included elsewhere in this report are hereafter referred to as the "financial statements." Additionally, the condensed consolidated statements of financial condition are referred to herein as the "consolidated statements of financial condition"; the condensed consolidated statements of operations are referred to herein as the "consolidated statements of operations"; the condensed consolidated statements of comprehensive income (loss) are referred to herein as the "consolidated statements of comprehensive income (loss)"; the condensed consolidated statements of changes in equity are referred to herein as the "consolidated statements of changes in equity"; and the condensed consolidated statements of cash flows are referred to herein as the "consolidated statements of cash flows."

Overview

We are a leading global investment firm that offers alternative asset management as well as capital markets and insurance solutions. We aim to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in our portfolio companies and communities. We sponsor investment funds that invest in private equity, credit, and real assets and have strategic partners that manage hedge funds. Our insurance subsidiaries offer retirement, life, and reinsurance products under the management of Global Atlantic.

As of June 30, 2023, we manage \$519 billion of assets for our clients. Throughout our history, we have consistently been a leader in the private equity industry, having completed approximately 715 private equity investments in portfolio companies with a total transaction value in excess of \$705 billion as of June 30, 2023. Since the inception of our firm in 1976, we have expanded our investment strategies and product offerings from traditional private equity to areas such as leveraged credit, alternative credit, infrastructure, energy, real estate, growth equity, core private equity, and impact investments. We also provide capital markets services for our firm, our portfolio companies and third parties. Our balance sheet provides a significant source of capital in the growth and expansion of our business, and it has allowed us to further align our interests with those of our fund investors. Building on these efforts and leveraging our industry expertise and intellectual capital have allowed us to capitalize on a broader range of the opportunities we source.

Our insurance business is operated by Global Atlantic, in which we acquired a majority controlling interest on February 1, 2021. Global Atlantic is a leading U.S. retirement and life insurance company that provides a broad suite of protection, legacy and savings products and reinsurance solutions to clients across individual and institutional markets. Global Atlantic primarily offers individuals fixed-rate annuities, fixed-indexed annuities and targeted life products through a network of banks, broker-dealers and independent marketing organizations. Global Atlantic provides its institutional clients customized reinsurance solutions, including block, flow and pension risk transfer reinsurance, as well as funding agreements. Global Atlantic primarily generates income by earning a spread between its investment income and the cost of policyholder benefits. As of June 30, 2023, Global Atlantic served approximately three million policyholders.

Asset Management

Our asset management business offers a broad range of investment management services to fund investors around the world. In our asset management business, we have five business lines: (1) Private Equity, (2) Real Assets, (3) Credit and Liquid Strategies, (4) Capital Markets, and (5) Principal Activities. In addition to the overviews of each of these business lines provided in this report, please also refer to our Annual Report. As an asset management firm, we earn fees, including management fees and incentive fees, and carried interest for providing investment management and other services to our funds, vehicles, CLOs, managed accounts and portfolio companies, and we generate transaction fees from capital markets transactions. We earn additional investment income by investing our own capital alongside that of our fund investors and from other assets on our balance sheet. Carried interest we receive from our funds and certain other investment vehicles entitles us to a specified percentage of investment gains that are generated on third-party capital that is invested.

Private Equity

Through our Private Equity business line, we manage and sponsor a group of private equity funds that invest capital for long-term appreciation, either through controlling ownership of a company or strategic minority positions. In addition to our traditional private equity funds that invest in large and mid-sized companies, we sponsor investment funds that invest in core private equity, growth equity, and impact investments. Our Private Equity business line includes separately managed accounts that invest in multiple strategies, which may include our credit and real assets strategies, as well as our private equity strategies. These funds and accounts are managed by Kohlberg Kravis Roberts & Co. L.P., an SEC-registered investment adviser. As of June 30, 2023, our Private Equity business line had \$170.1 billion of AUM, consisting of \$119.3 billion in traditional private equity, \$34.3 billion in core private equity and \$16.5 billion in growth equity, which includes \$4.0 billion of impact investments.

The table below presents information as of June 30, 2023, relating to our current private equity and other vehicles reported in our Private Equity business line for which we have the ability to earn carried interest. This data does not reflect acquisitions or disposals of investments, changes in investment values, or distributions occurring after June 30, 2023.

	Investment Period		Amount (\$ in millions)							
	Start Date ⁽¹⁾	End Date ⁽²⁾	Commitment ⁽³⁾	Uncalled Commitments	Percentage Committed by General Partner	Invested	Realized	Remaining Cost ⁽⁴⁾	Remaining Fair Value	Gross Accrued Carried Interest
Private Equity Business Line										
North America Fund XIII	8/2021	8/2027	\$ 18,400	\$ 12,209	3%	\$ 6,191	\$ —	\$ 6,191	\$ 6,880	\$ 7
Americas Fund XII	5/2017	5/2021	13,500	1,671	4%	12,428	6,801	9,767	18,667	1,534
North America Fund XI	11/2012	1/2017	8,718	158	3%	10,039	22,833	2,759	3,252	170
2006 Fund ⁽⁵⁾	9/2006	9/2012	17,642	—	2%	17,309	37,415	19	8	5
Millennium Fund ⁽⁵⁾	12/2002	12/2008	6,000	—	3%	6,000	14,123	—	6	1
Ascendant Fund	6/2022	6/2028	2,721	2,721	11%	—	—	—	—	—
European Fund VI	6/2022	6/2028	7,396	6,201	3%	1,195	—	1,195	1,047	—
European Fund V	7/2019	2/2022	6,334	1,023	2%	5,380	917	5,213	6,270	271
European Fund IV	2/2015	3/2019	3,512	5	6%	3,637	5,122	1,848	2,952	211
European Fund III ⁽⁵⁾	3/2008	3/2014	5,505	145	5%	5,360	10,625	586	85	(32)
European Fund II ⁽⁵⁾	11/2005	10/2008	5,751	—	2%	5,751	8,507	—	31	(1)
Asian Fund IV	7/2020	7/2026	14,735	8,511	4%	6,386	161	6,278	7,226	15
Asian Fund III	8/2017	7/2020	9,000	1,446	6%	8,064	5,294	6,773	11,596	910
Asian Fund II	10/2013	3/2017	5,825	—	1%	7,323	6,474	2,929	2,145	(346)
Asian Fund ⁽⁵⁾	7/2007	4/2013	3,983	—	3%	3,974	8,728	110	—	(1)
China Growth Fund ⁽⁵⁾	11/2010	11/2016	1,010	—	1%	1,010	1,065	322	135	(24)
Next Generation Technology Growth Fund III	11/2022	11/2028	2,620	2,620	7%	—	—	—	—	—
Next Generation Technology Growth Fund II	12/2019	5/2022	2,088	207	7%	2,078	496	1,876	2,637	161
Next Generation Technology Growth Fund	3/2016	12/2019	659	5	22%	668	1,036	322	949	70
Health Care Strategic Growth Fund II	5/2021	5/2027	3,789	3,122	4%	667	—	667	708	—
Health Care Strategic Growth Fund	12/2016	4/2021	1,331	189	11%	1,272	207	1,141	1,708	78
Global Impact Fund II	6/2022	6/2028	2,186	2,186	7%	—	—	—	—	—
Global Impact Fund	2/2019	3/2022	1,242	265	8%	1,152	332	1,011	1,538	100
Co-Investment Vehicles and Other	Various	Various	16,339	3,080	Various	13,690	8,126	9,816	12,050	1,057
Core Investment Vehicles	Various	Various	24,773	11,235	30%	14,397	927	14,039	22,960	148
Unallocated Commitments ⁽⁶⁾	N/A	N/A	4,085	4,085	Various	—	—	—	—	—
Total Private Equity			\$ 189,144	\$ 61,084		\$ 133,971	\$ 139,189	\$ 72,862	\$ 102,850	\$ 4,334

- (1) The start date represents the start of the fund's investment period as defined in the fund's governing documents and may or may not be the same as the date upon which management fees begin to accrue. For further information on management fee calculations, see Note 2 "Summary of Significant Accounting Policies" in our financial statements.
- (2) The end date represents the end of the fund's investment period as defined in the fund's governing documents and is generally not the date upon which management fees cease to be paid. For further information on management fee calculations, see Note 2 "Summary of Significant Accounting Policies" in our financial statements.
- (3) The commitment represents the aggregate capital commitments to the fund, including capital commitments by third-party fund investors and the general partner. Foreign currency commitments have been converted into U.S. dollars based on the exchange rate that prevailed on June 30, 2023.
- (4) The remaining cost represents the initial investment of the general partner and limited partners, reduced for returns of capital.
- (5) The "Invested" and "Realized" columns do not include the amounts of any realized investments that restored the unused capital commitments of the fund investors, if any.
- (6) "Unallocated Commitments" represent commitments received from our strategic investor partnerships that have yet to be allocated to a particular investment strategy.

Real Assets

Through our Real Assets business line, we manage and sponsor a group of real assets funds and accounts that invest capital in infrastructure, real estate, or energy. These funds and accounts are managed by Kohlberg Kravis Roberts & Co. L.P. or one of its subsidiaries. As of June 30, 2023, our Real Assets business line had \$121.6 billion of AUM, consisting of \$64.2 billion in real estate (of which \$35.7 billion is real estate credit and \$28.5 billion is real estate equity), \$54.3 billion in infrastructure, and \$3.1 billion in energy.

The table below presents information as of June 30, 2023, relating to our current real asset and other vehicles reported in our Real Assets business line for which we have the ability to earn carried interest. This data does not reflect acquisitions or disposals of investments, changes in investment values, or distributions occurring after June 30, 2023.

	Investment Period		Amount (\$ in millions)							
	Start Date ⁽¹⁾	End Date ⁽²⁾	Commitment ⁽³⁾	Uncalled Commitments	Percentage Committed by General Partner	Invested	Realized	Remaining Cost ⁽⁴⁾	Remaining Fair Value	Gross Accrued Carried Interest
Real Assets Business Line										
Energy Income and Growth Fund II	8/2018	8/2022	\$ 994	\$ —	20%	\$ 1,191	\$ 255	\$ 987	\$ 1,560	\$ 37
Energy Income and Growth Fund	9/2013	6/2018	1,974	—	13%	1,974	1,076	977	474	—
Natural Resources Fund ⁽⁵⁾	Various	Various	887	—	Various	887	132	170	34	—
Global Energy Opportunities	Various	Various	915	62	Various	520	192	319	185	—
Global Infrastructure Investors IV	8/2021	8/2027	16,578	7,734	2%	9,133	289	8,962	9,448	21
Global Infrastructure Investors III	7/2018	6/2021	7,164	1,200	4%	6,230	1,769	5,417	6,572	283
Global Infrastructure Investors II	12/2014	6/2018	3,039	128	4%	3,164	4,753	1,094	1,605	53
Global Infrastructure Investors	9/2010	10/2014	1,040	—	5%	1,050	2,228	—	—	—
Asia Pacific Infrastructure Investors II	9/2022	9/2028	5,790	5,790	6%	—	—	—	—	—
Asia Pacific Infrastructure Investors	1/2020	9/2022	3,792	1,382	7%	2,695	496	2,425	2,769	87
Diversified Core Infrastructure Fund	12/2020	(6)	8,844	663	6%	8,210	329	8,210	8,578	—
Real Estate Partners Americas III	1/2021	1/2025	4,253	1,802	5%	2,548	213	2,431	2,311	—
Real Estate Partners Americas II	5/2017	12/2020	1,921	229	8%	1,929	2,492	611	640	46
Real Estate Partners Americas	5/2013	5/2017	1,229	135	16%	1,024	1,408	94	55	(1)
Real Estate Partners Europe II	3/2020	3/2024	2,060	691	10%	1,512	368	1,335	1,256	—
Real Estate Partners Europe	8/2015	12/2019	707	110	10%	675	757	206	208	—
Asia Real Estate Partners	7/2019	7/2023	1,682	551	15%	1,138	19	1,107	1,246	—
Real Estate Credit Opportunity Partners II	8/2019	6/2023	950	—	5%	976	158	976	953	8
Real Estate Credit Opportunity Partners	2/2017	4/2019	1,130	122	4%	1,008	462	1,008	1,003	4
Property Partners Americas	12/2019	(6)	2,569	46	19%	2,523	159	2,523	2,645	—
Co-Investment Vehicles and Other	Various	Various	7,013	2,337	Various	4,743	1,652	4,277	3,923	14
Total Real Assets			\$ 74,531	\$ 22,982		\$ 53,130	\$ 19,207	\$ 43,129	\$ 45,465	\$ 552

- (1) The start date represents the start of the fund's investment period as defined in the fund's governing documents and may or may not be the same as the date upon which management fees begin to accrue. For further information on management fee calculations, see Note 2 "Summary of Significant Accounting Policies" in our financial statements.
- (2) The end date represents the end of the fund's investment period as defined in the fund's governing documents and is generally not the date upon which management fees cease to be paid. For further information on management fee calculations, see Note 2 "Summary of Significant Accounting Policies" in our financial statements.
- (3) The commitment represents the aggregate capital commitments to the fund, including capital commitments by third-party fund investors and the general partner. Foreign currency commitments have been converted into U.S. dollars based on the exchange rate that prevailed on June 30, 2023.
- (4) The remaining cost represents the initial investment of the general partner and limited partners, reduced for returns of capital.
- (5) The "Invested" and "Realized" columns do not include the amounts of any realized investments that restored the unused capital commitments of the fund investors, if any.
- (6) Open-ended fund.

Private Equity and Real Asset Performance

The table below presents information as of June 30, 2023, relating to the historical performance of certain of our Private Equity and Real Assets investment vehicles since inception, which we believe illustrates the benefits of our investment approach. This data does not reflect additional capital raised since June 30, 2023, or acquisitions or disposals of investments, changes in investment values, or distributions occurring after that date. The information presented below is not intended to be representative of any past or future performance for any particular period other than the period presented below. Past performance is no guarantee of future results.

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Private Equity and Real Assets Business Lines Investment Funds and Other Vehicles	Amount		Fair Value of Investments			Gross IRR ⁽⁵⁾	Net IRR ⁽⁵⁾	Gross Multiple of Invested Capital ⁽⁵⁾
	Commitment ⁽²⁾	Invested	Realized ⁽⁴⁾	Unrealized	Total Value			
Total Investments								
<i>Legacy Funds ⁽¹⁾</i>								
1976 Fund	\$ 31	\$ 31	\$ 537	\$ —	\$ 537	39.5 %	35.5 %	17.1
1980 Fund	357	357	1,828	—	1,828	29.0 %	25.8 %	5.1
1982 Fund	328	328	1,291	—	1,291	48.1 %	39.2 %	3.9
1984 Fund	1,000	1,000	5,964	—	5,964	34.5 %	28.9 %	6.0
1986 Fund	672	672	9,081	—	9,081	34.4 %	28.9 %	13.5
1987 Fund	6,130	6,130	14,949	—	14,949	12.1 %	8.9 %	2.4
1993 Fund	1,946	1,946	4,143	—	4,143	23.6 %	16.8 %	2.1
1996 Fund	6,012	6,012	12,477	—	12,477	18.0 %	13.3 %	2.1
Subtotal - Legacy Funds	16,475	16,475	50,269	—	50,269	26.1 %	19.9 %	3.1
<i>Included Funds</i>								
European Fund (1999)	3,085	3,085	8,758	—	8,758	26.9 %	20.2 %	2.8
Millennium Fund (2002)	6,000	6,000	14,123	6	14,129	22.0 %	16.1 %	2.4
European Fund II (2005)	5,751	5,751	8,507	31	8,538	6.1 %	4.5 %	1.5
2006 Fund (2006)	17,642	17,309	37,415	8	37,423	11.9 %	9.3 %	2.2
Asian Fund (2007)	3,983	3,974	8,728	—	8,728	18.9 %	13.7 %	2.2
European Fund III (2008)	5,505	5,360	10,625	85	10,710	16.4 %	11.3 %	2.0
E2 Investors (Annex Fund) (2009)	196	196	200	—	200	0.6 %	0.5 %	1.0
China Growth Fund (2010)	1,010	1,010	1,065	135	1,200	4.3 %	0.4 %	1.2
Natural Resources Fund (2010)	887	887	132	34	166	(24.5)%	(26.1)%	0.2
Global Infrastructure Investors (2010)	1,040	1,050	2,228	—	2,228	17.6 %	15.6 %	2.1
North America Fund XI (2012)	8,718	10,039	22,833	3,252	26,085	23.9 %	19.4 %	2.6
Asian Fund II (2013)	5,825	7,323	6,474	2,145	8,619	4.8 %	3.2 %	1.2
Real Estate Partners Americas (2013)	1,229	1,024	1,408	55	1,463	16.1 %	11.3 %	1.4
Energy Income and Growth Fund (2013)	1,974	1,974	1,076	474	1,550	(6.3)%	(9.0)%	0.8
Global Infrastructure Investors II (2014)	3,039	3,164	4,753	1,605	6,358	19.8 %	17.1 %	2.0
European Fund IV (2015)	3,512	3,637	5,122	2,952	8,074	23.8 %	18.5 %	2.2
Real Estate Partners Europe (2015)	707	675	757	208	965	12.8 %	9.3 %	1.4
Next Generation Technology Growth Fund (2016)	659	668	1,036	949	1,985	31.3 %	26.6 %	3.0
Health Care Strategic Growth Fund (2016)	1,331	1,272	207	1,708	1,915	19.1 %	12.3 %	1.5
Americas Fund XII (2017)	13,500	12,428	6,801	18,667	25,468	25.0 %	20.2 %	2.0
Real Estate Credit Opportunity Partners (2017)	1,130	1,008	462	1,003	1,465	9.2 %	7.8 %	1.5
Core Investment Vehicles (2017)	24,773	14,397	927	22,960	23,887	18.9 %	18.1 %	1.7
Asian Fund III (2017)	9,000	8,064	5,294	11,596	16,890	29.6 %	23.1 %	2.1
Real Estate Partners Americas II (2017)	1,921	1,929	2,492	640	3,132	26.9 %	22.2 %	1.6
Global Infrastructure Investors III (2018)	7,164	6,230	1,769	6,572	8,341	13.2 %	9.9 %	1.3
Global Impact Fund (2019)	1,242	1,152	332	1,538	1,870	26.6 %	19.6 %	1.6
European Fund V (2019)	6,334	5,380	917	6,270	7,187	14.5 %	10.8 %	1.3
Energy Income and Growth Fund II (2018)	994	1,191	255	1,560	1,815	20.6 %	18.4 %	1.5
Asia Real Estate Partners (2019)	1,682	1,138	19	1,246	1,265	12.5 %	4.1 %	1.1
Next Generation Technology Growth Fund II (2019)	2,088	2,078	496	2,637	3,133	23.8 %	18.4 %	1.5
Real Estate Credit Opportunity Partners II (2019)	950	976	158	953	1,111	9.8 %	7.5 %	1.1
Asia Pacific Infrastructure Investors (2020)	3,792	2,695	496	2,769	3,265	16.3 %	10.9 %	1.2
Asian Fund IV (2020)	14,735	6,386	161	7,226	7,387	13.0 %	6.9 %	1.2
Real Estate Partners Europe II (2020)	2,060	1,512	368	1,256	1,624	5.7 %	2.0 %	1.1
Real Estate Partners Americas III (2021)	4,253	2,548	213	2,311	2,524	(0.8)%	(3.7)%	1.0
Health Care Strategic Growth Fund II (2021)	3,789	667	—	708	708	11.3 %	(22.3)%	1.1
Global Infrastructure Investors IV (2021) ⁽³⁾	16,578	9,133	289	9,448	9,737	—	—	—
North America Fund XIII (2021) ⁽³⁾	18,400	6,191	—	6,880	6,880	—	—	—
European Fund VI (2022) ⁽³⁾	7,396	1,195	—	1,047	1,047	—	—	—
Global Impact Fund II (2022) ⁽³⁾	2,186	—	—	—	—	—	—	—
Asia Pacific Infrastructure Investors II (2022) ⁽³⁾	5,790	—	—	—	—	—	—	—
Next Generation Technology Growth Fund III (2022) ⁽³⁾	2,620	—	—	—	—	—	—	—
Ascendant Fund (2022) ⁽³⁾	2,721	—	—	—	—	—	—	—
Subtotal - Included Funds	227,191	160,696	156,896	120,934	277,830	16.1 %	12.3 %	1.8
All Funds	\$ 243,666	\$ 177,171	\$ 207,165	\$ 120,934	\$ 328,099	25.5 %	18.7 %	1.9

- (1) These funds were not contributed to KKR as part of the acquisition of the assets and liabilities of KKR & Co. (Guernsey) L.P. (formerly known as KKR Private Equity Investors, L.P.) on October 1, 2009.
- (2) Where commitments are not U.S. dollar-denominated, such amounts have been converted into U.S. dollars based on the exchange rate prevailing on June 30, 2023.
- (3) The gross IRR, net IRR and gross multiple of invested capital are calculated for our investment funds that made their first investment at least 24 months prior to June 30, 2023. We therefore have not calculated gross IRRs, net IRRs and gross multiples of invested capital with respect to these funds.

- (4) An investment is considered realized when it has been disposed of or has otherwise generated disposition proceeds or current income that has been distributed by the relevant fund.
- (5) IRRs measure the aggregate annual compounded returns generated by a fund's investments over a holding period. Net IRRs are calculated after giving effect to the allocation of realized and unrealized carried interest and the payment of any applicable management fees and organizational expenses. Gross IRRs are calculated before giving effect to the allocation of realized and unrealized carried interest and the payment of any applicable management fees and organizational expenses.

The gross multiples of invested capital measure the aggregate value generated by a fund's investments in absolute terms. Each multiple of invested capital is calculated by adding together the total realized and unrealized values of a fund's investments and dividing by the total amount of capital invested by the fund. Such amounts do not give effect to the allocation of realized and unrealized carried interest or the payment of any applicable management fees or organizational expenses.

KKR's Private Equity and Real Assets funds may utilize third-party financing facilities to provide liquidity to such funds. The above net and gross IRRs are calculated from the time capital contributions are due from fund investors to the time fund investors receive a related distribution from the fund, and the use of such financing facilities generally decreases the amount of time that would otherwise be used to calculate IRRs, which tends to increase IRRs when fair value grows over time and decrease IRRs when fair value decreases over time. KKR's Private Equity and Real Assets funds also generally provide in certain circumstances, which vary depending on the relevant fund documents, for a portion of capital returned to investors to be restored to unused commitments as recycled capital. For KKR's Private Equity and Real Assets funds that have a preferred return, we take into account recycled capital in the calculation of IRRs and multiples of invested capital because the calculation of the preferred return includes the effect of recycled capital. For KKR's Private Equity and Real Assets funds that do not have a preferred return, we do not take recycled capital into account in the calculation of IRRs and multiples of invested capital. The inclusion of recycled capital generally causes invested and realized amounts to be higher and IRRs and multiples of invested capital to be lower than had recycled capital not been included. The inclusion of recycled capital would reduce the composite net IRR of all Included Funds by 0.1% and the composite net IRR of all Legacy Funds by 0.5% and would reduce the composite multiple of invested capital of Included Funds by less than 0.1 and the composite multiple of invested capital of Legacy Funds by 0.4.

For more information, see "Risk Factors—Risks Related to the Assets We Manage—Future results of our funds, our insurance subsidiaries or our balance sheet investments may be different than, and may not achieve the levels of, any of their historical returns" in our Annual Report.

Credit and Liquid Strategies

Through our Credit and Liquid Strategies business line, we report our credit and hedge funds platforms on a combined basis. As of June 30, 2023, our Credit and Liquid Strategies business line had \$226.8 billion of AUM, comprised of \$111.9 billion of assets managed in our leveraged credit strategies, \$78.2 billion of assets managed in our private credit strategy, and \$8.0 billion of assets managed in our SIG strategy, \$26.8 billion of assets managed through our hedge fund platform, and \$1.9 billion of assets managed in other Credit and Liquid Strategies strategies. We manage \$110.7 billion of credit investments for our Global Atlantic insurance companies. Our BDC has approximately \$15.5 billion in assets under management, which is reflected in the AUM of our leveraged credit and private credit strategies above. We report all of the assets under management of our BDC in our AUM, but we report only a pro rata portion of the assets under management of our hedge fund partnerships based on our percentage ownership in them.

Credit

Our credit platform invests capital in a broad range of corporate debt and collateral-backed investments across asset classes and capital structures. Our credit strategies are primarily managed by KKR Credit Advisors (US) LLC, which is an SEC-registered investment adviser, KKR Credit Advisors (Ireland) Unlimited Company, which is regulated by the Central Bank of Ireland ("CBI"), KKR Credit Advisors (EMEA) LLP, which is regulated by the United Kingdom ("UK") Financial Conduct Authority (the "FCA"), and KKR Credit Advisors (Singapore) Pte. Ltd., which is regulated by the Monetary Authority of Singapore and an SEC-registered investment adviser. We also jointly own with a third party FS/KKR Advisor, LLC, an investment adviser registered with the SEC that provides investment advisory services to FS KKR Capital Corp. (NYSE: FSK), a publicly listed BDC. For further information regarding the legal entities involved in the Credit business and the regulatory and legal requirements that apply to these entities and their activities, see "—Regulation" in our Annual Report.

Our credit business pursues a variety of investment strategies in leveraged credit and alternative credit.

Leveraged Credit. Our leveraged credit strategies seek to primarily invest in leveraged loans (including revolving credit facilities), CLOs, high yield bonds, structured credit, stressed securities and illiquid credits. Within leveraged credit, we manage both single-asset class and multi-asset class pools of capital. Our opportunistic credit strategy seeks to deploy capital across investment themes that seek to take advantage of credit market dislocations, spanning asset types and liquidity profiles. Our multi-asset credit strategy seeks to dynamically allocate across asset types in a broadly diversified strategy. Our revolving credit strategy invests in senior secured revolving credit facilities.

Alternative Credit. Our alternative credit strategy consists of our (i) private credit strategies and (ii) investments overseen by our credit platform's strategic investments group ("SIG"):

- **Private Credit.** Our private credit strategies focus on privately or directly originated and negotiated transactions. These strategies include direct lending typically in the senior part of a company's capital structure, junior mezzanine debt, and asset-based finance. Through our direct lending strategy, we seek to make investments in primarily senior debt financings for middle-market companies. Through our junior mezzanine debt strategy, investments typically consist of subordinated debt, which generates a current yield, coupled with marginal equity exposure for additional upside potential. Our asset-based finance strategy focuses on portfolios of financial loans and loans backed by hard assets.
- **Strategic Investments Group.** This strategy seeks to provide strategic capital solutions to high quality, mid-to-large cap companies and assets. The strategy pursues investments in corporate credit as well as asset or real estate-backed credit, where we believe market volatility or other investment themes have created the opportunity to invest opportunistically across the capital structure and through market cycles to generate outsized returns with downside-protected securities. These investments may include stressed or distressed investments (including post-restructuring equity), control-oriented opportunities, rescue financing (debt or equity investments made to address covenant, maturity or liquidity issues), debtor-in-possession or exit financing and other event-driven investments in debt or equity.

The table below presents information as of June 30, 2023, relating to our current credit and other investment vehicles reported in our Credit and Liquid Strategies business line for which we have the ability to earn carried interest. This data does not reflect acquisitions or disposals of investments, changes in investment values, or distributions occurring after June 30, 2023.

	Investment Period		Amount (\$ in millions)									
	Start Date ⁽¹⁾	End Date ⁽²⁾	Commitment ⁽³⁾	Uncalled Commitments	Percentage Committed by General Partner	Invested	Realized	Remaining Cost ⁽⁴⁾	Remaining Fair Value	Gross Accrued Carried Interest		
Credit and Liquid Strategies Business Line												
Dislocation Opportunities Fund	8/2019	11/2021	\$ 2,967	\$ 556	14%	\$ 2,412	\$ 979	\$ 1,824	\$ 1,876	\$ 46		
Special Situations Fund II	2/2015	3/2019	3,525	284	9%	3,241	2,294	1,421	1,323	—		
Special Situations Fund	1/2013	1/2016	2,274	1	12%	2,273	1,782	509	410	—		
Mezzanine Partners	7/2010	3/2015	1,023	33	4%	990	1,165	256	152	(20)		
Asset-Based Finance Partners	10/2020	7/2025	2,059	1,175	7%	884	48	884	939	15		
Private Credit Opportunities Partners II	12/2015	12/2020	2,245	395	2%	1,850	821	1,276	1,237	—		
Lending Partners III	4/2017	11/2021	1,498	607	2%	891	640	741	753	37		
Lending Partners II	6/2014	6/2017	1,336	157	4%	1,179	1,192	189	88	—		
Lending Partners	12/2011	12/2014	460	40	15%	420	458	29	11	—		
Lending Partners Europe II	5/2019	9/2023	837	158	7%	678	108	678	695	4		
Lending Partners Europe	3/2015	3/2019	848	184	5%	662	398	310	231	—		
Asia Credit	1/2021	5/2025	1,084	682	9%	402	5	402	453	7		
Other Alternative Credit Vehicles	Various	Various	15,347	7,892	Various	7,578	5,816	3,824	3,967	10		
Total Credit and Liquid Strategies			\$ 35,503	\$ 12,164		\$ 23,460	\$ 15,706	\$ 12,343	\$ 12,135	\$ 99		

- (1) The start date represents the start of the fund's investment period as defined in the fund's governing documents and may or may not be the same as the date upon which management fees begin to accrue. For further information on management fee calculations, see Note 2 "Summary of Significant Accounting Policies" in our financial statements.
- (2) The end date represents the end of the fund's investment period as defined in the fund's governing documents and is generally not the date upon which management fees cease to be paid. For further information on management fee calculations, see Note 2 "Summary of Significant Accounting Policies" in our financial statements.
- (3) The commitment represents the aggregate capital commitments to the fund, including capital commitments by third-party fund investors and the general partner. Foreign currency commitments have been converted into U.S. dollars based on the foreign exchange rate that prevailed on June 30, 2023.
- (4) The remaining cost represents the initial investment of the general partner and limited partners, reduced for returns of capital.

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The following table presents information regarding larger leveraged credit strategies managed by KKR from inception to June 30, 2023. The information presented below is not intended to be representative of any past or future performance for any particular period other than the period presented below. Past performance is no guarantee of any future result.

Leveraged Credit Strategy	Inception Date	Gross Returns	Net Returns	Benchmark ⁽¹⁾	Benchmark Gross Returns
Bank Loans Plus High Yield	Jul 2008	6.73 %	6.13 %	65% S&P/LSTA Loan Index, 35% BoAML HY Master II Index ⁽²⁾	5.41%
Opportunistic Credit ⁽³⁾	May 2008	10.32 %	8.71 %	50% S&P/LSTA Loan Index, 50% BoAML HY Master II Index ⁽³⁾	5.55%
Bank Loans	Apr 2011	5.26 %	4.69 %	S&P/LSTA Loan Index ⁽⁴⁾	4.21%
High-Yield	Apr 2011	5.65 %	5.07 %	BoAML HY Master II Index ⁽⁵⁾	4.93%
European Leveraged Loans ⁽⁶⁾	Sep 2009	4.42 %	3.90 %	CS Inst West European Leveraged Loan Index ⁽⁷⁾	3.47%
European Credit Opportunities ⁽⁶⁾	Sept 2007	5.76 %	4.72 %	S&P European Leveraged Loans (All Loans) ⁽⁸⁾	3.99%

- (1) The benchmarks referred to herein include the S&P/LSTA Leveraged Loan Index (the "S&P/LSTA Loan Index"), S&P/LSTA U.S. B/BB Ratings Loan Index (the "S&P/LSTA BB-B Loan Index"), the Bank of America Merrill Lynch High Yield Master II Index (the "BoAML HY Master II Index"), the BofA Merrill Lynch BB-B US High Yield Index (the "BoAML HY BB-B Constrained"), the Credit Suisse Institutional Western European Leveraged Loan Index (the "CS Inst West European Leveraged Loan Index"), and S&P European Leveraged Loans (All Loans). The S&P/LSTA Loan Index is a daily tradable index for the U.S. loan market that seeks to mirror the market-weighted performance of the largest institutional loans that meet certain criteria. The BoAML HY Master II Index is an index for high-yield corporate bonds. It is designed to measure the broad high-yield market, including lower-rated securities. The CS Inst West European Leveraged Loan Index contains only institutional loan facilities priced above 90, excluding TL and TLa facilities and loans rated CC, C or are in default. The S&P European Leveraged Loan Index reflects the market-weighted performance of institutional leveraged loan portfolios investing in European credits. While the returns of our leveraged credit strategies reflect the reinvestment of income and dividends, none of the indices presented in the chart above reflect such reinvestment, which has the effect of increasing the reported relative performance of these strategies as compared to the indices. Furthermore, these indices are not subject to management fees, incentive allocations, or expenses.
- (2) Performance is based on a blended composite of Bank Loans Plus High Yield strategy accounts. The benchmark used for purposes of comparison for the Bank Loans Plus High Yield strategy is based on 65% S&P/LSTA Loan Index and 35% BoAML HY Master II Index.
- (3) The Opportunistic Credit strategy invests in high-yield securities and corporate loans with no preset allocation. The benchmark used for purposes of comparison for the Opportunistic Credit strategy presented herein is based on 50% S&P/LSTA Loan Index and 50% BoAML HY Master II Index. Funds within this strategy may utilize third-party financing facilities to enhance investment returns. In cases where financing facilities are used, the amounts drawn on the facility are deducted from the assets of the fund in the calculation of net asset value, which tends to increase returns when net asset value grows over time and decrease returns when net asset value decreases over time.
- (4) Performance is based on a composite of portfolios that primarily invest in leveraged loans. The benchmark used for purposes of comparison for the Bank Loans strategy is based on the S&P/LSTA Loan Index.
- (5) Performance is based on a composite of portfolios that primarily invest in high-yield securities. The benchmark used for purposes of comparison for the High Yield strategy is based on the BoAML HY Master II Index.
- (6) The returns presented are calculated based on local currency.
- (7) Performance is based on a composite of portfolios that primarily invest in higher quality leveraged loans. The benchmark used for purposes of comparison for the European Leveraged Loans strategy is based on the CS Inst West European Leveraged Loan Index.
- (8) Performance is based on a composite of portfolios that primarily invest in European institutional leveraged loans. The benchmark used for purposes of comparison for the European Credit Opportunities strategy is based on the S&P European Leveraged Loans (All Loans) Index.

The following table presents information regarding our alternative credit investment funds where investors have capital commitments from inception to June 30, 2023. The information presented below is not intended to be representative of any past or future performance for any particular period other than the period presented below. Past performance is no guarantee of any future result.

Credit and Liquid Strategies Investment Funds	Investment Period Start Date	Amount		Fair Value of Investments		Total Value	Gross IRR ⁽²⁾	Net IRR ⁽²⁾	Multiple of Invested Capital ⁽³⁾	
		Commitment	Invested ⁽¹⁾	Realized ⁽¹⁾	Unrealized					
(\$ in Millions)										
Dislocation Opportunities Fund	Aug 2019	\$ 2,967	\$ 2,412	\$ 979	\$ 1,876	\$ 2,855	10.7 %	8.3 %	1.2	
Special Situations Fund II	Feb 2015	3,525	3,241	2,294	1,323	3,617	2.8 %	0.8 %	1.1	
Special Situations Fund	Jan 2013	2,274	2,273	1,782	410	2,192	(0.8)%	(2.5)%	1.0	
Mezzanine Partners	July 2010	1,023	990	1,165	152	1,317	9.2 %	6.0 %	1.3	
Asset-Based Finance Partners	Oct 2020	2,059	884	48	939	987	16.7 %	11.7 %	1.1	
Private Credit Opportunities Partners II	Dec 2015	2,245	1,850	821	1,237	2,058	3.4 %	1.7 %	1.1	
Lending Partners III	Apr 2017	1,498	891	640	753	1,393	15.2 %	12.5 %	1.6	
Lending Partners II	Jun 2014	1,336	1,179	1,192	88	1,280	3.0 %	1.5 %	1.1	
Lending Partners	Dec 2011	460	420	458	11	469	3.4 %	1.8 %	1.1	
Lending Partners Europe II	May 2019	837	678	108	695	803	15.2 %	11.4 %	1.2	
Lending Partners Europe	Mar 2015	848	662	398	231	629	(1.4)%	(3.7)%	1.0	
Asia Credit	Jan 2021	1,084	402	5	453	458	19.4 %	13.3 %	1.1	
Other Alternative Credit Vehicles	Various	15,347	7,578	5,816	3,967	9,783	N/A	N/A	N/A	
All Funds		\$ 35,503	\$ 23,460	\$ 15,706	\$ 12,135	\$ 27,841				

(1) Recycled capital is excluded from the amounts invested and realized.

(2) These credit funds utilize third-party financing facilities to provide liquidity to such funds, and in such event IRRs are calculated from the time capital contributions are due from fund investors to the time fund investors receive a related distribution from the fund. The use of such financing facilities generally decreases the amount of invested capital that would otherwise be used to calculate IRRs, which tends to increase IRRs when fair value grows over time and decrease IRRs when fair value decreases over time. IRRs measure the aggregate annual compounded returns generated by a fund's investments over a holding period and are calculated taking into account recycled capital. Net IRRs presented are calculated after giving effect to the allocation of realized and unrealized carried interest and the payment of any applicable management fees and organizational expenses. Gross IRRs are calculated before giving effect to the allocation of carried interest and the payment of any applicable management fees and organizational expenses.

(3) The multiples of invested capital measure the aggregate value generated by a fund's investments in absolute terms. Each multiple of invested capital is calculated by adding together the total realized and unrealized values of a fund's investments and dividing by the total amount of capital invested by the investors. The use of financing facilities generally decreases the amount of invested capital that would otherwise be used to calculate multiples of invested capital, which tends to increase multiples when fair value grows over time and decrease multiples when fair value decreases over time. Such amounts do not give effect to the allocation of any realized and unrealized returns on a fund's investments to the fund's general partner pursuant to a carried interest or the payment of any applicable management fees and are calculated without taking into account recycled capital.

For additional information regarding impact of market conditions on the value and performance of our investments, see "Risk Factors—Risks Related to Our Business—Difficult market and economic conditions can adversely affect our business in many ways, which could adversely impact our net income, cash flow, financial condition and prospects." and "Risk Factors—Risks Related to the Assets We Manage—Future results of our funds, our insurance subsidiaries or our balance sheet investments may be different than, and may not achieve the levels of, any of their historical returns" in our Annual Report.

The table below presents information as of June 30, 2023, based on the investment funds or other vehicles or accounts offered by our Credit and Liquid Strategies business line. Our funds, vehicles and accounts have been sorted based upon their primary investment strategies. However, the AUM and FPAUM presented for each line in the table includes certain investments from non-primary investment strategies, which are permitted by their investment mandates, for purposes of presenting the fees and other terms for such funds, vehicles and accounts.

(\$ in millions)	AUM	FPAUM	Typical Management Fee Rate	Incentive Fee / Carried Interest	Preferred Return	Duration of Capital
Leveraged Credit:						
Leveraged Credit SMAs/Funds ⁽¹⁾	\$ 86,670	\$ 83,527	0.15% - 1.10%	Various ⁽²⁾	Various ⁽²⁾	Subject to redemptions
CLOs	25,677	25,677	0.40% - 0.50%	Various ⁽²⁾	Various ⁽²⁾	10-14 Years ⁽³⁾
Total Leveraged Credit	112,347	109,204				
Alternative Credit: ⁽⁴⁾						
Private Credit ⁽¹⁾	64,098	55,890	0.30% - 1.50% ⁽⁵⁾	10.00 - 20.00%	5.00 - 8.00%	8-15 Years ⁽³⁾
SIG	8,004	2,733	0.50% - 1.75%	10.00 - 20.00%	7.00 - 12.00%	7-15 Years ⁽³⁾
Total Alternative Credit	72,102	58,623				
Hedge Funds ⁽⁶⁾	26,819	26,819	0.50% - 2.00%	Various ⁽²⁾	Various ⁽²⁾	Subject to redemptions
BDC ⁽⁷⁾	15,500	15,500	0.60%	7.00% - 8.00%	7.00%	Indefinite
Total	\$ 226,768	\$ 210,146				

- (1) Includes credit investments we manage for our Global Atlantic insurance companies. This capital is perpetual in nature, not subject to an incentive fee or carried interest, and does not require a preferred return.
- (2) Certain funds and CLOs are subject to a performance fee in which the manager or general partner of the funds share up to 20% of the net profits earned by investors in excess of performance hurdles (generally tied to a benchmark or index) and subject to a provision requiring the funds and vehicles to regain prior losses before any performance fee is earned.
- (3) Duration of capital is measured from inception. Inception dates for CLOs were between 2013 and 2023 and for separately managed accounts and funds investing in alternative credit strategies from 2009 through 2023.
- (4) Our alternative credit funds generally have investment periods of two to five years and our newer alternative credit funds generally earn management fees on invested capital throughout their lifecycle.
- (5) Lower fees on uninvested capital in certain vehicles.
- (6) Hedge Funds represent KKR's pro rata portion of AUM and FPAUM of our hedge fund partnerships.
- (7) Represents FS KKR Capital Corp. We report all of the assets under management of this BDC in our AUM and FPAUM.

Hedge Fund Platform

Our hedge fund platform consists of strategic partnerships with third-party hedge fund managers in which KKR owns a minority stake. Our hedge fund partnerships offer a range of alternative investment strategies, including long/short equity, hedge fund-of-funds and energy credit investments. This principally consists of a 39.6% interest in Marshall Wace LLP (together with its affiliates, "Marshall Wace"), a global alternative investment manager specializing in long/short equity products. We also own (i) a 39.9% interest in PAAMCO Prisma Holdings, LLC ("PAAMCO Prisma"), an investment manager focused on liquid alternative investment solutions, including hedge fund-of-fund portfolios, and (ii) a 24.9% interest in BlackGold Capital Management L.P. ("BlackGold"), a credit-oriented investment manager focused on energy and hard asset investments.

Capital Markets

Our Capital Markets business line is comprised of our global capital markets business, which is integrated with KKR's other asset management business lines, and serves our firm, our portfolio companies and third-party customers by developing and implementing both traditional and non-traditional capital solutions for investments or companies seeking financing. These services include arranging debt and equity financing, placing and underwriting securities offerings, and providing other types of capital markets services that result in the firm receiving fees, including underwriting, placement, transaction and syndication fees, commissions, underwriting discounts, interest payments and other compensation, which may be payable in cash or securities, in respect of the activities described above. The third-party customers of our capital markets business include multi-national corporations, public and private companies, financial sponsors, mutual funds, pension funds, sovereign wealth funds, and hedge funds globally. Our capital markets business provides these third-party clients with differentiated access to capital through our distribution platform.

Our capital markets business underwrites credit facilities and arranges loan syndications and participations. When we are sole or lead arrangers of a credit facility, we may advance amounts to the borrower on behalf of other lenders, subject to repayment. When we underwrite an offering of securities on a firm commitment basis, we commit to buy and sell an issue of securities and generate revenue by purchasing the securities at a discount or for a fee. When we act in an agency capacity or best efforts basis, we generate revenue for arranging financing or placing securities with capital markets investors. We may also provide issuers with capital markets advice on capital structuring, access to markets, marketing considerations, securities pricing, and other aspects of capital markets transactions in exchange for a fee. Our capital markets business also provides syndication services in respect of co-investments in transactions participated in by KKR funds or third-party clients, which may entitle the firm to receive syndication fees, management fees and/or a carried interest.

The capital markets business has a global footprint, with local presence and licenses to carry out certain broker-dealer activities in various countries in North America, Europe, Asia-Pacific and the Middle East. Our flagship capital markets subsidiary is KKR Capital Markets LLC, an SEC-registered broker-dealer and a member of the Financial Industry Regulatory Authority ("FINRA").

Principal Activities

Through our Principal Activities business line, we manage the firm's own assets on our firm's balance sheet and deploy capital to support and grow our Private Equity, Real Assets, and Credit and Liquid Strategies business lines.

Typically, the funds in our Private Equity, Real Assets, and Credit and Liquid Strategies business lines contractually require us, as general partner of the funds, to make sizable capital commitments. We believe making general partner commitments assists us in raising new funds from limited partners by demonstrating our conviction in a given fund's strategy. A substantial portion of our Principal Activities business line has been dedicated to support our core private equity strategy, where we have committed to fund investors to invest a significant amount of our own capital alongside their core private equity investments. Our commitments to fund capital also occurs where we are the holder of the subordinated notes or the equity tranche of investment vehicles that we sponsor, including structured transactions. We also use our balance sheet to bridge investment activity during fundraising, for example by funding investments for new funds and acquiring investments to establish a track record for new investment strategies. We also use our own capital to bridge capital selectively for our funds' investments or finance strategic transactions, although the financial results of an acquired business may be reported in our other business lines.

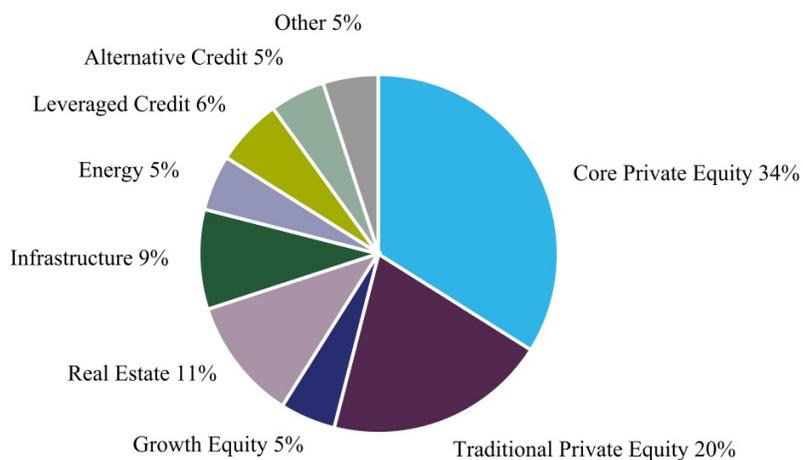
Our Principal Activities business line also provides the required capital to fund the various commitments of our Capital Markets business line when underwriting or syndicating securities, or when providing or arranging term loan commitments for transactions involving our portfolio companies and for third parties. Our Principal Activities business line also holds assets that are utilized to satisfy regulatory requirements for our Capital Markets business line and risk retention requirements for certain investment vehicles.

We also make opportunistic investments through our Principal Activities business line, which include co-investments alongside our Private Equity, Real Assets, and Credit and Liquid Strategies funds as well as Principal Activities investments that do not involve our Private Equity, Real Assets, or Credit and Liquid Strategies funds.

We endeavor to use our balance sheet strategically and opportunistically to generate an attractive risk-adjusted return on equity in a manner that is consistent with our fiduciary duties, in compliance with applicable laws, and consistent with our one-firm approach.

The chart below presents the holdings of our Principal Activities business line by asset class as of June 30, 2023.

Holdings by Asset Class ⁽¹⁾



(1) General partner funded commitments to our funds are included in the various asset classes shown above. Assets and revenues of other asset managers with which KKR has formed strategic partnerships where KKR does not hold more than 50% ownership interest are not included in our Principal Activities business line but are reported in the financial results of our other business lines.

Core Private Equity

As of June 30, 2023, core private equity investments account for over 30% of the investments on our balance sheet. Core private equity consists of investments anticipated to be held for a longer holding period and which possess a lower anticipated risk profile than our traditional private equity investments. Our core private equity investments are made in companies that, among other things, we believe are more stable, and typically with lower leverage over our holding period than those companies in which our traditional private equity investments are made. We believe our core private equity investments should generate earnings that compound over a long period of time. As of June 30, 2023, the fair value of our core private equity investments on the balance sheet was \$6.2 billion, resulting in an inception to date gross IRR of 20%. "Investments" as referenced above is a term used solely for purposes of financial presentation of a portion of our balance sheet and includes majority ownership of subsidiaries that operate our asset management, broker-dealer and other businesses, including the general partner interests of our investment funds.

Insurance

Our insurance business is operated by Global Atlantic, which we acquired on February 1, 2021. As of June 30, 2023, KKR owns a 63.3% economic interest in Global Atlantic with the balance of Global Atlantic owned by third-party investors and Global Atlantic employees. Following the Global Atlantic acquisition, Global Atlantic continues to operate as a separate business with its existing brands and management team. Since the first quarter of 2021, we have presented Global Atlantic's financial results as a separate reportable segment.

Global Atlantic is a leading retirement and life insurance company that provides a broad suite of protection, legacy and savings products to customers and reinsurance solutions to clients across individual and institutional markets. Global Atlantic focuses on target markets that it believes support issuing products that have attractive risk and return characteristics. These markets allow Global Atlantic to leverage its strength in distribution and to deploy shareholder capital opportunistically across various market environments.

Global Atlantic primarily offers individual customers fixed-rate annuities, fixed-indexed annuities, and targeted life products through a network of banks, broker-dealers, and insurance agencies. Global Atlantic provides its institutional clients customized reinsurance solutions, including block, flow and pension risk transfer ("PRT") reinsurance, as well as funding agreements. Global Atlantic's assets generally increase when individual markets sales and reinsurance transactions exceed run-off of in-force policies. Global Atlantic primarily generates income by earning a spread on assets under management, as the difference between its net investment income and the cost of policyholder benefits. Global Atlantic also earns fees paid by policyholders on certain types of contracts and fees paid by third-party investors, which are reported in the asset management segment. As of June 30, 2023, Global Atlantic served approximately three million policyholders.

Global Atlantic inflows are derived from new business production in its individual and institutional markets channels. Global Atlantic expects new business production from its individual markets channel and certain institutional markets products to be largely consistent quarter over quarter while exhibiting growth over time, subject to market and business risks. In contrast, Global Atlantic expects block reinsurance transactions generated in the institutional markets channel to be episodic rather than steady quarter over quarter. Similarly, funding agreements issued in the funding agreement backed note ("FABN") program are subject to capital markets conditions and are not expected to be consistent quarter over quarter.

Global Atlantic also sponsors co-investment vehicles (the "Ivy Vehicles") to participate alongside Global Atlantic in certain block, flow, PRT and other reinsurance transactions that Global Atlantic enters into during the vehicles' respective investment period. Ivy Vehicles provide third-party capital to support reinsurance transactions and do not get consolidated into our financial statements. As of June 30, 2023, third parties have committed capital to the Ivy Vehicles of approximately \$3.3 billion, of which \$1.3 billion has been deployed.

The following table represents Global Atlantic's new business volumes by business and product for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<i>(\$ in millions)</i>				
Individual market channel:				
Fixed-rate annuities	\$ 468	\$ 1,481	\$ 2,614	\$ 2,520
Fixed-indexed annuities	727	1,117	1,792	2,021
Variable annuities	7	11	11	22
Total retirement products⁽¹⁾	\$ 1,202	\$ 2,609	\$ 4,417	\$ 4,563
Life insurance products	\$ 3	\$ 12	\$ 7	\$ 19
Preneed life	80	73	155	138
Institutional market channel:				
Block	—	5	79	2,782
Flow & pension risk transfer	2,438	2,143	4,868	3,842
Funding agreements ⁽²⁾	—	900	—	2,000
Total institutional market channel⁽³⁾	\$ 2,438	\$ 3,048	\$ 4,947	\$ 8,624

(1) New business volumes in individual markets are referred to as sales. In Global Atlantic's individual market channel, sales of annuities include all money paid into new and existing contracts. Individual market channel sales of life insurance products are based on commissionable premium and individual market channel sales for preneed life are based on the face amount of insurance. Life insurance product sales do not include the recurring premiums that policyholders may pay over time.

(2) Funding agreements new business volumes represents funding agreements issued in connection with the FABN program only.

(3) New business volumes from Global Atlantic's institutional market channel are based on the assets assumed, net of any ceding commission, and is gross of any retrocessions to investment vehicles that participate in qualifying reinsurance transactions sourced by Global Atlantic and to other third party reinsurers.

Significant Reinsurance Transaction

On May 25, 2023, Global Atlantic signed a transaction agreement committing to reinsure \$19.2 billion of legacy annuity and life policies (including \$5.0 billion of separate account liabilities). The transaction is expected to close during the latter half of 2023, subject to the satisfaction or waiver of customary closing conditions, including the receipt of required regulatory approvals.

The table below represents a breakdown of Global Atlantic's policy liabilities by business and product type as of June 30, 2023, separated by reserves originated through its individual and institutional markets.

Reserves as of June 30, 2023						
	Individual market	Institutional market ⁽⁴⁾	Total	Ceded	Total, net	Percentage of total
<i>(\$ in thousands, except percentages, if applicable)</i>						
Fixed-rate annuity ⁽¹⁾	\$ 22,868,959	\$ 26,528,736	\$ 49,397,695	\$ (6,799,573)	\$ 42,598,122	33.9 %
Fixed-indexed annuity ⁽¹⁾	23,954,562	9,745,183	33,699,745	(3,132,554)	30,567,191	23.1 %
Payout annuities ⁽¹⁾	477,209	17,108,698	17,585,907	(8,532,569)	9,053,338	12.1 %
Variable annuities	2,518,401	6,206,866	8,725,267	(2,592,822)	6,132,445	6.0 %
Interest sensitive life ⁽¹⁾	13,807,157	9,970,551	23,777,708	(3,629,724)	20,147,984	16.3 %
Other life insurance ⁽²⁾	3,486,496	261,690	3,748,186	(208,899)	3,539,287	2.7 %
Funding agreements ⁽³⁾	2,145,853	5,459,017	7,604,870	—	7,604,870	5.2 %
Closed block and other corporate products	—	1,072,274	1,072,274	(1,022,451)	49,823	0.7 %
Total reserves	\$ 69,258,637	\$ 76,353,015	\$ 145,611,652	\$ (25,918,592)	\$ 119,693,060	100.0 %
Total general account	\$ 66,988,153	\$ 74,441,062	\$ 141,429,215	\$ (25,918,592)	\$ 115,510,623	97.1 %
Total separate account	2,270,484	1,911,953	4,182,437	—	4,182,437	2.9 %
Total reserves	\$ 69,258,637	\$ 76,353,015	\$ 145,611,652	\$ (25,918,592)	\$ 119,693,060	100.0 %

(1) As of June 30, 2023, 75% of the account value in Global Atlantic's general account associated with its fixed-rate and fixed-annuity products, and 43% of account value in its general account associated with universal life products was protected by surrender charges.

(2) "Other life insurance" includes universal life, preneed, term and whole life insurance products.

(3) "Funding agreements" includes funding agreements associated with FHLB advances and under Global Atlantic's FABN program.

(4) Institutional market reserves are sourced using customized reinsurance solutions such as block, flow and PRT. As of June 30, 2023, reserves sourced through for block, flow and PRT transactions were \$46.8 billion, \$15.8 billion, and \$5.4 billion, respectively.

Business Environment

Economic and Market Conditions

Our asset management and insurance businesses are materially affected by the economic conditions of, and financial markets in, the United States, the European Union, China, Japan, and other countries. Global and regional economic conditions can each have substantial impact on our business, financial condition and results of operations in various ways, including the valuations of our investments, our ability to exit these investments profitably, our ability to raise capital from investors, and our ability to make new investments.

Economic Conditions

During the second quarter of 2023, many countries and regions, including the United States, began to experience a partial global economic recovery. In the second quarter of 2023, strong economic activity continued to be adversely impacted by the effects of monetary and fiscal policy tightening as years of fiscal stimulus from governments and accommodative monetary policy from global central banks began to wane and central banks took measures to combat inflationary pressures in many major economies around the world. Although certain inflation indicators continued to show signs of slowing, inflation (particularly core and services-related inflation) has continued to present headwinds for many countries and regional economies in which we operate. The U.S. Federal Reserve Board remains focused on managing inflation and has continued to raise interest rates in the second quarter of 2023. While the European Central Bank decelerated its pace of interest rate hikes, it has indicated that it will also remain focused on managing inflation. As a result of these and other actions by central banks, the combination of high rates and more muted, but persistently high, inflation continued to put pressure on corporate profits and consumer balance sheets with inflation generally remaining elevated in absolute terms.

Higher interest rates in conjunction with slower growth or weaker currencies in some emerging market economies have caused, and may further cause, the default risk of these countries to increase, and this could impact the operations or value of our investments that operate in these regions. Areas that have central bank quantitative easing or tightening campaigns affecting their interest rates relative to the United States could potentially experience further currency volatility relative to the U.S. dollar. Relatedly, foreign exchange rates are often affected by countries' monetary and fiscal responses to inflationary trends. Foreign exchange rates have a substantial impact on the valuations of our investments that are denominated in currencies other than the U.S. dollar. Currency volatility can also affect our businesses and investments that deal in cross-border trade.

Labor disputes, shortages of material and skilled labor, work stoppages and increasing labor costs can also adversely impact us and the assets we manage. Despite various economic headwinds, several key economic indicators in the U.S., including GDP growth, have demonstrated resilience in the second quarter of 2023. In the second quarter of 2023, the prospects of artificial intelligence (AI) began to be reflected in market prices and valuations of companies operating in its related industries. At the same time, however, significant labor shortages continued to be a headwind to economic growth. During the second quarter of 2023, growth in economic activity and demand for goods and services contributed to inflationary pressures. In addition, shifting geopolitics in countries such as China, Russia, Belarus and the Ukraine (including less efficient supply chains) remain a concern. The ongoing Russia-Ukraine conflict, including the sanctions imposed in response to Russia's invasion of Ukraine and protectionist policies that persisted throughout 2022, have exacerbated and may further exacerbate these issues and trends globally, including by continuing to increase oil and gas prices and price volatility. Globally, energy and food inflation relating to disruptions to energy and commodity markets that persisted throughout much of 2022 and part of the first quarter of 2023 largely reversed course in the second quarter of 2023 with a faster than expected flow-through of lower oil, gas and commodity prices more generally into consumer energy and commodity prices. In the U.S., housing demand largely continues to outstrip housing supply. Conversely, the property sector in China remained a drag on its economy as a result of several factors, including a housing oversupply. U.S. office real estate continued to experience significant headwinds as a result of more challenging fundamentals. These and related concerns identified above and below continue to contribute to market volatility.

Economic conditions continued to vary, and often diverge, by country in Asia. In Japan, concerns of labor shortages, rising inflation, tightening monetary policy, significant volatility in currency markets and a return of international tourism were points of focus in the second quarter of 2023. In China, inflation growth was more muted, export growth was strong and international travel was more limited. Conversely to the continued monetary tightening that occurred in the U.S., Europe and Japan, monetary easing in China partially offset these other central bank actions in terms of global economic growth. China continued to experience a consumption-led, but bifurcated, recovery. While Chinese consumption continued to recover, the downbeat market tone in housing, together with lower energy prices and the sluggish labor market, continued to weigh on the entire Chinese economy.

Several relevant key economic indicators in the U.S. and in other countries and areas in which our business operates include:

- **Inflation.** The U.S. core consumer price index rose 4.8% on a year-over-year basis as of June 30, 2023, down from 5.6% on a year-over-year basis as of March 31, 2023. Euro Area core inflation was 5.5% as of June 30, 2023, down from 5.7% as of March 31, 2023. Core inflation in China was 0.4% on a year-over-year basis as of June 30, 2023, down from 0.7% as of March 31, 2023. In Japan, core inflation rose to 2.6% on a year-over-year basis as of June 30, 2023, up from 2.3% on a year-over-year basis as of March 31, 2023.
- **Interest Rates.** The effective federal funds rate set by the Federal Reserve Board was 5.08% as of June 30, 2023, up from 4.83% as of March 31, 2023. The Federal Reserve raised interest rates by 25 basis points in May and left interest rates unchanged in June. The short-term benchmark interest rate set by the European Central Bank was 4.0% as of June 30, 2023, up from 3.5% as of March 31, 2023. The short-term benchmark interest rate set by The People's Bank of China (PBOC) was 3.55% as of June 30, 2023, down from 3.65% as of March 31, 2023. The short-term benchmark interest rate set by the Bank of Japan was -0.1% as of June 30, 2023, unchanged from March 31, 2023.
- **GDP.** In the United States, real GDP is estimated to have expanded by 1.3% for the quarter ended June 30, 2023, compared to an expansion of 2.0% for the quarter ended March 31, 2023. Euro Area real GDP is estimated to have increased by 0.1% for the quarter ended June 30, 2023, up from -0.1% for the quarter ended March 31, 2023. Real GDP in China is estimated to have increased by 0.8% for the quarter ended June 30, 2023, compared to growth of 2.2% reported for the quarter ended March 31, 2023. In Japan, real GDP is estimated to have increased by 0.7% for the quarter ended June 30, 2023, down from 2.7% for the quarter ended March 31, 2023.
- **Unemployment.** The U.S. unemployment rate was 3.6% as of June 30, 2023, up from 3.5% as of March 31, 2023. Euro Area unemployment was 6.5% as of June 30, 2023, down from 6.6% as of March 31, 2023. The unemployment rate in China was 5.5% as of June 30, 2023, unchanged as of March 31, 2023. In addition, the unemployment rate in Japan was 2.6% as of June 30, 2023, down from 2.8% as of March 31, 2023.

Market Conditions

Equity, credit, commodity and foreign exchange markets in the United States and in other countries and areas in which we have made investments each may have a material effect on our financial condition and results of operations.

In our asset management segment, many of our investments are in equities, so a change in global equity prices or in market volatility directly impacts the value of our investments and our profitability as well as our ability to realize investment gains and the receptiveness of fund investors to our investment products. Volatility across global equity and credit markets, alongside shifting liquidity conditions in new issue activity across equity and non-investment grade credit markets, have adversely impacted (and may continue to adversely impact) our financial results and the volume of capital markets activity, the level of transaction fees that our Capital Markets business line is able to earn, the valuation of our portfolio companies, sale activity and investment proceeds we realize, and our ability or our decision to deploy our and our funds' capital. For our investments that are publicly listed and thus have readily observable market prices, global equity market price declines had (and may continue to have) a direct adverse impact on our investment valuations and the timing of our realization opportunities. For many other of our investments, these markets had an indirect materially adverse impact on many of our investment valuations as we typically utilize market multiples as a critical input to ascertain fair value of our investments that do not have readily observable market prices.

In addition, many of our investments are in both non-investment grade and investment grade credit instruments. Many of our funds invest or have the flexibility to invest a significant portion of their assets in the equity, debt, loans or other securities of issuers that are based outside of the United States. A substantial amount of these investments consist of private equity investments made by our private equity funds. For example, as of June 30, 2023, approximately 50% of the capital invested in those funds was attributable to non-U.S. investments. In our insurance business, a change in equity prices also impacts Global Atlantic's equity-sensitive annuity and life insurance products, including with respect to hedging costs related to and fee-income earned on those products. Our funds, our portfolio companies and Global Atlantic also rely on credit financing and the ability to refinance existing debt. Consequently, any decrease in the value of credit instruments that we have invested in or any increase in the cost of credit financing reduces our returns and decreases our net income. Tightening liquidity conditions in equity and credit capital markets affect the availability and cost of capital for us and our portfolio companies, and the increased cost of credit or degradation in debt financing terms may adversely impact our ability to identify, execute and exit investments on attractive terms. In addition, during periods of high interest rates, investors may favor certain investments like government debt, which they may view as producing a higher risk-adjusted return over investments in our funds, particularly if the spread

between these other investments and investments in our funds declines, which may adversely affect our ability to raise capital for new funds.

In our insurance segment, periods of rising or higher interest rates as we are currently experiencing may result in differing impacts on Global Atlantic's business. Periods of rising or higher interest rates can benefit Global Atlantic's results of operations and financial condition because we generally expect the yield on new investment purchases and income from any floating rate investments held in Global Atlantic's investment portfolio to increase as interest rates rise. Higher interest rates also generally tend to increase the demand for certain of Global Atlantic's products because the benefits and solutions Global Atlantic can offer to clients may become more attractive, potentially resulting in higher new business volumes. Rising rates are also expected to result in decreases to certain policy liability reserves as a result of new accounting guidance which Global Atlantic adopted effective January 1, 2023 (with a transition date of January 1, 2021) for insurance companies that issue or reinsure long-duration contracts such as life insurance and annuities. For a further discussion of this guidance, see Note 2 "Summary of Significant Accounting Policies—Adoption of new accounting pronouncements" in our financial statements.

Higher interest rates can also have a negative impact on Global Atlantic. For example, higher policyholder surrenders may occur in response to rising interest rates as more attractive products become available to policyholders in a higher rate environment. The majority of our investments at Global Atlantic are in investment grade credit instruments. Sales of those investments at a loss, for example to raise cash to meet policyholder obligations upon surrender earlier than expected maturity or as Global Atlantic rotates out of investments acquired with new reinsurance transactions to our desired asset mix during a period of rising or higher rates compared to when the investment was acquired, is expected to decrease our net income in that period and such decrease could be significant. Global Atlantic also expects that in a higher rate environment, Global Atlantic will generally have a higher cost of insurance on new business, including higher hedging costs, as the benefits to policyholders on new business will be generally higher. If Global Atlantic fails to adequately cash flow match liabilities sold with higher benefits and interest rates fall while Global Atlantic holds that liability, Global Atlantic may not generate its expected earnings on those liabilities. In addition, rising interest rates will decrease the fair value of Global Atlantic's credit investments and the value of embedded derivatives associated with funds withheld reinsurance transactions. Global Atlantic expects that substantially all of its unrealized losses will not be realized as it intends to hold these investments until recovery of the losses, which may be at maturity, as part of its asset liability cash-flow matching strategy. However, if the market or industry- or company-specific factors relating to these investments deteriorate meaningfully, Global Atlantic may be required to recognize an impairment to goodwill and may realize losses as a result of credit defaults or impairments on investments, either of which could have a material adverse effect on our results of operations and financial condition.

In addition, commodity prices are generally expected to rise in inflationary environments. Our Real Assets business line portfolio contains energy real asset investments, and certain of our other Private Equity, Real Assets and Credit and Liquid Strategies business line strategies have investments in or related to the energy sector. The value of these investments is heavily influenced by the price of natural gas and oil. Changes in foreign exchange rates, unless hedged, can materially impact various aspects of our business and financial results, including, but not limited to, the valuations of our non-U.S. investments, the success of fundraising from non-U.S. investors, and the attractiveness of investment opportunities in countries outside of the United States.

Several relevant key market indicators in the U.S. and in other countries and areas which constitute our business environment include:

- **Equity Markets.** For the quarter ended June 30, 2023, global equity markets were positive, with the S&P 500 up 8.7% and the MSCI World Index up 7.0% on a total return basis including dividends. Equity market volatility as evidenced by the Chicago Board Options Exchange Market Volatility Index (VIX), a measure of volatility, ended at 13.6 as of June 30, 2023, decreasing from 18.7 as of March 31, 2023.
- **Credit Markets.** During the quarter ended June 30, 2023, U.S. investment grade corporate bond spreads (BofA Merrill Lynch US Corporate Index) narrowed by 15 basis points and U.S. high-yield corporate bond spreads (BofAML HY Master II Index) narrowed by 53 basis points. The non-investment grade credit indices were up during the quarter ended June 30, 2023, with the S&P/LSTA Leveraged Loan Index up 3.1% and the BAML US High Yield Index up 1.6%. During the quarter ended June 30, 2023, 10-year government bond yields rose 37 basis points in the United States, rose 90 basis points in the UK, rose 10 basis points in Germany, fell 22 basis points in China, and rose 5 basis points in Japan.
- **Commodity Markets.** During the quarter ended June 30, 2023, the 3-year forward price of WTI crude oil decreased approximately 2.7%, and the 3-year forward price of natural gas decreased from approximately \$4.42 per MMBtu as of March 31, 2023 to \$3.56 per MMBtu as of June 30, 2023. The Japan spot LNG import price decreased to approximately \$9.15 per MMBtu as of June 30, 2023 from approximately \$18.59 per MMBtu as of March 31, 2023.

- **Foreign Exchange Rates.** For the quarter ended June 30, 2023, the euro rose 0.6%, the British pound rose 3.0%, the Japanese yen fell 7.9%, and the Chinese renminbi fell 5.2%, respectively, relative to the U.S. dollar.

Other Trends, Uncertainties and Risks Related to Our Business

Please refer to the "Risk Factors" section of our Annual Report for important additional detail regarding the known trends or uncertainties and competitive conditions that have had or that are reasonably likely to have a material favorable or unfavorable impact on our businesses, including the impact of economic and market conditions on valuations of investments. These known trends, uncertainties and competitive conditions should be read in conjunction with this Business Environment section and the entire Risk Factor section.

Basis of Accounting and Key Financial Measures under GAAP

We manage our business using certain financial measures and key operating metrics since we believe these metrics measure the productivity of our operating activities. We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"). See Note 2 "Summary of Significant Accounting Policies" in our financial statements and "Critical Accounting Policies and Estimates" contained in this section below. Our key Segment and non-GAAP financial measures and operating metrics are discussed below.

Adoption of New Accounting Standard

Effective January 1, 2023, we adopted new accounting guidance for insurance and reinsurance companies that issue long-duration contracts ("LDTI") as of February 1, 2021, the date of the GA Acquisition, on a full retrospective basis. For a more detailed discussion of the adoption of the LDTI, see Note 2 "Summary of Significant Accounting Policies" in our financial statements included in this report.

Key Segment and Non-GAAP Performance Measures

The following key segment and non-GAAP performance measures are used by management in making operational and resource deployment decisions as well as assessing the performance of KKR's business. They include certain financial measures that are calculated and presented using methodologies other than in accordance with GAAP. These performance measures as described below are presented prior to giving effect to the allocation of income (loss) between KKR & Co. Inc. and holders of exchangeable securities and as such represent the entire KKR business in total. In addition, these performance measures are presented without giving effect to the consolidation of certain investment funds and collateralized financing entities ("CFEs") that KKR manages.

We believe that providing these segment and non-GAAP performance measures on a supplemental basis to our GAAP results is helpful to stockholders in assessing the overall performance of KKR's business. These non-GAAP measures should not be considered as a substitute for financial measures calculated in accordance with GAAP. Reconciliations of these non-GAAP measures to the most directly comparable financial measures calculated and presented in accordance with GAAP, where applicable are included under "—Analysis of Non-GAAP Performance Measures—Reconciliations to GAAP Measures."

Modification of Segment Information and Non-GAAP Measures

In connection with the adoption of LDTI (see Note 2 in our financial statements), KKR reevaluated the manner in which it makes operational and resource deployment decisions and assesses the overall performance of KKR's business. Effective with the three months ended March 31, 2023, the items detailed below have changed with respect to the preparation of the reports used by KKR's chief operating decision makers. As a result, KKR has modified the presentation of its segment financial information with retrospective application to all prior periods presented. The most significant changes between KKR's current segment presentation and our previous segment presentation are as follows:

- (1) implementation of the accounting changes as a result of LDTI within KKR's Insurance Segment. KKR excludes (i) changes in the fair value of market risk benefits and other policy liabilities and the associated derivatives, (ii) fees attributed to guaranteed benefits, and (iii) losses at contract issue on payout annuities from the Insurance Segment Operating Earnings. These items are excluded from Insurance Segment Operating Earnings and we believe these items do not reflect the underlying performance of this business;
- (2) Global Atlantic book value includes the impact of LDTI except for the impacts recorded in other comprehensive income, which are excluded from book value; and

(3) reporting on a pre-tax basis Insurance Segment Operating Earnings (which was previously reported on an after-tax basis).

We believe these adjustments and changes reflect how management evaluates the Insurance business. We believe this approach enhances the transparency and visibility of the drivers of Global Atlantic's underlying operating performance.

Fee Related Earnings, Asset Management Segment Operating Earnings, and Total Asset Management Segment Revenues are not impacted by LDTI or the adjustments and changes noted above. Therefore, these Non-GAAP measures have not been recast for the historical periods.

As discussed in Note 2 "Summary of Significant Accounting Policies" in our financial statements, our historical consolidated GAAP financial results have been recast to reflect the adoption of LDTI on a full retrospective basis. Certain of our historical Non-GAAP measures have been recast to reflect the adoption of LDTI along with the adjustments and changes noted above.

After-tax Distributable Earnings

After-tax distributable earnings is a non-GAAP performance measure of KKR's earnings, which is derived from KKR's reported segment results. After-tax distributable earnings is used to assess the performance of KKR's business operations and measures the earnings potentially available for distribution to its equity holders or reinvestment into its business. After-tax distributable earnings is equal to Distributable Operating Earnings less Interest Expense, Net Income Attributable to Noncontrolling Interests and Income Taxes on Operating Earnings. Series C Mandatory Convertible Preferred Stock dividends have been excluded from After-tax Distributable Earnings, because the definition of Adjusted Shares used to calculate After-tax Distributable Earnings per Adjusted Share assumes that all shares of Series C Mandatory Convertible Preferred Stock have been converted to shares of common stock of KKR & Co. Inc. Income Taxes on Operating Earnings represents the (i) amount of income taxes that would be paid assuming that all pre-tax Asset Management distributable earnings were allocated to KKR & Co. Inc. and taxed at the same effective rate, which assumes that all securities exchangeable into shares of common stock of KKR & Co. Inc. were exchanged and (ii) the amount of income taxes on Insurance Segment Operating Earnings. Income taxes on Insurance Segment Operating Earnings represent the total current and deferred tax expense or benefit on income before taxes adjusted to eliminate the impact of the tax expense or benefit associated with the non-operating adjustments. Income Taxes on Operating Earnings includes the benefit of tax deductions arising from equity-based compensation, which reduces operating income taxes during the period. Equity based compensation expense is excluded from After-tax Distributable Earnings, because (i) KKR believes that the cost of equity awards granted to employees does not contribute to the earnings potentially available for distributions to its equity holders or reinvestment into its business and (ii) excluding this expense makes KKR's reporting metric more comparable to the corresponding metric presented by other publicly traded companies in KKR's industry, which KKR believes enhances an investor's ability to compare KKR's performance to these other companies. If tax deductions from equity-based compensation were to be excluded from Income Taxes on Operating Earnings, KKR's After-tax Distributable Earnings would be lower and KKR's effective tax rate would appear to be higher, even though a lower amount of income taxes would have actually been paid or payable during the period. KKR separately discloses the amount of tax deduction from equity-based compensation for the period reported and the effect of its inclusion in After-tax Distributable Earnings for the period. KKR makes these adjustments when calculating After-tax Distributable Earnings in order to more accurately reflect the net realized earnings that are expected to be or become available for distribution to KKR's equity holders or reinvestment into KKR's business. However, After-tax Distributable Earnings does not represent and is not used to calculate actual dividends under KKR's dividend policy, which is a fixed amount per period, and After-tax Distributable Earnings should not be viewed as a measure of KKR's liquidity.

Book Value

Book Value is a non-GAAP performance measure of the net assets of KKR and is used by management primarily in assessing the unrealized value of KKR's net assets presented on a basis that (i) excludes the net assets that are allocated to investors in KKR's investment funds and other noncontrolling interest holders, (ii) includes the net assets that are attributable to certain securities exchangeable into shares of common stock of KKR & Co. Inc., and (iii) includes KKR's ownership of the net assets of Global Atlantic. We believe this measure is useful to stockholders as it provides additional insight into the net assets of KKR excluding those net assets that are allocated to investors in KKR's investment funds and other noncontrolling interest holders. KKR's book value includes the net impact of KKR's tax assets and liabilities as calculated under GAAP. Series C Mandatory Convertible Preferred Stock has been included in book value, because the definition of adjusted shares used to calculate book value per adjusted share assumes that all shares of Series C Mandatory Convertible Preferred Stock have been converted to shares of common stock of KKR & Co. Inc. To calculate Global Atlantic book value and to make it more comparable with the corresponding metric presented by other publicly traded companies in Global Atlantic's industry, Global Atlantic book value excludes (i) accumulated other comprehensive income and (ii) accumulated change in fair value of reinsurance balances and related assets, net of income tax.

Distributable Operating Earnings

Distributable operating earnings is a non-GAAP performance measure that KKR believes is useful to stockholders as it provides a supplemental measure of our operating performance without taking into account items that KKR does not believe arise from or relate directly to KKR's operations. Distributable Operating Earnings excludes: (i) equity-based compensation charges, (ii) amortization of acquired intangibles, (iii) strategic corporate related charges and (iv) non-recurring items, if any. Strategic corporate related charges arise from corporate actions and consist primarily of (i) impairments, (ii) transaction costs from strategic acquisitions, and (iii) depreciation on real estate that KKR owns and occupies. Inter-segment transactions are not eliminated from segment results when management considers those transactions in assessing the results of the respective segments. These transactions include (i) management fees earned by KKR as the investment adviser for Global Atlantic insurance companies and (ii) interest income and expense based on lending arrangements where one or more KKR subsidiaries borrow from a Global Atlantic insurance subsidiary. Inter-segment transactions are recorded by each segment based on the definitive documents that contain arms' length terms and comply with applicable regulatory requirements. Distributable Operating Earnings represents operating earnings of KKR's Asset Management and Insurance segments.

- Asset Management Segment Operating Earnings is the segment profitability measure used to make operating decisions and to assess the performance of the Asset Management segment and is comprised of: (i) Fee Related Earnings, (ii) Realized Performance Income, (iii) Realized Performance Income Compensation, (iv) Realized Investment Income, and (v) Realized Investment Income Compensation. Asset Management Segment Operating Earnings excludes the impact of: (i) unrealized gains (losses) on investments, (ii) unrealized carried interest, and (iii) related unrealized carried interest compensation (i.e. the carry pool). Management fees earned by KKR as the adviser, manager or sponsor for its investment funds, vehicles and accounts, including its Global Atlantic insurance companies, are included in Asset Management Segment Operating Earnings.
- Insurance Segment Operating Earnings is the segment profitability measure used to make operating decisions and to assess the performance of the Insurance segment. This measure is presented before income taxes and is comprised of: (i) Net Investment Income, (ii) Net Cost of Insurance, (iii) General, Administrative, and Other Expenses, and (iv) Net Income Attributable to Noncontrolling Interests. The non-operating adjustments made to derive Insurance Segment Operating Earnings excludes the impact of: (i) investment gains (losses) which include realized gains (losses) related to asset/liability matching investments strategies and unrealized investment gains (losses) and (ii) non-operating changes in policy liabilities and derivatives which includes (a) changes in the fair value of market risk benefits and other policy liabilities measured at fair value and related benefit payments, (b) fees attributed to guaranteed benefits, (c) derivatives used to manage the risks associated with policy liabilities, and (d) losses at contract issuance on payout annuities. Insurance Segment Operating Earnings includes (i) realized gains and losses not related to asset/liability matching investments strategies and (ii) the investment management costs that are earned by KKR as the investment adviser of the Global Atlantic insurance companies.

Fee Related Earnings

Fee related earnings is a performance measure used to assess the Asset Management segment's generation of profits from revenues that are measured and received on a recurring basis and are not dependent on future realization events. KKR believes this measure is useful to stockholders as it provides additional insight into the profitability of KKR's fee generating asset management and capital markets businesses and other recurring revenue streams. FRE equals (i) Management Fees, including fees paid by the Insurance segment to the Asset Management segment and fees paid by certain insurance co-investment vehicles, (ii) Transaction and Monitoring Fees, Net and (iii) Fee Related Performance Revenues, less (x) Fee Related Compensation, and (y) Other Operating Expenses.

- Fee Related Performance Revenues refers to the realized portion of Incentive Fees from certain AUM that has an indefinite term and for which there is no immediate requirement to return invested capital to investors upon the realization of investments. Fee related performance revenues consists of performance fees (i) to be received from our investment funds, vehicles and accounts on a recurring basis, and (ii) that are not dependent on a realization event involving investments held by the investment fund, vehicle or account.
- Fee Related Compensation refers to the compensation expense, excluding equity-based compensation, paid from (i) Management Fees, (ii) Transaction and Monitoring Fees, Net, and (iii) Fee Related Performance Revenues.
- Other Operating Expenses represents the sum of (i) occupancy and related charges and (ii) other operating expenses.

Total Asset Management Segment Revenues

Total Asset Management Segment Revenues is a performance measure that represents the realized revenues of the Asset Management segment (which excludes unrealized carried interest and unrealized net gains (losses) on investments) and is the sum of (i) Management Fees, (ii) Transaction and Monitoring Fees, Net, (iii) Fee Related Performance Revenues, (iv) Realized Performance Income, and (v) Realized Investment Income. KKR believes that this performance measure is useful to stockholders as it provides additional insight into the realized revenues generated by KKR's asset management segment.

Other Terms and Capital Metrics

Adjusted Shares

Adjusted shares represents shares of common stock of KKR & Co. Inc. outstanding under GAAP adjusted to include (i) the number of shares of common stock of KKR & Co. Inc. assumed to be issuable upon conversion of the Series C Mandatory Convertible Preferred Stock and (ii) certain securities exchangeable into shares of common stock of KKR & Co. Inc. Weighted average adjusted shares is used in the calculation of After-tax Distributable Earnings per Adjusted Share, and Adjusted Shares is used in the calculation of Book Value per Adjusted Share.

Assets Under Management

Assets under management represent the assets managed, advised or sponsored by KKR from which KKR is entitled to receive management fees or performance income (currently or upon a future event), general partner capital, and assets managed, advised or sponsored by our strategic BDC partnership and the hedge fund and other managers in which KKR holds an ownership interest. We believe this measure is useful to stockholders as it provides additional insight into the capital raising activities of KKR and its hedge fund and other managers and the overall activity in their investment funds and other managed or sponsored capital. KKR calculates the amount of AUM as of any date as the sum of: (i) the fair value of the investments of KKR's investment funds and certain co-investment vehicles; (ii) uncalled capital commitments from these funds, including uncalled capital commitments from which KKR is currently not earning management fees or performance income; (iii) the asset value of the Global Atlantic insurance companies; (iv) the par value of outstanding CLOs; (v) KKR's pro rata portion of the AUM of hedge fund and other managers in which KKR holds an ownership interest; (vi) all of the AUM of KKR's strategic BDC partnership; (vii) the acquisition cost of invested assets of certain non-US real estate investment trusts and (viii) the value of other assets managed or sponsored by KKR. The pro rata portion of the AUM of hedge fund and other managers is calculated based on KKR's percentage ownership interest in such entities multiplied by such entity's respective AUM. KKR's definition of AUM (i) is not based on any definition of AUM that may be set forth in the governing documents of the investment funds, vehicles, accounts or other entities whose capital is included in this definition, (ii) includes assets for which KKR does not act as an investment adviser, and (iii) is not calculated pursuant to any regulatory definitions.

Capital Invested

Capital invested is the aggregate amount of capital invested by (i) KKR's investment funds and Global Atlantic insurance companies, (ii) KKR's Principal Activities business line as a co-investment, if any, alongside KKR's investment funds, and (iii) KKR's Principal Activities business line in connection with a syndication transaction conducted by KKR's Capital Markets business line, if any. Capital invested is used as a measure of investment activity at KKR during a given period. We believe this measure is useful to stockholders as it provides a measure of capital deployment across KKR's business lines. Capital invested includes investments made using investment financing arrangements like credit facilities, as applicable. Capital invested excludes (i) investments in certain leveraged credit strategies, (ii) capital invested by KKR's Principal Activities business line that is not a co-investment alongside KKR's investment funds, and (iii) capital invested by KKR's Principal Activities business line that is not invested in connection with a syndication transaction by KKR's Capital Markets business line. Capital syndicated by KKR's Capital Markets business line to third parties other than KKR's investment funds or Principal Activities business line is not included in capital invested.

Fee Paying AUM

Fee paying AUM represents only the AUM from which KKR is entitled to receive management fees. We believe this measure is useful to stockholders as it provides additional insight into the capital base upon which KKR earns management fees. FPAUM is the sum of all of the individual fee bases that are used to calculate KKR's and its hedge fund and BDC partnership management fees and differs from AUM in the following respects: (i) assets and commitments from which KKR is not entitled to receive a management fee are excluded (e.g., assets and commitments with respect to which it is entitled to receive only performance income or is otherwise not currently entitled to receive a management fee) and (ii) certain assets, primarily in its private equity funds, are reflected based on capital commitments and invested capital as opposed to fair value because fees are not impacted by changes in the fair value of underlying investments.

Uncalled Commitments

Uncalled commitments is the aggregate amount of unfunded capital commitments that KKR's investment funds and carry-paying co-investment vehicles have received from partners to contribute capital to fund future investments and the amount of uncalled commitments is not reduced by capital invested using borrowings under an investment fund's subscription facility until capital is called from our fund investors. We believe this measure is useful to stockholders as it provides additional insight into the amount of capital that is available to KKR's investment funds and carry paying co-investment vehicles to make future investments. Uncalled commitments are not reduced for investments completed using fund-level investment financing arrangements or investments we have committed to make but remain unfunded at the reporting date.

Condensed Consolidated Results of Operations (GAAP Basis - Unaudited)

The following is a discussion of our consolidated results of operations on a GAAP basis for the three months ended June 30, 2023 and 2022. You should read this discussion in conjunction with the financial statements and related notes included elsewhere in this report. For a more detailed discussion of the factors that affected our segment results in these periods, see "—Analysis of Segment Operating Results." See "Business Environment" for more information about factors that may impact our business, financial performance, operating results and valuations.

Effective January 1, 2023, we adopted new accounting guidance for insurance and reinsurance companies that issue long-duration contracts ("LDTI") as of February 1, 2021, the date of the GA Acquisition, on a full retrospective basis. For a more detailed discussion of the adoption of LDTI, see Note 2 "Summary of Significant Accounting Policies" in our financial statements.

	Three Months Ended		
	June 30, 2023	June 30, 2022	Change
	(\$ in thousands)		
Revenues			
<i>Asset Management</i>			
Fees and Other	\$ 754,447	\$ 615,264	\$ 139,183
Capital Allocation-Based Income (Loss)	696,897	(923,474)	1,620,371
	<u>1,451,344</u>	<u>(308,210)</u>	<u>1,759,554</u>
<i>Insurance</i>			
Net Premiums	626,429	(225,502)	851,931
Policy Fees	315,382	319,030	(3,648)
Net Investment Income	1,311,055	931,889	379,166
Net Investment-Related Gains (Losses)	(117,550)	(426,326)	308,776
Other Income	39,858	32,512	7,346
	<u>2,175,174</u>	<u>631,603</u>	<u>1,543,571</u>
Total Revenues	3,626,518	323,393	3,303,125
Expenses			
<i>Asset Management</i>			
Compensation and Benefits	657,114	250,876	406,238
Occupancy and Related Charges	23,593	18,861	4,732
General, Administrative and Other	289,586	253,832	35,754
	<u>970,293</u>	<u>523,569</u>	<u>446,724</u>
<i>Insurance</i>			
Net Policy Benefits and Claims (including market risk benefit loss (gain) of \$(75,286) and \$(198,225), respectively)	1,736,014	(256,179)	1,992,193
Amortization of Policy Acquisition Costs	170	(23,254)	23,424
Interest Expense	39,832	18,970	20,862
Insurance Expenses	172,121	130,338	41,783
General, Administrative and Other	204,052	171,251	32,801
	<u>2,152,189</u>	<u>41,126</u>	<u>2,111,063</u>
Total Expenses	3,122,482	564,695	2,557,787
Investment Income (Loss) - Asset Management			
Net Gains (Losses) from Investment Activities	570,085	(1,885,469)	2,455,554
Dividend Income	246,939	147,355	99,584
Interest Income	850,061	391,549	458,512
Interest Expense	(720,108)	(328,726)	(391,382)
Total Investment Income (Loss)	946,977	(1,675,291)	2,622,268
Income (Loss) Before Taxes	1,451,013	(1,916,593)	3,367,606
Income Tax Expense (Benefit)	324,955	(102,511)	427,466

	Three Months Ended		
	June 30, 2023	June 30, 2022	Change
	(\$ in thousands)		
Net Income (Loss)	1,126,058	(1,814,082)	2,940,140
Net Income (Loss) Attributable to Redeemable Noncontrolling Interests	(1,740)	8	(1,748)
Net Income (Loss) Attributable to Noncontrolling Interests	266,086	(1,096,715)	1,362,801
Net Income (Loss) Attributable to KKR & Co. Inc.	861,712	(717,375)	1,579,087
Series C Mandatory Convertible Preferred Stock Dividends	17,249	17,250	(1)
Net Income (Loss) Attributable to KKR & Co. Inc. Common Stockholders	\$ 844,463	\$ (734,625)	\$ 1,579,088

Condensed Consolidated Results of Operations (GAAP Basis - Unaudited) - Asset Management

Revenues

For the three months ended June 30, 2023 and 2022, revenues consisted of the following:

	Three Months Ended		
	June 30, 2023	June 30, 2022	Change
	(\$ in thousands)		
Management Fees	\$ 446,809	\$ 418,229	\$ 28,580
Fee Credits	(49,612)	(63,574)	13,962
Transaction Fees	269,416	177,861	91,555
Monitoring Fees	34,796	30,522	4,274
Incentive Fees	12,158	7,141	5,017
Expense Reimbursements	16,840	25,576	(8,736)
Consulting Fees	24,040	19,509	4,531
Total Fees and Other	754,447	615,264	139,183
Carried Interest	540,615	(738,309)	1,278,924
General Partner Capital Interest	156,282	(185,165)	341,447
Total Capital Allocation-Based Income (Loss)	696,897	(923,474)	1,620,371
Total Revenues - Asset Management	\$ 1,451,344	\$ (308,210)	\$ 1,759,554

Fees and Other

Total Fees and Other for the three months ended June 30, 2023 increased compared to the three months ended June 30, 2022 primarily as a result of the increase in transaction fees and management fees.

For a more detailed discussion of the factors that affected our transaction fees during the period, see "—Analysis of Asset Management Segment Operating Earnings."

The increase in management fees was primarily attributable to (i) management fees earned on new capital raised over the past twelve months at Ascendant Fund (a middle market focused traditional private equity strategy), Next Generation Technology Growth Fund III, and Asia Pacific Infrastructure Investors II, and (ii) management fees earned on assets managed by KJRM. The increase was partially offset by a lower level of management fees from Asian Fund III due to the sale of investments that resulted in a decrease in its fee base, which is capital invested.

Management fees due from consolidated investment funds and other vehicles are eliminated upon consolidation under GAAP. However, because these amounts are funded by, and earned from, noncontrolling interests, upon consolidation under GAAP, KKR's allocated share of the net income from the consolidated investment funds and other vehicles is increased by the amount of fees that are eliminated. Accordingly, net income (loss) attributable to KKR would be unchanged if such investment funds and other vehicles were not consolidated. For a more detailed discussion on the factors that affect our management fees during the period, see "—Analysis of Asset Management Segment Operating Earnings."

Fee credits decreased compared to the prior period as a result of a higher level of fee credits owed to consolidated investment funds and other vehicles, which are eliminated upon consolidation. Fee credits owed to consolidated investment funds and other vehicles are eliminated upon consolidation under GAAP. However, because these amounts are owed to noncontrolling interests, upon consolidation under GAAP, KKR's allocated share of the net income from the consolidated investment funds and other vehicles is decreased by the amount of fee credits that are eliminated. Accordingly, net income (loss) attributable to KKR would be unchanged if such investment funds and other vehicles were not consolidated. Transaction and monitoring fees earned from KKR portfolio companies are not eliminated upon consolidation because those fees are earned from companies which are not consolidated. Furthermore, transaction fees earned in our capital markets business are not shared with fund investors. Accordingly, certain transaction fees are reflected in our revenues without a corresponding fee credit.

Capital Allocation-Based Income (Loss)

Capital Allocation-Based Income (Loss) for the three months ended June 30, 2023 was positive primarily due to the net appreciation of the underlying investments at many of our unconsolidated carry earning investment funds, most notably Americas Fund XII, Asian Fund III, and Next Generation Technology Growth Fund II. Capital Allocation-Based Income (Loss) for the three months ended June 30, 2022 was negative primarily due to the net depreciation of the underlying investments at many of our carry earning investment funds, most notably Americas Fund XII and Asian Fund III.

KKR calculates the carried interest that would be due to KKR for each investment fund, pursuant to the fund agreements, as if the fair value of the underlying investments were realized as of the reporting date, irrespective of whether such amounts have been realized. Since the fair value of the underlying investments varies between reporting periods, it is necessary to make adjustments to the amounts recorded as carried interest to reflect either (a) positive performance, resulting in an increase in the carried interest allocated to the general partner or (b) negative performance that would cause the amount due to KKR to be less than the amount previously recognized, resulting in a negative adjustment to carried interest allocated to the general partner. In each case, it is necessary to calculate the carried interest on cumulative results compared to the carried interest recorded to date and to make the required positive or negative adjustments.

Investment Income (Loss) - Asset Management

For additional information about net gains (losses) from investment activities, see Note 5 "Net Gains (Losses) from Investment Activities - Asset Management" in our financial statements.

Net Gains (Losses) from Investment Activities for the three months ended June 30, 2023

The net gains from investment activities for the three months ended June 30, 2023 were comprised of net realized losses of \$(389.3) million and net unrealized gains of \$959.4 million.

Investment gains and losses relating to our general partner capital interest in our unconsolidated funds are not reflected in our discussion and analysis of Net Gains (Losses) from Investment Activities. Our economics associated with these gains and losses are reflected in Capital Allocation-Based Income (Loss) as described above.

Realized Gains and Losses from Investment Activities

For the three months ended June 30, 2023, net realized losses related primarily to the (i) realized losses for Envision Healthcare Corporation (health care sector) and Hilding Anders International AB (consumer products sector) and (ii) losses from the sales of revolving credit facilities. Partially offsetting these realized losses were realized gains on certain foreign exchange forward contracts.

Unrealized Gains and Losses from Investment Activities

For the three months ended June 30, 2023, net unrealized gains were driven by mark-to-market gains primarily relating to (i) Exact Holding B.V. (technology sector), which is held in one of our consolidated core private equity funds, (ii) USI, Inc. (financial services sector), (iii) certain investments held in our consolidated CLOs, and (iv) the reversal of previously recognized unrealized losses relating to the realization activity described above. These unrealized gains were partially offset by mark-to-market losses primarily relating to (i) PetVet Care Centers, LLC (health care sector) and GenesisCare Pty Ltd. (health care sector), which are held in one of our consolidated core private equity funds, and (ii) debt obligations of our consolidated CLOs.

Net Gains (Losses) from Investment Activities for the three months ended June 30, 2022

The net losses from investment activities for the three months ended June 30, 2022 were comprised of net realized gains of \$550.0 million and net unrealized losses of \$(2,435.4) million.

Realized Gains and Losses from Investment Activities

For the three months ended June 30, 2022, net realized gains related primarily to the sales of our investments in Fiserv, Inc. (NASDAQ: FISV), Internet Brands, Inc. (technology sector) held in one of our consolidated funds and the sales of certain real estate equity investments that were held in Real Estate Partners Americas II. Partially offsetting these realized gains were realized losses primarily relating to certain investments held in our consolidated alternative credit funds.

Unrealized Gains and Losses from Investment Activities

For the three months ended June 30, 2022, net unrealized losses were driven primarily by mark-to-market losses from (i) Crescent Energy Company (NYSE: CRGY), (ii) Söderberg & Partners (financial services sector), and (iii) investments held in our consolidated credit funds. These unrealized losses were partially offset by mark-to-market gains related to (i) certain investments held in our consolidated energy funds, and (ii) certain investments held in our consolidated core real estate funds.

For a discussion of other factors that affected KKR's realized investment income, see "—Analysis of Asset Management Segment Operating Results". For additional information about net gains (losses) from investment activities, see Note 5 "Net Gains (Losses) from Investment Activities - Asset Management" in our financial statements.

Dividend Income

During the three months ended June 30, 2023, the most significant dividends received included (i) \$85.3 million from certain investments held in our consolidated open-ended core infrastructure fund, Diversified Core Infrastructure Fund, (ii) \$47.8 million from Atlantic Aviation FBO Inc. (Infrastructure: transportation sector), which is held in our consolidated core private equity funds and (iii) \$31.3 million from certain investments held in our consolidated opportunistic real estate equity and credit funds. During the three months ended June 30, 2022, the most significant dividends received included (i) \$71.8 million from investments held in our consolidated real estate core plus equity and opportunistic real estate equity funds and (ii) \$8.9 million from our investment in Inklings Holdings LLC (media sector).

Significant dividends from portfolio companies and consolidated funds are generally not recurring quarterly dividends, and while they may occur in the future, their size and frequency are variable. For a discussion of other factors that affected KKR's dividend income, see "—Analysis of Asset Management Segment Operating Results."

Interest Income

The increase in interest income during the three months ended June 30, 2023 compared to the three months ended June 30, 2022 was primarily due to (i) the impact of closing CLOs that are consolidated subsequent to June 30, 2022, (ii) higher interest rates on floating rate investments held in consolidated CLOs and our consolidated private credit funds, and (iii) a higher level of interest income from certain of our consolidated private credit funds, related to an increase in the amount of capital deployed. For a discussion of other factors that affected KKR's interest income, see "—Analysis of Asset Management Segment Operating Results."

Interest Expense

The increase in interest expense during the three months ended June 30, 2023 compared to the three months ended June 30, 2022 was primarily due to (i) the increase in the amount of borrowings outstanding from certain consolidated funds and other vehicles, (ii) impact of closing CLOs that are consolidated subsequent to June 30, 2022, (iii) higher interest rates on floating rate debt obligations held in consolidated CLOs, and (iv) the impact of issuances of our senior notes after June 30, 2022. For a discussion of other factors that affected KKR's interest expense, see "—Analysis of Non-GAAP Performance Measures."

Expenses - Asset Management*Compensation and Benefits Expense*

The increase in compensation and benefits expense during the three months ended June 30, 2023 compared to the three months ended June 30, 2022 was primarily due to accrued carried interest compensation in the current period compared to the reversal of previously recognized carried interest compensation in the prior period. Partially offsetting the increase is a lower level of accrued discretionary cash compensation resulting from a lower level of asset management segment revenues in the current period.

General, Administrative and Other

The increase in general, administrative and other expenses during the three months ended June 30, 2023 compared to the three months ended June 30, 2022 was primarily due to a higher level of information technology and other administrative costs in connection with the overall growth of the firm as well as a higher level of expenses from our consolidated investment funds and CLOs due to the impact of consolidating certain new funds and CLOs subsequent to June 30, 2022. The increase was partially offset by a lower level of expenses reimbursable by our unconsolidated investment funds and a lower level of broken-deal expenses.

The level of broken-deal expenses can vary significantly period to period based upon a number of factors, the most significant of which are the number of potential investments being pursued for our investment funds, the size and complexity of investments being pursued and the number of investment funds currently in their investment period.

In periods of increased fundraising and to the extent that we use third parties to assist in our capital raising efforts, our General, Administrative and Other are expected to increase accordingly. Similarly, our General, Administrative and Other expenses are expected to increase as a result of increased levels of professional and other fees incurred as part of due diligence related to strategic acquisitions and new product development.

Condensed Consolidated Results of Operations (GAAP Basis - Unaudited) - Insurance**Revenues**

For the three months ended June 30, 2023 and 2022, revenues consisted of the following:

	Three Months Ended		
	June 30, 2023	June 30, 2022	Change
(\$ in thousands)			
Net Premiums	\$ 626,429	\$ (225,502)	\$ 851,931
Policy Fees	315,382	319,030	(3,648)
Net Investment Income	1,311,055	931,889	379,166
Net Investment-Related Gains (Losses)	(117,550)	(426,326)	308,776
Other Income	39,858	32,512	7,346
Total Insurance Revenues	\$ 2,175,174	\$ 631,603	\$ 1,543,571

Net Premiums

Net premiums increased for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022 primarily due to higher initial premiums related to a larger number of reinsurance transactions with life contingencies assumed during the three months ended June 30, 2023 as compared to the three months ended June 30, 2022, and the timing of retrocessions to third party reinsurers during the three months ended June 30, 2022. The initial premiums on assumed reinsurance were offset by a comparable increase in policy reserves reported within net policy benefits and claims (as discussed below).

Net investment income

Net investment income increased for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022 primarily due to (i) increased average assets under management due to growth in assets in Global Atlantic's institutional market channel as a result of new reinsurance transactions and individual market channel sales, (ii) growth in portfolio yields due to higher market interest rates on floating rate investments, and (iii) rotation into higher yielding assets during 2022.

Net investment-related gains (losses)

The components of net investment-related gains (losses) were as follows:

	Three Months Ended		
	June 30, 2023	June 30, 2022	Change
	(\$ in thousands)		
Funds withheld payable at interest embedded derivatives	\$ 32,842	\$ 1,363,700	\$ (1,330,858)
Equity futures contracts	(48,383)	82,389	(130,772)
Foreign currency forwards	13,861	19,355	(5,494)
Credit risk contracts	(62)	1,867	(1,929)
Equity index options	230,602	(504,859)	735,461
Interest rate contracts	(164,765)	(73,725)	(91,040)
Funds withheld receivable embedded derivatives	14,149	(33,361)	47,510
Net gains on derivative instruments	78,244	855,366	(777,122)
Net other investment losses	(195,794)	(1,281,692)	1,085,898
Net investment-related gains (losses)	\$ (117,550)	\$ (426,326)	\$ 308,776

Net gains on derivative instruments

The decrease in the fair value of embedded derivatives on funds withheld at interest payable for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022 was primarily driven by the change in fair value of the underlying investments in the funds withheld at interest payable portfolio, which is primarily comprised of fixed maturity securities (designated as trading for accounting purposes), mortgage and other loan receivables, and other investments. The underlying investments in the funds withheld at interest payable portfolio decreased in value in the three months ended June 30, 2023, primarily due to a smaller increase in market interest rates as compared to a decrease in value in the three months ended June 30, 2022, due to a comparatively larger increase in market interest rates.

The increase in the fair value of equity index options was primarily driven by the performance of the indexes upon which call options are based. Global Atlantic purchases equity index options to hedge the market risk of embedded derivatives in indexed universal life and fixed-indexed annuity products (the change in which is accounted for in net policy benefits and claims). The majority of Global Atlantic's equity index call options are based on the S&P 500 Index, which increased during the three months ended June 30, 2023, as compared to a decrease during the three months ended June 30, 2022.

The decrease in the fair value of equity futures contracts was driven primarily by the performance of equity markets. Global Atlantic purchases equity futures primarily to hedge the market risk in Global Atlantic's variable annuity products which are accounted for in net policy benefits and claims. The majority of Global Atlantic's equity futures are based on the S&P 500 Index, which increased during the three months ended June 30, 2023, as compared to a decrease during the three months ended June 30, 2022, resulting in respectively, a loss, and a gain, on equity futures contracts in the respective periods.

The decrease in the fair value of interest rate contracts was driven by an increase in market interest rates during both the three months ended June 30, 2023 and the three months ended June 30, 2022, resulting in a loss on interest rate contracts in both periods, respectively.

The increase in the fair value of embedded derivatives on funds withheld at interest receivable was primarily due to narrowing of credit spreads during the three months ended June 30, 2023, as compared to a widening of credit spreads during the three months ended June 30, 2022.

Net other investment losses

The components of net other investment losses were as follows:

	Three Months Ended		
	June 30, 2023	June 30, 2022	Change
(\$ in thousands)			
Realized gains (losses) on investments not supporting asset-liability matching strategies	\$ 2,103	\$ 44,600	\$ (42,497)
Realized gains (losses) on available-for-sale fixed maturity debt securities	(55,471)	(287,373)	231,902
Credit loss allowances	(21,608)	(28,908)	7,300
Unrealized gains (losses) on fixed maturity securities classified as trading	(66,627)	(989,678)	923,051
Unrealized gains (losses) on investments classified as trading or accounted under a fair-value option	(3,440)	(38,435)	34,995
Unrealized gains (losses) on real estate investments recognized at fair value under investment company accounting	(43,371)	45,396	(88,767)
Realized gains (losses) on funds withheld at interest payable portfolio	3,632	28,727	(25,095)
Realized gains (losses) on funds withheld at interest receivable portfolio	(12,020)	(22,162)	10,142
Other	1,008	(33,859)	34,867
Net other investment losses	\$ (195,794)	\$ (1,281,692)	\$ 1,085,898

The decrease in net other investment losses for the three months ended June 30, 2023 as compared to net other investment losses for the three months ended June 30, 2022, was primarily due to (i) a decrease in unrealized losses on fixed maturity securities classified as trading which was primarily due to a smaller relative increase in interest rates during the three months ended June 30, 2023 as compared to the three months ended June 30, 2022, and (ii) a decrease in realized losses on available-for-sale fixed maturity debt securities which was primarily due to a decrease in portfolio rotation activity.

Offsetting these gains were (i) unrealized losses on real estate investments accounted at fair value under investment company accounting during the three months ended June 30, 2023 as a result of higher interest and capitalization rates, (ii) a decrease in realized gains on investments not supporting asset-liability matching strategies, and (iii) a decrease in realized gains on funds withheld at interest receivable portfolio.

Expenses

Net policy benefits and claims

Net policy benefits and claims increased for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022 primarily due to (i) a smaller relative gain on market risk benefits due to a smaller relative increase in interest rates in the three months ended June 30, 2023, as compared to the three months ended June 30, 2022 (ii) an increase in net flows from both individual and institutional market channel sales, (iii) higher funding costs on new business, and (iv) higher initial reserves assumed related to an increase in new reinsurance transactions with life contingencies in the three months ended June 30, 2023 as compared to the three months ended June 30, 2022, and the timing of retrocessions to third party reinsurers, and (v) an increase in the value of embedded derivatives in Global Atlantic's indexed universal life and fixed indexed annuity products, as a result of higher equity market returns. (As discussed above under "Revenues—Net investment-related gains (losses)—Net gains on derivatives instruments," Global Atlantic purchases equity index options in order to hedge this risk, the fair value changes of which are accounted for in gains on derivative instruments, and generally offsetting the change in embedded derivative fair value reported in net policy benefits and claims).

Offsetting these increases was a decrease in variable annuity market risk benefit liabilities primarily due to higher equity market returns as compared to the three months ended June 30, 2022.

Amortization of policy acquisition costs

Amortization of policy acquisition costs increased for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022 primarily due to growth in Global Atlantic's individual market and institutional market channels, offset by the impact of amortizing negative VOBA and cost of reinsurance assets.

Interest expense

Interest expense increased for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022 primarily due to (i) a net increase in total debt outstanding, and (ii) an increase in interest expense on floating rate debt (i.e., Global Atlantic's revolving facility and fixed-to-floating swaps on its fixed rate debt) due to higher market rates.

Insurance expenses

Insurance expenses increased for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022 primarily due to increased commission expenses and reinsurance transaction expense allowance.

General, administrative and other

General, administrative and other expenses increased for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022 primarily due to (i) increased employee compensation and benefits related expenses, and (ii) increased technology-related costs.

Other Condensed Consolidated Results of Operations (GAAP Basis - Unaudited)

Income Tax Expense (Benefit)

For the three months ended June 30, 2023, income tax was an expense of \$325.0 million compared to an income tax benefit of \$102.5 million in the prior period. The income tax expense was primarily due to asset management net operating income in the current period as compared to a net operating loss in the prior period driven by capital allocation-based losses. For a discussion of factors that impacted KKR's tax provision, see Note 19 "Income Taxes" in our financial statements included elsewhere in this report.

Net Income (Loss) Attributable to Noncontrolling Interests

Net income (loss) attributable to noncontrolling interests for the three months ended June 30, 2023 relates primarily to net income (loss) attributable to: (i) exchangeable securities representing ownership interests in KKR Group Partnership, (ii) third-party limited partner interests in consolidated investment funds, and (iii) interests that third party investors hold in Global Atlantic. The net income attributable to noncontrolling interests for the three months ended June 30, 2023 was primarily due to net gains from investment activities primarily at certain of our consolidated investment funds, partially offset by a net loss in the current period allocable to interests that third-party investors hold in Global Atlantic.

Net Income (Loss) Attributable to KKR & Co. Inc.

Net income (loss) attributable to KKR & Co. Inc. for the three months ended June 30, 2023 was positive in the current period as compared to a net loss in the prior period primarily due to capital allocation-based income and net gains from investment activities in the current period as compared to capital allocation-based losses and net losses from investment activities in the prior period, as described above.

Consolidated Results of Operations (GAAP Basis - Unaudited)

The following is a discussion of our consolidated results of operations on a GAAP basis for the six months ended June 30, 2023 and 2022. You should read this discussion in conjunction with the financial statements and related notes included elsewhere in this report. For a more detailed discussion of the factors that affected our segment results in these periods, see "—Analysis of Segment Operating Results." See "—Business Environment" for more information about factors that may affect our business, financial performance, operating results and valuations.

	Six Months Ended		
	June 30, 2023	June 30, 2022	Change
(\$ in thousands)			
Revenues			
<i>Asset Management</i>			
Fees and Other	\$ 1,431,463	\$ 1,395,775	\$ 35,688
Capital Allocation-Based Income (Loss)	1,145,915	(1,869,217)	3,015,132
	<u>2,577,378</u>	<u>(473,442)</u>	<u>3,050,820</u>
<i>Insurance</i>			
Net Premiums	1,100,053	146,642	953,411
Policy Fees	629,184	632,812	(3,628)
Net Investment Income	2,611,752	1,744,494	867,258
Net Investment-Related Gains (Losses)	(241,383)	(795,006)	553,623
Other Income	77,016	67,256	9,760
	<u>4,176,622</u>	<u>1,796,198</u>	<u>2,380,424</u>
Total Revenues	<u>6,754,000</u>	<u>1,322,756</u>	<u>5,431,244</u>
Expenses			
<i>Asset Management</i>			
Compensation and Benefits	1,232,784	534,548	698,236
Occupancy and Related Charges	45,742	37,010	8,732
General, Administrative and Other	503,275	488,497	14,778
	<u>1,781,801</u>	<u>1,060,055</u>	<u>721,746</u>
<i>Insurance</i>			
Net Policy Benefits and Claims (including market risk benefit loss (gain) of \$71,024 and \$(393,908), respectively)	3,263,068	256,999	3,006,069
Amortization of Policy Acquisition Costs	44,381	(11,832)	56,213
Interest Expense	80,093	32,189	47,904
Insurance Expenses	397,439	246,141	151,298
General, Administrative and Other	415,783	338,875	76,908
	<u>4,200,764</u>	<u>862,372</u>	<u>3,338,392</u>
Total Expenses	<u>5,982,565</u>	<u>1,922,427</u>	<u>4,060,138</u>
Investment Income (Loss) - Asset Management			
Net Gains (Losses) from Investment Activities	410,676	(971,208)	1,381,884
Dividend Income	395,106	809,705	(414,599)
Interest Income	1,578,677	744,105	834,572
Interest Expense	(1,296,446)	(610,485)	(685,961)
Total Investment Income (Loss)	<u>1,088,013</u>	<u>(27,883)</u>	<u>1,115,896</u>
Income (Loss) Before Taxes	<u>1,859,448</u>	<u>(627,554)</u>	<u>2,487,002</u>
Income Tax Expense (Benefit)	<u>473,702</u>	<u>(65,860)</u>	<u>539,562</u>

	Six Months Ended		
	June 30, 2023	June 30, 2022	Change
	(\$ in thousands)		
Net Income (Loss)	1,385,746	(561,694)	1,947,440
Net Income (Loss) Attributable to Redeemable Noncontrolling Interests	(9,043)	(55)	(8,988)
Net Income (Loss) Attributable to Noncontrolling Interests	193,083	148,272	44,811
Net Income (Loss) Attributable to KKR & Co. Inc.	1,201,706	(709,911)	1,911,617
Series C Mandatory Convertible Preferred Stock Dividends	34,499	34,500	(1)
Net Income (Loss) Attributable to KKR & Co. Inc. Common Stockholders	\$ 1,167,207	\$ (744,411)	\$ 1,911,618

Consolidated Results of Operations (GAAP Basis - Unaudited) - Asset Management

Revenues

For the six months ended June 30, 2023 and 2022, revenues consisted of the following:

	Six Months Ended		
	June 30, 2023	June 30, 2022	Change
	(\$ in thousands)		
Management Fees	\$ 899,902	\$ 816,275	\$ 83,627
Fee Credits	(107,143)	(251,319)	144,176
Transaction Fees	479,255	644,827	(165,572)
Monitoring Fees	64,649	69,922	(5,273)
Incentive Fees	18,571	14,198	4,373
Expense Reimbursements	32,384	66,879	(34,495)
Consulting Fees	43,845	34,993	8,852
Total Fees and Other	1,431,463	1,395,775	35,688
Carried Interest	883,685	(1,521,997)	2,405,682
General Partner Capital Interest	262,230	(347,220)	609,450
Total Capital Allocation-Based Income (Loss)	1,145,915	(1,869,217)	3,015,132
Total Revenues - Asset Management	\$ 2,577,378	\$ (473,442)	\$ 3,050,820

Fees and Other

Total Fees and Other for the six months ended June 30, 2023 increased compared to the six months ended June 30, 2022 primarily as a result of an increase in management fees and a decrease in fee credits, which were partially offset by a lower level of transaction fees.

For a more detailed discussion of the factors that affected our transaction fees during the period, see "—Analysis of Asset Management Segment Operating Earnings."

The increase in management fees was primarily attributable to (i) management fees earned on new capital raised over the past twelve months at Asia Pacific Infrastructure Investors II, Next Generation Technology Growth Fund III and Ascendant Fund, and (ii) management fees earned on assets managed by KJRM. The increase was partially offset by (i) management fees earned on new capital raised for North America Fund XIII in the first quarter of 2022 that was retroactive to the start of the fund's investment period, and (ii) a lower level of management fees from Asian Fund III due to the sale of investments that resulted in a decrease in its fee base, which is capital invested. There were no management fees that were retroactive to the start of the fund's investment period for the six months ended June 30, 2023 for North America Fund XIII.

Management fees due from consolidated investment funds and other vehicles are eliminated upon consolidation under GAAP. However, because these amounts are funded by, and earned from, noncontrolling interests, upon consolidation under GAAP, KKR's allocated share of the net income from the consolidated investment funds and other vehicles is increased by the amount of fees that are eliminated. Accordingly, net income (loss) attributable to KKR would be unchanged if such investment funds and other vehicles were not consolidated. For a more detailed discussion on the factors that affect our management fees during the period, see "—Analysis of Asset Management Segment Operating Earnings."

Fee credits decreased compared to the prior period as a result of a lower level of transaction fees in our Private Equity, Real Assets and Credit and Liquid Strategies business lines in the current period. Fee credits owed to consolidated investment funds and other vehicles are eliminated upon consolidation under GAAP. However, because these amounts are owed to noncontrolling interests, upon consolidation under GAAP, KKR's allocated share of the net income from the consolidated investment funds is decreased by the amount of fee credits that are eliminated. Accordingly, net income (loss) attributable to KKR would be unchanged if such investment funds and other vehicles were not consolidated. Transaction and monitoring fees earned from KKR portfolio companies are not eliminated upon consolidation because those fees are earned from companies which are not consolidated. Furthermore, transaction fees earned in our capital markets business are not shared with fund investors. Accordingly, certain transaction fees are reflected in our revenues without a corresponding fee credit.

Capital Allocation-Based Income (Loss)

Capital Allocation-Based Income (Loss) for the six months ended June 30, 2023 was positive primarily due to the net appreciation of the underlying investments in many of our carry-earning investment funds, most notably Americas Fund XII, Asian Fund III, and Global Infrastructure Investors III. Capital Allocation-Based Income (Loss) for the six months ended June 30, 2022 was negative primarily due to the net depreciation of the underlying investments at many of our carry earning investment funds, most notably Americas Fund XII, Asian Fund II and Asian Fund III.

KKR calculates the carried interest that would be due to KKR for each investment fund, pursuant to the fund agreements, as if the fair value of the underlying investments were realized as of the reporting date, irrespective of whether such amounts have been realized. Since the fair value of the underlying investments varies between reporting periods, it is necessary to make adjustments to the amounts recorded as carried interest to reflect either (a) positive performance, resulting in an increase in the carried interest allocated to the general partner or (b) negative performance that would cause the amount due to KKR to be less than the amount previously recognized, resulting in a negative adjustment to carried interest allocated to the general partner. In each case, it is necessary to calculate the carried interest on cumulative results compared to the carried interest recorded to date and to make the required positive or negative adjustments.

Investment Income (Loss) - Asset Management

Net Gains (Losses) from Investment Activities for the six months ended June 30, 2023

The net gains from investment activities for the six months ended June 30, 2023 were comprised of net realized losses of \$(289.9) million and net unrealized gains of \$700.6 million.

Investment gains and losses relating to our general partner capital interest in our unconsolidated funds are not reflected in our discussion and analysis of Net Gains (Losses) from Investment Activities. Our economics associated with these gains and losses are reflected in Capital Allocation-Based Income (Loss) as described above.

Realized Gains and Losses from Investment Activities

For the six months ended June 30, 2023, net realized losses related primarily to (i) the realized losses of Envision Healthcare Corporation, (ii) realized losses on our alternative credit investments, Hilding Anders International AB and Chembulk Group (transportation sector), and (iii) realized losses from the sales of various revolving credit facilities. Partially offsetting these realized losses were realized gains primarily relating to the sale of our investment in KnowBe4, Inc. (NASDAQ: KNBE) and Flutter Entertainment PLC (LON: FLTR).

Unrealized Gains and Losses from Investment Activities

For the six months ended June 30, 2023, net unrealized gains were driven primarily by mark-to-market gains primarily relating to (i) BridgeBio Pharma, Inc. (NASDAQ: BBIO), (ii) Exact Holding B.V. held in one of our consolidated core private equity funds, (iii) the reversal of previously recognized unrealized losses relating to the realization activity described above, and (iv) certain investments held in our consolidated CLOs. These unrealized gains were partially offset by mark-to-market losses primarily relating to (i) GenesisCare Pty Ltd. and PetVet Care Centers, LLC, which are held in one of our consolidated core private equity funds and (ii) debt obligations of our consolidated CLOs.

For a discussion of other factors that affected KKR's realized investment income, see "—Analysis of Asset Management Segment Operating Results."

Net Gains (Losses) from Investment Activities for the six months ended June 30, 2022

The net losses from investment activities for the six months ended June 30, 2022 were comprised of net realized gains of \$829.6 million and net unrealized losses of \$(1,800.8) million.

Realized Gains and Losses from Investment Activities

For the six months ended June 30, 2022, net realized gains related primarily to the sales of our investments in Fiserv Inc., Internet Brands, Inc. held in one of our consolidated funds and the sale of certain real estate equity investments that were held in Real Estate Partners Americas II. Partially offsetting these realized gains were realized losses primarily relating to certain investments held in our consolidated alternative credit funds and a real estate equity investment in one of our consolidated US real estate funds.

Unrealized Gains and Losses from Investment Activities

For the six months ended June 30, 2022, net unrealized losses were driven primarily by mark-to-market losses from (i) investments held in our consolidated credit funds, (ii) OutSystems Holdings S.A. (technology sector) and (iii) the reversal of previously recognized unrealized gains relating to the realization activity described above. These unrealized losses were partially offset by mark-to-market gains related to (i) certain investments held in our consolidated energy funds, (ii) Viridor Limited (Infrastructure: energy and energy transition sector), and (iii) Clarify Health Solutions Inc. (healthcare sector).

For a discussion of other factors that affected KKR's realized investment income, see "—Analysis of Asset Management Segment Operating Results". For additional information about net gains (losses) from investment activities, see Note 5 "Net Gains (Losses) from Investment Activities - Asset Management" in our financial statements.

Dividend Income

During the six months ended June 30, 2023, the most significant dividends received included (i) \$114.9 million from certain investments held in our consolidated open-ended core infrastructure fund, Diversified Core Infrastructure Fund, (ii) \$60.6 million from our consolidated opportunistic real estate equity funds, and (iii) \$47.8 million from Atlantic Aviation FBO Inc., which is held in one of our consolidated core private equity funds. During the six months ended June 30, 2022, the most significant dividends received included (i) \$370.8 million from investments held in our consolidated real estate core plus and real estate opportunistic equity funds and (ii) \$86.6 million from our investment in Exact Holding B.V. held in our consolidated core private equity funds.

Significant dividends from portfolio companies and consolidated funds are generally not recurring quarterly dividends, and while they may occur in the future, their size and frequency are variable. For a discussion of other factors that affected KKR's dividend income, see "—Analysis of Asset Management Segment Operating Results."

Interest Income

The increase in interest income during the six months ended June 30, 2023 compared to the six months ended June 30, 2022 was primarily due to (i) the impact of closing CLOs that are consolidated subsequent to June 30, 2022, (ii) higher interest rates on floating rate investments held in consolidated CLOs and our consolidated private credit funds, and (iii) a higher level of interest income from certain of our consolidated private credit funds, related to an increase in the amount of capital deployed. For a discussion of other factors that affected KKR's interest income, see "—Analysis of Asset Management Segment Operating Results."

Interest Expense

The increase in interest expense during the six months ended June 30, 2023 compared to the six months ended June 30, 2022 was primarily due to (i) the increase in the amount of borrowings outstanding from certain consolidated funds and other vehicles, (ii) impact of closing CLOs that are consolidated subsequent to June 30, 2022, (iii) higher interest rates on floating rate debt obligations held in consolidated CLOs, and (iv) the impact of issuances of KKR senior notes after June 30, 2022. For a discussion of other factors that affected KKR's interest expense, see "—Analysis of Non-GAAP Performance Measures."

Expenses - Asset Management*Compensation and Benefits Expenses*

The increase in compensation and benefits expense during the six months ended June 30, 2023 compared to the six months ended June 30, 2022 was primarily due to accrued carried interest compensation in the current period compared to the reversal of previously recognized carried interest compensation in the prior period. Partially offsetting the increase is a lower level of accrued discretionary cash compensation resulting from a lower level of asset management segment revenues in the current period.

General, Administrative and Other

The increase in general, administrative and other expenses during the six months ended June 30, 2023 compared to the six months ended June 30, 2022 was primarily due to a higher level of information technology and other administrative costs in connection with the overall growth of the firm as well as a higher level of expenses from our consolidated investment funds and CLOs due to the impact of consolidating certain new funds and CLOs subsequent to June 30, 2022. The increase was partially offset by a lower level of expenses reimbursable by our unconsolidated investment funds and a lower level of broken-deal expenses.

The level of broken-deal expenses can vary significantly period to period based upon a number of factors, the most significant of which are the number of potential investments being pursued for our investment funds, the size and complexity of investments being pursued and the number of investment funds currently in their investment period.

In periods of increased fundraising and to the extent that we use third parties to assist in our capital raising efforts, our General, Administrative and Other are expected to increase accordingly. Similarly, our General, Administrative and Other expenses are expected to increase as a result of increased levels of professional and other fees incurred as part of due diligence related to strategic acquisitions and new product development.

Consolidated Results of Operations (GAAP Basis- Unaudited) - Insurance**Revenues**

For the six months ended June 30, 2023 and 2022, revenues consisted of the following:

	Six Months Ended		
	June 30, 2023	June 30, 2022	Change
	(\$ in thousands)		
Net Premiums	\$ 1,100,053	\$ 146,642	\$ 953,411
Policy Fees	629,184	632,812	(3,628)
Net Investment Income	2,611,752	1,744,494	867,258
Net Investment-Related Gains (Losses)	(241,383)	(795,006)	553,623
Other Income	77,016	67,256	9,760
Total Insurance Revenues	\$ 4,176,622	\$ 1,796,198	\$ 2,380,424

Net Premiums

Net premiums increased for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 primarily due to higher initial premiums related to a larger number of reinsurance transactions with life contingencies assumed during the six months ended June 30, 2023 as compared to the six months ended June 30, 2022. The increase was partially offset by higher retrocessions to third party reinsurers during the six months ended June 30, 2023 as compared to the six months ended June 30, 2022. The initial premiums on assumed reinsurance were offset by a comparable increase in policy reserves reported within net policy benefits and claims (as discussed below).

Net investment income

Net investment income increased for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 primarily due to (i) increased average assets under management due to growth in assets in Global Atlantic's institutional market channel as a result of new reinsurance transactions and individual market channel sales, (ii) growth in portfolio yields due to higher market interest rates on floating rate investments, and (iii) rotation into higher yielding assets during 2022.

Net investment-related gains (losses)

The components of net investment-related gains (losses) were as follows:

	Six Months Ended		
	June 30, 2023	June 30, 2022	Change
	(\$ in thousands)		
Funds withheld payable embedded derivatives	\$ (397,393)	\$ 2,544,135	\$ (2,941,528)
Equity futures contracts	(89,208)	162,185	(251,393)
Foreign currency forwards	14,655	27,912	(13,257)
Credit risk contracts	(137)	335	(472)
Equity index options	314,489	(728,225)	1,042,714
Interest rate contracts	(95,769)	(223,901)	128,132
Funds withheld receivable embedded derivatives	(16,618)	(67,341)	50,723
Other	—	—	—
Net gains on derivative instruments	(269,981)	1,715,100	(1,985,081)
Net other investment gains (losses)	28,598	(2,510,106)	2,538,704
Net investment-related gains (losses)	\$ (241,383)	\$ (795,006)	\$ 553,623

Net gains on derivative instruments

The decrease in the fair value of embedded derivatives on funds withheld at interest payable for the six months ended June 30, 2023 was primarily driven by the change in fair value of the underlying investments in the funds withheld at interest payable portfolio, which is primarily comprised of fixed maturity securities (designated as trading for accounting purposes), mortgage and other loan receivables, and other investments. The underlying investments in the funds withheld at interest payable portfolio increased in value in the six months ended June 30, 2023, primarily due to a small relative decrease in market interest rates as compared to a decrease in value in the six months ended June 30, 2022, due to a comparatively larger increase in market interest rates.

The decrease in the fair value of equity futures was driven primarily by the performance of equity markets. Global Atlantic purchases equity futures primarily to hedge the market risk in our variable annuity products which are accounted for in policy benefits and claims. The majority of Global Atlantic's equity futures are based on the S&P 500 Index, which increased during the six months ended June 30, 2023, as compared to a decrease during the six months ended June 30, 2022, resulting in respectively, a loss, and a gain, on equity futures contracts in the respective periods.

The increase in the fair value of equity index options was primarily driven by the performance of the indexes upon which call options are based. Global Atlantic purchases equity index options to hedge the market risk of embedded derivatives in indexed universal life and fixed-indexed annuity products (the change in which is accounted for in net policy benefits and claims). The majority of Global Atlantic's equity index call options are based on the S&P 500 Index, which increased during the six months ended June 30, 2023, as compared to a decrease during the six months ended June 30, 2022.

The increase in the fair value of interest rate contracts was driven by a small net decrease in otherwise volatile market interest rates over the course of the six months ended June 30, 2023 as compared to an increase in market interest rates during the six months ended June 30, 2022, resulting in a loss on interest rate contracts in both periods, respectively.

The increase in the fair value of embedded derivatives on funds withheld at interest receivable was primarily due to a small narrowing of credit spreads during the six months ended June 30, 2023 as compared to a widening of credit spreads during the six months ended June 30, 2022.

Net other investment gains (losses)

The components of net other investment losses were as follows:

	Six Months Ended		
	June 30, 2023	June 30, 2022	Change
	(\$ in thousands)		
Realized gains on investments not supporting asset-liability matching strategies	\$ 2,103	\$ 59,564	\$ (57,461)
Realized losses on available-for-sale fixed maturity debt securities	(52,039)	(530,723)	478,684
Credit loss allowances	(170,037)	(58,805)	(111,232)
Impairment of available-for-sale fixed maturity debt securities due to intent to sell	(26,741)	—	(26,741)
Unrealized losses on fixed maturity securities classified as trading	309,663	(2,028,124)	2,337,787
Unrealized gains on investments accounted under a fair-value option	(59,213)	(40,928)	(18,285)
Unrealized (losses) gains on real estate investments recognized at fair value under investment company accounting	19,821	123,088	(103,267)
Realized gains (losses) on funds withheld at interest, payable portfolio	7,612	2,340	5,272
Realized gains (losses) on funds withheld at interest, receivable portfolio	5,713	3,438	2,275
Other	(8,284)	(39,956)	31,672
Net investment-related gains (losses)	\$ 28,598	\$ (2,510,106)	\$ 2,538,704

The increase in net other investment gains for the six months ended June 30, 2023 as compared to net other investment losses for the six months ended June 30, 2022, were primarily due to (i) an increase in unrealized gains on fixed maturity securities classified as trading which was primarily due to a decrease in interest rates during the six months ended June 30, 2023 as compared to an increase in interest rates during the six months ended June 30, 2022, and (ii) a decrease in realized losses on available-for-sale fixed maturity debt securities which was primarily due to a decrease in portfolio rotation activity.

Offsetting these gains were (i) a decrease in unrealized gains on real estate investments at fair-value under investment company accounting due to higher interest and capitalization rates during the six months ended June 30, 2023, (ii) an increase in credit loss allowances on fixed maturity securities and mortgage and other loan receivables in the six months ended June 30, 2023, which was primarily due to an increase in the overall credit risk of Global Atlantic's loan portfolio, and (iii) a decrease in realized gains on investments not supporting asset-liability matching strategies.

Expenses

Net policy benefits and claims

Net policy benefits and claims increased for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 primarily due to (i) a loss on market risk benefits due to a decrease in interest rates in the six months ended June 30, 2023, as compared to a gain on market risk benefits during the six months ended June 30, 2022 due to an increase in rates, (ii) an increase in net flows from both individual and institutional market channel sales, (iii) higher funding costs on new business, (iv) higher initial reserves assumed related to an increase in new reinsurance transactions with life contingencies in the six months ended June 30, 2023 as compared to the six months ended June 30, 2022, and (v) an increase in the value of embedded derivatives in Global Atlantic's indexed universal life and fixed indexed annuity products, as a result of higher equity market returns. (As discussed above under "Revenues—Net investment-related gains (losses)—Net gains on derivatives instruments," Global Atlantic purchases equity index options in order to hedge this risk, the fair value changes of which are accounted for in gains on derivative instruments, and generally offsetting the change in embedded derivative fair value reported in net policy benefits and claims).

Offsetting these increases was an decrease in variable annuity market risk benefit liabilities primarily due to higher equity market returns.

Amortization of policy acquisition costs

Amortization of policy acquisition costs increased for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 primarily due to growth in Global Atlantic's individual market and institutional market channels.

Interest expense

Interest expense increased for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 primarily due to (i) a net increase in total debt outstanding, and (ii) an increase in interest expense on floating rate debt (i.e., Global Atlantic's revolving facility and fixed-to-floating swaps on its fixed rate debt) due to higher market rates.

Insurance expenses

Insurance expenses increased for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 primarily due to increased commission expenses and reinsurance transaction expense allowances.

General, administrative and other

General, administrative and other expenses increased for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 primarily due to increased employee compensation and benefits related expenses.

Other Consolidated Results of Operations (GAAP Basis - Unaudited)

Income Tax Expense (Benefit)

For the six months ended June 30, 2023, income tax was an expense of \$473.7 million compared to an income tax benefit of \$65.9 million in the prior period. The income tax expense was primarily due to asset management net operating income in the current period as compared to a net operating loss in the prior period driven by capital allocation-based losses. For a discussion of factors that impacted KKR's tax provision, see Note 19 "Income Taxes" in our financial statements included elsewhere in this report.

Net Income (Loss) Attributable to Noncontrolling Interests

Net income (loss) attributable to noncontrolling interests for the six months ended June 30, 2023 relates primarily to net income (loss) attributable to: (i) exchangeable securities representing ownership interests in KKR Group Partnership, (ii) third-party limited partner interests in consolidated investment funds, and (iii) interests that third-party investors hold in Global Atlantic. The net income attributable to noncontrolling interests for the six months ended June 30, 2023 was primarily due to net gains from investment activities primarily at certain of our consolidated investment funds, partially offset by a net loss in the current period allocable to interests that third-party investors hold in Global Atlantic.

Net Income (Loss) Attributable to KKR & Co. Inc.

Net income (loss) attributable to KKR & Co. Inc. for the six months ended June 30, 2023 was positive in the current period as compared to a net loss in the prior period primarily due to capital allocation-based income and net gains from investment activities in the current period as compared to capital allocation-based losses and net losses from investment activities in the prior period, as described above.

Condensed Consolidated Statements of Financial Condition (GAAP Basis - Unaudited)

The following table provides our condensed consolidated statements of financial condition on a GAAP basis as of June 30, 2023 and December 31, 2022.

(Amounts in thousands, except per share amounts)

	As of June 30, 2023	As of December 31, 2022
Assets		
<i>Asset Management</i>		
Cash and Cash Equivalents	\$ 5,885,308	\$ 6,705,325
Investments	101,878,868	92,375,463
Other Assets	6,703,972	7,114,360
	<u>114,468,148</u>	<u>106,195,148</u>
<i>Insurance</i>		
Cash and Cash Equivalents	4,421,172	6,118,231
Investments	129,599,964	124,199,176
Other Assets	39,205,515	38,834,081
	<u>173,226,651</u>	<u>169,151,488</u>
Total Assets	\$ 287,694,799	\$ 275,346,636
Liabilities and Equity		
<i>Asset Management</i>		
Debt Obligations	\$ 43,693,384	\$ 40,598,613
Other Liabilities	7,176,042	6,937,832
	<u>50,869,426</u>	<u>47,536,445</u>
<i>Insurance</i>		
Debt Obligations	2,356,162	2,128,166
Other Liabilities	173,874,777	170,311,335
	<u>176,230,939</u>	<u>172,439,501</u>
Total Liabilities	\$ 227,100,365	\$ 219,975,946
Redeemable Noncontrolling Interests	183,413	152,065
Stockholders' Equity		
Stockholders' Equity - Series C Mandatory Convertible Preferred Stock	1,115,792	1,115,792
Stockholders' Equity - Common Stock	18,865,775	17,691,975
Noncontrolling Interests	40,429,454	36,410,858
Total Equity	60,411,021	55,218,625
Total Liabilities and Equity	\$ 287,694,799	\$ 275,346,636
KKR & Co. Inc. Stockholders' Equity - Common Stock		
Per Outstanding Share of Common Stock	\$ 21.99	\$ 20.55

KKR & Co. Inc. Stockholders' Equity - Common Stock per Outstanding Share of Common Stock was \$21.99 as of June 30, 2023, up from \$20.55 as of December 31, 2022. The increase was primarily due to (i) unrealized gains on available-for-sale-securities from Global Atlantic that are recorded in other comprehensive income and (ii) net income attributable to KKR & Co. Inc. common stockholders, partially offset by repurchases of our common stock and dividends to common stockholders during the first six months of 2023.

Consolidated Statements of Cash Flows (GAAP Basis - Unaudited)

The following is a discussion of our consolidated cash flows for the six months ended June 30, 2023 and 2022. You should read this discussion in conjunction with the financial statements and related notes included elsewhere in this report.

The consolidated statements of cash flows include the cash flows of our consolidated entities, which include certain consolidated investment funds, CLOs and certain variable interest entities formed by Global Atlantic notwithstanding the fact that we may hold only a minority economic interest in those investment funds and CFEs. The assets of our consolidated investment funds and CFEs, on a gross basis, can be substantially larger than the assets of our business and, accordingly, could have a substantial effect on the cash flows reflected in our consolidated statements of cash flows. The primary cash flow activities of our consolidated funds and CFEs involve: (i) capital contributions from fund investors; (ii) using the capital of fund investors to make investments; (iii) financing certain investments with indebtedness; (iv) generating cash flows through the realization of investments; and (v) distributing cash flows from the realization of investments to fund investors. Because our consolidated funds are treated as investment companies for accounting purposes, certain of these cash flow amounts are included in our cash flows from operations.

Net Cash Provided (Used) by Operating Activities

Our net cash provided (used) by operating activities was \$(4.6) billion and \$(3.1) billion during the six months ended June 30, 2023 and 2022, respectively. These amounts primarily included: (i) investments purchased (asset management), net of proceeds from investments (asset management) of \$(7.7) billion and \$(5.2) billion during the six months ended June 30, 2023 and 2022, respectively, (ii) net realized gains (losses) on asset management investments of \$(0.3) billion and \$0.8 billion during the six months ended June 30, 2023 and 2022, respectively, (iii) change in unrealized gains (losses) on investments (asset management) of \$0.7 billion and \$(1.8) billion during the six months ended June 30, 2023 and 2022, respectively, (iv) capital allocation-based income (loss) of \$1.1 billion and \$(1.9) billion during the six months ended June 30, 2023 and 2022, respectively, (v) net realized gains (losses) on insurance operations of \$(1.5) billion and \$0.4 billion during the six months ended June 30, 2023 and 2022, respectively, and (vi) interest credited to policyholder account balances (net of policy fees) (insurance) of \$1.3 billion and \$0.8 billion during the six months ended June 30, 2023 and 2022, respectively. Investment funds are investment companies under GAAP and reflect their investments and other financial instruments at fair value.

Net Cash Provided (Used) by Investing Activities

Our net cash provided (used) by investing activities was \$(3.6) billion and \$(7.1) billion during the six months ended June 30, 2023 and 2022, respectively. Our investing activities included: (i) investments purchased (insurance), net of proceeds from investments (insurance), of \$(3.6) billion and \$(5.3) billion during the six months ended June 30, 2023 and 2022, respectively, (ii) the purchase of fixed assets of \$(61.8) million and \$(34.2) million during the six months ended June 30, 2023 and 2022, respectively, and (iii) the acquisition of KJRM, net of cash acquired of \$(1.7) billion during the six months ended June 30, 2022.

Net Cash Provided (Used) by Financing Activities

Our net cash provided (used) by financing activities was \$5.5 billion and \$12.3 billion during the six months ended June 30, 2023 and 2022, respectively. Our financing activities primarily included: (i) contributions by, net of distributions to, our noncontrolling and redeemable noncontrolling interests of \$3.7 billion and \$3.7 billion during the six months ended June 30, 2023 and 2022, respectively, (ii) proceeds received, net of repayment of debt obligations, of \$2.9 billion and \$3.2 billion during the six months ended June 30, 2023 and 2022, respectively, (iii) additions to, net of withdrawals from, contractholder deposit funds of \$(0.6) billion and \$5.5 billion during the six months ended June 30, 2023 and 2022, respectively, (iv) common stock dividends of \$(275.7) million and \$(177.6) million during the six months ended June 30, 2023 and 2022, respectively, (v) repurchases of common stock of \$(272.3) million and \$(346.7) million during the six months ended June 30, 2023 and 2022, respectively, and (vi) Series C Mandatory Convertible Preferred Stock dividends of \$(34.5) million during each of the six months ended June 30, 2023 and 2022.

Analysis of Segment Operating Results

The following is a discussion of the results of our business on a segment basis for the three and six months ended June 30, 2023 and 2022. You should read this discussion in conjunction with the information included under "—Key Segment and Non- GAAP Performance Measures" and the financial statements and related notes included elsewhere in this report. See "— Business Environment" for more information about factors that may impact our business, financial performance, operating results and valuations.

Analysis of Asset Management Segment Operating Results

The following tables set forth information regarding KKR's asset management segment operating results and certain key capital metrics for the three months ended June 30, 2023 and 2022:

	Three Months Ended		
	June 30, 2023	June 30, 2022	Change
	(\$ in thousands)		
Management Fees	\$ 748,888	\$ 654,927	\$ 93,961
Transaction and Monitoring Fees, Net	190,228	107,301	82,927
Fee Related Performance Revenues	28,352	9,999	18,353
Fee Related Compensation	(217,684)	(173,748)	(43,936)
Other Operating Expenses	(147,475)	(137,244)	(10,231)
Fee Related Earnings	602,309	461,235	141,074
Realized Performance Income	149,334	730,858	(581,524)
Realized Performance Income Compensation	(97,085)	(474,428)	377,343
Realized Investment Income	114,675	276,888	(162,213)
Realized Investment Income Compensation	(17,183)	(41,533)	24,350
Asset Management Segment Operating Earnings	\$ 752,050	\$ 953,020	\$ (200,970)

Management Fees

The following table presents management fees by business line:

	Three Months Ended		
	June 30, 2023	June 30, 2022	Change
	(\$ in thousands)		
Management Fees			
Private Equity	\$ 320,081	\$ 299,099	\$ 20,982
Real Assets	201,590	161,707	39,883
Credit and Liquid Strategies	227,217	194,121	33,096
Total Management Fees	\$ 748,888	\$ 654,927	\$ 93,961

The increase in Private Equity management fees was primarily attributable to management fees earned on new capital raised over the past twelve months at Ascendant Fund, Next Generation Technology Growth Fund III, and Global Impact Fund II. The increase was partially offset by a lower level of management fees from Asian Fund III due to the sale of investments that resulted in a decrease in its fee base, which is capital invested. During the second quarter of 2023, approximately \$11.7 million of management fees were earned on new capital raised that is retroactive to the start of the relevant fund's investment period.

The increase in Real Asset management fees was primarily attributable to (i) management fees earned from Asia Pacific Infrastructure Investors II, which entered its investment period in the third quarter of 2022 resulting in management fees now being earned on this capital, (ii) a higher level of management fees earned from Global Atlantic due to an increase in assets being managed by KKR's Asset Management segment, and (iii) a higher level of management fees earned from Diversified Core Infrastructure Fund resulting from new capital raised. The increase was partially offset by a decrease in management fees earned from Asia Pacific Infrastructure Investors as a result of entering its post-investment period in the third quarter of 2022, and now earns fees based on capital invested rather than capital committed. During the second quarter of 2023, approximately \$0.5 million of management fees were earned on new capital raised that is retroactive to the start of the relevant fund's investment period.

The increase in Credit and Liquid Strategies management fees was primarily attributable to (i) a higher level of management fees earned from Global Atlantic due to an increase in Global Atlantic's assets being managed by KKR's Asset Management segment and (ii) a higher level of management fees earned from our hedge fund partnership, Marshall Wace. The increase was partially offset by a lower level of management fees from certain SIG funds primarily due to (i) the sale of investments that resulted in a decrease in its fee base, which is capital invested and (ii) certain SIG funds, which no longer pay management fees as a result of us agreeing to waive the management fee.

Transaction and Monitoring Fees, Net

The following table presents transaction and monitoring fees, net by business line:

	Three Months Ended		
	June 30, 2023	June 30, 2022	Change
(\$ in thousands)			
Transaction and Monitoring Fees, Net			
Private Equity	\$ 33,142	\$ 16,809	\$ 16,333
Real Assets	5,179	1,569	3,610
Credit and Liquid Strategies	1,493	4,322	(2,829)
Capital Markets	150,414	84,601	65,813
Total Transaction and Monitoring Fees, Net	\$ 190,228	\$ 107,301	\$ 82,927

Our Private Equity, Real Assets, and Credit and Liquid Strategies business lines separately earn transaction and monitoring fees from portfolio companies, and under the terms of the management agreements with certain of our investment funds, we are generally required to share all or a portion of such fees with our fund investors. In most funds, transaction and monitoring fees are credited against fund management fees up to 100% of the amount of the transaction and monitoring fees attributable to that fund, which results in a decrease of our monitoring and transaction fees. Additionally, transaction fees are generally not earned with respect to energy and real estate investments. Our Capital Markets business line earns transaction fees, which are not shared with fund investors.

The increase in transaction and monitoring fees, net is primarily due to a higher level of transaction fees earned in our Capital Markets business line. The increase in capital markets transaction fees was primarily due to an increase in the number of equity capital markets transactions for the three months ended June 30, 2023, compared to the three months ended June 30, 2022. Overall, we completed 60 capital markets transactions for the three months ended June 30, 2023, of which 14 represented equity offerings and 46 represented debt offerings, as compared to 60 transactions for the three months ended June 30, 2022, of which 5 represented equity offerings and 55 represented debt offerings. We earn fees in connection with underwriting, syndication and other capital markets services. While each of the capital markets transactions that we undertake in this business line is separately negotiated, our fee rates are generally higher with respect to underwriting or syndicating equity offerings than with respect to debt offerings, and the amount of fees that we earn for similar transactions generally correlates with overall transaction sizes.

Our capital markets fees are generated in connection with activity involving our private equity, real assets and credit funds as well as from third-party companies. For the three months ended June 30, 2023, approximately 16% of our transaction fees in our Capital Markets business line were earned from unaffiliated third parties as compared to approximately 25% for the three months ended June 30, 2022. Our transaction fees are comprised of fees earned in North America, Europe, and the Asia-Pacific region. For the three months ended June 30, 2023 and 2022, approximately 47% of our transaction fees were generated outside of North America. Our Capital Markets business line is dependent on the overall capital markets environment, which is influenced by equity prices, credit spreads, and volatility. Our Capital Markets business line does not generate monitoring fees.

Fee Related Performance Revenues

The following table presents fee related performance revenues by business line:

	Three Months Ended		
	June 30, 2023	June 30, 2022	Change
(\$ in thousands)			
Fee Related Performance Revenues			
Private Equity	\$ —	\$ —	\$ —
Real Assets	9,055	1,108	7,947
Credit and Liquid Strategies	19,297	8,891	10,406
Total Fee Related Performance Revenues	\$ 28,352	\$ 9,999	\$ 18,353

Fee related performance revenues represent performance fees that are (i) expected to be received from our investment funds, vehicles and accounts on a recurring basis, and (ii) not dependent on a realization event involving investments held by the investment fund, vehicle or account. These performance fees are primarily earned from FS KKR Capital Corp. (NYSE: FSK) (our business development company), KKR Property Partners Americas ("KPPA") (our open-ended core plus real estate fund), KKR Real Estate Select Trust ("KREST") (our registered closed-end real estate equity fund), KKR Real Estate Finance Trust Inc. ("KREF") (our real estate credit investment trust), and KJRM. Fee related performance revenues were higher for the three months ended June 30, 2023 compared to the prior period primarily due to (i) a higher level of performance revenues earned from FS KKR Capital Corp. compared to the prior period and (ii) performance revenues earned from KJRM in the current period.

Fee Related Compensation

The increase in fee related compensation for the three months ended June 30, 2023 compared to the prior period was primarily due to a higher level of compensation recorded in connection with the higher level of revenues included within fee related earnings.

Other Operating Expenses

The increase in other operating expenses for the three months ended June 30, 2023 compared to the prior period was primarily due to a higher level of information technology, occupancy and other administrative costs in connection with the overall growth of the firm.

Fee Related Earnings

The increase in fee related earnings for the three months ended June 30, 2023 compared to the prior period was primarily due to a higher level of management fees across our Private Equity, Real Assets, and Credit and Liquid Strategies business lines and a higher level of transaction fees earned in our Capital Markets business line, partially offset by a higher level of fee related compensation and other operating expenses, as described above.

Realized Performance Income

The following table presents realized performance income by business line:

	Three Months Ended		
	June 30, 2023	June 30, 2022	Change
(\$ in thousands)			
Realized Performance Income			
Private Equity	\$ 146,232	\$ 634,146	\$ (487,914)
Real Assets	—	85,310	(85,310)
Credit and Liquid Strategies	3,102	11,402	(8,300)
Total Realized Performance Income	\$ 149,334	\$ 730,858	\$ (581,524)

	Three Months Ended		
	June 30, 2023	June 30, 2022	Change
	(\$ in thousands)		
Private Equity			
Americas Fund XII	\$ 92,906	\$ 39,261	\$ 53,645
North America Fund XI	23,486	443,170	(419,684)
Asian Fund III	23,002	51,397	(28,395)
Co-Investment Vehicles and Other	6,838	35,656	(28,818)
2006 Fund	—	47,117	(47,117)
European Fund IV	—	17,545	(17,545)
Total Realized Carried Interest ⁽¹⁾	146,232	634,146	(487,914)
Incentive Fees	—	—	—
Total Realized Performance Income	\$ 146,232	\$ 634,146	\$ (487,914)

	Three Months Ended		
	June 30, 2023	June 30, 2022	Change
	(\$ in thousands)		
Real Assets			
Real Estate Partners Americas II	\$ —	\$ 85,310	\$ (85,310)
Total Realized Carried Interest ⁽¹⁾	—	85,310	(85,310)
Incentive Fees	—	—	—
Total Realized Performance Income	\$ —	\$ 85,310	\$ (85,310)

	Three Months Ended		
	June 30, 2023	June 30, 2022	Change
	(\$ in thousands)		
Credit and Liquid Strategies			
Alternative Credit Vehicles	\$ —	\$ 4,153	\$ (4,153)
Total Realized Carried Interest ⁽¹⁾	—	4,153	(4,153)
Incentive Fees	3,102	7,249	(4,147)
Total Realized Performance Income	\$ 3,102	\$ 11,402	\$ (8,300)

(1) The above tables exclude any funds for which there was no realized carried interest during both of the periods presented.

Realized performance income includes (i) realized carried interest from our carry earning funds and (ii) incentive fees not included in Fee Related Performance Revenues.

Realized carried interest in our Private Equity business line for the three months ended June 30, 2023 consisted primarily of realized proceeds from the sale of our investments in AppLovin Corporation (NASDAQ: APP) held by Americas Fund XII, Endeavor Group Holdings, Inc. (NASDAQ: EDR) held by North America Fund XI, and Kokusai Electric Corporation (manufacturing sector) held by Asian Fund III. Realized carried interest in our Private Equity business line for the three months ended June 30, 2022 consisted primarily of realized proceeds from the sale of our investment in Internet Brands, Inc. held by our North America Fund XI.

During the three months ended June 30, 2023, there was no realized carried interest earned in our Real Assets business line. Realized carried interest in our Real Assets business line for the three months ended June 30, 2022, consisted primarily of realized proceeds from dividends received and sales of various investments in our real estate funds.

During the three months ended June 30, 2023, there was no realized carried interest earned in our Credit and Liquid Strategies business line. Realized carried interest in our Credit and Liquid Strategies for the three months ended June 30, 2022, consisted primarily of realized proceeds from the sale of various investments at certain alternative credit funds that are eligible to pay realized carried interest.

Incentive fees consist of performance fees earned from (i) our hedge fund partnerships, (ii) investment management agreements with KKR sponsored investment vehicles, and (iii) investment management agreements to provide KKR's investment strategies to funds managed by a UK investment fund manager. During the three months ended June 30, 2023 and 2022, there were no incentive fees earned in our Private Equity and Real Asset business lines. Incentive fees in our Credit and Liquid Strategies business line decreased for the three months ended June 30, 2023 compared to the prior period primarily as a result of a lower level of performance fees earned from a UK investment fund manager.

Realized Performance Income Compensation

The decrease in realized performance income compensation for the three months ended June 30, 2023 compared to the prior period was primarily due to a lower level of compensation recorded in connection with the lower level of realized performance income.

Realized Investment Income

The following table presents realized investment income in our Principal Activities business line:

	Three Months Ended		
	June 30, 2023	June 30, 2022	Change
(\$ in thousands)			
Realized Investment Income			
Net Realized Gains (Losses)	\$ 15,342	\$ 196,408	\$ (181,066)
Interest Income and Dividends, Net	99,333	80,480	18,853
Total Realized Investment Income	\$ 114,675	\$ 276,888	\$ (162,213)

The decrease in realized investment income is primarily due to a lower level of net realized gains, partially offset by a higher level of interest income and dividends, net. The amount of realized investment income depends on the transaction activity of our funds and balance sheet, which can vary from period to period.

For the three months ended June 30, 2023, net realized gains were comprised of realized gains primarily from the sale of our investments in AppLovin Corporation, Pembina Gas Infrastructure Inc. (Infrastructure: midstream sector), and Kokusai Electric Corporation. Partially offsetting these realized gains were realized losses on our private equity investment, Envision Healthcare Corporation, alternative credit investment Hilding Anders International AB, and from sales of various revolving credit facilities.

For the three months ended June 30, 2022, net realized gains were comprised of realized gains primarily from the sale of our investments in Fiserv, Inc., Internet Brands, Inc. and Max Healthcare Institute Limited (NSE: MAXHEALTH). Partially offsetting these realized gains were realized losses, the most significant of which were realized losses from the sale of revolving credit facilities and various alternative credit strategy investments.

For the three months ended June 30, 2023, interest income and dividends, net were comprised of (i) \$88.0 million of interest income, primarily from our investments in CLOs and, to a lesser extent, our credit investments and cash balances, and (ii) \$11.3 million of dividend distributions primarily from our Americas real estate credit and equity investments, as well as dividend distributions from our investments in Atlantic Aviation FBO Inc. and Seiyu Group (consumer products sector).

For the three months ended June 30, 2022, interest income and dividends, net were comprised of (i) \$46.5 million of interest income, primarily from our investments in CLOs, and (ii) \$34.0 million of dividend income primarily from our Americas real estate credit and equity investments, as well as a dividend distribution from our investment in Inkling Holdings LLC. See "—Analysis of Non-GAAP Performance Measures—Non-GAAP Balance Sheet Measures."

Realized investment income (loss) includes the net income (loss) from KKR Capstone. For the three months ended June 30, 2023, total fees attributable to KKR Capstone were \$24.0 million and total expenses attributable to KKR Capstone were \$19.8 million. For KKR Capstone-related adjustments in reconciling asset management segment revenues to GAAP revenues see "—Analysis of Non-GAAP Performance Measures—Reconciliations to GAAP Measures."

Realized Investment Income Compensation

The decrease in realized investment income compensation for the three months ended June 30, 2023 compared to the prior period is primarily due to a lower level of compensation recorded in connection with the lower level of realized investment income.

Other Operating and Capital Metrics

The following table presents certain key operating and capital metrics as of June 30, 2023 and March 31, 2023:

	As of			Change
	June 30, 2023	March 31, 2023		
	(\$ in millions)			
Assets Under Management	\$ 518,523	\$ 510,069	\$	8,454
Fee Paying Assets Under Management	\$ 419,994	\$ 415,871	\$	4,123
Uncalled Commitments	\$ 100,154	\$ 106,266	\$	(6,112)

The following table presents one of our key capital metrics for the three months ended June 30, 2023 and 2022:

	Three Months Ended			Change
	June 30, 2023	June 30, 2022		
	(\$ in millions)			
Capital Invested	\$ 9,590	\$ 18,651	\$	(9,061)

Assets Under Management

Private Equity

The following table reflects the changes in the AUM of our Private Equity business line from March 31, 2023 to June 30, 2023:

	(\$ in millions)
March 31, 2023	\$ 165,762
New Capital Raised	1,992
Distributions and Other	(1,793)
Change in Value	4,178
June 30, 2023	\$ 170,139

AUM of our Private Equity business line was \$170.1 billion at June 30, 2023, an increase of \$4.3 billion, compared to \$165.8 billion at March 31, 2023.

The increase was primarily attributable to (i) an appreciation in investment value from Americas Fund XII, Asian Fund III, and our core private equity strategy and (ii) new capital raised from Ascendant Fund and private equity vehicles customized for private wealth investors. Partially offsetting the increase was distributions to its investors primarily as a result of realized proceeds, most notably from Americas Fund XII, Asian Fund III, and North America Fund XI.

For the three months ended June 30, 2023, the value of our traditional private equity investment portfolio increased 5%. This was comprised of a 17% increase in share prices of various publicly held investments and a 4% increase in value of our privately held investments. For the three months ended June 30, 2023, the value of our growth equity investment portfolio increased 5% and our core private equity investment portfolio increased 2%.

The most significant increases in the value of our publicly held investments were increases in AppLovin Corporation, J.B. Chemicals and Pharmaceuticals Limited (NYSE: JBCP), and BrightView Holdings, Inc. (NYSE: BV). These increases were partially offset by decreases in the value of certain publicly held investments, the most significant of which was ZJLD Group Inc. (HKG: 6979) and PropertyGuru Group Limited (NYSE: PGRU). The prices of publicly held companies may experience volatile changes following the reporting period. See "—Business Environment" for more information about the factors, such as volatility, that may impact our business, financial performance, operating results and valuations.

The most significant increases in the value of our privately held investments were increases in Kokusai Electric Corporation, Cloudera, Inc. (technology sector), and Exact Holding B.V. These increases in value on our privately held investments were partially offset by decreases in the value of certain other privately held investments, the most significant of which were PetVet Care Centers, LLC, Global Medical Response, Inc. (health care sector), and Accell Group N.V. (consumer products sector). The increased valuations of individual companies in our privately held investments, in the aggregate, generally related to (i) individual company performance, (ii) an increase in the value of market comparables, and (iii) with respect to Kokusai Electric Corporation, an increase in valuation related to a partial sale transaction. The decreased valuations of individual companies in our privately held investments, in the aggregate, generally related to an unfavorable business outlook. See "—Business Environment" for more information about the factors, that may impact our business, financial performance, operating results and valuations.

Real Assets

The following table reflects the changes in the AUM of our Real Assets business line from March 31, 2023 to June 30, 2023:

	(\$ in millions)
March 31, 2023	\$ 120,806
New Capital Raised	2,812
Distributions and Other	(1,539)
Redemptions	(79)
Change in Value	(384)
June 30, 2023	\$ 121,616

AUM of our Real Assets business line was \$121.6 billion at June 30, 2023, an increase of \$0.8 billion, compared to \$120.8 billion at March 31, 2023.

The increase was primarily attributable to new capital raised from Global Atlantic under our investment management agreements with Global Atlantic's insurance companies, Diversified Core Infrastructure Fund, and infrastructure vehicles customized for private wealth investors. Partially offsetting the increase was (i) payments to Global Atlantic policyholders and (ii) distributions to its investors as a result of realized proceeds, most notably distributions from Global Infrastructure Investors III.

For the three months ended June 30, 2023, the value of our infrastructure investment portfolio increased 2%, the value of our opportunistic real estate equity investment portfolio remained flat, and the value of our energy investment portfolio decreased by 2%.

The most significant increases in value across our Real Assets portfolio were in CyrusOne Inc. (Infrastructure: asset leasing sector), Colonial Enterprises, Inc. (Infrastructure: midstream sector), and Refresco Group B.V. (manufacturing sector). These increases in value were partially offset by decreases in value relating primarily to various assets held in our real estate equity portfolio, ONNET Fibra Colombia S.A.S. (Infrastructure: telecommunications sector), and Crescent Energy Company. The increased valuations of individual companies or assets in the aggregate, generally related to individual company or asset performance. The decreased valuations of individual companies or assets in the aggregate, generally related to an increase in capitalization rates and/or discount rates, which impacted our real estate equity portfolio. The prices of publicly held companies may experience volatile changes following the reporting period. See "—Business Environment" for more information about the factors that may impact our business, financial performance, operating results and valuations.

Credit and Liquid Strategies

The following table reflects the changes in the AUM of our Credit and Liquid Strategies business line from March 31, 2023 to June 30, 2023:

	(\$ in millions)
March 31, 2023	\$ 223,501
New Capital Raised	7,979
Distributions and Other	(4,682)
Redemptions	(1,200)
Change in Value	1,170
June 30, 2023	\$ 226,768

AUM of our Credit and Liquid Strategies business line was \$226.8 billion at June 30, 2023, an increase of \$3.3 billion compared to \$223.5 billion at March 31, 2023.

The increase was primarily attributable to (i) new capital raised from Global Atlantic, an open-ended asset based financing fund, the issuance of a European CLO, and our hedge fund partnership, Marshall Wace, and to a lesser extent (ii) appreciation in investment value across our leveraged credit and alternative credit investment funds and on assets managed by our hedge fund partnership, Marshall Wace. Partially offsetting the increase was (i) payments to Global Atlantic policyholders, (ii) redemptions at Marshall Wace, and (iii) distributions and redemptions to its investors at certain leveraged credit funds.

See also "—Business Environment" for more information about the factors that may impact our business, financial performance, operating results and valuations and "—Credit and Liquid Strategies" for investment performance information for our leveraged and alternative credit strategies.

Fee Paying Assets Under Management*Private Equity*

The following table reflects the changes in the FPAUM of our Private Equity business line from March 31, 2023 to June 30, 2023:

	(\$ in millions)
March 31, 2023	\$ 102,323
New Capital Raised	3,145
Distributions and Other	(1,882)
Change in Value	144
June 30, 2023	\$ 103,730

FPAUM of our Private Equity business line was \$103.7 billion at June 30, 2023, an increase of \$1.4 billion compared to \$102.3 billion at March 31, 2023.

The increase was primarily attributable to new capital raised from our core private equity strategy portfolio, Ascendant Fund, and private equity vehicles customized for private wealth investors. Partially offsetting the increase was (i) a reduction in FPAUM for the write-off of Envision Healthcare Corporation and (ii) distributions to its investors primarily as a result of realized proceeds, most notably from Americas Fund XII.

Uncalled commitments from private equity and multi-strategy investment funds from which KKR is currently not earning management fees amounted to approximately \$17.4 billion at June 30, 2023, which includes capital commitments reserved for follow-on investments for funds that have completed their investment periods. This capital will generally begin to earn management fees upon deployment of the capital or upon the commencement of the fund's investment period. The average annual management fee rate associated with this capital is approximately 1.0%. The date on which we begin to earn fees (as specified above) is not guaranteed to occur and may not occur for an extended period of time. If and when such management fees are earned, a portion of existing FPAUM may cease paying fees or pay lower fees, thus offsetting a portion of any new management fees earned.

Real Assets

The following table reflects the changes in the FPAUM of our Real Assets business line from March 31, 2023 to June 30, 2023:

	(\$ in millions)
March 31, 2023	\$ 105,727
New Capital Raised	3,139
Distributions and Other	(1,723)
Redemptions	(79)
Net Changes in Fee Base of Certain Funds	(375)
Change in Value	(571)
June 30, 2023	\$ 106,118

FPAUM of our Real Assets business line was \$106.1 billion at June 30, 2023, an increase of \$0.4 billion, compared to \$105.7 billion at March 31, 2023.

The increase was primarily attributable to (i) new capital raised from Global Atlantic and infrastructure vehicles customized for private wealth investors and (ii) Asia Real Estate Partners II entering its investment period, resulting in management fees now being earned on this capital. Partially offsetting this increase were (i) payments to Global Atlantic policyholders, and (ii) a change in fee base for Asia Real Estate Partners as a result of entering its post-investment period, during which we earn fees on invested capital rather than committed capital.

Uncalled commitments from real assets investment funds from which KKR is currently not earning management fees amounted to approximately \$8.7 billion at June 30, 2023, which includes capital commitments reserved for follow-on investments for funds that have completed their investment periods. This capital will generally begin to earn management fees upon deployment of the capital or upon the commencement of the fund's investment period. The average annual management fee rate associated with this capital is approximately 1.2%. The date on which we begin to earn fees (as specified above) is not guaranteed to occur and may not occur for an extended period of time. If and when such management fees are earned, a portion of existing FPAUM may cease paying fees or pay lower fees, thus offsetting a portion of any new management fees earned.

Credit and Liquid Strategies

The following table reflects the changes in the FPAUM of our Credit and Liquid Strategies business line from March 31, 2023 to June 30, 2023:

	(\$ in millions)
March 31, 2023	\$ 207,821
New Capital Raised	7,160
Distributions and Other	(4,621)
Redemptions	(1,200)
Change in Value	986
June 30, 2023	\$ 210,146

FPAUM of our Credit and Liquid Strategies business line was \$210.1 billion at June 30, 2023, an increase of \$2.3 billion, compared to \$207.8 billion at March 31, 2023.

The increase was primarily attributable to (i) new capital raised from Global Atlantic, an open-ended asset based financing fund, the issuance of a European CLO, and our hedge fund partnership, Marshall Wace, and to a lesser extent (ii) appreciation in investment value across our leveraged credit and alternative credit investment funds and on assets managed by Marshall Wace. Partially offsetting this increase was (i) payments to Global Atlantic policyholders, (ii) redemptions at our hedge fund partnership, Marshall Wace, and (iii) distributions and redemptions to its investors at certain leveraged credit funds.

Uncalled capital commitments from investment funds in our Credit and Liquid Strategies business line from which KKR is currently not earning management fees amounted to approximately \$11.5 billion at June 30, 2023. This capital will generally begin to earn management fees upon deployment of the capital or upon the commencement of the fund's investment period. The average annual management fee rate associated with this capital is approximately 0.6%. The date on which we begin to earn fees (as specified above) is not guaranteed to occur and may not occur for an extended period of time. If and when such management fees are earned, which will occur over an extended period of time, a portion of existing FPAUM may cease paying fees or pay lower fees, thus offsetting a portion of any new management fees earned.

See "—Business Environment" for more information about the factors that may impact our business, financial performance, operating results and valuations.

Uncalled Commitments

Private Equity

As of June 30, 2023, our Private Equity business line had \$61.2 billion of remaining uncalled commitments that could be called for investments in new transactions as compared to \$64.1 billion as of March 31, 2023. The decrease was primarily attributable to capital called from fund investors to make investments during the period, which was partially offset by new capital commitments from fund investors.

Real Assets

As of June 30, 2023, our Real Assets business line had \$23.8 billion of remaining uncalled commitments that could be called for investments in new transactions as compared to \$27.7 billion as of March 31, 2023. The decrease was primarily attributable to capital called from fund investors to make investments during the period, which was partially offset by new capital commitments from fund investors.

Credit and Liquid Strategies

As of June 30, 2023, our Credit and Liquid Strategies business line had \$15.1 billion of remaining uncalled commitments that could be called for investments in new transactions as compared to \$14.5 billion as of March 31, 2023. The increase was primarily attributable to new capital commitments from fund investors, which was partially offset by capital called from fund investors to make investments during the period.

Capital Invested

Private Equity

For the three months ended June 30, 2023, our Private Equity business line had \$3.2 billion of capital invested as compared to \$5.7 billion for the three months ended June 30, 2022. The decrease was driven primarily by a \$4.1 billion decrease in capital invested in our traditional private equity strategy, partially offset by a \$1.8 billion increase in capital invested in our core private equity strategy. During the three months ended June 30, 2023, 62% of capital deployed in private equity (including core and growth equity investments which includes impact investments) was in transactions in Europe, 35% was in North America, and 3% was in the Asia-Pacific region. The number of large private equity investments made in any quarterly or year-to-date period is volatile and, consequently, a significant amount of capital invested in one period or a few periods may not be indicative of a similar level of capital deployment in future periods.

Real Assets

For the three months ended June 30, 2023, our Real Assets business line had \$3.3 billion of capital invested as compared to \$8.1 billion for the three months ended June 30, 2022. The decrease was driven primarily by a \$3.5 billion decrease in capital invested in our real estate strategy and a \$1.3 billion decrease in our infrastructure strategy. During the three months ended June 30, 2023, 52% of capital deployed in real assets was in transactions in North America, 25% was in Europe, and 23% was in the Asia-Pacific region. The number of large real assets investments made in any quarterly or year-to-date period is volatile and, consequently, a significant amount of capital invested in one period or a few periods may not be indicative of a similar level of capital deployment in future periods.

Credit and Liquid Strategies

For the three months ended June 30, 2023, our Credit and Liquid Strategies business line had \$3.1 billion of capital invested as compared to \$4.9 billion for the three months ended June 30, 2022. The decrease was primarily due to a lower level of capital deployed across our various private credit and direct lending strategies. During the three months ended June 30, 2023, 81% of capital deployed was in transactions in North America, 12% was in Europe, and 7% was in the Asia-Pacific region.

Analysis of Insurance Segment Operating Results

Effective January 1, 2023, we adopted new accounting guidance for insurance and reinsurance companies that issue long-duration contracts ("LDTI") as of February 1, 2021, the date of the GA Acquisition, on a full retrospective basis. For a more detailed discussion of the adoption of the LDTI, see Note 2 "Summary of Significant Accounting Policies" in our financial statements.

The following tables set forth information regarding KKR's insurance segment operating results and certain key operating metrics as of and for the three months ended June 30, 2023 and 2022:

	Three Months Ended		
	June 30, 2023	June 30, 2022	Change
	(\$ in thousands)		
Net Investment Income	\$ 1,283,794	\$ 964,396	\$ 319,398
Net Cost of Insurance	(811,677)	(504,712)	(306,965)
General, Administrative and Other	(203,285)	(165,911)	(37,374)
Pre-tax Operating Earnings	268,832	293,773	(24,941)
Pre-tax Operating Earnings Attributable to Noncontrolling Interests	(98,608)	(113,158)	14,550
Insurance Segment Operating Earnings	\$ 170,224	\$ 180,615	\$ (10,391)

Insurance segment operating earnings

Insurance segment operating earnings decreased for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022 primarily due to lower variable investment income for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022.

Net investment income

Net investment income increased for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022 primarily due to (i) increased average assets under management due to growth in assets in the institutional market channel as a result of new reinsurance transactions and individual market channel sales from new business growth, (ii) increases in portfolio yields due to higher market interest rates on floating rate investments, and (iii) rotation into higher yielding assets. Offsetting these increases to net investment income was a decrease in variable investment income, primarily due to a decrease in net realized gains from the sale of investments not related to asset/liability matching strategies.

Net cost of insurance

Net cost of insurance increased for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022 primarily due to (i) growth in reserves in the institutional market as a result of new reinsurance transactions and in the individual market as a result of new business volumes, and (ii) higher funding costs on new business originated.

General, administrative and other expenses

General and administrative expenses increased for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022 primarily due to (i) an increase in interest expense on floating rate debt (i.e., Global Atlantic's revolving facility and fixed-to-floating swaps on its fixed rate debt) due to higher market rates and higher total debt notional outstanding, (ii) increased employee compensation and benefits-related expenses, and (iii) increased technology-related costs.

Net income attributable to non-controlling interests

Net income attributable to non-controlling interests decreased for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022 in proportion to the decrease in insurance segment operating earnings for the comparable period. Net income attributable to non-controlling interests represents the proportionate interest in the insurance segment operating earnings attributable to other investors in Global Atlantic.

Analysis of Non-GAAP Performance Measures

The following is a discussion of our Non-GAAP performance measures for the three months ended June 30, 2023 and 2022:

	Three Months Ended		
	June 30, 2023	June 30, 2022	Change
	(\$ in thousands)		
Asset Management Segment Operating Earnings	\$ 752,050	\$ 953,020	\$ (200,970)
Insurance Segment Operating Earnings	170,224	180,615	(10,391)
Distributable Operating Earnings	922,274	1,133,635	(211,361)
Interest Expense	(92,010)	(76,619)	(15,391)
Net Income Attributable to Noncontrolling Interests	(6,118)	(4,535)	(1,583)
Income Taxes on Operating Earnings	(171,542)	(201,265)	29,723
After-tax Distributable Earnings	\$ 652,604	\$ 851,216	\$ (198,612)

Distributable Operating Earnings

The decrease in distributable operating earnings for the three months ended June 30, 2023 compared to the prior period is primarily due to a lower level of asset management segment operating earnings and insurance segment operating earnings. For a discussion of the asset management and insurance segment operating earnings, see "—Analysis of Asset Management Segment Operating Results" and "—Analysis of Insurance Segment Operating Results."

After-tax Distributable Earnings

The decrease in after-tax distributable earnings for the three months ended June 30, 2023 compared to the prior period was primarily due to a lower level of distributable operating earnings and an increase in interest expense, partially offset by a decrease in income taxes on operating earnings.

Interest Expense

The increase in interest expense for the three months ended June 30, 2023 compared to the prior period was primarily due to issuances of debt securities by KKR's financing subsidiaries.

Income Taxes on Operating Earnings

The decrease in income taxes on operating earnings for the three months ended June 30, 2023 compared to the prior period was primarily due to a lower level of asset management segment operating earnings.

For the three months ended June 30, 2023 and 2022, the amount of the tax benefit from equity-based compensation included in income taxes on operating earnings was \$10.5 million and \$15.9 million, respectively. The inclusion of the tax benefit from equity-based compensation in After-tax Distributable Earnings had the effect of increasing this measure by 2%, for both the three months ended June 30, 2023 and 2022.

Analysis of Asset Management Segment Operating Results

The following tables set forth information regarding KKR's asset management segment operating results and certain key capital metrics as of and for the six months ended June 30, 2023 and 2022.

	Six Months Ended		
	June 30, 2023	June 30, 2022	Change
(\$ in thousands)			
Management Fees	\$ 1,487,044	\$ 1,279,855	\$ 207,189
Transaction and Monitoring Fees, Net	332,407	413,339	(80,932)
Fee Related Performance Revenues	50,093	22,050	28,043
Fee Related Compensation	(420,778)	(385,968)	(34,810)
Other Operating Expenses	(297,879)	(263,119)	(34,760)
Fee Related Earnings	1,150,887	1,066,157	84,730
Realized Performance Income	324,732	1,340,065	(1,015,333)
Realized Performance Income Compensation	(211,094)	(858,063)	646,969
Realized Investment Income	312,769	626,242	(313,473)
Realized Investment Income Compensation	(46,897)	(93,936)	47,039
Asset Management Segment Operating Earnings	\$ 1,530,397	\$ 2,080,465	\$ (550,068)

Management Fees

The following table presents management fees by business line:

	Six Months Ended		
	June 30, 2023	June 30, 2022	Change
(\$ in thousands)			
Management Fees			
Private Equity	\$ 636,422	\$ 581,283	\$ 55,139
Real Assets	394,955	315,520	79,435
Credit and Liquid Strategies	455,667	383,052	72,615
Total Management Fees	\$ 1,487,044	\$ 1,279,855	\$ 207,189

The increase in Private Equity management fees was primarily attributable to management fees earned on new capital raised over the past twelve months at European Fund VI, Next Generation Technology Growth Fund III, and Ascendant Fund. The increase was partially offset by (i) management fees earned on new capital raised for North America Fund XIII in the first quarter of 2022 that was retroactive to the start of the fund's investment period, and (ii) a lower level of management fees from Asian Fund III due to the sale of investments that resulted in a decrease in its fee base, which is capital invested. There were no management fees that were retroactive to the start of the fund's investment period for the six months ended June 30, 2023 for North America Fund XIII. During the six months ended June 30, 2023, approximately \$20.7 million of management fees were earned on new capital raised that is retroactive to the start of the relevant fund's investment period.

The increase in Real Asset management fees was primarily attributable to (i) management fees earned from Asia Pacific Infrastructure Investors II, which entered its investment period in the third quarter of 2022 resulting in management fees now being earned on this capital, (ii) a higher level of management fees earned from Global Atlantic due to an increase in assets being managed by KKR's Asset Management segment and (iii) management fees earned on assets managed by KJRM, which we acquired in the second quarter of 2022. The increase was partially offset by (i) a lower level of management fees from Asia Pacific Infrastructure as a result of entering its post-investment period in the third quarter of 2022 and, consequently, we now earn fees based on capital invested rather than capital committed. During the six months ended June 30, 2023, approximately \$0.5 million of management fees were earned on new capital raised that is retroactive to the start of the relevant fund's investment period.

The increase in Credit and Liquid Strategies management fees was primarily attributable to (i) a higher level of management fees earned from Global Atlantic due to an increase in Global Atlantic's assets being managed by KKR's Asset Management segment and (ii) a higher level of management fees earned from our hedge fund partnership, Marshall Wace. The increase was partially offset by a lower level of management fees from certain SIG funds primarily due to (i) the sale of investments that resulted in a decrease in its fee base, which is capital invested and (ii) certain SIG funds, which no longer pay management fees as a result of us agreeing to waive the management fee.

Transaction and Monitoring Fees, Net

The following table presents transaction and monitoring fees, net by business line:

	Six Months Ended		
	June 30, 2023	June 30, 2022	Change
(\$ in thousands)			
Transaction and Monitoring Fees, Net			
Private Equity	\$ 67,416	\$ 49,865	\$ 17,551
Real Assets	10,913	9,199	1,714
Credit and Liquid Strategies	1,777	14,418	(12,641)
Capital Markets	252,301	339,857	(87,556)
Total Transaction and Monitoring Fees, Net	\$ 332,407	\$ 413,339	\$ (80,932)

Our Private Equity, Real Assets and Credit and Liquid Strategies business lines separately earn transaction and monitoring fees from portfolio companies, and under the terms of the management agreements with certain of our investment funds, we are generally required to share all or a portion of such fees with our fund investors. In most funds, transaction and monitoring fees are credited against fund management fees up to 100% of the amount of the transaction and monitoring fees attributable to that fund, which results in a decrease of our monitoring and transaction fees. Additionally, transaction fees are generally not earned with respect to energy and real estate investments. Our Capital Markets business line earns transaction fees, which are not shared with fund investors.

The decrease in transaction and monitoring fees, net is primarily due to a lower level of transaction fees earned in our Capital Markets business line. The decrease in capital markets transaction fees was primarily due to a decrease in the number of capital markets transactions for the six months ended June 30, 2023, compared to the six months ended June 30, 2022 reflecting reduced levels of issuance activity across the global equity and leveraged loan markets. Overall, we completed 102 capital markets transactions for the six months ended June 30, 2023, of which 23 represented equity offerings and 79 represented debt offerings, as compared to 147 transactions for the six months ended June 30, 2022, of which 16 represented equity offerings and 131 represented debt offerings, where we earned fees in connection with underwriting, syndication and other capital markets services. While each of the capital markets transactions that we undertake in this business line is separately negotiated, our fee rates are generally higher with respect to underwriting or syndicating equity offerings than with respect to debt offerings, and the amount of fees that we earn for similar transactions generally correlates with overall transaction sizes.

Our capital markets fees are generated in connection with activity involving our private equity, real assets and credit funds as well as from third-party companies. For the six months ended June 30, 2023, approximately 15% of our transaction fees in our Capital Markets business line were earned from unaffiliated third parties as compared to approximately 21% for the six months ended June 30, 2022. Our transaction fees are comprised of fees earned from North America, Europe, and the Asia-Pacific region. For the six months ended June 30, 2023, approximately 52% of our transaction fees were generated outside of North America as compared to approximately 40% for the six months ended June 30, 2022. Our Capital Markets business line is dependent on the overall capital markets environment, which is influenced by equity prices, credit spreads, and volatility. Our Capital Markets business line does not generate monitoring fees.

Fee Related Performance Revenues

The following table presents fee related performance revenues by business line:

	Six Months Ended		
	June 30, 2023	June 30, 2022	Change
(\$ in thousands)			
Fee Related Performance Revenues			
Private Equity	\$ —	\$ —	\$ —
Real Assets	12,759	3,425	9,334
Credit and Liquid Strategies	37,334	18,625	18,709
Total Fee Related Performance Revenues	\$ 50,093	\$ 22,050	\$ 28,043

Fee related performance revenues were higher for the six months ended June 30, 2023 compared to the prior period primarily due to (i) a higher level of performance revenues earned from FS KKR Capital Corp. compared to the prior period and (ii) performance revenues earned from KJRM in the current period.

Fee Related Compensation

The increase in fee related compensation for the six months ended June 30, 2023 compared to the prior period was primarily due to a higher level of compensation recorded in connection with the higher level of revenues included within fee related earnings.

Other Operating Expenses

The increase in other operating expenses for the six months ended June 30, 2023 compared to the prior period was primarily due to a higher level of information technology, occupancy and other administrative costs in connection with the overall growth of the firm.

Fee Related Earnings

The increase in fee related earnings for the six months ended June 30, 2023 compared to the prior period is primarily due to a higher level of management fees from our Private Equity, Real Assets, and Credit and Liquid Strategies business lines and a higher level of fee related performance revenues, partially offset by a lower level of transaction and monitoring fees, net, and a higher level of fee related compensation and other operating expenses, as described above.

Realized Performance Income

The following table presents realized performance income by business line:

	Six Months Ended		
	June 30, 2023	June 30, 2022	Change
(\$ in thousands)			
Realized Performance Income			
Private Equity	\$ 309,284	\$ 1,237,969	\$ (928,685)
Real Assets	9,686	85,310	(75,624)
Credit and Liquid Strategies	5,762	16,786	(11,024)
Total Realized Performance Income	\$ 324,732	\$ 1,340,065	\$ (1,015,333)

	Six Months Ended		
	June 30, 2023	June 30, 2022	Change
	(\$ in thousands)		
Private Equity			
Americas Fund XII	\$ 107,620	\$ 122,277	\$ (14,657)
Core Investment Vehicles	103,659	262,219	(158,560)
North America Fund XI	23,486	563,112	(539,626)
Asian Fund III	23,002	51,397	(28,395)
Global Impact Fund	20,257	—	20,257
Next Generation Technology Growth Fund	17,810	—	17,810
Co-Investment Vehicles and Other	9,130	48,100	(38,970)
2006 Fund	4,271	80,575	(76,304)
European Fund IV	—	86,233	(86,233)
Total Realized Carried Interest ⁽¹⁾	309,235	1,213,913	(904,678)
Incentive Fees	49	24,056	(24,007)
Total Realized Performance Income	\$ 309,284	\$ 1,237,969	\$ (928,685)

	Six Months Ended		
	June 30, 2023	June 30, 2022	Change
	(\$ in thousands)		
Real Assets			
Global Infrastructure Investors II	\$ 9,686	\$ —	\$ 9,686
Real Estate Partners Americas II	—	85,310	(85,310)
Total Realized Carried Interest ⁽¹⁾	9,686	85,310	(75,624)
Incentive Fees	—	—	—
Total Realized Performance Income	\$ 9,686	\$ 85,310	\$ (75,624)

	Six Months Ended		
	June 30, 2023	June 30, 2022	Change
	(\$ in thousands)		
Credit and Liquid Strategies			
Alternative Credit and Other Funds	\$ —	\$ 4,153	\$ (4,153)
Total Realized Carried Interest ⁽¹⁾	—	4,153	(4,153)
Incentive Fees	5,762	12,633	(6,871)
Total Realized Performance Income	\$ 5,762	\$ 16,786	\$ (11,024)

(1) The above tables exclude any funds for which there was no realized carried interest during both of the periods presented.

Realized performance income includes (i) realized carried interest from our carry-earning funds and (ii) incentive fees not included in Fee Related Performance Revenues.

Realized carried interest in our Private Equity business line for the six months ended June 30, 2023 consisted primarily of (i) realized proceeds from the sale of our investments in AppLovin Corporation held by Americas Fund XII, KnowBe4, Inc. held by Global Impact Fund and Next Generation Technology Fund, and Endeavor Group Holdings, Inc. held by North America Fund XI, and (ii) performance income from our core investment vehicles. Realized carried interest in our Private Equity business line for the six months ended June 30, 2022 consisted primarily of (i) realized proceeds from the sale of our investments in Internet Brands, Inc. held by our North America Fund XI, Hensoldt AG (FRA: HAG) held by our European Fund IV and (ii) realized performance income from our core investment vehicles.

Realized carried interest in our Real Assets business line for the six months ended June 30, 2023 consisted primarily of realized proceeds from the sale of our investment in Telxius Telecom, S.A.U. (Infrastructure: telecommunications infrastructure sector) held by Global Infrastructure Investors II. Realized carried interest in our Real Assets business line for the six months ended June 30, 2022 consisted primarily of realized proceeds from dividends received from and sales of various investments in our real estate strategy.

During the six months ended June 30, 2023, there was no realized carried interest earned in our Credit and Liquid Strategies business line. Realized carried interest in our Credit and Liquid Strategies for the six months ended June 30, 2022, consisted primarily of realized proceeds from the sale of various investments at certain alternative credit funds that are eligible to pay realized carried interest.

Incentive fees consist of performance fees earned from (i) our hedge fund partnerships, (ii) investment management agreements with KKR sponsored investment vehicles, and (iii) investment management agreements to provide KKR's investment strategies to funds managed by a UK investment fund manager. Incentive fees in our Private Equity business line decreased for the six months ended June 30, 2023 compared to the prior period as a result of incentive fees not being earned from certain levered multi-asset investment vehicles in the current period. Incentive fees in our Credit and Liquid Strategies business line decreased for the six months ended June 30, 2023 compared to the prior period primarily as a result of a lower level of performance fees earned from a UK investment fund manager. During the six months ended June 30, 2023 and 2022, there were no incentive fees earned in our Real Asset business line.

Realized Performance Income Compensation

The decrease in realized performance income compensation for the six months ended June 30, 2023 compared to the prior period is primarily due to a lower level of compensation recorded in connection with the lower level of realized performance income.

Realized Investment Income

The following table presents realized investment income from our Principal Activities business line:

	Six Months Ended		
	June 30, 2023	June 30, 2022	Change
(\$ in thousands)			
Realized Investment Income			
Net Realized Gains (Losses)	\$ 107,249	\$ 272,544	\$ (165,295)
Interest Income and Dividends, Net	205,520	353,698	(148,178)
Total Realized Investment Income	\$ 312,769	\$ 626,242	\$ (313,473)

The decrease in realized investment income is primarily due to a lower level of net realized gains and a lower level of interest income and dividends, net. The amount of realized investment income depends on the transaction activity of our funds and our subsidiaries, which can vary from period to period.

For the six months ended June 30, 2023, net realized gains were comprised primarily of the sale of our investments in AppLovin Corporation, Pembina Gas Infrastructure Inc., KnowBe4, Inc., and Flutter Entertainment PLC. Partially offsetting these realized gains were realized losses, the most significant of which were (i) a realized loss on our private equity investment, Envision Healthcare Corporation, (ii) realized losses on our alternative credit investments, Hilding Anders International AB and Chembulk Group, and (iii) realized losses from the sales of various revolving credit facilities.

For the six months ended June 30, 2022, net realized gains were comprised primarily of the sale of our investments in Fiserv, Inc., Internet Brands, Inc. and Hensoldt AG. Partially offsetting these realized gains were realized losses, the most significant of which were (i) realized losses on our alternative credit investment, Hilding Anders International AB, and real estate equity investment, River Plaza (real estate equity) and (ii) realized losses from the sales of various revolving credit facilities.

For the six months ended June 30, 2023, interest income and dividends, net were comprised of (i) \$158.7 million of interest income primarily from our investments in CLOs, and to a lesser extent, our credit investments and cash balances, and (ii) \$46.8 million of dividend income primarily from (i) our Americas real estate credit and equity investments and (ii) dividend distributions received from our investment in Resolution Life Holdings L.P. (financial services sector), and our investment in Diversified Core Infrastructure Fund.

For the six months ended June 30, 2022, interest income and dividends, net were comprised of (i) \$252.9 million of dividend income primarily from levered multi-asset investment vehicles and our private equity investments, Exact Holding B.V. and Internet Brands, Inc., and (ii) \$100.8 million of interest income primarily from our investments in CLOs. See "—Analysis of Non-GAAP Performance Measures—Non-GAAP Balance Sheet Measures."

For the six months ended June 30, 2023, total fees attributable to KKR Capstone were \$43.8 million and total expenses attributable to KKR Capstone were \$39.4 million. For KKR Capstone-related adjustments in reconciling asset management segment revenues to GAAP revenues see "—Analysis of Non-GAAP Performance Measures—Reconciliations to GAAP Measures".

We currently expect to realize at least \$350.0 million of realized performance income from carried interest and realized investment income in the second half of 2023 from transactions entered into prior to the date of filing this report. Some of these transactions are not complete, and are subject to the satisfaction of closing conditions, including regulatory approvals; therefore, there can be no assurance if or when such transactions will be completed. In addition, we may realize gains or losses based on transactions or other events that occur after the date of filing this report through December 31, 2023, which could impact, positively or negatively, the total amount of our realized performance income from carried interest and realized investment income. Therefore, our actual realized performance income and realized investment income for the second half of 2023 may be materially higher or lower than \$350.0 million.

Realized Investment Income Compensation

The decrease in realized investment income compensation for the six months ended June 30, 2023 compared to the prior period is primarily due to a lower level of compensation recorded in connection with the lower level of realized investment income.

Other Operating and Capital Metrics

The following table presents certain key operating and capital metrics as of June 30, 2023 and December 31, 2022:

	As of		
	June 30, 2023	December 31, 2022	Change
	(\$ in millions)		
Assets Under Management	\$ 518,523	\$ 503,897	\$ 14,626
Fee Paying Assets Under Management	\$ 419,994	\$ 411,923	\$ 8,071
Uncalled Commitments	\$ 100,154	\$ 107,679	\$ (7,525)

The following table presents one of our key capital metrics for the six months ended June 30, 2023 and 2022:

	Six Months Ended		
	June 30, 2023	June 30, 2022	Change
	(\$ in millions)		
Capital Invested	\$ 19,357	\$ 40,027	\$ (20,670)

Assets Under Management*Private Equity*

The following table reflects the changes in the AUM of our Private Equity business line from December 31, 2022 to June 30, 2023:

	(\$ in millions)
December 31, 2022	\$ 165,147
New Capital Raised	2,341
Distributions and Other	(3,020)
Change in Value	5,671
June 30, 2023	\$ 170,139

AUM of our Private Equity business line was \$170.1 billion at June 30, 2023, an increase of \$5.0 billion, compared to \$165.1 billion at December 31, 2022.

The increase was primarily attributable to (i) an appreciation in investment value from Americas Fund XII, Asian Fund III, and our core private equity strategy, and (ii) new capital raised from Ascendant Fund, private equity vehicles customized for private wealth investors, and Next Generation Technology Growth Fund III. Partially offsetting the increase was distributions to its investors primarily as a result of realized proceeds, most notably from Americas Fund XII, Asian Fund III, and North America Fund XI.

For the six months ended June 30, 2023, the value of our traditional private equity investment portfolio increased by 7%. This was comprised of a 31% increase in share prices of various publicly held investments and a 5% increase in value of our privately held investments. For the six months ended June 30, 2023, the value of our growth equity investment portfolio increased 7% and our core private equity investment portfolio increased 2%.

The most significant increases in share prices of our publicly held investments were increases in AppLovin Corporation, J.B. Chemicals and Pharmaceuticals Limited, and US Foods Holding Corp. (NYSE: USFD). These increases were partially offset by decreases in share prices of other publicly held investments, the most significant of which was ZJLD Group Inc. The prices of publicly held companies may experience volatile changes following the reporting period. See "—Business Environment" for more information about the factors, such as volatility, that may impact our business, financial performance, operating results and valuations.

The most significant increases in the value of our privately held investments were increases in Cloudera, Inc., Kokusai Electric Corporation, and Exact Holding B.V. These increases in value on our privately held investments were partially offset by decreases in the value of certain other privately held investments, the most significant of which were GenesisCare Pty Ltd, PetVet Care Centers, LLC, and Global Medical Response, Inc. The increased valuations of individual companies in our privately held investments, in the aggregate, generally related to (i) individual company performance, (ii) an increase in the value of market comparables, and (iii) with respect to Kokusai Electric Corporation, an increase in valuation related to a partial sale transaction. The decreased valuations of individual companies in our privately held investments, in the aggregate, generally related to an unfavorable business outlook. See "—Business Environment" for more information about the factors, that may impact our business, financial performance, operating results and valuation.

Real Assets

The following table reflects the changes in the AUM of our Real Assets business line from December 31, 2022 to June 30, 2023:

	(\$ in millions)
December 31, 2022	\$ 118,592
New Capital Raised	5,425
Distributions and Other	(3,007)
Redemptions	(158)
Change in Value	764
June 30, 2023	\$ 121,616

AUM of our Real Assets business line was \$121.6 billion at June 30, 2023, an increase of \$3.0 billion, compared to \$118.6 billion at December 31, 2022.

The increase was primarily attributable to new capital raised from Global Atlantic under our investment management agreements with Global Atlantic's insurance companies, Diversified Core Infrastructure Fund, and Asia Real Estate Partners II. Partially offsetting the increase was (i) payments to Global Atlantic policyholders, and (ii) distributions to its investors as a result of realized proceeds, most notably from Global Infrastructure Investors III and Global Infrastructure Investors II.

For the six months ended June 30, 2023, the value of our infrastructure investment portfolio increased 8%, the value of our opportunistic real estate equity investment portfolio decreased by 2%, and the value of our energy investment portfolio decreased by 11%.

The most significant increases in value across our Real Assets portfolio were in Atlantic Aviation FBO Inc., ONNET Fibra Chile S.A.S. (Infrastructure: telecommunications infrastructure sector), and First Gen Corporation (Infrastructure: power and utilities sector). These increases in value were partially offset by decreases in value relating primarily to Crescent Energy Company and various assets held in our opportunistic real estate equity investment portfolio. The increased valuations of individual companies or assets in the aggregate, generally related to individual company or asset performance. The decreased valuations of individual companies or assets in the aggregate, generally related to an increase in capitalization rates and/or discount rates which impacted our real estate equity portfolio. The prices of publicly held companies may experience volatile changes following the reporting period. See "—Business Environment" for more information about the factors that may impact our business, financial performance, operating results and valuations.

Credit and Liquid Strategies

The following table reflects the changes in the AUM of our Credit and Liquid Strategies business line from December 31, 2022 to June 30, 2023:

	(\$ in millions)
December 31, 2022	\$ 220,158
New Capital Raised	16,694
Distributions and Other	(8,707)
Redemptions	(3,733)
Change in Value	2,356
June 30, 2023	<u>\$ 226,768</u>

AUM of our Credit and Liquid Strategies business line totaled \$226.8 billion at June 30, 2023, an increase of \$6.6 billion compared to AUM of \$220.2 billion at December 31, 2022.

The increase was primarily attributable to (i) new capital raised from Global Atlantic, various leveraged credit and alternative credit funds, the issuance of CLOs, and our hedge fund partnership, Marshall Wace, and to a lesser extent (ii) appreciation in investment value across our leveraged credit and alternative credit investment funds and on assets managed by Marshall Wace. Partially offsetting the increase was (i) payments to Global Atlantic policyholders, (ii) redemptions at our hedge fund partnership, Marshall Wace, and (iii) distributions and redemptions to its investors at certain leveraged credit funds.

See also "—Business Environment" for more information about the factors that may impact our business, financial performance, operating results and valuations.

Fee Paying Assets Under Management*Private Equity*

The following table reflects the changes in the FPAUM of our Private Equity business line from December 31, 2022 to June 30, 2023:

	(\$ in millions)
December 31, 2022	\$ 102,261
New Capital Raised	4,552
Distributions and Other	(3,283)
Change in Value	200
June 30, 2023	\$ 103,730

FPAUM of our Private Equity business line was \$103.7 billion at June 30, 2023, an increase of \$1.4 billion, compared to \$102.3 billion at December 31, 2022.

The increase was primarily attributable to new capital raised from our core private equity strategy portfolio, Ascendant Fund, and private equity vehicles customized for private wealth investors. Partially offsetting the increase was (i) a reduction in FPAUM for the write-off of Envision Healthcare Corporation, (ii) distributions to its investors primarily as a result of realized proceeds, most notably from Americas Fund XII, and (iii) a reduction in fee base for European Fund III and China Growth Fund, which no longer pay management fees.

Real Assets

The following table reflects the changes in the FPAUM of our Real Assets business line from December 31, 2022 to June 30, 2023:

	(\$ in millions)
December 31, 2022	\$ 103,532
New Capital Raised	6,573
Distributions and Other	(2,994)
Redemptions	(158)
Net Changes in Fee Base of Certain Funds	(375)
Change in Value	(460)
June 30, 2023	\$ 106,118

FPAUM of our Real Assets business line was \$106.1 billion at June 30, 2023, an increase of \$2.6 billion, compared to \$103.5 billion at December 31, 2022.

The increase was primarily attributable to new capital raised from Diversified Core Infrastructure Fund, Global Atlantic, and Global Infrastructure Investors IV. Partially offsetting the increase was (i) payments to Global Atlantic policyholders, (ii) a change in fee base for Asia Real Estate Partners as a result of entering its post-investment period, during which we earn fees on invested capital rather than committed capital, and (iii) distributions to its investors as a result of realized proceeds, most notably from Global Infrastructure Investors II.

Credit and Liquid Strategies

The following table reflects the changes in the FPAUM of our Credit and Liquid Strategies business line from December 31, 2022 to June 30, 2023:

	(\$ in millions)
December 31, 2022	\$ 206,130
New Capital Raised	15,656
Distributions and Other	(9,849)
Redemptions	(3,733)
Change in Value	1,942
June 30, 2023	<u>\$ 210,146</u>

FPAUM of our Credit and Liquid Strategies business line was \$210.1 billion at June 30, 2023, an increase of \$4.0 billion compared to \$206.1 billion at December 31, 2022.

The increase was primarily attributable to (i) new capital raised from Global Atlantic, various leveraged credit and alternative credit funds, the issuance of CLOs, and our hedge fund partnership, Marshall Wace, and to a lesser extent (ii) appreciation in investment value across our leveraged credit and alternative credit investment funds and on assets managed by our hedge fund partnership, Marshall Wace. Partially offsetting the increase was (i) payments to Global Atlantic policyholders, (ii) redemptions at Marshall Wace, and (iii) distributions and redemptions to its investors at certain leveraged credit funds.

See "—Business Environment" for more information about the factors that may impact our business, financial performance, operating results and valuations.

Uncalled Commitments

Private Equity

As of June 30, 2023, our Private Equity business line had \$61.2 billion of remaining uncalled commitments that could be called for investments in new transactions as compared to \$65.9 billion as of December 31, 2022. The decrease was primarily attributable to capital called from fund investors to make investments during the period, which was partially offset by new capital commitments from fund investors.

Real Assets

As of June 30, 2023, our Real Assets business line had \$23.8 billion of remaining uncalled commitments that could be called for investments in new transactions as compared to \$27.5 billion as of December 31, 2022. The decrease was primarily attributable to capital called from fund investors to make investments during the period, which was partially offset by new capital commitments from fund investors.

Credit and Liquid Strategies

As of June 30, 2023, our Credit and Liquid Strategies business line had \$15.1 billion of remaining uncalled commitments that could be called for investments in new transactions as compared to \$14.3 billion as of December 31, 2022. The increase was primarily attributable to new capital commitments from fund investors, which was partially offset by capital called from fund investors to make investments during the period.

Capital Invested

Private Equity

For the six months ended June 30, 2023, \$6.1 billion of capital was invested by our Private Equity business line, as compared to \$10.1 billion for the six months ended June 30, 2022. The decrease was driven primarily by a \$6.5 billion decrease in capital invested in our traditional private equity strategy, partially offset by a \$2.8 billion increase in capital invested in our core private equity strategy. During the six months ended June 30, 2023, 59% of capital deployed in private equity was in transactions in Europe, 37% was in North America, and 4% was in the Asia-Pacific region. The number of large private equity investments made in any quarterly or year-to-date period is volatile and, consequently, a significant amount of capital invested in one period or a few periods may not be indicative of a similar level of capital deployment in future periods.

Real Assets

For the six months ended June 30, 2023, \$7.9 billion of capital was invested by our Real Assets business line, as compared to \$17.1 billion for the six months ended June 30, 2022. The decrease was driven primarily by a \$7.3 billion decrease in capital invested in our real estate strategy and a \$1.2 billion decrease in capital invested in our energy strategy. During the six months ended June 30, 2023, 45% of capital deployed in real assets was in transactions in Europe, 28% was in the Asia-Pacific region, and 27% was in North America. The number of large real assets investments made in any quarterly or year-to-date period is volatile and, consequently, a significant amount of capital invested in one period or a few periods may not be indicative of a similar level of capital deployment in future periods.

Credit and Liquid Strategies

For the six months ended June 30, 2023, \$5.4 billion of capital was invested by our Credit and Liquid Strategies business line, as compared to \$12.8 billion for the six months ended June 30, 2022. The decrease was primarily due to a lower level of capital deployed across our various private credit and direct lending strategies. During the six months ended June 30, 2023, 80% of capital deployed was in transactions in North America, 15% was in Europe, and 5% was in the Asia-Pacific region.

Analysis of Insurance Segment Operating Results

Effective January 1, 2023, we adopted new accounting guidance for insurance and reinsurance companies that issue long-duration contracts ("LDTI") as of February 1, 2021, the date of the GA Acquisition, on a full retrospective basis. For a more detailed discussion of the adoption of the LDTI, see Note 2 "Summary of Significant Accounting Policies" in our financial statements.

The following tables set forth information regarding KKR's insurance segment operating results and certain key operating metrics as of and for the six months ended June 30, 2023 and 2022:

	Six Months Ended		
	June 30, 2023	June 30, 2022	Change
(\$ in thousands)			
Net Investment Income	\$ 2,555,049	\$ 1,826,810	\$ 728,239
Net Cost of Insurance	(1,562,289)	(986,582)	(575,707)
General, Administrative and Other	(399,999)	(312,323)	(87,676)
Pre-tax Operating Earnings	592,761	527,905	64,856
Pre-tax Operating Earnings Attributable to Noncontrolling Interests	(217,425)	(203,343)	(14,082)
Insurance Segment Operating Earnings	\$ 375,336	\$ 324,562	\$ 50,774

Insurance segment operating earnings

Insurance segment operating earnings increased for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 primarily due to higher net investment income resulting from an increase in assets under management due to growth of the business and higher average yields. The increase was offset in part by (i) higher net cost of insurance, primarily due to the growth in both the individual market and institutional market channels and higher funding cost on new business and (ii) a corresponding increase in general and administrative expenses.

Net investment income

Net investment income increased for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 primarily due to (i) increased average assets under management due to growth in assets in the institutional market channel as a result of new reinsurance transactions and individual market channel sales from new business growth, (ii) increases in portfolio yields due to higher market interest rates on floating rate investments, and (iii) rotation into higher yielding assets. Offsetting these increases to net investment income was a decrease in variable investment income, primarily due to a decrease in net realized gains from the sale of investments not related to asset/liability matching strategies.

Net cost of insurance

Net cost of insurance increased for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 primarily due to (i) growth in reserves in the institutional market as a result of new reinsurance transactions and in the individual market as a result of new business volumes, and (ii) higher funding costs on new business originated.

General, administrative and other expenses

General and administrative expenses increased for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 primarily due to (i) an increase in interest expense on floating rate debt (i.e., Global Atlantic's revolving facility and fixed-to-floating swaps on its fixed rate debt) due to higher market rates and higher total debt notional outstanding and (ii) increased employee compensation and benefits-related expenses.

Net Income attributable to non-controlling interests

Net income attributable to noncontrolling interests increased for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 in proportion to the increase in insurance segment operating earnings for the comparable period. Net income attributable to non-controlling interests represents the proportionate interest in the insurance segment operating earnings attributable to other co-investors in Global Atlantic.

Analysis of Non-GAAP Performance Measures

The following is a discussion of our Non-GAAP performance measures for the six months ended June 30, 2023 and 2022:

	Six Months Ended		
	June 30, 2023	June 30, 2022	Change
	(\$ in thousands)		
Asset Management Segment Operating Earnings	\$ 1,530,397	\$ 2,080,465	\$ (550,068)
Insurance Segment Operating Earnings	375,336	324,562	50,774
Distributable Operating Earnings	1,905,733	2,405,027	(499,294)
Interest Expense	(177,510)	(146,079)	(31,431)
Net Income Attributable to Noncontrolling Interests	(11,744)	(12,151)	407
Income Taxes on Operating Earnings	(344,599)	(421,544)	76,945
After-tax Distributable Earnings	\$ 1,371,880	\$ 1,825,253	\$ (453,373)

Distributable Operating Earnings

The decrease in distributable operating earnings for the six months ended June 30, 2023 compared to the prior period is primarily due to a lower level of asset management segment operating earnings partially offset by a higher level of insurance segment operating earnings. For a discussion of the asset management and insurance segment operating earnings, see "—Analysis of Asset Management Segment Operating Results" and "—Analysis of Insurance Segment Operating Results."

After-tax Distributable Earnings

The decrease in after-tax distributable earnings for the six months ended June 30, 2023 compared to the prior period was primarily due to a lower level of distributable operating earnings and an increase in interest expense partially offset by a decrease in income taxes on operating earnings.

Interest Expense

The increase in interest expense for the six months ended June 30, 2023 compared to the prior period is due primarily to debt issuances by KKR's financing subsidiaries.

Income Taxes on Operating Earnings

The decrease in income taxes on operating earnings for the six months ended June 30, 2023 compared to the prior period was primarily due to a lower level of asset management segment operating earnings.

For the six months ended June 30, 2023 and 2022, the amount of the tax benefit from equity-based compensation included in income taxes on operating earnings was \$24.2 million and \$27.7 million, respectively. The inclusion of the tax benefit from equity-based compensation in After-tax Distributable Earnings had the effect of increasing this measure by 2% both for the six months ended June 30, 2023 and 2022.

Non-GAAP Balance Sheet Measures

Book Value

The following table presents our calculation of book value as of June 30, 2023 and December 31, 2022:

	As of	
	June 30, 2023	December 31, 2022
	(\$ in thousands)	
(+) Cash and Short-term Investments	\$ 3,800,734	\$ 3,256,515
(+) Investments	18,022,787	17,628,327
(+) Net Unrealized Performance Income ⁽¹⁾	2,870,684	2,509,589
(+) Other Assets, Net ⁽²⁾	6,838,266	6,979,235
(+) Global Atlantic Book Value	4,353,892	4,409,873
(-) Debt Obligations - KKR (excluding KFN and Global Atlantic)	7,160,429	6,957,932
(-) Debt Obligations - KFN	948,517	948,517
(-) Tax Liabilities, Net	1,716,000	1,648,600
(-) Other Liabilities	994,069	911,612
(-) Noncontrolling Interests	26,424	32,843
Book Value	\$ 25,040,924	\$ 24,284,035
Book Value Per Adjusted Share	\$ 28.17	\$ 27.27
Adjusted Shares	888,791,917	890,628,190

(1) The following table provides net unrealized performance income by business line:

	As of	
	June 30, 2023	December 31, 2022
	(\$ in thousands)	
Private Equity Business Line	\$ 2,458,058	\$ 2,199,869
Real Assets Business Line	306,818	212,974
Credit and Liquid Strategies Business Line	105,808	96,746
Total	\$ 2,870,684	\$ 2,509,589

(2) Other Assets, Net include our (i) ownership interest in FS/KKR Advisor, (ii) minority ownership interests in hedge fund partnerships, and (iii) the net assets of KJRM.

Book value increased 3% from December 31, 2022. The increase was primarily attributable to (i) the net appreciation in the value of our investment portfolio, (ii) an increase in net unrealized carried interest, most notably from Americas Fund XII, Asian Fund III, and Global Infrastructure Investors III, and (iii) the positive impact of our after-tax distributable earnings recognized in the period. Partially offsetting these increases were the payment of dividends and repurchases of our common stock during the period. The value of our asset management segment investments increased 3% in the period. For a further discussion, see "—Consolidated Results of Operations (GAAP Basis) - Asset Management—Investment Income (Loss) - Asset Management—Unrealized Gains and Losses from Investment Activities." For a discussion of the changes in our investment portfolio, see "—Analysis of Asset Management Segment Operating Results—Assets Under Management." For a discussion of factors that impacted KKR's after-tax distributable earnings, see "—Analysis of Non-GAAP Performance Measures—After-tax Distributable Earnings" and for more information about the factors that may impact our business, financial performance, operating results and valuations, see "—Business Environment."

The following table presents the holdings of our investments in the asset management segment by asset class as of June 30, 2023. To the extent investments are realized at values below their cost in future periods, after-tax distributable earnings would be adversely affected by the amount of such loss, if any, during the period in which the realization event occurs.

Investments ⁽¹⁾	As of June 30, 2023		
	Cost	Fair Value	Fair Value as a Percentage of Total Investments
Core Private Equity	\$ 3,018,292	\$ 6,187,476	34.3 %
Traditional Private Equity	2,126,441	3,659,859	20.3 %
Growth Equity	372,540	927,200	5.1 %
Private Equity Total	5,517,273	10,774,535	59.7 %
Real Estate	1,867,794	1,889,598	10.5 %
Infrastructure	1,397,831	1,592,400	8.8 %
Energy	836,511	810,032	4.5 %
Real Assets Total	4,102,136	4,292,030	23.8 %
Leveraged Credit	1,385,877	1,169,345	6.5 %
Alternative Credit	835,175	933,344	5.2 %
Credit Total	2,221,052	2,102,689	11.7 %
Other	1,134,352	853,533	4.8 %
Total Investments	\$ 12,974,813	\$ 18,022,787	100.0 %

(1) Investments is a term used solely for purposes of financial presentation of a portion of KKR's balance sheet and includes majority ownership of subsidiaries that operate KKR's asset management and insurance businesses, including the general partner interests of KKR's investment funds. Investments presented are principally the assets measured at fair value that are held by KKR's asset management segment, which, among other things, does not include the underlying investments held by Global Atlantic and Marshall Wace.

Top 20 Investments: ⁽¹⁾	As of June 30, 2023	
	(\$ in thousands)	
	Cost	Fair Value
USI, Inc.	\$ 531,425	\$ 1,403,499
PetVet Care Centers, LLC	243,211	1,070,128
Heartland Dental, LLC	375,365	824,283
Exact Holding B.V.	213,362	651,887
Arnott's Biscuits Limited	250,841	478,320
Barracuda Networks, Inc.	432,831	432,831
Roompot B.V.	349,036	416,465
1-800 Contacts Inc.	300,178	405,243
Internet Brands, Inc.	340,312	372,628
ERM Worldwide Group Limited	228,710	365,928
IVIRMA Global SL	335,993	341,574
Teaching Strategies, LLC	307,162	307,162
APRIL Group	280,229	301,070
Resolution Life Group Holdings, L.P.	262,191	278,977
Crescent Energy Company (NYSE: CRGY)	523,785	264,291
Shriram General Insurance Co.	245,470	249,158
BridgeBio Pharma, Inc. (NASDAQ: BBIO)	59,799	206,114
Atlantic Aviation FBO Inc.	170,274	198,130
PortAventura	155,803	194,219
Viridor Limited	132,023	193,269
Total Top 20 Investments	\$ 5,738,000	\$ 8,955,176

- (1) This list of investments identifies the twenty largest companies or assets based on their fair values as of June 30, 2023. It does not deduct fund or vehicle level debt, if any, incurred in connection with funding the investment. This list excludes (i) investments expected to be syndicated, (ii) investments expected to be transferred in connection with a new fundraising, (iii) investments in funds and other entities that are owned by one or more third parties and established for the purpose of making investments and (iv) the portion of any investment that may be held through collateralized loan obligations or levered multi-asset investment vehicles, if any. For additional information about the asset classes of the investments held on KKR's balance sheet see "—Our Business—Principal Activities" for the "Holdings by Asset Class" pie chart. The fair value figures include the co-investment and the limited partner and/or general partner interests held by KKR in the underlying investment, if applicable.

With respect to KKR's book value relating to its insurance business, KKR includes Global Atlantic's book value, which consists of KKR's pro rata equity interest in Global Atlantic on a GAAP basis, excluding (i) accumulated other comprehensive income and (ii) accumulated change in fair value of reinsurance embedded derivative balances and related assets, net of income tax. KKR believes this presentation of Global Atlantic's book value is comparable with the corresponding metric presented by other publicly traded companies in Global Atlantic's industry. As of June 30, 2023, KKR's pro rata interest in Global Atlantic's book value was \$4.4 billion. For more information about the composition and credit quality of Global Atlantic's investments on a consolidated basis, please see "—Global Atlantic's Investment Portfolio" below.

Global Atlantic's Investment Portfolio

As of June 30, 2023, 96% and 87% of Global Atlantic's available-for-sale ("AFS") fixed maturity securities were considered investment grade under ratings from the Securities Valuation Office of the NAIC and NRSROs, respectively. As of December 31, 2022, 95% and 85% of Global Atlantic's AFS fixed maturity securities were considered investment grade under ratings from NAIC and NRSROs, respectively. Securities where a rating by an NRSRO was not available are considered investment grade if they have an NAIC designation of "1" or "2." The three largest asset categories in Global Atlantic's AFS fixed-maturity security portfolio as of June 30, 2023 were Corporate, RMBS and CMBS securities, comprising 30%, 6% and 5% of Global Atlantic's investment portfolio, respectively. Within these categories, 94%, 97% and 95% of Global Atlantic's Corporate, RMBS and CMBS securities, respectively, were investment grade according to NAIC ratings and 94%, 54% and 54% of its Corporate, RMBS and CMBS securities, respectively, were investment grade according to NRSRO ratings as of June 30, 2023. The three largest asset categories in Global Atlantic's AFS fixed-maturity security portfolio as of December 31, 2022 were Corporate, RMBS and CMBS securities, comprising 29%, 5% and 5% of Global Atlantic's investment portfolio, respectively. Within these categories, 94%, 95% and 95% of Global Atlantic's Corporate, RMBS and CMBS securities,

respectively, were investment grade according to NAIC ratings and 94%, 45% and 53% of its Corporate, RMBS and CMBS securities, respectively, were investment grade according to NRSRO ratings as of December 31, 2022. NRSRO and NAIC ratings have different methodologies. Global Atlantic believes the NAIC ratings methodology, which considers the likelihood of recovery of amortized cost as opposed to the recovery of all contractual payments including the principal at par, as the more appropriate way to view the ratings quality of its AFS fixed maturity portfolio since a large portion of its holdings were purchased at a significant discount to par value. The portion of Global Atlantic's investment portfolio consisting of floating rate assets was 30% and 29% as of June 30, 2023 and December 31, 2022, respectively.

Within the funds withheld receivable at interest portfolio, 97% of the fixed maturity securities were investment grade by NAIC designation as of both June 30, 2023 and December 31, 2022.

Trading fixed maturity securities back funds withheld payable at interest where the investment performance is ceded to reinsurers under the terms of the respective reinsurance agreements.

Credit quality of AFS fixed maturity securities

The Securities Valuation Office of the NAIC evaluates the AFS fixed maturity security investments of insurers for regulatory reporting and capital assessment purposes and assigns securities to one of six credit quality categories called "NAIC designations." Using an internally developed rating is permitted by the NAIC if no rating is available. These designations are generally similar to the credit quality designations of NRSROs for marketable fixed maturity securities, except for certain structured securities as described below. NAIC designations of "1," highest quality, and "2," high quality, include fixed maturity securities generally considered investment grade by NRSROs. NAIC designations "3" through "6" include fixed maturity securities generally considered below investment grade by NRSROs.

Consistent with the NAIC Process and Procedures Manual, an NRSRO rating was assigned based on the following criteria: (i) the equivalent S&P rating where the security is rated by one NRSRO; (ii) the equivalent S&P rating of the lowest NRSRO when the security is rated by two NRSROs; and (iii) the equivalent S&P rating of the second lowest NRSRO if the security is rated by three or more NRSROs. If the lowest two NRSROs' ratings are equal, then such rating will be the assigned rating. NRSROs' ratings available for the periods presented were S&P, Fitch, Moody's, DBRS, Inc. and Kroll Bond Rating Agency, Inc. If no rating is available from a rating agency, then an internally developed rating is used.

Substantially all of the AFS fixed maturity securities portfolio, 96% and 95% as of June 30, 2023 and December 31, 2022, respectively was invested in investment grade assets with a NAIC rating of 1 or 2.

The portion of the AFS fixed maturity securities portfolio that was considered below investment grade by NAIC designation was 4% and 5% as of June 30, 2023 and December 31, 2022, respectively. Pursuant to Global Atlantic's investment guidelines, Global Atlantic actively monitors the percentage of its portfolio that is held in investments rated NAIC 3 or lower and must obtain an additional approval from Global Atlantic's management investment committee before making a significant investment in an asset rated NAIC 3 or lower.

Corporate fixed maturity securities

Global Atlantic maintains a diversified portfolio of corporate fixed maturity securities across industries and issuers. As of both June 30, 2023 and December 31, 2022, 59% of the AFS fixed maturity securities portfolio was invested in corporate fixed maturity securities. As of both June 30, 2023 and December 31, 2022, approximately, 5% of the portfolio is denominated in foreign currency.

As of both June 30, 2023 and December 31, 2022, 94% of the total fair value of corporate fixed maturity securities is rated NAIC investment grade and 94% is rated NRSROs investment grade, respectively.

Residential mortgage-backed securities

As of June 30, 2023 and December 31, 2022, 11% and 10% of the AFS fixed maturity securities portfolio was invested in RMBS, respectively. RMBS are securities constructed from pools of residential mortgages and backed by payments from those pools. Excluding limitations on access to lending and other extraordinary economic conditions, Global Atlantic would expect prepayments of principal on the underlying loans to accelerate with decreases in market interest rates and diminish with increases in market interest rates.

The NAIC designations for RMBS, including prime, sub-prime, alt-A, and adjustable rate mortgages with variable payment options ("Option ARM"), are based upon a comparison of the bond's amortized cost to the NAIC's loss expectation for each security. Accordingly, an investment in the same security at a lower cost may result in a higher quality NAIC designation in recognition of the lower likelihood the investment would result in a realized loss. Prime residential mortgage lending includes loans to the most creditworthy borrowers with high quality credit profiles. Alt-A is a classification of mortgage loans where the risk profile of the borrower is between prime and sub-prime. Sub-prime mortgage lending is the origination of residential mortgage loans to borrowers with weak credit profiles.

As of June 30, 2023 and December 31, 2022, 93% and 90%, respectively, of RMBS securities that are below investment grade as rated by the NRSRO, carry an NAIC 1 ("highest quality") designation.

As of June 30, 2023, Alt-A, Option ARM, Re-Performing and Sub-prime represent 43%, 24%, 10% and 12% of the total RMBS portfolio (\$7.4 billion), respectively. As of December 31, 2022, Alt-A, Option ARM, Re-Performing and Sub-prime represent 31%, 28%, 14% and 12% of the total RMBS portfolio (\$6.4 billion), respectively.

Unrealized gains and losses for AFS fixed maturity securities

Global Atlantic's investments in AFS fixed maturity securities are reported at fair value with changes in fair value recorded in other comprehensive income as unrealized gains or losses, net of taxes and offsets. Unrealized gains and losses can be created by changes in interest rates or by changes in credit spreads.

As of June 30, 2023 and December 31, 2022, Global Atlantic had gross unrealized losses on below investment grade AFS fixed maturity securities of \$772.0 million and \$917.6 million based on NRSRO rating and \$212.0 million and \$224.9 million based on NAIC ratings, respectively. As of June 30, 2023, unrealized losses were not recognized in net income on these debt securities since Global Atlantic neither intends to sell the securities nor does it believe that it is more likely than not that it will be required to sell these securities before recovery of their cost or amortized cost basis.

Credit quality of mortgage and other loan receivables

Mortgage and other loan receivables consist of commercial and residential mortgage loans, consumer loans and other loan receivables. As of both June 30, 2023 and December 31, 2022, 28% of Global Atlantic's total investments consisted of mortgage and other loan receivables.

Global Atlantic invests in U.S. mortgage loans, comprised of first lien and mezzanine commercial mortgage loans and first lien residential mortgage loans. For Global Atlantic's commercial mortgage loan portfolio, the most prevalent property type is multi-family residential buildings, which represents over half of the portfolio as of both June 30, 2023 and December 31, 2022. Office and retail properties represent approximately 26% and 28% of the portfolio as of June 30, 2023 and December 31, 2022, respectively.

Global Atlantic's commercial mortgage loans are assigned NAIC designations, with designations "CM1" and "CM2" considered to be investment grade. As of June 30, 2023 and December 31, 2022, 91% and 88% of the commercial mortgage loan portfolio were rated investment grade based on NAIC designation, respectively. The payment status of over 99% of the commercial mortgage loan portfolio is current as of both June 30, 2023 and December 31, 2022.

The loan-to-value ratio is expressed as a percentage of the current amount of the loan relative to the value of the underlying collateral. As of June 30, 2023 and December 31, 2022, approximately 86% and 84%, respectively, of the commercial mortgage loans have a loan-to-value ratio of 70% or less and for both June 30, 2023 and December 31, 2022, 3% have loan-to-value ratio over 90%.

Changing economic conditions and updated assumptions affect Global Atlantic's assessment of the collectability of commercial mortgage loans. Changing vacancies and rents are incorporated into the analysis that Global Atlantic performs to measure the allowance for credit losses. In addition, Global Atlantic continuously monitors its commercial mortgage loan portfolio to identify risk. Areas of emphasis are properties that have exposure to specific geographic events or have deteriorating credit.

As of June 30, 2023, the payment status of 96% of the residential mortgage loan portfolio is current, and approximately \$204.8 million is 90 days or more past due (representing 2% of the total residential mortgage portfolio). As of December 31, 2022, the payment status of 96% of the residential mortgage loan portfolio was current and approximately \$192.3 million were 90 days or more past due (representing 2% of the total residential mortgage portfolio).

The weighted average loan-to-value ratio for residential mortgage loans was 63% and 64% as of June 30, 2023 and December 31, 2022, respectively.

Global Atlantic's residential mortgage loan portfolio primarily includes mortgage loans backed by single family rental properties, prime loans and re-performing loans that were purchased at a discount after they were modified and returned to performing status. Global Atlantic has also extended financing to counterparties in the form of repurchase agreements secured by mortgage loans, including performing and non-performing mortgage loans.

Global Atlantic's consumer loan portfolio is primarily comprised of home improvement loans, residential solar loans, student loans and auto loans. As of June 30, 2023, 97% of the consumer loan portfolio is in current status and approximately \$37.6 million is 90 days or more past due (representing 1% of the total consumer loan portfolio).

Reconciliations to GAAP Measures

The following tables reconcile the most directly comparable financial measures calculated and presented in accordance with GAAP to KKR's non-GAAP financial measures for the three and six months ended June 30, 2023 and 2022:

Revenues

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(\$ in thousands)			
Total GAAP Revenues	\$ 3,626,518	\$ 323,393	\$ 6,754,000	\$ 1,322,756
Impact of Consolidation and Other	184,775	172,118	394,553	385,518
<i>Asset Management Adjustments:</i>				
Capital Allocation-Based Income (Loss) (GAAP)	(696,897)	923,474	(1,145,915)	1,869,217
Realized Carried Interest	146,232	723,609	318,921	1,303,376
Realized Investment Income	114,675	276,888	312,769	626,242
Capstone Fees	(24,040)	(19,510)	(43,845)	(34,995)
Expense Reimbursements	(16,840)	(25,576)	(32,384)	(66,879)
<i>Insurance Adjustments:</i>				
Net Premiums	(626,429)	225,502	(1,100,053)	(146,642)
Policy Fees	(315,382)	(319,030)	(629,184)	(632,812)
Other Income	(39,858)	(32,512)	(77,016)	(67,256)
(Gains) Losses from Investments ⁽¹⁾	193,770	21,041	454,277	188,143
Non-operating Changes in Policy Liabilities and Derivatives	(31,253)	474,972	(144,029)	761,693
Total Segment Revenues ⁽²⁾	\$ 2,515,271	\$ 2,744,369	\$ 5,062,094	\$ 5,508,361

(1) Includes (gains) losses on funds withheld receivables and payables embedded derivatives.

(2) Total Segment Revenues is comprised of (i) Management Fees, (ii) Transaction and Monitoring Fees, Net, (iii) Fee Related Performance Revenues, (iv) Realized Performance Income, (v) Realized Investment Income, and (vi) Net Investment Income.

Net Income (Loss) Attributable to KKR & Co. Inc. Common Stockholders

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
(\$ in thousands)				
Net Income (Loss) Attributable to KKR & Co. Inc. Common Stockholders (GAAP)	\$ 844,463	\$ (734,625)	\$ 1,167,207	\$ (744,411)
Preferred Stock Dividends	17,249	17,250	34,499	34,500
Net Income (Loss) Attributable to Noncontrolling Interests	264,346	(1,096,707)	184,040	148,217
Income Tax Expense (Benefit)	324,955	(102,511)	473,702	(65,860)
Income (Loss) Before Tax (GAAP)	\$ 1,451,013	\$ (1,916,593)	\$ 1,859,448	\$ (627,554)
Impact of Consolidation and Other	(257,366)	785,565	(163,855)	(522,377)
Equity-based Compensation - KKR Holdings ⁽¹⁾	—	80,513	—	100,334
Income Taxes on Operating Earnings	(171,542)	(201,265)	(344,599)	(421,544)
<i>Asset Management Adjustments:</i>				
Unrealized (Gains) Losses	(458,311)	1,178,759	(358,984)	1,501,028
Unrealized Carried Interest	(435,495)	1,561,367	(638,154)	2,851,400
Unrealized Carried Interest Compensation (Carry Pool)	195,361	(646,239)	279,191	(1,160,226)
Strategic Corporate Related Charges	7,192	50,306	13,999	70,204
Equity-based Compensation	45,261	50,582	104,278	105,693
Equity-based Compensation - Performance based	63,654	59,831	130,927	117,784
<i>Insurance Adjustments:</i> ⁽²⁾				
(Gains) Losses from Investments ⁽²⁾⁽³⁾	125,483	79,905	256,597	208,937
Non-operating Changes in Policy Liabilities and Derivatives ⁽²⁾	57,463	(250,582)	163,954	(442,783)
Strategic Corporate Related Charges ⁽²⁾	3,199	2,890	3,199	5,969
Equity-based and Other Compensation ⁽²⁾	23,898	13,464	60,291	32,962
Amortization of Acquired Intangibles ⁽²⁾	2,794	2,713	5,588	5,426
After-tax Distributable Earnings	\$ 652,604	\$ 851,216	\$ 1,371,880	\$ 1,825,253
Interest Expense	92,010	76,619	177,510	146,079
Net Income Attributable to Noncontrolling Interests	6,118	4,535	11,744	12,151
Income Taxes on Operating Earnings	171,542	201,265	344,599	421,544
Distributable Operating Earnings	\$ 922,274	\$ 1,133,635	\$ 1,905,733	\$ 2,405,027
Insurance Segment Operating Earnings	(170,224)	(180,615)	(375,336)	(324,562)
Realized Performance Income	(149,334)	(730,858)	(324,732)	(1,340,065)
Realized Performance Income Compensation	97,085	474,428	211,094	858,063
Realized Investment Income	(114,675)	(276,888)	(312,769)	(626,242)
Realized Investment Income Compensation	17,183	41,533	46,897	93,936
Fee Related Earnings	\$ 602,309	\$ 461,235	\$ 1,150,887	\$ 1,066,157
Insurance Segment Operating Earnings	170,224	180,615	375,336	324,562
Realized Performance Income	149,334	730,858	324,732	1,340,065
Realized Performance Income Compensation	(97,085)	(474,428)	(211,094)	(858,063)
Realized Investment Income	114,675	276,888	312,769	626,242
Realized Investment Income Compensation	(17,183)	(41,533)	(46,897)	(93,936)
Depreciation and Amortization	11,051	7,801	21,485	15,366
Adjusted EBITDA	\$ 933,325	\$ 1,141,436	\$ 1,927,218	\$ 2,420,393

(1) Represents equity-based compensation expense in connection with the allocation of KKR Holdings Units, which were not dilutive to common stockholders of KKR & Co. Inc.

(2) Amounts represent the portion allocable to KKR & Co. Inc.

(3) Includes (gains) losses on funds withheld receivables and payables embedded derivatives.

KKR & Co. Inc. Stockholders' Equity - Common Stock

	As of	
	June 30, 2023	December 31, 2022
(\$ in thousands)		
KKR & Co. Inc. Stockholders' Equity - Common Stock	\$ 18,865,775	\$ 17,691,975
Series C Mandatory Convertible Preferred Stock	1,115,792	1,115,792
Impact of Consolidation and Other	400,447	399,318
Exchangeable Securities	165,818	128,850
Accumulated Other Comprehensive Income (AOCI) and Other (Insurance)	4,493,092	4,948,100
Book Value	\$ 25,040,924	\$ 24,284,035

The following table provides a reconciliation of KKR's GAAP Shares of Common Stock Outstanding to Adjusted Shares:

	As of	
	June 30, 2023	December 31, 2022
GAAP Shares of Common Stock Outstanding	857,987,641	861,110,478
Adjustments:		
Exchangeable Securities ⁽¹⁾	3,909,477	2,695,142
Common Stock - Series C Mandatory Convertible Preferred Stock ⁽²⁾	26,894,799	26,822,570
Adjusted Shares ⁽³⁾	888,791,917	890,628,190
Unvested Equity Awards and Exchangeable Securities ⁽⁴⁾	31,110,978	35,457,274

(1) Consists of vested restricted holdings units granted under our 2019 Equity Incentive Plan, which are exchangeable for shares of KKR & Co. Inc. common stock on a one-for-one basis.

(2) Assumes that all shares of Series C Mandatory Convertible Preferred Stock have been converted into shares of KKR & Co. Inc. common stock on June 30, 2023 and December 31, 2022.

(3) Amounts exclude unvested equity awards granted under our Equity Incentive Plans.

(4) Represents equity awards granted under our Equity Incentive Plans. Excludes market condition awards that did not meet their market-price based vesting conditions as of June 30, 2023 and December 31, 2022.

Liquidity

We manage our liquidity and capital requirements by (a) focusing on our cash flows before the consolidation of our funds and CFEs and the effect of changes in short term assets and liabilities, which we anticipate will be settled for cash within one year, and (b) seeking to maintain access to sufficient liquidity through various sources. The overall liquidity framework and cash management approach of our insurance business are also based on seeking to build an investment portfolio that is cash flow matched, providing cash inflows from insurance assets that meet our insurance companies' expected cash outflows to pay their liabilities. Our primary cash flow activities typically involve: (i) generating cash flow from operations; (ii) generating income from investment activities, by investing in investments that generate yield (namely interest and dividends), as well as through the sale of investments and other assets; (iii) funding capital commitments that we have made to, and advancing capital to, our funds and CLOs; (iv) developing and funding new investment strategies, investment products, and other growth initiatives, including acquisitions of other investments, assets, and businesses; (v) underwriting and funding capital commitments in our capital markets business; (vi) distributing cash flow to our stockholders and holders of our preferred stock; and (vii) paying borrowings, interest payments, and repayments under credit agreements, our senior and subordinated notes, and other borrowing arrangements. See "—Liquidity—Liquidity Needs—Dividends."

See "—Business Environment" for more information on factors that may impact our business, financial performance, operating results and valuations.

Sources of Liquidity

Our primary sources of liquidity consist of amounts received from: (i) our operating activities, including the fees earned from our funds, portfolio companies, and capital markets transactions; (ii) realizations on carried interest from our investment funds; (iii) interest and dividends from investments that generate yield, including our investments in CLOs; (iv) in our insurance business, cash inflows in respect of new premiums, policyholder deposits, reinsurance transactions and funding agreements, including through memberships in FHLBs; (v) realizations on and sales of investments and other assets, including the transfers of investments or other assets for fund formations (including CLOs and other investment vehicles); and (vi) borrowings, including advances under our revolving credit facilities, debt offerings, repurchase agreements, and other borrowing arrangements. In addition, we may generate cash proceeds from issuances of our or our subsidiaries' equity securities.

Many of our investment funds like our private equity and real assets funds provide for carried interest. With respect to our carry-paying investment funds, carried interest is eligible to be distributed to the general partner of the fund only after all of the following are met: (i) a realization event has occurred (e.g., sale of a portfolio company, dividend, etc.); (ii) the vehicle has achieved positive overall investment returns since its inception, in excess of performance hurdles where applicable, and is accruing carried interest; and (iii) with respect to investments with a fair value below cost, cost has been returned to fund investors in an amount sufficient to reduce remaining cost to the investments' fair value. Even after all of the preceding conditions are met, the general partner of the fund may, in its sole discretion, decide to defer the distribution of carried interest to it to a later date. In addition, these funds generally include what is called a "clawback" provision, which provides that the general partner must return any carried interest that is paid in excess of what the general partner is entitled to receive at the end of the term of the fund, as discussed further below.

As of June 30, 2023, certain of our investment funds had met the first and second criteria, as described above, but did not meet the third criteria. In these cases, carried interest accrues on the consolidated statement of operations, but will not be distributed in cash to us as the general partner of an investment fund upon a realization event. For a fund that has a fair value above cost, overall, and is otherwise accruing carried interest, but has one or more investments where fair value is below cost, the shortfall between cost and fair value for such investments is referred to as a "netting hole." When netting holes are present, realized gains on individual investments that would otherwise allow the general partner to receive carried interest distributions are instead used to return invested capital to our funds' limited partners in an amount equal to the netting hole. Once netting holes have been filled with either (a) return of capital equal to the netting hole for those investments where fair value is below cost or (b) increases in the fair value of those investments where fair value is below cost, then realized carried interest will be distributed to the general partner upon a realization event. A fund that is in a position to pay cash carry refers to a fund for which carried interest is expected to be paid to the general partner upon the next material realization event, which includes funds with no netting holes as well as funds with a netting hole that is sufficiently small in size such that the next material realization event would be expected to result in the payment of carried interest. Strategic investor partnerships with fund investors may require netting across the various funds in which they invest, which may reduce the carried interest we otherwise would have earned if such fund investors were to have invested in our funds without the existence of the strategic investor partnership.

As of June 30, 2023, netting holes in excess of \$50 million only existed at European Fund V and Health Care Growth Fund in the amounts of \$131 million and \$71 million, respectively. In accordance with the criteria set forth above, other funds currently have and may in the future develop netting holes, and netting holes for those and other funds may otherwise increase or decrease in the future. There are also investment funds that are not accruing carried interest and do not have a netting hole although they may be in a clawback position. If the investment fund has distributed carried interest, but subsequently does not have sufficient value to provide for the distribution of carried interest at the end of the life of the investment fund, the general partner is typically required to return previously distributed carried interest to the fund investors. Although our current and former employees who received distributions of carried interest subject to clawback are required to return them to KKR, it is KKR's obligation to return carried interest subject to clawback to the fund investors. As of June 30, 2023, approximately \$525 million of carried interest was subject to this clawback obligation, assuming that all applicable carry-paying funds and their alternative investment vehicles were liquidated at their June 30, 2023 fair values. As of June 30, 2023, Asian Fund II is the only investment fund with a clawback obligation in excess of \$50 million. See Note 25 "Commitments and Contingencies—Contingent Repayment Guarantees" in our financial statements included elsewhere in this report for further information. See also the negative amounts included in the Carried Interest column in the table included in this Item 2 in "Asset Management—Private Equity" for further information on clawback obligations.

We have access to funding under various credit facilities, other borrowing arrangements and other sources of liquidity that we have entered into with major financial institutions or which we receive from the capital markets.

For a discussion of our debt obligations, including our debt securities, revolving credit agreements and loans, see Note 17 "Debt Obligations" in our financial statements.

Liquidity Needs

We expect that our (including Global Atlantic's) primary liquidity needs will consist of cash required to meet various obligations, including, without limitation, to:

- continue to support and grow our Asset Management business lines, including seeding new investment strategies, supporting capital commitments made by our vehicles to existing and future funds, co-investments and any net capital requirements of our capital markets companies and otherwise supporting the investment vehicles that we sponsor;
- continue to support and grow our insurance business;
- grow and expand our businesses generally, including by acquiring or launching new, complementary or adjacent businesses;
- warehouse investments in portfolio companies or other investments for the benefit of one or more of our funds, accounts or CLOs or other investment vehicles pending the contribution of committed capital by the fund investors in such vehicles, and advancing capital to them for operational or other needs;
- service debt obligations including the payment of obligations at maturity, on interest payment dates or upon redemption, as well as any contingent liabilities, including from litigation, that may give rise to future cash payments, including funding requirements to levered investment vehicles or structured transactions;
- fund cash operating expenses and contingencies, including for litigation matters and guarantees;
- pay corporate income taxes and other taxes;
- pay policyholders and amounts in our insurance business related to investment, reinvestment, reinsurance or funding agreement activity;
- pay amounts that may become due under our tax receivable agreement;
- pay cash dividends in accordance with our dividend policy for our common stock or the terms of our preferred stock, if any;
- underwrite commitments, advance loan proceeds and fund syndication commitments within our capital markets business;
- post or return collateral in respect of derivative contracts;
- acquire other assets for our Principal Activities business line, including other businesses, investments and assets, some of which may be required to satisfy regulatory requirements for our capital markets business or risk retention requirements for CLOs (to the extent they may apply);
- address capital needs of regulated subsidiaries as well as non-regulated subsidiaries; and
- repurchase shares of our common stock or retire equity awards pursuant to the share repurchase program or repurchase or redeem other securities issued by us.

For a discussion of KKR's share repurchase program, see Note 23 "Equity" in our financial statements.

Capital Commitments

The agreements governing our active investment funds generally require the general partners of the funds to make minimum capital commitments to such funds, which generally range from 2% to 8% of a fund's total capital commitments at final closing, but may be greater for certain funds (i) where we are pursuing newer strategies, (ii) where third party investor demand is limited, and (iii) where a larger commitment is consistent with the asset allocation strategy for our Principal Activities business line, including core investments and exposure to the Asia-Pacific region.

The following table presents our uncalled commitments to our active investment funds and other vehicles as of June 30, 2023:

	Uncalled Commitments
	(\$ in millions)
Private Equity	
Core Investment Vehicles	\$ 3,463
North America Fund XIII	331
Asian Fund IV	319
Ascendant Fund	312
Next Generation Technology Growth Fund III	196
European Fund VI	167
Global Impact Fund II	145
Health Care Strategic Growth Fund II	117
Other Private Equity Vehicles	937
Total Private Equity Commitments	5,987
Real Assets	
Asia Pacific Infrastructure Investors II	357
Global Infrastructure Investors IV	215
Real Estate Partners Americas III	91
Asia Real Estate Partners	78
Real Estate Partners Europe II	70
Other Real Assets Vehicles	1,211
Total Real Assets Commitments	2,022
Credit and Liquid Strategies	
Asia Credit	96
Dislocation Opportunities Fund	80
Asset-Based Finance Partners	79
Lending Partners Europe II	11
Lending Partners III	10
Private Credit Opportunities Partners II	8
Other Credit and Liquid Strategies Vehicles	910
Total Credit and Liquid Strategies Commitments	1,194
Total Uncalled Commitments	\$ 9,203

Other Capital Commitments

In addition to the uncalled commitments to our investment funds as shown above, KKR has entered into contractual capital commitments primarily with respect to underwriting transactions, debt financing, revolving credit facilities, and equity syndications in our Capital Markets business line. As of June 30, 2023, these capital commitments amounted to \$0.6 billion.

Whether these amounts are actually funded, in whole or in part, depends on the contractual terms of such capital commitments, including the satisfaction or waiver of any conditions to closing or funding. Our capital markets business has arrangements with third parties, which reduce our risk under certain circumstances when underwriting certain debt transactions, and thus our unfunded capital commitments as of June 30, 2023 have been reduced to reflect the amount to be funded by such third parties. In the case of purchases of investments or assets in our Principal Activities business line, the amount to be funded includes amounts that are intended to be syndicated to third parties, and the actual amounts to be funded may be less. For more information about our Capital Markets business line's risks, see "Risks Related to Our Business—Our capital markets activities expose us to material risks" in our Annual Report.

From time to time, we fund various underwriting, syndication and fronting commitments in our capital markets business in connection with the arranging or underwriting of loans, securities or other financial instruments, for which we may draw all or substantially all of our availability for borrowings under our available credit facilities. We generally expect these borrowings by our Capital Markets business line to be repaid promptly as these commitments are syndicated to third parties or otherwise fulfilled or terminated, although we may in some instances elect to retain a portion of the commitments for our own investment. For more information about our Capital Markets business line's risks, see "Risks Related to Our Business—Our capital markets activities expose us to material risks" in this report.

Tax Receivable Agreement

On May 30, 2022, KKR terminated the tax receivable agreement with KKR Holdings other than with respect to exchanges of KKR Holdings Units completed prior to such date. As of June 30, 2023, an undiscounted payable of \$404.6 million has been recorded in due to affiliates in the financial statements representing management's best estimate of the amounts currently expected to be owed for certain exchanges of KKR Holdings Units that took place prior to the termination of the tax receivable agreement. As of June 30, 2023, approximately \$76.7 million of cumulative cash payments have been made under the tax receivable agreement since inception.

Dividends and Stock Repurchases

A dividend of \$0.165 per share of our common stock has been declared and will be paid on August 31, 2023 to holders of record of our common stock as of the close of business on August 17, 2023.

On September 15, 2023, each outstanding share of the Series C Mandatory Convertible Preferred Stock will automatically convert into a number of shares of our common stock based on the conversion rate set forth in the Series C Mandatory Convertible Preferred Stock prospectus supplement. In addition, a dividend of \$0.75 per share of Series C Mandatory Convertible Preferred Stock has been declared and set aside for payment on September 15, 2023 to holders of record of Series C Mandatory Convertible Preferred Stock as of the close of business on September 1, 2023.

When KKR & Co. Inc. receives distributions from KKR Group Partnership, holders of exchangeable securities receive their pro rata share of such distributions from KKR Group Partnership.

The declaration and payment of dividends to our common stockholders will be at the sole discretion of our Board of Directors, and our dividend policy may be changed at any time. We announced on February 7, 2023 that our current dividend policy will be to pay dividends to holders of our common stock in an annual aggregate amount of \$0.66 per share (or a quarterly dividend of \$0.165 per share) beginning with the dividend that was announced with the results for the first quarter of 2023. The declaration of dividends is subject to the discretion of our Board of Directors based on a number of factors, including KKR's future financial performance and other considerations that the Board of Directors deems relevant, and compliance with the terms of KKR & Co. Inc.'s certificate of incorporation and applicable law. For U.S. federal income tax purposes, any dividends we pay (including dividends on our preferred stock) generally will be treated as qualified dividend income for U.S. individual stockholders to the extent paid out of our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. There can be no assurance that future dividends will be made as intended or at all or that any particular dividend policy for our common stock will be maintained. Furthermore, the declaration and payment of distributions by KKR Group Partnership and our other subsidiaries may also be subject to legal, contractual and regulatory restrictions, including restrictions contained in our debt agreements and the terms of the preferred units of KKR Group Partnership.

Since 2015, KKR has repurchased, or retired equity awards representing, a total of 91.7 million shares of common stock for \$2.5 billion, which equates to an average price of \$27.23 per share. For further information, see "Part II—Item 2—Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Securities."

Contractual Obligations, Commitments and Contingencies

In the ordinary course of business, we (including Global Atlantic) and our consolidated funds and CFEs enter into contractual arrangements that may require future cash payments. Contractual arrangements include (1) commitments to fund the purchase of investments or other assets (including obligations to fund capital commitments as the general partner of our investment funds) or to fund collateral for derivative transactions or otherwise, (2) obligations arising under our senior notes, subordinated notes, and other indebtedness, (3) commitments by our capital markets business to underwrite transactions or to lend capital, (4) obligations arising under insurance policies written, (5) other contractual obligations, including servicing agreements with third-party administrators for insurance policy administration, and (6) commitments to fund the business, operations or investments of our subsidiaries. In addition, we may incur contingent liabilities for claims that may be made against us in the future. For more information about these contingent liabilities, please see Note 25 "Commitments and Contingencies" in our financial statements.

Off Balance Sheet Arrangements

We do not have any off-balance sheet financings or liabilities other than contractual commitments and other legal contingencies incurred in the normal course of our business.

Critical Accounting Policies and Estimates

The preparation of our financial statements in accordance with GAAP requires our management to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and reported amounts of fees, capital allocation-based income (loss), expenses, investment income, and income taxes. Our management bases these estimates and judgments on available information, historical experience and other assumptions that we believe are reasonable under the circumstances. However, these estimates, judgments and assumptions are often subjective and may be impacted negatively based on changing circumstances or changes in our analyses. If actual amounts are ultimately different from those estimated, judged or assumed, revisions are included in the financial statements in the period in which the actual amounts become known. We believe our critical accounting policies could potentially produce materially different results if we were to change underlying estimates, judgments or assumptions.

For a further discussion about our critical accounting policies, see Note 2 "Summary of Significant Accounting Policies" in our financial statements included in this report.

Basis of Accounting

We consolidate the financial results of KKR Group Partnership and its consolidated entities, which include the accounts of our investment advisers, broker-dealers, Global Atlantic's insurance companies, the general partners of certain unconsolidated investment funds, general partners of consolidated investment funds and their respective consolidated investment funds and certain other entities including CFEs.

When an entity is consolidated, we reflect the accounts of the consolidated entity, including its assets, liabilities, revenues, expenses, investment income, cash flows and other amounts, on a gross basis. While the consolidation of an investment fund or entity does not have an effect on the amounts of Net Income Attributable to KKR or KKR's stockholders' equity that KKR reports, the consolidation does significantly impact the financial statement presentation under GAAP. This is due to the fact that the accounts of the consolidated entities are reflected on a gross basis while the allocable share of those amounts that are attributable to third parties are reflected as single line items. The single line items in which the accounts attributable to third parties are recorded are presented as noncontrolling interests on the consolidated statements of financial condition and net income (loss) attributable to noncontrolling interests on the consolidated statements of operations.

The presentation in the financial statements reflect the significant industry diversification of KKR by its acquisition of Global Atlantic. Global Atlantic operates an insurance business, and KKR operates an asset management business, each of which possess distinct characteristics. As a result, KKR developed a two-tiered presentation approach for the financial statements in this Management's Discussion and Analysis. KKR believes that these separate presentations provide a more informative view of the consolidated financial position and results of operations than traditional aggregated presentations. KKR believes that reporting Global Atlantic's insurance operations separately is appropriate given, among other factors, the relative significance of Global Atlantic's policy liabilities, which are not obligations of KKR (other than the insurance companies that issued them). If a traditional aggregated presentation were to be used, KKR would expect to eliminate or combine several identical or similar captions, which would condense the presentations but would reduce transparency. KKR also believes that using a traditional aggregated presentation would result in no new line items compared to the two-tier presentation included in the financial statements in this report.

Consolidation

KKR consolidates all entities that it controls either through a majority voting interest or as the primary beneficiary of variable interest entities ("VIEs"). The following discussion is intended to provide supplemental information about how the application of consolidation principles impact our financial results, and management's process for implementing those principles including areas of significant judgment. For a detailed description of our accounting policy on consolidation, see Note 2 "Summary of Significant Accounting Policies" in our financial statements included in this report.

As part of its consolidation procedures, KKR evaluates: (1) whether it holds a variable interest in an entity, (2) whether the entity is a VIE, and (3) whether the KKR's involvement would make it the primary beneficiary. The determination that KKR holds a controlling financial interest in an investment vehicle significantly changes the presentation of our consolidated financial statements.

The assessment of whether we consolidate an investment vehicle we manage requires the application of significant judgment. These judgments are applied both at the time we become involved with an investment vehicle and on an ongoing basis and include, but are not limited to:

- Determining whether our management fees, carried interests or incentive fees represent variable interests - We make judgments as to whether the fees we earn are commensurate with the level of effort required for those fees and at market rates. In making this judgment, we consider, among other things, the extent of third party investment in the entity and the terms of any other interests we hold in the VIE.
- Determining whether a legal entity qualifies as a VIE - For those entities where KKR holds a variable interest, management determines whether each of these entities qualifies as a VIE and, if so, whether or not KKR is the primary beneficiary. The assessment of whether the entity is a VIE is generally performed qualitatively, which requires judgment. These judgments include: (a) determining whether the equity investment at risk is sufficient to permit the entity to finance its activities without additional subordinated financial support, (b) evaluating whether the equity holders, as a group, can make decisions that have a significant effect on the economic performance of the entity, (c) determining whether two or more parties' equity interests should be aggregated, and (d) determining whether the equity investors have proportionate voting rights to their obligations to absorb losses or rights to receive returns from an entity. Entities that do not qualify as VIEs are generally assessed for consolidation as voting interest entities. Under the voting interest entity model, KKR consolidates those entities it controls through a majority voting interest.
- Concluding whether KKR has an obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE - As there is no explicit threshold in GAAP to define "potentially significant," we must apply judgment and evaluate both quantitative and qualitative factors to conclude whether this threshold is met.

Changes to these judgments could result in a change in the consolidation conclusion for a legal entity.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

GAAP establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. Investments and other financial instruments measured and reported at fair value are classified and disclosed based on the observability of inputs used in the determination of fair values, as follows:

Level I

Pricing inputs are unadjusted, quoted prices in active markets for identical assets or liabilities as of the measurement date.

Level II

Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the measurement date, and fair value is determined through the use of models or other valuation methodologies.

Level III

Pricing inputs are unobservable for the financial instruments and include situations where there is little, if any, market activity for the financial instrument. The inputs into the determination of fair value require significant management judgment or estimation. The valuation of our Level III investments at June 30, 2023 represents management's best estimate of the amounts that we would anticipate realizing on the sale of these investments in an orderly transaction at such date.

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 has been determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Level III Valuation Methodologies

Our investments and financial instruments are impacted by various economic conditions and events outside of our control that are difficult to quantify or predict, which may have a significant impact on the valuation of our investments and, therefore, on the carried interest and investment income we realize. Additionally, a change in interest rates could have a significant impact on valuations.

Across the total Level III private equity investment portfolio (including core private equity investments), and including investments in both consolidated and unconsolidated investment funds, approximately 55% of the fair value is derived from investments that are valued based exactly 50% on market comparables and 50% on a discounted cash flow analysis. Less than 1% of the fair value of this Level III private equity investment portfolio is derived from investments that are valued either based 100% on market comparables or 100% on a discounted cash flow analysis. As of June 30, 2023, the overall weights ascribed to the market comparables methodology, the discounted cash flow methodology, and a methodology based on pending sales for this portfolio of Level III private equity investments were 38%, 54%, and 8%, respectively.

There is inherent uncertainty involved in the valuation of Level III investments, and there is no assurance that, upon liquidation, KKR will realize the values reflected in our valuations. Our valuations may differ significantly from the values that would have been used had an active market for the investments existed, and it is reasonably possible that the difference could be material. See "—Business Environment" for more information on factors that may impact our business, financial performance, operating results and valuations.

Key unobservable inputs that have a significant impact on our Level III valuations as described above are included in Note 10 "Fair Value Measurements" in our financial statements.

Level III Valuation Process

The valuation process involved for Level III measurements is completed on a quarterly basis and is designed to subject the valuation of Level III investments to an appropriate level of consistency, oversight, and review.

For private equity and real asset investments classified as Level III, investment professionals prepare preliminary valuations based on their evaluation of financial and operating data, company specific developments, market valuations of comparable companies and other factors. KKR begins its procedures to determine the fair values of its Level III assets approximately one month prior to the end of a reporting period, and KKR follows additional procedures to ensure that its determinations of fair value for its Level III assets are appropriate as of the relevant reporting date. These preliminary valuations are reviewed by an independent valuation firm engaged by KKR to perform certain procedures in order to assess the reasonableness of KKR's valuations annually for all Level III private equity and real asset investments and quarterly for investments other than certain investments, which have values less than preset value thresholds and which in the aggregate comprise less than 1% of the total value of KKR's Level III private equity and real asset investments. The valuations of certain real asset investments are determined solely by independent valuation firms without the preparation of preliminary valuations by our investment professionals, and instead such independent valuation firms rely on valuation information available to it as a

broker or valuation firm. For credit investments, an independent valuation firm is generally engaged by KKR to assist with the valuations of most investments classified as Level III. The valuation firm either provides a value, provides a valuation range from which KKR's investment professionals select a point in the range to determine the valuation, or performs certain procedures in order to assess the reasonableness of KKR's valuations. After reflecting any input from the independent valuation firm, the valuation proposals are submitted for review and approval by KKR's valuation committees. As of June 30, 2023, less than 2% of the total value of our Level III credit investments were not valued with the engagement of an independent valuation firm.

For Level III investments in Asset Management, KKR has a global valuation committee that is responsible for coordinating and implementing the firm's valuation process to ensure consistency in the application of valuation principles across portfolio investments and between periods. The global valuation committee is assisted by the asset class-specific valuation committees that exist for private equity (including core equity investments and certain impact investments), growth equity (including certain impact investments), real estate, energy, infrastructure and credit. The asset class-specific valuation committees are responsible for the review and approval of all preliminary Level III valuations in their respective asset classes on a quarterly basis. The members of these valuation committees are comprised of investment professionals, including the heads of each respective strategy, and professionals from business operations functions such as legal, compliance and finance, who are not primarily responsible for the management of the investments. All Level III valuations for investments in Asset Management are also subject to approval by the global valuation committee, which is comprised of senior employees including investment professionals and professionals from business operations functions, and includes KKR's Co-Chief Executive Officers and its Chief Financial Officer, Chief Legal Officer, General Counsel, and Chief Compliance Officer. When valuations are approved by the global valuation committee after reflecting any input from it, the valuations of Level III investments, as well as the valuations of Level I and Level II investments, are presented to the Audit Committee of the Board of Directors of KKR & Co. Inc. and are then reported to the Board of Directors.

Level III investments held by Global Atlantic are valued on the basis of pricing services, broker-dealers or internal models. Global Atlantic performs a quantitative and qualitative analysis and review of the information and prices received from independent pricing services as well as broker-dealers to verify that it represents a reasonable estimate of fair value. As of June 30, 2023, approximately 89% of these investments were priced via external sources, while approximately 11% were valued on the basis of internal models. For all the internally developed models, Global Atlantic seeks to verify the reasonableness of fair values by analyzing the inputs and other assumptions used. These preliminary valuations are reviewed, based on certain thresholds, by an independent valuation firm engaged by Global Atlantic to perform certain procedures in order to assess the reasonableness of Global Atlantic's valuations. When valuations are approved by Global Atlantic's management, the valuations of its Level III investments, as well as the valuations of Level I and Level II investments, are presented to the Audit Committee of the Board of Directors of KKR & Co. Inc. and are then reported to the Board of Directors.

As of June 30, 2023, upon completion by, where applicable, independent valuation firms of certain limited procedures requested to be performed by them on certain Level III investments, the independent valuation firms concluded that the fair values, as determined by KKR (including Global Atlantic), of those investments reviewed by them were reasonable. The limited procedures did not involve an audit, review, compilation or any other form of examination or attestation under generally accepted auditing standards and were not conducted on all Level III investments. We are responsible for determining the fair value of investments in good faith, and the limited procedures performed by an independent valuation firm are supplementary to the inquiries and procedures that we are required to undertake to determine the fair value of the commensurate investments.

As described above, Level II and Level III investments were valued using internal models with significant unobservable inputs, and our determinations of the fair values of these investments may differ materially from the values that would have resulted if readily observable inputs had existed. Additional external factors may cause those values, and the values of investments for which readily observable inputs exist, to increase or decrease over time, which may create volatility in our earnings and the amounts of assets and stockholders' equity that we report from time to time.

Changes in the fair value of investments impacts the amount of carried interest that is recognized as well as the amount of investment income that is recognized for investments held directly in Asset Management and through our consolidated funds as described below. We estimate that an immediate 10% decrease in the fair value of investments held directly and through consolidated investment funds generally would result in a commensurate change in the amount of net gains (losses) from investment activities for investments held directly and through investment funds and a more significant impact to the amount of carried interest recognized, regardless of whether the investment was valued using observable market prices or management estimates with significant unobservable pricing inputs. With respect to consolidated investment funds, the impact that the consequential decrease in investment income would have on net income attributable to KKR would generally be significantly less than the amount described above, given that a majority of the change in fair value of our consolidated funds would be attributable to noncontrolling interests and therefore we are only impacted to the extent of our carried interest and our balance

sheet investments. With respect to Insurance, a decrease in investment income for certain assets where investment gains and losses are recognized through the statement of operations would impact KKR only to the extent of our economic ownership interest in Global Atlantic.

As of June 30, 2023, there were no investments which represented greater than 5% of total investments on a GAAP basis. On a segment basis, as of June 30, 2023, investments which represented greater than 5% of total Asset Management segment investments consisted of USI, Inc. and PetVet Care Centers, LLC and valued at \$1,403 million and \$1,070 million, respectively. Our investment income on a GAAP basis and our book value can be impacted by volatility in the public markets related to our holdings of publicly traded securities, including our sizable holdings of Crescent Energy Company and BridgeBio Pharma, Inc. See "— Business Environment" for a discussion of factors that may impact the valuations of our investments, financial results, operating results and valuations, and "— Non-GAAP Balance Sheet Measures" for additional information regarding our largest holdings on a segment basis.

Business Combinations

KKR accounts for business combinations using the acquisition method of accounting, under which the purchase price of the acquisition is allocated to the assets acquired and liabilities assumed using the fair values determined by management as of the acquisition date.

Management's determination of fair value of assets acquired and liabilities assumed at the acquisition date is based on the best information available in the circumstances and may incorporate management's own assumptions and involve a significant degree of judgment. We use our best estimates and assumptions to accurately assign fair value to the tangible and identifiable intangible assets acquired and liabilities assumed at the acquisition date as well as the useful lives of those acquired intangible assets. Examples of critical estimates in valuing certain of the intangible assets we have acquired include, but are not limited to, future expected cash inflows and outflows, future fundraising assumptions, expected useful life, discount rates and income tax rates. Our estimates for future cash flows are based on historical data, various internal estimates and certain external sources, and are based on assumptions that are consistent with the plans and estimates we are using to manage the underlying assets acquired. We estimate the useful lives of the intangible assets based on the expected period over which we anticipate generating economic benefit from the asset. We base our estimates on assumptions we believe to be reasonable but that are unpredictable and inherently uncertain. Unanticipated events and circumstances may occur that could affect the accuracy or validity of such assumptions, estimates or actual result.

Income Taxes

Significant judgment is required in estimating the provision for (benefit from) income taxes, current and deferred tax balances (including valuation allowance), accrued interest or penalties and uncertain tax positions. In evaluating these judgments, we consider, among other items, projections of taxable income (including the character of such income), beginning with historic results and incorporating assumptions of the amount of future pretax operating income. These assumptions about future taxable income require significant judgment and are consistent with the plans and estimates that KKR uses to manage its business. A portion of the deferred tax assets are not considered to be more likely than not to be realized. For that portion of the deferred tax assets for Global Atlantic, a valuation allowance has been recorded. Revisions in estimates and/or actual costs of a tax assessment may ultimately be materially different from the recorded accruals and unrecognized tax benefits, if any. Please see Note 19 "Income Taxes" in our financial statements in this report for further details.

Critical Accounting Policies and Estimates - Asset Management

Revenues

Fees and Other

Fees and other consist primarily of (i) management and incentive fees from providing investment management services to unconsolidated funds, CLOs, other vehicles, and separately managed accounts; (ii) transaction fees earned in connection with successful investment transactions and from capital markets activities; (iii) monitoring fees from providing services to portfolio companies; (iv) expense reimbursements from certain investment funds and portfolio companies; and (v) consulting fees. These fees are based on the contractual terms of the governing agreements and are recognized when earned, which coincides with the period during which the related services are performed and in the case of transaction fees, upon closing of the transaction. Monitoring fees may provide for a termination payment following an initial public offering or change of control. These termination payments are recognized in the period when the related transaction closes.

Transaction fee calculations and management fee calculations based on committed capital or invested capital typically do not require discretion and therefore do not require the use of significant estimates or judgments. Management fee calculations based on net asset value depend on the fair value of the underlying investments within the investment vehicles. Estimates and assumptions are made when determining the fair value of the underlying investments within the funds and could vary depending on the valuation methodology that is used as well as economic conditions.

Capital Allocation-Based Income (Loss)

Capital allocation-based income (loss) is earned from those arrangements whereby KKR serves as general partner and includes income or loss from KKR's capital interest as well as "carried interest" which entitles KKR to a disproportionate allocation of investment income or loss from an investment fund's limited partners.

Carried interest is recognized upon appreciation of the funds' investment values above certain return hurdles set forth in their partnership agreement. KKR recognizes revenues attributable to capital allocation-based income based upon the amount that would be due pursuant to the fund partnership agreement at each period end as if the funds were terminated at that date. Accordingly, the amount recognized reflects KKR's share of the gains and losses of the associated funds' underlying investments measured at their then-current fair values relative to the fair values as of the end of the prior period. Because of the inherent uncertainty in measuring the fair value of investments in the absence of observable market prices as previously discussed, these estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and it is reasonably possible that the difference could be material.

Expenses

Compensation and Benefits

Compensation and Benefits expense includes (i) base cash compensation consisting of salaries and wages, (ii) benefits, (iii) carry pool allocations, (iv) equity-based compensation and (v) discretionary cash bonuses.

To supplement base cash compensation, benefits, carry pool allocations, and equity-based compensation, we typically pay discretionary cash bonuses, which are included in Compensation and Benefits expense in the consolidated statements of operations, based principally on the level of (i) management fees and other fee revenues (including incentive fees), (ii) realized carried interest and (iii) realized investment income earned during the year. The amounts paid as discretionary cash bonuses, if any, are at our sole discretion and vary from individual to individual and from period to period, including having no cash bonus. We accrue discretionary cash bonuses when payment becomes probable and reasonably estimable which is generally in the period when we make the decision to pay discretionary cash bonuses and is based upon a number of factors, including the recognition of fee revenues, realized carried interest, realized investment income and other factors determined during the year.

Beginning in 2021, we expect to pay our employees by assigning a percentage range to each component of asset management segment revenues. Based on the current components and blend of our asset management segment revenues on an annual basis, we expect to use approximately: (i) 20-25% of fee related revenues, (ii) 60-70% of realized carried interest and incentive fees not included in fee related performance revenues or earned from our hedge fund partnerships, and (iii) 10-20% of realized investment income and hedge fund partnership incentive fees, to pay our asset management employees. Because these ranges are applied to applicable asset management segment revenue components independently, and on an annual basis, the amount paid as a percentage of total asset management segment revenue will vary and will, for example, likely be higher in a period with relatively higher realized carried interest and lower in a period with relatively lower realized carried interest. We decide whether to pay a discretionary cash bonus and determine the percentage of applicable revenue components to pay compensation only upon the occurrence of the realization event. There is no contractual or other binding obligation that requires us to pay a discretionary cash bonus to the asset management employees, except in limited circumstances.

Assuming that we had accrued compensation of (i) 65% of the unrealized carried interest earned by the funds that allocate 40% and 43% to the carry pool and (ii) 15% of the unrealized net gains in our Principal Activities business line (in each case at the mid-point of the ranges above), KKR & Co. Inc. Stockholders' Equity – Common Stock as of June 30, 2023 would have been reduced by approximately \$1.64 per share, compared to our reported \$21.99 per share on such date, and our book value as of June 30, 2023 would have been reduced by approximately \$1.59 per adjusted share, compared to our reported book value of \$28.17 per adjusted share on such date.

Carry Pool Allocation

With respect to our funds that provide for carried interest, we allocate a portion of the realized and unrealized carried interest that we earn to a carry pool established at Associates Holdings, which is not a KKR subsidiary, from which our asset management employees and certain other carry pool participants are eligible to receive a carried interest allocation. The allocation is determined based upon a fixed arrangement between Associates Holdings and us, and we do not exercise discretion on whether to make an allocation to the carry pool upon a realization event. These amounts are accounted for as compensatory profit sharing arrangements in Accrued Expenses and Other Liabilities within the accompanying consolidated statements of financial condition in conjunction with the related carried interest income and are recorded as compensation expense. Upon a reversal of carried interest income, the related carry pool allocation, if any, is also reversed. Accordingly, such compensation expense is subject to both positive and negative adjustments.

In February 2021, with the approval of a majority of our independent directors, KKR amended the percentage of carried interest that is allocable to the carry pool to 65% for (i) current investment funds for which no or de minimis amounts of carried interest was accrued as of December 31, 2020 and (ii) all future funds. For all other funds, the percentage of carried interest remains 40% or 43%, as applicable. The percentage of carried interest allocable to the carry pool may be increased above 65% only with the approval of a majority of our independent directors. To account for the difference in the carry pool allocation percentages, we expect to use a portion of realized carried interest from the older funds equal to the difference between 65% and 40% or 43%, as applicable, to supplement the carry pool and to pay amounts as discretionary cash bonus compensation as described above to our asset management employees. The amounts paid as discretionary cash bonuses, if any, are at our discretion and vary from individual to individual and from period to period, including having no cash bonus at all for certain employees. See "—Revenues—Capital Allocation-Based Income (Loss)" and "—Compensation and Benefits" above.

On the Sunset Date (which will not be later than December 31, 2026), KKR will acquire control of Associates Holdings and will commence making decisions regarding the allocation of carry proceeds pursuant to the limited partnership agreement of Associates Holdings. Until the Sunset Date, our Co-Founders will continue to make decisions regarding the allocation of carry proceeds to themselves and others, pursuant to the limited partnership agreement of Associates Holdings, provided that any allocation of carry proceeds to the Co-Founders will be on a percentage basis consistent with past practice. For additional information about the Sunset Date and the Reorganization Agreement, see Note 1 "Organization" in our financial statements included in this report.

Equity-based Compensation

In addition to the cash-based compensation and carry pool allocations as described above, employees receive equity awards under our Equity Incentive Plans, most of which are subject to service-based vesting typically over a three to five-year period from the date of grant, and some of which are also subject to the achievement of market-based conditions. Certain of these awards are subject to post-vesting transfer restrictions and minimum retained ownership requirements.

Compensation expense relating to the issuance of equity-based awards is measured at fair value on the grant date. In determining the aggregate fair value of any award grants, we make judgments as to the grant-date fair value, particularly for certain restricted units with a vesting condition based upon market conditions, whose grant date fair values are based on a probability distributed Monte-Carlo simulation. See Note 20 "Equity Based Compensation," in our financial statements included in this report for further discussion and activity of these awards.

Investment Income (Loss) -Net Gains (Losses) from Investment Activities

Net gains (losses) from investment activities consist of realized and unrealized gains and losses arising from our investment activities as well as income earned from certain equity method investments. Fluctuations in net gains (losses) from investment activities between reporting periods is driven primarily by changes in the fair value of our investment portfolio as well as the realization of investments. The fair value of, as well as the ability to recognize gains from, our investments is significantly impacted by the global financial markets, which, in turn, affects the net gains (losses) from investment activities recognized in any given period. Upon the disposition of an investment, previously recognized unrealized gains and losses are reversed and an offsetting realized gain or loss is recognized in the current period. Since our investments are carried at fair value, fluctuations between periods could be significant due to changes to the inputs to our valuation process over time. For a further discussion of our fair value measurements and fair value of investments, see the above "—Critical Accounting Policies and Estimates—Fair Value Measurements."

Critical Accounting Policies and Estimates – Insurance

Policy liabilities

Policy liabilities, or collectively, “reserves,” are the portion of past premiums or assessments received that are set aside to meet future policy and contract obligations as they become due. Interest accrues on the reserves and on future premiums, which may also be available to pay for future obligations. Global Atlantic establishes reserves to pay future policy benefits, claims, and certain expenses for its life policies and annuity contracts.

Global Atlantic's reserves are estimated based on models that include many actuarial assumptions and projections. These assumptions and projections, which are inherently uncertain, involve significant judgment, including assumptions as to the levels and/or timing of premiums, benefits, claims, expenses, interest credits, investment results (including equity market returns), mortality, longevity, and persistency.

The assumptions on which reserves are based are intended to represent an estimation of experience for the period that policy benefits are payable. Global Atlantic reviews the adequacy of its reserves and the assumptions underlying those reserves at least annually. Global Atlantic cannot, however, determine with precision the amount or the timing of actual benefit payments. If actual experience is better than or equal to the assumptions, then reserves would be adequate to provide for future benefits and expenses. If experience is worse than the assumptions, additional reserves may be required to meet future policy and contract obligations. This would result in a charge to Global Atlantic's net income during the period in which excess benefits are paid or an increase in reserves occurs.

For a majority of Global Atlantic's in-force policies, including its interest-sensitive life policies and most annuity contracts, the base policy reserve is equal to the account value. For these products, the account value represents Global Atlantic's obligation to repay to the policyholder the amounts held with us on deposit. However, there are several significant blocks of business where policy reserves, in addition to the account value, are explicitly calculated, including variable annuities, fixed-indexed annuities, interest-sensitive life products (including those with secondary guarantees), and preneed policies.

The critical accounting estimates and related sensitivities, reported below have been updated from those reported in the Annual Report to reflect the impact from the adoption of LDTI (see Note 2 "Summary of Significant Accounting Policies" in our financial statements included in this report.)

Market risk benefits

Market risk benefits are contracts or contract features that both provide protection to the policyholder from other-than-nominal capital market risk and expose Global Atlantic to other-than-nominal capital market risk. Market risk benefits include certain contract features on fixed annuity and variable annuity products, including minimum guarantees to policyholders, such as guaranteed minimum death benefits (GMDBs), guaranteed minimum withdrawal benefits (GMWBs), and long-term care benefits (i.e., capped at the return of account value plus one or two times the account value).

Some of Global Atlantic's variable annuity and fixed-indexed annuity contracts contain a GMDB feature that provides a guarantee that the benefit received at death will be no less than a prescribed minimum amount, even if the account balance is reduced to zero. This amount is based on either the net deposits paid into the contract, the net deposits accumulated at a specified rate, the highest historical account value on a contract anniversary, or sometimes a combination of these values. If the GMDB is higher than the current account value at the time of death, Global Atlantic incurs a cost equal to the difference.

Global Atlantic issues fixed-indexed annuity and variable annuity contracts with a guaranteed minimum withdrawal feature. GMWB are an optional benefit where the contract owner is entitled to withdraw a maximum amount of their benefit base each year.

Once exercised, living benefit features provide annuity policyholders with a minimum guaranteed stream of income for life. A policyholder's annual income benefit is generally based on an annual withdrawal percentage multiplied by the benefit base. The benefit base is defined in the policy and is generally the initial premium, reduced by any partial withdrawals and increased by a defined percentage, formula or index credits. Any living benefit payments are first deducted from the account value. Global Atlantic is responsible for paying any excess guaranteed living benefits still owed after the account value has reached zero.

The ultimate cost of these benefits will depend on the level of market returns and the level of contractual guarantees, as well as policyholder behavior, including surrenders, withdrawals, and benefit utilization. For Global Atlantic's fixed-indexed annuity products, costs also include certain non-guaranteed terms that impact the ultimate cost, such as caps on crediting rates that Global Atlantic can, in its discretion, reset annually.

See Note 18 — “Policy liabilities” for additional information.

As of June 30, 2023, the net market risk liability balance totaled \$811.0 million. As of June 30, 2023, the liability balances for market risk benefits were \$700.8 million for fixed-indexed annuities and \$110.2 million for variable and other annuities. The increase (decrease) to the net market risk benefit liability balance as a result of hypothetical changes in interest rates, instrument-specific credit risk, equity market prices, expected mortality, and expected surrenders are summarized in the table below. This sensitivity considers the direct effect of such changes only and not changes in any other assumptions used in or items considered in the measurement of such balances.

	As of June 30, 2023	
	Fixed-indexed annuity	Other
<i>(\$ in thousands)</i>		
Balance	\$ 700,799	\$ 110,201
Hypothetical change:		
+50 bps interest rates	(115,774)	(46,456)
-50 bps interest rates	128,723	55,619
+50 bps instrument-specific credit risk	(123,676)	(20,752)
-50 bps instrument-specific credit risk	139,036	22,906
+10% equity market prices	(38,415)	(48,663)
-10% equity market prices	27,647	57,348
95% of expected mortality	41,432	6,588
105% of expected mortality	(38,984)	(6,014)
90% of expected surrenders	15,584	7,032
110% of expected surrenders	(14,912)	(6,562)

Note: Hypothetical changes to the market risk benefits liability balance do not reflect the impact of related hedges.

Policy liabilities accounted for under a fair value option

Variable annuity contracts offered and assumed by Global Atlantic provides the contractholder with a GMDB. The liabilities for these benefits are included in policy liabilities. Global Atlantic elected the fair value option to measure the liability for certain of these variable annuity contracts valued at \$353.0 million as of June 30, 2023. Fair value is calculated as the present value of the estimated death benefits less the present value of the GMDB fees, using 1,000 risk neutral scenarios. Global Atlantic discounts the cash flows using the U.S. Treasury rates plus an adjustment for instrument-specific credit risk in the consolidated statement of financial condition. The change in the liabilities for these benefits is included in policy benefits and claims in the consolidated statement of operations.

As of June 30, 2023, variable annuities accounted for using the fair value option totaled \$353.0 million. The increase (decrease) in the reserves for variable annuities accounted for using the fair value option as a result of hypothetical changes in interest rates, instrument-specific credit risk, equity market prices, expected mortality, and expected surrenders are summarized in the table below. This sensitivity considers the direct effect of such changes only and not changes in any other assumptions used in or items considered in the measurement of such balances.

	As of June 30, 2023	
	Variable annuities	
<i>(\$ in thousands)</i>		
Balance	\$	353,003
Hypothetical change:		
+50 bps interest rates		(20,119)
-50 bps interest rates		21,744
+50 bps instrument-specific credit risk		(13,574)
-50 bps instrument-specific credit risk		14,052
+10% equity market prices		(17,110)
-10% equity market prices		19,720
95% of expected mortality		(6,028)
105% of expected mortality		5,780
90% of expected surrenders		601
110% of expected surrenders		(603)

Note: Hypothetical changes to the liability balances do not reflect the impact of related hedges.

Liability for future policyholder benefits

A liability for future policy benefits, which is the present value of estimated future policy benefits to be paid to or on behalf of policyholders and certain related expenses less the present value of estimated future net premiums to be collected from policyholders, is accrued as premium revenue is recognized. The liability is estimated using current assumptions that include mortality, lapses, and expenses. These current assumptions are based on judgments that consider Global Atlantic's historical experience, industry data, and other factors, and are updated quarterly and the current period change in the liability is recognized as a separate component of benefit expense in the consolidated income statement.

As of June 30, 2023, the liability for future policy benefits totaled \$7.8 billion, net of reinsurance, split between \$7.3 billion associated with payout annuity products, and \$403.1 million of life and other insurance products. The increase (decrease) as a result of hypothetical changes in interest rates, credit spreads, expected mortality, and expected surrenders and lapses are summarized in the table below. This sensitivity considers the direct effect of such changes only and not changes in any other assumptions used in or items considered in the measurement of such balances.

	As of June 30, 2023			
	Payout annuities		Life and other	
<i>(\$ in thousands)</i>				
Balance	\$	7,349,837	\$	403,127
Hypothetical change:				
+50 bps interest rates		(154,602)		(123,344)
-50 bps interest rates		167,012		133,057
+50 bps credit spreads		(127,452)		(125,651)
-50 bps credit spreads		132,611		130,504
95% of expected mortality ⁽¹⁾		55,815		31,138
105% of expected mortality ⁽¹⁾		(52,926)		(28,266)
90% of expected surrenders/lapses		—		(2,358)
110% of expected surrenders/lapses		—		1,871

Note: Hypothetical changes to the liability for future policy benefits balance do not reflect the impact of related hedges.

(1) Includes decrements for terminations of disability insurance

Additional liability for annuitization, death, or other insurance benefits: no-lapse guarantees

Global Atlantic has in-force interest-sensitive life contracts where it provides a secondary guarantee to the policyholder. The policy can remain in-force, even if the base policy account value is zero, as long as contractual secondary guarantee requirements have been met. The primary risk is that the premium collected under these policies, together with the investment return Global Atlantic earns on that premium, is ultimately insufficient to pay the policyholder's benefits and the expenses associated with issuing and administering these policies. Global Atlantic holds an additional reserve in connection with these guarantees.

The additional reserves related to interest-sensitive life products with secondary guarantees are calculated using methods similar to those described above under “Policyholder liabilities— Market risk benefits.” The costs related to these secondary guarantees are recognized over the life of the contracts through the accrual and subsequent release of a reserve which is revalued each period. The reserve is calculated based on assessments, over a range of economic scenarios to incorporate the variability in the obligation that may occur under different environments. The change in the reserve is included in policy benefits and claims in the consolidated statements of operations.

As of June 30, 2023, the interest-sensitive life additional liability balance totaled \$5.0 billion. The increase (decrease) to the interest-sensitive life additional liability balance, as a result of hypothetical changes in interest rates, equity market prices, annual equity growth, expected mortality, and expected surrenders are summarized in the table below. This sensitivity considers the direct effect of such changes only and not changes in any other assumptions used in or items considered in the measurement of the interest-sensitive life no-lapse guarantee liability balance.

	As of June 30, 2023	
	Interest-sensitive life	
<i>(\$ in thousands)</i>		
Balance	\$	4,974,197
Hypothetical change:		
+50 bps interest rates		409
-50 bps interest rates		(414)
+10% equity market prices		397
-10% equity market prices		(308)
1% lower annual equity growth		(3,606)
95% of expected mortality		(25,163)
105% of expected mortality		24,908
90% of expected surrenders		22,186
110% of expected surrenders		(21,216)

Note: Hypothetical changes to the interest-sensitive life additional liability for annuitization, death, or other insurance benefits balance do not reflect the impact of related hedges.

Embedded derivatives in policy liabilities and funds withheld

Global Atlantic's fixed-indexed annuity, variable annuity and indexed universal life products contain equity-indexed features, which are considered embedded derivatives and are required to be measured at fair value.

Global Atlantic calculates the embedded derivative as the present value of future projected benefits in excess of the projected guaranteed benefits, using an option budget as the indexed account value growth rate. In addition, the fair value of the embedded derivative is reduced to reflect instrument specific credit risk on Global Atlantic's obligation (i.e., Global Atlantic's credit risk).

Changes in interest rates, future index credits, instrument-specific credit risk, projected withdrawal and surrender activity, and mortality on fixed-indexed annuity and interest-sensitive life products can have a significant impact on the value of the embedded derivative.

Valuation of embedded derivatives – Fixed-indexed annuities

Fixed-indexed annuity contracts allow the policyholder to elect a fixed interest rate of return or a market indexed strategy where interest credited is based on the performance of an index, such as the S&P 500 Index, or other indexes. The market indexed strategy is an embedded derivative, similar to a call option. The fair value of the embedded derivative is computed as the present value of benefits attributable to the excess of the projected policy contract values over the projected minimum guaranteed contract values. The projections of policy contract values are based on assumptions for future policy growth, which include assumptions for expected index credits, future equity option costs, volatility, interest rates, and policyholder behavior. The projections of minimum guaranteed contract values include the same assumptions for policyholder behavior as are used to project policy contract values. The embedded derivative cash flows are discounted using a risk-free interest rate increased by instrument-specific credit risk tied to Global Atlantic's own credit rating.

Valuation of embedded derivatives – Interest-sensitive life products

Interest-sensitive life products allow a policyholder's account value to grow based on the performance of certain equity indexes, which result in an embedded derivative similar to a call option. The embedded derivative related to the index is bifurcated from the host contract and measured at fair value. The valuation of the embedded derivative is the present value of future projected benefits in excess of the projected guaranteed benefits, using the option budget as the indexed account value growth rate and the guaranteed interest rate as the guaranteed account value growth rate. Present values are based on discount rate curves determined at the valuation date/issue date as well as assumed lapse and mortality rates. The discount rate equals the forecast treasury rate increased by instrument-specific credit risk tied to Global Atlantic's own credit rating. Changes in discount rates and other assumptions such as spreads and/or option budgets can have a substantial impact on the embedded derivative.

Valuation of embedded derivatives in modified coinsurance or funds withheld

Global Atlantic's reinsurance agreements include modified coinsurance and coinsurance with funds withheld arrangements that include terms that require payment by the ceding company of a principal amount plus a return that is based on a proportion of the ceding company's return on a designated portfolio of assets. Because the return on the funds withheld receivable or payable is not clearly and closely related to the host insurance contract, these contracts are deemed to contain embedded derivatives, which are measured at fair value. Global Atlantic is exposed to both the interest rate and credit risk of the assets. Changes in discount rates and other assumptions can have a significant impact on this embedded derivative. The fair value of the embedded derivatives is included in the funds withheld receivable at interest and funds withheld payable at interest line items on our consolidated statement of financial condition. The change in the fair value of the embedded derivatives is recorded in net investment-related gains (losses) in the consolidated statement of operations.

As of June 30, 2023, the embedded derivative liability balance totaled \$2.8 billion for fixed-indexed annuities, and \$447.0 million for interest-sensitive life. The increase (decrease) to the embedded derivatives on fixed-indexed annuity and indexed universal life as a result of hypothetical changes in interest rates, credit spreads, and equity market prices are summarized in the table below. This sensitivity considers the direct effect of such changes only and not changes in any other assumptions used in or items considered in the measurement of such balances.

	As of June 30, 2023	
	Fixed-indexed annuities	Interest sensitive life
<i>(\$ in thousands)</i>		
Balance	\$ 2,815,783	\$ 447,005
Hypothetical change:		
+50 bps interest rates	(59,701)	(3,836)
-50 bps interest rates	63,656	4,019
+50 bps credit spreads	(72,178)	(3,836)
-50 bps credit spreads	75,598	4,019
+10% equity market prices	406,705	63,138
-10% equity market prices	(348,604)	(93,611)

Note: Hypothetical changes to the market risk benefits liability balance do not reflect the impact of related hedges.

As of June 30, 2023, the embedded derivative balance for modified coinsurance or funds withheld arrangements was a \$3.1 billion net asset (\$(3.8) million in funds withheld receivables at interest, and \$(3.1) billion in funds withheld payable at interest). The increase (decrease) to the embedded derivatives on fixed-indexed annuity and interest-sensitive life products as a result of hypothetical changes in interest rates and investment credit spreads are summarized in the table below. This sensitivity considers the direct effect of such changes only and not changes in any other assumptions used in or items considered in the measurement of such balances.

	As of June 30, 2023	
	Embedded derivative on funds withheld receivable at interest	Embedded derivative on funds withheld payable at interest
<i>(\$ in thousands)</i>		
Balance	\$ (3,833)	\$ (3,090,373)
Hypothetical change:		
+50 bps interest rates	(12,033)	(698,376)
-50 bps interest rates	19,706	755,773
+50 bps investment credit spreads	(40,855)	(736,671)
-50 bps investment credit spreads	40,855	794,069

Note: Hypothetical changes to the funds withheld receivable and payable embedded derivative balances do not reflect the impact of related hedges or trading assets which back the funds withheld at interest.

Recently Issued Accounting Pronouncements

For a full discussion of recently issued accounting pronouncements, see Note 2 "Summary of Significant Accounting Policies" in our financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

There was no material change to our market risks during the three months ended June 30, 2023. For a discussion of our market risks in general, please refer to our Annual Report. For discussion of market risks relating to our Insurance segment as updated to reflect the impact from the adoption of LDIT, please refer to our Interim Report for the three months ended March 31, 2023. In addition, for a discussion of current market conditions and uncertainties, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Environment."

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that the information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and such information is accumulated and communicated to management, including the Co-Chief Executive Officers and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurances of achieving the desired control objectives.

We carried out an evaluation, under the supervision and with the participation of our management, including the Co-Chief Executive Officers and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2023. Based upon that evaluation, our Co-Chief Executive Officers and Chief Financial Officer have concluded that, as of June 30, 2023, our disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

We adopted new accounting guidance for insurance and reinsurance companies that issue long-duration contracts ("LDIT") as of January 1, 2023 on a full retrospective basis to February 1, 2021 (the date of the GA Acquisition.) As a result, we implemented changes to our relevant business processes and internal controls over financial reporting.

Except as reported above, no changes in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) of the Exchange Act) occurred during the quarter ended June 30, 2023 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

For a discussion of KKR's legal proceedings, see the section entitled "Litigation" appearing in Note 25 "Commitments and Contingencies" in our financial statements included elsewhere in this report, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS.

Other than as set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Environment" in this report, there were no material changes to the risk factors disclosed in our Annual Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF SECURITIES**Share Repurchases in the Second Quarter of 2023**

As of August 1, 2023, there is approximately \$208 million remaining under KKR's share repurchase program.

Under our current repurchase program, KKR is authorized to repurchase its common stock from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing, manner, price and amount of any common stock repurchases will be determined by KKR in its discretion and will depend on a variety of factors, including legal requirements, price and economic and market conditions. KKR expects that the program, which has no expiration date, will continue to be in effect until the maximum approved dollar amount has been used. The program does not require KKR to repurchase any specific number of shares of common stock, and the program may be suspended, extended, modified or discontinued at any time. In addition to the repurchases of common stock described above, the repurchase program is used for the retirement (by cash settlement or the payment of tax withholding amounts upon net settlement) of equity awards issued pursuant to our Equity Incentive Plans representing the right to receive shares of common stock.

The table below sets forth the information with respect to repurchases made by or on behalf of KKR & Co. Inc. or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Exchange Act) of our common stock for the periods presented. During the second quarter of 2023, 5,086,354 shares of common stock were repurchased, and 604,281 equity awards were retired.

Issuer Purchases of Common Stock
(amounts in thousands, except share and per share amounts)

	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
Month #1 (April 1, 2023 to April 30, 2023)	—	\$ —	—	\$ 468,263
Month #2 (May 1, 2023 to May 31, 2023)	974,911	\$ 49.05	974,911	\$ 420,446
Month #3 (June 1, 2023 to June 30, 2023)	4,111,443	\$ 48.40	4,111,443	\$ 221,468
Total through June 30, 2023	5,086,354		5,086,354	\$ 221,468

(1) On February 7, 2023, KKR announced the increase to the total available amount under the repurchase program to \$500 million. The repurchase program does not have an expiration date.

Other Equity Securities

On April 3, 2023, we issued 1,304 shares of our common stock to one of our fund investors in connection with an arrangement related to the fees paid by such fund investor with respect to its investment. The shares were issued pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, exempting issuances by an issuer not involving a public offering.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

Not applicable.

ITEM 6. EXHIBITS.

The following is a list of all exhibits filed or furnished as part of this report:

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
3.1	Amended and Restated Certificate of Incorporation of KKR & Co. Inc. (formerly KKR Aubergine Inc.) (incorporated by reference to Exhibit 3.1 to the KKR & Co. Inc. Current Report on Form 8-K12B filed on May 31, 2022).
3.2	Amended and Restated Bylaws of KKR & Co. Inc. (formerly KKR Aubergine Inc.) (incorporated by reference to Exhibit 3.2 to the KKR & Co. Inc. Current Report on Form 8-K12B filed on May 31, 2022).
4.1	Third Supplemental Indenture, dated as of May 25, 2023, among KKR Group Finance Co. XI LLC, KKR & Co. Inc., KKR Group Partnership L.P. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 to the KKR & Co. Inc. Current Report on Form 8-K filed on May 25, 2023).
4.2	Form of 1.428% Senior Note due 2028 (included within Exhibit 4.1 to the KKR & Co. Inc. Current Report on Form 8-K filed on May 25, 2023).
4.3	Form of 1.614% Senior Note due 2030 (included within Exhibit 4.1 to the KKR & Co. Inc. Current Report on Form 8-K filed on May 25, 2023).
4.4	Form of 1.939% Senior Note due 2033 (included within Exhibit 4.1 to the KKR & Co. Inc. Current Report on Form 8-K filed on May 25, 2023).
4.5	Form of 2.312% Senior Note due 2038 (included within Exhibit 4.1 to the KKR & Co. Inc. Current Report on Form 8-K filed on May 25, 2023).
4.6	Form of 2.574% Senior Note due 2043 (included within Exhibit 4.1 to the KKR & Co. Inc. Current Report on Form 8-K filed on May 25, 2023).
4.7	Form of 2.747% Senior Note due 2053 (included within Exhibit 4.1 to the KKR & Co. Inc. Current Report on Form 8-K filed on May 25, 2023).
10.1†	364-Day Revolving Credit Agreement, dated as of April 7, 2023, among KKR Capital Markets Holdings L.P., certain subsidiaries of KKR Capital Markets Holdings, L.P., Mizuho Bank Ltd., as administrative agent, and the one or more lenders party thereto (incorporated by reference to Exhibit 10.1 to the KKR & Co. Inc. Quarterly Report on Form 10-Q filed on May 10, 2023).
31.1	Certification of Co-Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Co-Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.3	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Co-Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Co-Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.3	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive data files pursuant to Rule 405 of Regulation S-T, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Statements of Financial Condition as of June 30, 2023 and December 31, 2022, (ii) the Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2023 and June 30, 2022, (iii) the Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2023 and June 30, 2022; (iv) the Condensed Consolidated Statements of Changes in Equity for the three and six months ended June 30, 2023 and June 30, 2022, (v) the Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2023 and June 30, 2022, and (vi) the Notes to the Condensed Consolidated Financial Statements.
104	Cover page interactive data file, formatted in Inline XBRL and contained in Exhibit 101.

† Certain information contained in this agreement has been omitted because it is not material and is the type that the registrant treats as private or confidential.

The registrant hereby agrees to furnish to the SEC at its request copies of long-term debt instruments defining the rights of holders of outstanding long-term debt that are not required to be filed herewith.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

SIGNATURES

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

KKR & CO. INC.

By:

/s/ ROBERT H. LEWIN

Robert H. Lewin

Chief Financial Officer

(principal financial and accounting officer)

DATE: August 8, 2023

CO-CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Joseph Y. Bae, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 30, 2023 of KKR & Co. Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2023

/s/ Joseph Y. Bae

Joseph Y. Bae

Co-Chief Executive Officer

CO-CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Scott C. Nuttall, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 30, 2023 of KKR & Co. Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2023

/s/ Scott C. Nuttall

Scott C. Nuttall

Co-Chief Executive Officer

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Robert H. Lewin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 30, 2023 of KKR & Co. Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2023

/s/ Robert H. Lewin

Robert H. Lewin
Chief Financial Officer

CERTIFICATION OF CO-CHIEF EXECUTIVE OFFICER

**Pursuant to 18 U.S.C. §1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of KKR & Co. Inc. (the "Corporation") on Form 10-Q for the period ended June 30, 2023 as filed with the Securities and Exchange Commission (the "Report"), I, Joseph Y. Bae, Co-Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: August 8, 2023

/s/ Joseph Y. Bae

Joseph Y. Bae

Co-Chief Executive Officer

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

CERTIFICATION OF CO-CHIEF EXECUTIVE OFFICER

**Pursuant to 18 U.S.C. §1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of KKR & Co. Inc. (the "Corporation") on Form 10-Q for the period ended June 30, 2023 as filed with the Securities and Exchange Commission (the "Report"), I, Scott C. Nuttall, Co-Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: August 8, 2023

/s/ Scott C. Nuttall

Scott C. Nuttall

Co-Chief Executive Officer

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

CERTIFICATION OF CHIEF FINANCIAL OFFICER

**Pursuant to 18 U.S.C. §1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of KKR & Co. Inc. (the "Corporation") on Form 10-Q for the period ended June 30, 2023 as filed with the Securities and Exchange Commission (the "Report"), I, Robert H. Lewin, Chief Financial Officer of the Corporation, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: August 8, 2023

/s/ Robert H. Lewin

Robert H. Lewin

Chief Financial Officer

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.