QUARTERLY STATEMENT

OF THE

Athene Annuity & Life Assurance Company

TO THE

Insurance Department

OF THE

STATE OF

FOR THE QUARTER ENDED
SEPTEMBER 30, 2016

LIFE AND ACCIDENT AND HEALTH

2016

ASSETS

	Current Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 December 31 Prior Year Net Admitted Assets
1. Bonds	3,728,661,837		3,728,661,837	3,885,667,321
2. Stocks:				
2.1 Preferred stocks	18,000,000		18,000,000	28,500,000
2.2 Common stocks	1,204,964,147	37,979	1,204,926,168	1,248,860,176
3. Mortgage loans on real estate:				
3.1 First liens	94,065,155		94,065,155	39,322,298
3.2 Other than first liens	710,017,340		710,017,340	703,532,046
4. Real estate:				
4.1 Properties occupied by the company (less $ encumbrances)				
4.2 Properties held for the production of income (less $ encumbrances)				
4.3 Properties held for sale (less $ encumbrances)				
5. Cash ($ 29,669,628), cash equivalents ($) and short-term investments ($ 331,507,507)	361,177,135		361,177,135	482,404,128
6. Contract loans (including $ premium notes)	1,596,208		1,596,208	1,729,691
7. Derivatives	53,386,564		53,386,564	40,930,198
8. Other invested assets	1,042,351,145	35,882	1,042,315,262	1,191,754,887
9. Receivables for securities	2,207,321		2,207,321	500
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets	649,813		649,813	
12. Subtotals, cash and invested assets (Lines 1 to 11)	7,217,076,665	73,861	7,217,002,804	7,622,701,245
13. Title plants less $ charged off (for Title insurers only)				
14. Investment income due and accrued	38,801,283	27,625	38,773,658	27,852,787
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection				
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ earned but unbilled premiums)				
15.3 Accrued retrospective premiums ($) and contracts subject to redetermination ($)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	55,568,185		55,568,185	59,882,331
16.2 Funds held by or deposited with reinsured companies	2,747,035,543		2,747,035,543	2,726,252,951
16.3 Other amounts receivable under reinsurance contracts	346,406,464		346,406,464	314,675,570
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				33,419,902
18.2 Net deferred tax asset	46,215,558		46,215,558	46,806,232
19. Guaranty funds receivable or on deposit	737,492		737,492	812,185
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets ($)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	251,840		251,840	2,090,524
24. Health care ($) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	720,671	720,671		
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	10,452,813,700	822,157	10,451,991,543	10,834,493,727
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	13,291,827		13,291,827	13,353,095
28. Total (Lines 26 and 27)	10,466,105,526	822,157	10,465,283,369	10,847,846,822
DETAILS OF WRITE-INS				
1101. Derivative collateral asset	649,813		649,813	
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)	649,813		649,813	
2501. Miscellaneous assets	720,671	720,671		
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	720,671	720,671		

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Statement Date	2 December 31 Prior Year
1.	Aggregate reserve for life contracts $ 7,792,172,544 less $ .... included in Line 6.3 (including $ 6,259,583,653 Modco Reserve)	7,792,172,544	8,125,202,394
2.	Aggregate reserve for accident and health contracts (including $ .... Modco Reserve)		
3.	Liability for deposit-type contracts (including $ 464,161,073 Modco Reserve)	529,694,791	559,322,136
4.	Contract claims:		
	4.1 Life	23,233,643	19,852,825
	4.2 Accident and health		
5.	Policyholders' dividends $ .... and coupons $ .... due and unpaid		
6.	Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
	6.1 Dividends apportioned for payment (including $ .... Modco)	47,048	54,796
	6.2 Dividends not yet apportioned (including $ .... Modco)		
	6.3 Coupons and similar benefits (including $ .... Modco)		
7.	Amount provisionally held for deferred dividend policies not included in Line 6		
8.	Premiums and annuity considerations for life and accident and health contracts received in advance less $ .... discount; including $ .... accident and health premiums		
9.	Contract liabilities not included elsewhere:		
	9.1 Surrender values on canceled contracts		
	9.2 Provision for experience rating refunds, including the liability of $ .... accident and health experience rating refunds of which $ .... is for medical loss ratio rebate per the Public Health Service Act		
	9.3 Other amounts payable on reinsurance, including $ 13,853,448 assumed and $ 508,678,233 ceded	522,531,681	562,480,817
	9.4 Interest Maintenance Reserve	62,633,991	66,057,165
10.	Commissions to agents due or accrued-life and annuity contracts $ 400,404 , accident and health $ 758,986 and deposit-type contract funds $	1,159,390	1,174,727
11.	Commissions and expense allowances payable on reinsurance assumed	12,099,558	12,038,557
12.	General expenses due or accrued	2,108,904	1,198,405
13.	Transfers to Separate Accounts due or accrued (net) (including $ (13,424) accrued for expense allowances recognized in reserves, net of reinsured allowances)	(13,424)	(31,386)
14.	Taxes, licenses and fees due or accrued, excluding federal income taxes	2,942,314	3,071,505
15.1	Current federal and foreign income taxes, including $ .... on realized capital gains (losses)	3,240,866	
15.2	Net deferred tax liability		
16.	Unearned investment income	84,258	82,213
17.	Amounts withheld or retained by company as agent or trustee	183,173	260,633
18.	Amounts held for agents' account, including $ .... agents' credit balances		
19.	Remittances and items not allocated	3,861,972	5,396,393
20.	Net adjustment in assets and liabilities due to foreign exchange rates		
21.	Liability for benefits for employees and agents if not included above		12,500
22.	Borrowed money $ .... and interest thereon $		
23.	Dividends to stockholders declared and unpaid		
24.	Miscellaneous liabilities:		
	24.01 Asset valuation reserve	164,879,427	135,785,922
	24.02 Reinsurance in unauthorized and certified ($ ....) companies		
	24.03 Funds held under reinsurance treaties with unauthorized and certified ($ ....) reinsurers		
	24.04 Payable to parent, subsidiaries and affiliates	7,071,052	10,270,502
	24.05 Drafts outstanding		
	24.06 Liability for amounts held under uninsured plans		
	24.07 Funds held under coinsurance		
	24.08 Derivatives	1,266,037	1,111,555
	24.09 Payable for securities	6,108,876	24,390,781
	24.10 Payable for securities lending		
	24.11 Capital notes $ .... and interest thereon $		
25.	Aggregate write-ins for liabilities	80,884,863	55,992,159
26.	Total liabilities excluding Separate Accounts business (Lines 1 to 25)	9,216,190,964	9,583,724,598
27.	From Separate Accounts Statement	13,291,827	13,353,095
28.	Total liabilities (Lines 26 and 27)	9,229,482,791	9,597,077,693
29.	Common capital stock	2,500,000	2,500,000
30.	Preferred capital stock		
31.	Aggregate write-ins for other than special surplus funds		
32.	Surplus notes		
33.	Gross paid in and contributed surplus	959,291,320	947,732,791
34.	Aggregate write-ins for special surplus funds		
35.	Unassigned funds (surplus)	274,009,259	300,536,338
36.	Less treasury stock, at cost:		
	36.1 .... shares common (value included in Line 29 $ ....)		
	36.2 .... shares preferred (value included in Line 30 $ ....)		
37.	Surplus (Total Lines 31+32+33+34+35-36) (including $ .... in Separate Accounts Statement)	1,233,300,579	1,248,269,129
38.	Totals of Lines 29, 30 and 37	1,235,800,579	1,250,769,129
39.	Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	10,465,283,369	10,847,846,822
	DETAILS OF WRITE-INS		
2501.	Derivative collateral liability	55,973,182	38,371,553
2502.	Unclaimed funds	20,348,425	17,620,605
2503.	Collateralized borrowing	4,525,282	
2598.	Summary of remaining write-ins for Line 25 from overflow page	37,974	
2599.	Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	80,884,863	55,992,159
3101.			
3102.			
3103.			
3198.	Summary of remaining write-ins for Line 31 from overflow page		
3199.	Totals (Lines 3101 through 3103 plus 3198)(Line 31 above)		
3401.			
3402.			
3403.			
3498.	Summary of remaining write-ins for Line 34 from overflow page		
3499.	Totals (Lines 3401 through 3403 plus 3498)(Line 34 above)		

SUMMARY OF OPERATIONS

		1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
1.	Premiums and annuity considerations for life and accident and health contracts	21,133,179	39,524,545	40,360,849
2.	Considerations for supplementary contracts with life contingencies	457,136	31,663	41,255
3.	Net investment income	268,803,529	271,900,772	438,871,625
4.	Amortization of Interest Maintenance Reserve (IMR)	2,505,491	7,632,072	8,228,039
5.	Separate Accounts net gain from operations excluding unrealized gains or losses			
6.	Commissions and expense allowances on reinsurance ceded	49,853,385	92,023,381	132,162,285
7.	Reserve adjustments on reinsurance ceded	(530,964,606)	(677,516,664)	(1,004,375,648)
8.	Miscellaneous Income:			
	8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	444,645	585,522	748,057
	8.2 Charges and fees for deposit-type contracts			
	8.3 Aggregate write-ins for miscellaneous income	105,837,430	111,863,820	147,099,710
9.	Totals (Lines 1 to 8.3)	(81,929,811)	(153,954,888)	(236,863,827)
10.	Death benefits	554,824	1,243,521	2,857,634
11.	Matured endowments (excluding guaranteed annual pure endowments)			
12.	Annuity benefits	41,966,429	46,477,917	59,865,637
13.	Disability benefits and benefits under accident and health contracts			
14.	Coupons, guaranteed annual pure endowments and similar benefits			
15.	Surrender benefits and withdrawals for life contracts	88,281,602	107,179,673	140,480,653
16.	Group conversions			
17.	Interest and adjustments on contract or deposit-type contract funds	24,465,946	2,286,156	(12,667,829)
18.	Payments on supplementary contracts with life contingencies	219,327	503,913	666,568
19.	Increase in aggregate reserves for life and accident and health contracts	(333,029,850)	(397,391,059)	(568,128,975)
20.	Totals (Lines 10 to 19)	(177,541,722)	(239,699,879)	(376,926,313)
21.	Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	7,417,303	26,115,969	28,121,498
22.	Commissions and expense allowances on reinsurance assumed	13,420,348	8,989,787	11,898,847
23.	General insurance expenses	17,504,447	28,619,515	35,901,528
24.	Insurance taxes, licenses and fees, excluding federal income taxes	9,223,104	9,376,977	12,105,506
25.	Increase in loading on deferred and uncollected premiums			
26.	Net transfers to or (from) Separate Accounts net of reinsurance	(347,136)	(923,983)	(2,004,282)
27.	Aggregate write-ins for deductions	6,474,654	(27,730,614)	(27,092,958)
28.	Totals (Lines 20 to 27)	(123,849,003)	(195,252,228)	(317,996,173)
29.	Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	41,919,191	41,297,340	81,132,345
30.	Dividends to policyholders	22,351	34,730	65,251
31.	Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	41,896,840	41,262,610	81,067,095
32.	Federal and foreign income taxes incurred (excluding tax on capital gains)	(32,583,010)	(6,949,867)	12,022,018
33.	Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	74,479,850	48,212,477	69,045,077
34.	Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of $ 33,097,440 (excluding taxes of $ (3,979,785) transferred to the IMR)	(43,665,249)	10,871,501	(1,270,646)
35.	Net income (Line 33 plus Line 34)	30,814,601	59,083,978	67,774,431
	CAPITAL AND SURPLUS ACCOUNT			
36.	Capital and surplus, December 31, prior year	1,250,769,129	1,154,088,777	1,154,088,777
37.	Net income (Line 35)	30,814,601	59,083,978	67,774,431
38.	Change in net unrealized capital gains (losses) less capital gains tax of $ 13,527,193	(31,581,244)	(700,208)	(4,838,176)
39.	Change in net unrealized foreign exchange capital gain (loss)	10,357,093	(8,403,959)	(8,016,927)
40.	Change in net deferred income tax	12,936,519	(2,199,113)	(18,275,611)
41.	Change in nonadmitted assets	866,683	(1,336,874)	704,661
42.	Change in liability for reinsurance in unauthorized and certified companies			
43.	Change in reserve on account of change in valuation basis, (increase) or decrease		(5,889,889)	(5,921,328)
44.	Change in asset valuation reserve	(29,093,505)	41,033,684	60,283,969
45.	Change in treasury stock			
46.	Surplus (contributed to) withdrawn from Separate Accounts during period			
47.	Other changes in surplus in Separate Accounts Statement			
48.	Change in surplus notes			
49.	Cumulative effect of changes in accounting principles			
50.	Capital changes:			
	50.1 Paid in			
	50.2 Transferred from surplus (Stock Dividend)			
	50.3 Transferred to surplus			
51.	Surplus adjustment:			
	51.1 Paid in	11,558,529	9,380,714	14,111,296
	51.2 Transferred to capital (Stock Dividend)			
	51.3 Transferred from capital			
	51.4 Change in surplus as a result of reinsurance	(5,434,446)	(15,760,645)	(9,141,963)
52.	Dividends to stockholders			
53.	Aggregate write-ins for gains and losses in surplus	(15,392,780)		
54.	Net change in capital and surplus for the year (Lines 37 through 53)	(14,968,550)	75,207,689	96,680,352
55.	Capital and surplus, as of statement date (Lines 36 + 54)	1,235,800,579	1,229,296,466	1,250,769,129
	DETAILS OF WRITE-INS			
08.301.	Funds withheld adjustment - assumed	105,693,636	112,362,936	147,566,334
08.302.	Miscellaneous income (expense)	143,794	(499,115)	(466,624)
08.303.				
08.398.	Summary of remaining write-ins for Line 8.3 from overflow page			
08.399.	Totals (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	105,837,430	111,863,820	147,099,710
2701.	Transfer to IMR - ceded	4,857,088	(28,738,647)	(26,616,124)
2702.	Transfer to IMR - assumed	3,188,251	2,319,580	1,106,562
2703.	Transfer to IMR - MVA benefits	(1,571,995)	(1,396,167)	(1,680,146)
2798.	Summary of remaining write-ins for Line 27 from overflow page	1,310	84,621	96,750
2799.	Totals (Lines 2701 through 2703 plus 2798)(Line 27 above)	6,474,654	(27,730,614)	(27,092,958)
5301.	Correction of prior period error	(9,982,796)		
5302.	Tax sharing agreement	(5,409,984)		
5303.				
5398.	Summary of remaining write-ins for Line 53 from overflow page			
5399.	Totals (Lines 5301 through 5303 plus 5398)(Line 53 above)	(15,392,780)		

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of **Athene Annuity & Life Assurance Company** (the Company) have been prepared in conformity with the accounting practices prescribed or permitted by the National Association of Insurance Commissioners (NAIC) and the State of Delaware.

The Department of Insurance of the State of Delaware (the Department) recognizes only statutory accounting practices prescribed or permitted by the State of Delaware for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the Delaware Insurance Law. The NAIC's *Accounting Practices & Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Delaware. The Department has the right to permit other specific practices that deviate from prescribed practices.

Effective December 31, 2014, the Company received a permitted practice to use the standard scenario to determine the reserve on its variable annuity policies and thus did not calculate the stochastic scenario reserve as required under Actuarial Guideline 43. The Company does not believe this difference in valuation method has any impact on the calculated reserves. Therefore, the Company's net income and statutory surplus are not affected as a result of this permitted practice.

A reconciliation of the Company's net income and statutory surplus between practices prescribed by the State of Delaware and NAIC SAP is shown below:

		State of Domicile	September 30, 2016	December 31, 2015
NET INCOME				
(1)	State basis (Page 4, Line 35, Columns 1 & 3)	DE	30,814,601	67,774,431
(2)	State Prescribed Practices that increase/(decrease) NAIC SAP			
(3)	State Permitted Practices that increase/(decrease) NAIC SAP Standard scenario on variable annuities		0	0
(4)	NAIC SAP (1-2-3=4)	DE	30,814,601	67,774,431
SURPLUS				
(5)	State basis (Page 3, Line 38, Columns 1 & 2)	DE	1,235,800,579	1,250,769,129
(6)	State Prescribed Practices that increase/(decrease) NAIC SAP			
(7)	State Permitted Practices that increase/(decrease) NAIC SAP Standard scenario on variable annuities		0	0
(8)	NAIC SAP (5-6-7=8)	DE	1,235,800,579	1,250,769,129

B. Use of Estimates in the Preparation of the Financial Statements: No Change

C. Accounting Policies: No Change

Note 2. Accounting Changes and Corrections of Errors

During the current year's financial statement preparation, the Company discovered errors within prior period Annual Statements relating to the tax provision. In accordance with SSAP No. 3, *Accounting Changes and Correction of Errors*, these corrections were recorded directly to surplus. The impact of the correction of the tax error decreased surplus by $10.0 million in 2016. This represented less than 1% of ending capital and surplus as of both September 30, 2016 and December 31, 2015.

During 2015, the NAIC adopted changes to SSAP No. 69, *Statement of Cash Flow* and the Annual Statement Instructions for 2015 that clarified the exclusion and disclosure of certain non-cash items in the cash flow statement. The Company implemented these changes to the Company's Statement of Cash Flow process starting at December 31, 2015. The September 30, 2015 Statement of Cash Flow included in this statement was not required to be restated and does not reflect the changes in guidance. Therefore, the September 30, 2015 Statement of Cash Flow is not comparable to the September 30, 2016 and December 31, 2015 Statements of Cash Flow. There was no impact to net income or capital or surplus related to this change.

Note 3. Business Combinations and Goodwill: NONE

Note 4. Discontinued Operations: NONE

Note 5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans: No Change

B. Debt Restructuring: No Change

C. Reverse Mortgages: NONE

D. Loan-Backed Securities

(1) Prepayment assumptions for loan-backed bonds and structured securities were obtained from broker dealer survey values or internal estimates.

(2) No other-than temporary impairment was recognized due to the intent to sell or inability or lack of intent to retain the investment for a period of time sufficient to recover the amortized cost basis.

NOTES TO FINANCIAL STATEMENTS

(3) Other-than-temporary impairment was recognized on the following securities due to the present value of the cash flows expected to be collected being less than the amortized cost basis:

1 CUSIP	2 Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	3 Present Value of Projected Cash Flows	4 Recognized Other-Than-Temporary Impairment	5 Amortized Cost After Other-Than-Temporary Impairment	6 Fair Value at time of OTTI	7 Date of Financial Statement Where Reported
B96VV62	6,706,733	 2,001,542	4,705,191	2,001,542	 2,001,542	6/30/2016
Total	XXX	XXX	4,705,191	XXX	XXX	XXX

(4) The following table shows the gross unrealized losses and fair values of loan-backed securities, which have not been impaired to fair value, aggregated by length of time that individual securities have been in a continuous unrealized loss position as of September 30, 2016.

a. The aggregate amount of unrealized losses:
   1. Less than 12 Months 5,398,758
   2. 12 Months or Longer 26,064,753
b. The aggregate related fair value of securities with unrealized losses:
   1. Less than 12 Months 366,316,867
   2. 12 Months or Longer 350,241,856

(5) A full analysis of all relevant qualitative considerations was completed in reaching the conclusion that the impairments were not other-than-temporary, including the intent and ability to hold the investment for a period of time sufficient to allow for a recovery in value. Specific events that may influence the operations of the issuer and impaired earnings potential are reviewed in addition to length of time and extent to which the fair value has been less than cost.

E. Repurchase Agreements and/or Securities Lending Transactions: NONE

F. Real Estate: No Change

G. Investments in Low Income Housing Tax Credits: NONE

H. Restricted Assets: No Change

I. Working Capital Finance Investments: NONE

J. Offsetting and Netting of Assets and Liabilities: NONE.

K. Structured Notes: NONE

Note 6. Joint Ventures, Partnerships and Limited Liability Companies: No Change

Note 7. Investment Income: No Change

Note 8. Derivative Instruments: No Change

Note 9. Income Taxes: No Change

Note 10. Information Concerning Parent, Subsidiaries and Affiliates

A, B, C. Some employees of the Company and Athene Employee Services LLC participate in one or more Share Award Agreements (the Agreements) sponsored by Athene Holding Ltd., an indirect parent of the Company, for which the Company has no legal obligation. Salary expense of the Company and Athene Employee Services LLC is allocated to the Company through the Shared Services Agreement. Under SSAP 104R, *Share-Based Payments*, the stock compensation expense associated with the Agreements that would have been allocated to the Company is required to be recorded as a capital contribution to the reporting entity. The Company has allocated the stock compensation expense associated with the Agreements based on the same methodology as the Shared Services Agreement. In accordance with SSAP 104R, the Company incurred expense and recorded a capital contribution under the Agreements totaling $11.6 million in 2016, which includes amounts contributed by the Company to downstream insurance subsidiaries.

D. No Change

E. In connection with a $50.0 million funding agreement issued on September 2, 2011 by the Company's direct subsidiary, Athene Life Insurance Company (ALIC), to UBS AG, London Branch (UBS), the Company had entered into a pledge and security agreement, a guaranty and a securities account control agreement, each with UBS (collectively, the Security Documents), pursuant to which the Company guaranteed ALIC's obligations under the funding agreement in favor of UBS and pledged a note issued by UBS. The funding agreement to UBS was paid off on the termination date of September 2, 2016, and therefore the Company was relived of its obligations under the Security Documents. In connection with the funding agreement and the Company's agreement to enter into and perform its obligations under the Security Documents, ALIC has paid the Company a fee of $37,500 and $50,000 in 2016 and 2015, respectively.

F – L. No Change

NOTES TO FINANCIAL STATEMENTS

M. SCA Investments:

Description of SCA Investment (Per SSAP No. 97)	Percentage (%) of SCA Ownership #	Gross Amount (Balance Sheet Column 1)	Nonadmitted Amount (Balance Sheet Column 2)	Admitted Asset Amount Balance Sheet Column 3)	Date of Filing to NAIC	Type of NAIC Filing (Sub-1, Sub-2, or Resubmission of Disallowed Filing)	NAIC Response Received (yes/no)	NAIC Valuation (Amount)	NAIC Disallowed Entity's Valuation Method Resubmission Required (yes/no)	Code (1 or 2 as noted below)
A	B	C	D	E	F	G	H	I	J	K
a. 8a Entities										
Total – 8a Entities										
b. 8b(i) Entities										
Athene Annuity and Life Company.	…….100%	1,079,131,974	……...........	1,079,131,974	XXX	XXX	XXX	XXX	XXX	XXX
Athene Life Insurance Company....	…….100%	77,797,937	……...........	77,797,937	XXX	XXX	XXX	XXX	XXX	XXX
c. 8b(ii) Entities										
d. 8b(iii) Entities										
P.L. Assigned Services, Inc………..	…….100%	……….37,979	……...37,979	………………..	N/A	N/A	N/A	N/A	N/A	N/A
e. 8b(iv) Entities										
Total – 8b Entities	XXX	1,156,967,890	……...37,979	1,156,929,911	XXX	XXX	XXX	XXX	XXX	XXX
Aggregate Total:	XXX	1,156,967,890	……...37,979	1,156,929,911	XXX	XXX	XXX	XXX	XXX	XXX

N. No Change

Note 11. Debt

A. Athene USA Corporation is the holder of a five-year, Unsecured Revolving Promissory Note dated May 1, 2016 (the Promissory Note) with a maximum principal amount not to exceed $200,000,000, among Athene USA Corporation and certain of its subsidiaries, including the Company. The Promissory Note was approved by the Delaware Department of Insurance. Interest shall accrue on the principal balance from time to time outstanding at a rate per annum equal to 1 month LIBOR + 162.5 bps. The Company shall pay such interest in arrears quarterly on the last day of each March, June, September and December, on any day any portion of the principal balance is repaid or prepaid. No amount has been drawn under the Promissory Note by the Company as of September 30, 2016.

Note 12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans: No Change

Note 13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations: No Change

Note 14. Liabilities, Contingencies and Assessments

A. Contingent Commitments

In connection with a funding agreement issued by ALIC to a third party, the Company entered into a limited recourse guaranty and related security documents pursuant to which the Company pledged a note to the funding agreement holder as security for such affiliate's obligations under such funding agreement. In the event that ALIC defaulted on its obligations under the funding agreement, the funding agreement holder could foreclose against the note pledged by the Company. The funding agreement holder did not have recourse to the Company in excess of the pledged note. As stated in Note 10E, the funding agreement was paid off by on the termination date of September 2, 2016, and the guaranty no longer remains.

B. Assessments: No Change

C. Gain Contingencies: NONE

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits: NONE

E. Joint and Several Liabilities: NONE

F. All Other Contingencies

On April 6, 2016, the U.S. Department of Labor (DOL) issued its final rule addressing when a person providing investment advice with respect to an employee benefit plan or individual retirement account (IRA) is considered a fiduciary under the Employee Retirement Income Security Act of 1974, as amended, and for other purposes. The DOL regulations, which have an applicability date of April 10, 2017 and full compliance date of January 1, 2018, will subject the Company and its producers to new disclosures and compliance requirements related to the existing annuity block of business. Since the Company is not issuing new business, the rule will not have an impact on sales and is not expected to have a material impact on its operating expenses.

Note 15. Leases: No Change

Note 16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk:

No Change

Note 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities: NONE

Note 18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans: NONE

Note 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators: NONE

NOTES TO FINANCIAL STATEMENTS

Note 20. Fair Value Measurement

A.

(1) Fair Value Measurements at Reporting Date

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value				
Bonds - RMBS			1,248	1,248
Common stock unaffiliated	47,996,257			47,996,257
Derivative assets: Options		52,325,225		52,325,225
Derivative assets: Futures	433,403			433,403
Derivative assets: Forwards		627,938		627,938
Separate account assets: Variable products		13,291,827		13,291,827
Total assets at fair value	48,429,660	66,244,990	1,248	114,675,898

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
b. Liabilities at fair value				
Derivative liabilities: Currency Swaps		925,151		925,151
Derivative liabilities: Total Return Swaps		26,363		26,363
Derivative liabilities: Futures	180,097			180,097
Derivative liabilities: Forwards		134,426		134,426
Separate account liabilities: Variable products		13,291,827		13,291,827
Total liabilities at fair value	180,097	14,377,767		14,557,864

There were no transfers between Level 1, Level 2, or Level 3 of the fair value hierarchy during the quarter ended September 30, 2016.

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

Description for each class of asset or liability	Ending Balance as of Prior Quarter End	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance for Current Quarter End
a. Assets										
Bonds: RMBS					(28,969)	30,217				1,248
Total Assets					(28,969)	30,217				1,248

(3) Transfers between fair value hierarchy levels are recognized at the end of the period in which the transfer occurs.

(4) The following discussion describes the valuation methodologies and inputs used for assets and liabilities measured and disclosed at fair value. The techniques utilized in estimating the fair values of financial instruments are reliant on the assumptions used.

Fair value estimates are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality (matrix pricing). In instances where there is little or no market activity for the same or similar instruments, the Company estimates the fair value using methods, models and assumptions that management believes market participants would use to determine a current transaction price. These valuation techniques involve some level of management estimation and judgment which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect risk inherent in a particular methodology, model or input employed.

The Company's financial assets and liabilities carried at estimated fair value have been classified, for disclosure purposes, based on a hierarchy defined by current accounting guidance. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3).

The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2 – Quoted prices for inactive markets or valuation techniques that require observable direct or indirect inputs for substantially the full term of the asset or liability.

Level 2 inputs include the following:
(1) Quoted prices for similar assets or liabilities in active markets,
(2) Observable inputs other than quoted market prices, and
(3) Observable inputs derived principally from market data through correlation or other means.

Level 3 – Prices or valuation techniques with unobservable inputs significant to the overall fair value estimate. These valuations use critical assumptions not readily available to market participants. Level 3 valuations are based on market standard valuation methodologies, including discounted cash flows, matrix pricing, or other similar techniques.

Asset and liabilities are valued as discussed below in part C.

B. Other Fair Value Disclosures: NONE

NOTES TO FINANCIAL STATEMENTS

C. Aggregate fair value for all financial instruments and the level within the fair value hierarchy in which the fair value measurements in their entirety fall.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Assets - Bonds	3,922,652,697	3,728,661,837	3,663,344	3,293,755,308	625,234,045	
Assets - Preferred Stocks	19,421,595	18,000,000		19,421,595		
Assets - Common stocks unaffiliated	47,996,257	47,996,257	47,996,257			
Assets - Mortgage loans - first liens	94,518,118	94,065,155			94,518,118	
Assets - Mortgage loans - other than first liens	714,089,992	710,017,340			714,089,992	
Assets - Cash and short-term investments	361,170,288	361,177,135	316,980,231	44,190,057		
Assets - Policy loans	1,596,208	1,596,208		1,596,208		
Assets - Derivative assets	53,386,566	53,386,564	433,403	52,953,163		
Assets - Derivative collateral assets	649,813	649,813	649,813			
Assets - Other invested assets	1,042,315,262	1,042,315,262			1,042,315,262	
Assets - Separate account assets: variable products	13,291,827	13,291,827		13,291,827		
Liabilities - Derivative liabilities	1,266,037	1,266,037	180,097	1,085,940		
Liabilities – Deposit type contracts	536,006,712	529,694,791		381,048,619	154,958,093	
Liabilities - Derivative collateral liability	55,973,182	55,973,182	55,973,182			
Liabilities - Separate account liabilities: variable products	13,291,827	13,291,827		13,291,827		

Bonds and short-term investments – The Company obtains the fair value for most marketable, public bonds without an active market from several commercial pricing services. These are classified as Level 2 assets. The pricing services incorporate a variety of market observable information in their valuation techniques, including benchmark yields, broker-dealer quotes, credit quality, issuer spreads, bids, offers, and other reference data. If the Company cannot value a public bond with a commercial pricing vendor, the Company obtains broker quotes (or utilizes an internally-developed model) and are considered to be Level 3. The Company values privately placed bonds based on the credit quality and duration of comparable marketable securities, which may be securities of another issuer. In some instances, the Company uses a matrix-based pricing model. These models consider the current level of risk-free interest rates, corporate spreads, credit quality of the issuer, and cash flow characteristics of the security. Privately placed fixed maturity securities are classified as Level 2 or 3.

Preferred stocks – The Company values equity securities, typically private equities or equity securities not traded on an exchange, using several commercial pricing services and are classified as Level 2 assets.

Mortgage loans – The Company estimates mortgage loans on a monthly basis using discounted cash flow analysis and rates being offered for similar loans to borrowers with similar credit ratings. Loans with similar characteristics are aggregated for purposes of the calculations. The discounted cash flow model uses unobservable inputs, including estimates of discount rates and loan prepayments. Mortgage loans are classified as Level 3.

Policy loans – The fair value of policy loans classified as Level 2 is equal to the carrying value of the loans, which are collateralized by the cash surrender value of the associated insurance contracts

Derivatives – Derivative contracts can be exchange traded or over-the-counter. Over-the-counter derivatives are valued using valuation models or an income approach using third-party broker valuations. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit curves, measures of volatility, prepayment rates, and correlation of the inputs. The Company considers and incorporates counterparty credit risk in the valuation process through counterparty credit rating requirements and monitoring of overall exposure. The Company also evaluates and includes its own nonperformance risk in valuing derivatives. The majority of the Company's derivatives trade are in liquid markets; therefore, the Company can verify model inputs and model selection does not involve significant management judgment and are classified within Level 2. If the Company cannot verify model inputs and model selection does involve significant management judgment, the derivatives are classified as Level 3.

Other invested assets – Within other invested assets, partnerships are valued based on net asset value information provided by the general partner or related asset manager. These partnership interests usually include multiple underlying investments for which either observable market prices or other valuation methods are used to determine the fair value. These investments are classified as Level 3 due to the limited market activity and price transparency inherent in the market for such investments. Other than partnerships, other invested assets may include surplus notes and other investments with bond or stock characteristics and the Company attempts to value these using commercial pricing services, which would be classified as Level 2 assets. If the Company cannot value with a commercial pricing vendor, the Company obtains broker quotes (or utilizes an internally-developed model) and are considered to be Level 3 assets.

Separate account assets and liabilities (variable products) – Separate account assets and liabilities are classified as Level 2 are valued based on the fair value of the underlying funds. Fair values and changes in the fair values of separate account assets accrue directly to the policyowners and are not included in the Company's revenues and expenses or surplus.

Deposit-type contracts – Deposit-type contracts are classified as Level 3 include single premium immediate annuities (SPIA), supplemental contracts, and group pension contracts. Fair value of SPIA, supplemental contracts, and group pension are calculated by discounting best estimate cash flows based on mortality and market interest rate assumptions. Fair value of guaranteed investment contracts/funding agreements are calculated by discounting future cash flows using market rates on the valuation date, and are classified as Level 2.

D. Not Practical to Estimate Fair Value: NONE

Note 21. Other Items: No Change

Note 22. Events Subsequent

Subsequent events have been considered through November 14, 2016 for the statutory statement dated September 30, 2016. There have been no Type I or Type II events subsequent to the close of the books and accounts for this statement that have a material effect on the financial condition of the Company.

Note 23. Reinsurance

Effective January 1, 2016, the Company entered into a variable quota share coinsurance agreement with Royal Neighbors of America (RNA) to assume a percentage of RNA's multi-year guaranteed annuity business issued on or after the effective date of the treaty. Effective January 1, 2016, the Company amended the existing modified coinsurance agreement with Athene Life Re Ltd. to include this new assumed annuity business.

Note 24. Retrospectively Rated Contracts & Contracts Subject to Redetermination: NONE

NOTES TO FINANCIAL STATEMENTS

Note 25. Change in Incurred Losses and Loss Adjustment Expenses: NONE

Note 26. Intercompany Pooling Arrangements: NONE

Note 27. Structured Settlements: NONE

Note 28. Health Care Receivables: NONE

Note 29. Participating Policies: No Change

Note 30. Premium Deficiency Reserves: NONE

Note 31. Reserves for Life Contracts and Annuity Contracts: No Change

Note 32. Analysis of Annuity Actuarial Reserves and Deposit Type Liabilities by Withdrawal Characteristics: No Change

Note 33. Premiums and Annuity Considerations Deferred and Uncollected: NONE

Note 34. Separate Accounts: No Change

Note 35. Loss/Claim Adjustment Expenses: NONE