

Impact of DIG B36 on the Athene Life Re results



- For reinsurance on a modified coinsurance (“modco”) and funds withheld (“FWH”) basis, although ALRe has similar economic rights and obligations to the underlying assets and liabilities as compared to coinsurance, the accounting is different under US GAAP. Namely:
 - All assets under modco and FWH are required to be market to market through net income (DIG B36)
 - All assets must be reported in a singular line on the balance sheet ‘Funds Withheld at Interest’
- A summary of the mark-to-market differences as a result of DIG B36 is included below.

Asset Type	Same Treatment	Modco / Funds Withheld treatment	Treatment if held directly by ALRe
Fixed Maturity & Equity Securities	No	Mark-to-market through income	Mark-to-market through OCI (for AFS)
Mortgage Loans	No	Mark-to-market through income	Amortized cost – not marked-to-market
Investment Funds	Yes	Mark-to-market through income	Mark-to-market through income
Derivatives	Yes	Mark-to-market through income	Mark-to-market through income

<i>(In millions)</i>	2016	2015	2014
Net Income (loss) as reported	1,465	(152)	1,114
DIG B36 asset mark-to-market gain (loss)	882	(1,415)	1,013
Actuarial offsets	(321)	405	(445)
Impact to net income as a result of DIG B36	561	(1,010)	568
<i>Net income with DIG B36 impacts removed*</i>	904	858	546

* The above table removes the change in unrealized gain (loss) only. Realized gains (losses) remain included as these would be recorded through net income even if ALRe owned the assets directly.