QUARTERLY STATEMENT

OF THE

Athene Annuity and Life Company

TO THE

Insurance Department

OF THE

STATE OF

FOR THE QUARTER ENDED
JUNE 30, 2017

LIFE AND ACCIDENT AND HEALTH

2017

LIFE AND ACCIDENT AND HEALTH COMPANIES - ASSOCIATION EDITION

QUARTERLY STATEMENT

AS OF JUNE 30, 2017

OF THE CONDITION AND AFFAIRS OF THE

Athene Annuity and Life Company

NAIC Group Code 4734 (Current) 4734 (Prior) NAIC Company Code 61689 Employer's ID Number 42-0175020

Organized under the Laws of Iowa , State of Domicile or Port of Entry IA

Country of Domicile United States of America

Incorporated/Organized 02/18/1896 Commenced Business 02/20/1896

Statutory Home Office 7700 Mills Civic Parkway (Street and Number) , West Des Moines , IA, US 50266-3862 (City or Town, State, Country and Zip Code)

Main Administrative Office 7700 Mills Civic Parkway (Street and Number)

West Des Moines , IA, US 50266-3862 (City or Town, State, Country and Zip Code) , 888-266-8489 (Area Code) (Telephone Number)

Mail Address 7700 Mills Civic Parkway (Street and Number or P.O. Box) , West Des Moines , IA, US 50266-3862 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 7700 Mills Civic Parkway (Street and Number)

West Des Moines , IA, US 50266-3862 (City or Town, State, Country and Zip Code) , 888-266-8489 (Area Code) (Telephone Number)

Internet Website Address www.athene.com

Statutory Statement Contact Rachel Elizabeth Brunia (Name) , 515-342-3913 (Area Code) (Telephone Number)

rbrunia@athene.com (E-mail Address) , 877-733-8589 (FAX Number)

OFFICERS

Chief Executive Officer	James Richard Belardi	Treasurer	Erin Clayton Kuhl #
President	Grant Kvalheim	Secretary	Erik Harlan Askelsen

OTHER

Jeffrey Ronald Boland, Senior Vice President	Michael Stephen Downing, Executive Vice President	Randall William Epright, Executive Vice President
Christopher James Grady, Executive Vice President	Mark Philip Suter, Executive Vice President	Christopher Robert Welp, Executive Vice President

DIRECTORS OR TRUSTEES

James Richard Belardi	James Andrew Betts	Martin Philip Klein
Grant Kvalheim	Francis Patrick Sabatini	Hope Scheffer Taitz
Christopher Robert Welp		

State of Iowa
County of Dallas SS:

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Grant Kvalheim President	Erin Clayton Kuhl Treasurer	Erik Harlan Askelsen Secretary

Subscribed and sworn to before me this 14 day of August, 2017

Stephanie Kidder

03/15/2020

NOTARIAL SEAL IOWA
STEPHANIE KIDDER
COMMISSION NO 767168
MY COMMISSION EXPIRES
MARCH 15, 2020

a. Is this an original filing? Yes [X] No [ ]
b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

		Current Statement Date			4
		1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	December 31 Prior Year Net Admitted Assets
1.	Bonds	38,413,753,143		38,413,753,143	36,780,192,740
2.	Stocks:				
	2.1 Preferred stocks	79,708,225		79,708,225	59,708,225
	2.2 Common stocks	387,498,332		387,498,332	384,427,228
3.	Mortgage loans on real estate:				
	3.1 First liens	3,826,554,463		3,826,554,463	3,774,870,132
	3.2 Other than first liens	889,870,564		889,870,564	604,833,424
4.	Real estate:				
	4.1 Properties occupied by the company (less $ encumbrances)				
	4.2 Properties held for the production of income (less $ encumbrances)	9,388,542		9,388,542	9,388,542
	4.3 Properties held for sale (less $ encumbrances)	6,223,427		6,223,427	7,723,663
5.	Cash ($ 78,931,329), cash equivalents ($ 11,781,178) and short-term investments ($ 2,253,242,885)	2,343,955,392		2,343,955,392	1,727,917,471
6.	Contract loans (including $ premium notes)	222,080,746		222,080,746	232,860,992
7.	Derivatives	535,698,638		535,698,638	513,693,447
8.	Other invested assets	1,551,202,294	6	1,551,202,288	1,279,430,679
9.	Receivables for securities	16,010,383		16,010,383	15,044,035
10.	Securities lending reinvested collateral assets				
11.	Aggregate write-ins for invested assets	42,795,302		42,795,302	36,168,114
12.	Subtotals, cash and invested assets (Lines 1 to 11)	48,324,739,450	6	48,324,739,444	45,426,258,690
13.	Title plants less $ charged off (for Title insurers only)				
14.	Investment income due and accrued	389,661,451	105,783	389,555,668	372,902,336
15.	Premiums and considerations:				
	15.1 Uncollected premiums and agents' balances in the course of collection	5,227		5,227	5,306
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ earned but unbilled premiums)	9,367,024		9,367,024	8,985,651
	15.3 Accrued retrospective premiums ($) and contracts subject to redetermination ($)				
16.	Reinsurance:				
	16.1 Amounts recoverable from reinsurers	195,794,851		195,794,851	187,189,338
	16.2 Funds held by or deposited with reinsured companies				
	16.3 Other amounts receivable under reinsurance contracts	1,682,428,952		1,682,428,952	1,504,108,833
17.	Amounts receivable relating to uninsured plans				
18.1	Current federal and foreign income tax recoverable and interest thereon	809,557		809,557	92,025,857
18.2	Net deferred tax asset	11,503,997	5,468,950	6,035,047	16,870,020
19.	Guaranty funds receivable or on deposit	24,865		24,865	8,582
20.	Electronic data processing equipment and software				
21.	Furniture and equipment, including health care delivery assets ($)				
22.	Net adjustment in assets and liabilities due to foreign exchange rates				
23.	Receivables from parent, subsidiaries and affiliates	3,966,966		3,966,966	2,963,673
24.	Health care ($) and other amounts receivable	5,557,145	5,557,145		
25.	Aggregate write-ins for other than invested assets	343,566,832	1,794,406	341,772,426	332,624,415
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	50,967,426,315	12,926,289	50,954,500,026	47,943,942,700
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts	450,734,279		450,734,279	40,721,571
28.	Total (Lines 26 and 27)	51,418,160,594	12,926,289	51,405,234,305	47,984,664,271
	DETAILS OF WRITE-INS				
1101.	Derivative Collateral Asset	42,795,302		42,795,302	36,168,114
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)	42,795,302		42,795,302	36,168,114
2501.	Corporate Owned Life Insurance (COLI)	338,553,625		338,553,625	327,056,842
2502.	Miscellaneous Assets	4,802,909	1,584,108	3,218,801	5,567,573
2503.	Prepaid Expenses	210,298	210,298		
2598.	Summary of remaining write-ins for Line 25 from overflow page				
2599.	Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	343,566,832	1,794,406	341,772,426	332,624,415

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts $ 41,380,718,104 less $ included in Line 6.3 (including $ 33,121,297,814 Modco Reserve)	41,380,718,104	39,552,826,684
2. Aggregate reserve for accident and health contracts (including $ 3,371,259 Modco Reserve)	5,658,391	6,002,064
3. Liability for deposit-type contracts (including $ 448,487,928 Modco Reserve)	558,138,065	620,596,467
4. Contract claims:		
4.1 Life	228,885,074	185,683,677
4.2 Accident and health	11,016	18,486
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)		
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 $ 6,006 accident and health premiums	6,006	6,015
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 $ assumed and $ 2,410,065,000 ceded	2,410,065,000	2,192,286,994
9.4 Interest Maintenance Reserve	120,318,667	118,021,468
10. Commissions to agents due or accrued-life and annuity contracts $ 12,434,269 , accident and health $ and deposit-type contract funds $	12,434,269	10,383,028
11. Commissions and expense allowances payable on reinsurance assumed		
12. General expenses due or accrued	10,274,395	9,587,185
13. Transfers to Separate Accounts due or accrued (net) (including $ (133) accrued for expense allowances recognized in reserves, net of reinsured allowances)	772,217,105	738,264,515
14. Taxes, licenses and fees due or accrued, excluding federal income taxes	10,394,697	9,767,340
15.1 Current federal and foreign income taxes, including $ on realized capital gains (losses)		
15.2 Net deferred tax liability		
16. Unearned investment income	3,493,337	3,522,534
17. Amounts withheld or retained by company as agent or trustee	2,823,620	2,381,598
18. Amounts held for agents' account, including $ 2,644,493 agents' credit balances	2,644,493	2,501,079
19. Remittances and items not allocated	122,912,563	96,552,990
20. Net adjustment in assets and liabilities due to foreign exchange rates		
21. Liability for benefits for employees and agents if not included above	43,408,949	44,337,726
22. Borrowed money $ and interest thereon $		
23. Dividends to stockholders declared and unpaid		
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve	524,793,876	473,944,678
24.02 Reinsurance in unauthorized and certified ($) companies		
24.03 Funds held under reinsurance treaties with unauthorized and certified ($) reinsurers	1,465,372,943	1,492,046,322
24.04 Payable to parent, subsidiaries and affiliates	11,400,022	11,207,156
24.05 Drafts outstanding		
24.06 Liability for amounts held under uninsured plans		
24.07 Funds held under coinsurance		
24.08 Derivatives	33,757,260	2,494,301
24.09 Payable for securities	435,197,888	24,171,446
24.10 Payable for securities lending		
24.11 Capital notes $ and interest thereon $		
25. Aggregate write-ins for liabilities	1,830,273,721	1,374,426,761
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	49,985,199,460	46,971,030,518
27. From Separate Accounts Statement	302,747,801	(99,705,289)
28. Total liabilities (Lines 26 and 27)	50,287,947,261	46,871,325,228
29. Common capital stock	10,000,000	10,000,000
30. Preferred capital stock		
31. Aggregate write-ins for other than special surplus funds		
32. Surplus notes		
33. Gross paid in and contributed surplus	922,654,031	2,412,648,926
34. Aggregate write-ins for special surplus funds		
35. Unassigned funds (surplus)	184,633,013	(1,309,309,884)
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 $ 147,986,478 in Separate Accounts Statement)	1,107,287,044	1,103,339,043
38. Totals of Lines 29, 30 and 37	1,117,287,044	1,113,339,043
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	51,405,234,305	47,984,664,271
DETAILS OF WRITE-INS		
2501. Derivative Collateral Liability	1,781,908,423	1,319,432,451
2502. Unclaimed Funds	18,460,256	21,145,602
2503. Payable to Third Party Administrator	13,096,504	20,778,145
2598. Summary of remaining write-ins for Line 25 from overflow page	16,808,538	13,070,563
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	1,830,273,721	1,374,426,761
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	619,880,974	549,558,996	1,130,998,048
2.	Considerations for supplementary contracts with life contingencies	2,093,740	1,418,708	2,886,290
3.	Net investment income	1,440,543,528	839,932,251	1,910,612,715
4.	Amortization of Interest Maintenance Reserve (IMR)	5,708,385	6,682,557	14,146,888
5.	Separate Accounts net gain from operations excluding unrealized gains or losses	7,559,618	1,237,247	2,474,494
6.	Commissions and expense allowances on reinsurance ceded	344,583,829	296,141,872	577,283,732
7.	Reserve adjustments on reinsurance ceded	570,092,831	(419,048,355)	872,272,924
8.	Miscellaneous Income:			
	8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	251,134	246,614	497,981
	8.2 Charges and fees for deposit-type contracts			
	8.3 Aggregate write-ins for miscellaneous income	11,559,587	10,277,885	20,040,363
9.	Totals (Lines 1 to 8.3)	3,002,273,625	1,286,447,775	4,531,213,434
10.	Death benefits	(231,166)	500,567	(319,925)
11.	Matured endowments (excluding guaranteed annual pure endowments)			
12.	Annuity benefits	94,944,908	117,124,121	186,020,044
13.	Disability benefits and benefits under accident and health contracts	169,617	128,857	337,370
14.	Coupons, guaranteed annual pure endowments and similar benefits			
15.	Surrender benefits and withdrawals for life contracts	256,607,615	215,519,149	438,064,279
16.	Group conversions			
17.	Interest and adjustments on contract or deposit-type contract funds	7,545,838	11,879,508	25,524,133
18.	Payments on supplementary contracts with life contingencies	2,909,956	2,964,797	5,005,894
19.	Increase in aggregate reserves for life and accident and health contracts	1,827,547,746	568,931,530	2,970,897,956
20.	Totals (Lines 10 to 19)	2,189,494,515	917,048,529	3,625,529,752
21.	Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	253,711,246	180,240,900	507,912,190
22.	Commissions and expense allowances on reinsurance assumed	131,895	76,875	451,799
23.	General insurance expenses	133,525,516	118,274,118	250,808,734
24.	Insurance taxes, licenses and fees, excluding federal income taxes	23,872,842	21,774,842	44,080,079
25.	Increase in loading on deferred and uncollected premiums	1	(1,536)	(1,535)
26.	Net transfers to or (from) Separate Accounts net of reinsurance	322,022,725	(2,087,113)	(4,060,575)
27.	Aggregate write-ins for deductions	25,797,187	31,167,921	58,236,401
28.	Totals (Lines 20 to 27)	2,948,555,926	1,266,494,535	4,482,956,845
29.	Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	53,717,699	19,953,240	48,256,590
30.	Dividends to policyholders	3	(5,433)	141
31.	Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	53,717,697	19,958,673	48,256,449
32.	Federal and foreign income taxes incurred (excluding tax on capital gains)	(13,850,768)	(48,005,755)	(101,842,903)
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)	67,568,465	67,964,428	150,099,352
34.	Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of $ 10,026,263 (excluding taxes of $ 13,169,739 transferred to the IMR)	(14,470,319)	(11,621,365)	(50,472,542)
35.	Net income (Line 33 plus Line 34)	53,098,146	56,343,063	99,626,810
	CAPITAL AND SURPLUS ACCOUNT			
36.	Capital and surplus, December 31, prior year	1,113,339,043	1,108,932,084	1,108,932,084
37.	Net income (Line 35)	53,098,146	56,343,063	99,626,810
38.	Change in net unrealized capital gains (losses) less capital gains tax of $ 12,932,039	20,035,727	(1,567,432)	85,280,558
39.	Change in net unrealized foreign exchange capital gain (loss)	5,005,330	(1,507,535)	(19,795,056)
40.	Change in net deferred income tax	7,566,016	(6,648,421)	(38,491,265)
41.	Change in nonadmitted assets	(4,849,443)	(2,068,209)	5,497,243
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			
44.	Change in asset valuation reserve	(50,849,198)	(10,246,336)	(71,443,687)
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	(1,489,994,895)	2,927,009	13,772,241
	51.2 Transferred to capital (Stock Dividend)			
	51.3 Transferred from capital			
	51.4 Change in surplus as a result of reinsurance	(46,013,987)	(26,288,411)	(41,823,071)
52.	Dividends to stockholders			
53.	Aggregate write-ins for gains and losses in surplus	1,509,950,306	(15,447,878)	(28,216,815)
54.	Net change in capital and surplus for the year (Lines 37 through 53)	3,948,001	(4,504,150)	4,406,959
55.	Capital and surplus, as of statement date (Lines 36 + 54)	1,117,287,044	1,104,427,934	1,113,339,043
	DETAILS OF WRITE-INS			
08.301.	COLI Income	11,496,783	10,252,629	19,648,018
08.302.	Miscellaneous Income	62,804	25,256	392,345
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)	11,559,587	10,277,885	20,040,363
2701.	Funds Withheld Adjustment - Ceded	42,243,039	42,587,187	90,212,535
2702.	Transfer to IMR - Ceded	(15,555,648)	(8,021,543)	(26,244,093)
2703.	Transfer to IMR - MVA Benefits	(896,857)	(3,391,671)	(5,743,748)
2798.	Summary of remaining write-ins for Line 27 from overflow page	6,653	(6,052)	11,707
2799.	Totals (Lines 2701 through 2703 plus 2798)(Line 27 above)	25,797,187	31,167,921	58,236,401
5301.	SSAP 72 Surplus Reset	1,502,315,641		
5302.	Correction of Prior Period Error	7,948,816	(7,914,442)	(23,921,611)
5303.	Athene Re IV Tax Sharing Agreement	(314,151)	(7,533,436)	(4,295,204)
5398.	Summary of remaining write-ins for Line 53 from overflow page			
5399.	Totals (Lines 5301 through 5303 plus 5398)(Line 53 above)	1,509,950,306	(15,447,878)	(28,216,815)

CASH FLOW

		1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
	Cash from Operations			
1.	Premiums collected net of reinsurance	622,088,417	537,262,145	1,111,452,953
2.	Net investment income	1,340,146,982	736,555,693	1,669,876,168
3.	Miscellaneous income	347,115,512	246,990,298	590,139,216
4.	Total (Lines 1 to 3)	2,309,350,910	1,520,808,135	3,371,468,337
5.	Benefit and loss related payments	(377,645,484)	574,603,239	(408,643,434)
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	288,070,135	175,110,806	346,490,540
7.	Commissions, expenses paid and aggregate write-ins for deductions	396,720,671	346,139,742	816,972,250
8.	Dividends paid to policyholders	3	(5,433)	141
9.	Federal and foreign income taxes paid (recovered) net of $ 24,675,761 tax on capital gains (losses)	(92,025,856)	(25,964,764)	(36,227,185)
10.	Total (Lines 5 through 9)	215,119,468	1,069,883,589	718,592,312
11.	Net cash from operations (Line 4 minus Line 10)	2,094,231,442	450,924,546	2,652,876,025
	Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:			
	12.1 Bonds	3,309,187,787	3,090,826,156	5,856,842,181
	12.2 Stocks	12,176,001	7,624,000	15,440,000
	12.3 Mortgage loans	524,126,357	239,001,052	880,894,717
	12.4 Real estate	2,616,473		744,493
	12.5 Other invested assets	95,461,076	116,572,628	207,907,623
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(3,047,326)	11,683	2,641,309
	12.7 Miscellaneous proceeds	411,211,018	128,966,636	273,993
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	4,351,731,386	3,583,002,156	6,964,744,316
13.	Cost of investments acquired (long-term only):			
	13.1 Bonds	5,082,872,277	2,890,216,128	8,546,513,085
	13.2 Stocks	32,256,000		16,108,225
	13.3 Mortgage loans	864,882,344	379,347,990	937,882,763
	13.4 Real estate		3,446,863	
	13.5 Other invested assets	200,691,679	99,076,452	260,668,954
	13.6 Miscellaneous applications	40,067,003	37,337,143	93,072,099
	13.7 Total investments acquired (Lines 13.1 to 13.6)	6,220,769,303	3,409,424,576	9,854,245,126
14.	Net increase (or decrease) in contract loans and premium notes	(10,780,246)	15,833,624	18,304,733
15.	Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(1,858,257,671)	157,743,956	(2,907,805,544)
	Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):			
	16.1 Surplus notes, capital notes			
	16.2 Capital and paid in surplus, less treasury stock			
	16.3 Borrowed funds			
	16.4 Net deposits on deposit-type contracts and other insurance liabilities	(62,458,402)	(49,824,435)	(114,867,136)
	16.5 Dividends to stockholders			
	16.6 Other cash provided (applied)	442,522,553	212,827,897	528,620,775
17.	Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	380,064,150	163,003,461	413,753,639
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	616,037,921	771,671,963	158,824,120
19.	Cash, cash equivalents and short-term investments:			
	19.1 Beginning of year	1,727,917,471	1,569,093,351	1,569,093,351
	19.2 End of period (Line 18 plus Line 19.1)	2,343,955,392	2,340,765,314	1,727,917,471

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001.	Capital contribution of stock compensation expense (financing)	12,320,746	2,927,009	13,772,240
20.0002.	Capital contribution of stock compensation expense (investing)	(1,149,442)	(407,501)	(1,915,124)
20.0003.	Capital contribution of stock compensation expense (operating)	(11,171,303)	(2,519,508)	(11,857,116)
20.0004.	Reinsurance activity settled in bonds (operating)	172,691,350	43,829,419	192,471,699
20.0005.	Reinsurance activity settled in bonds (investing)	(172,691,350)	(43,829,419)	(192,471,699)
20.0006.	Security exchanges - bond proceeds (investing)	210,245,583	135,773,241	319,662,169
20.0007.	Security exchanges - bonds acquired (investing)	(210,245,583)	(135,773,241)	(319,662,169)
20.0008.	Transfer from Schedule B to Schedule A - proceeds (investing)	2,053,427		3,446,863
20.0009.	Transfer from Schedule B to Schedule A - acquired (investing)	(2,053,427)		(3,446,863)
20.0010.	Transfer from Schedule D to Schedule BA - proceeds (investing)	134,033,354	27,632	27,632

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0011. Transfer from Schedule D to Schedule BA - acquired (investing)	(134,033,354)	(27,632)	(27,632)
20.0012. Schedule BA distribution (operating)			5,335,374
20.0013. Schedule BA distribution - proceeds (investing)	1,440,319		19,086,712
20.0014. Schedule BA distribution - acquired (investing)	(1,440,319)		(24,422,086)

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The accompanying financial statements of **Athene Annuity and Life 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 Iowa.

The Insurance Division, Department of Commerce, of the State of Iowa (the Division) recognizes only statutory accounting practices prescribed or permitted by the State of Iowa for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the Iowa 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 Iowa. The Commissioner of Insurance has the right to permit other specific practices that deviate from prescribed practices.

Among the products issued by the Company are indexed universal life insurance and indexed annuities. These products allow a portion of the premium to earn interest based on certain indices, primarily the Standard & Poor's 500 Composite Stock Price Index. Call options, futures, variance swaps and total return swaps are purchased to hedge the growth in interest credited to the customer as a direct result of increases in the related indices. In 2006, the Commissioner of the Division issued Bulletin 06-01, *Accounting for Derivative Instruments Used to Hedge the Growth in Interest Credited for Index Products*, which prescribes that an insurer may elect to recognize changes in the fair value of derivative instruments purchased to hedge indexed products in the statement of operations. The Company has elected to apply Bulletin 06-01 to its futures, variance swaps and total return swaps, which resulted in a decrease of $0.5 million and $0.4 million to the Company's net income for the six months ended June 30, 2017 and for the year ended December 31, 2016, respectively. Application of Bulletin 06-01 does not impact the Company's statutory surplus amounts.

In 2009, the Commissioner of the Division promulgated Iowa Administrative Code (IAC) Section 191-97, *Accounting for Certain Derivative Instruments Used to Hedge the Growth in Interest Credited for Indexed Insurance Products and Accounting for the Indexed Insurance Products Reserve*, which prescribes that an insurer may elect (i) to use an amortized cost method to account for certain derivative instruments, such as call options, purchased to hedge the growth in interest credited to the customer on indexed insurance products and (ii) to utilize an indexed annuity reserve calculation methodology under which call options associated with the current index interest crediting term are valued at zero. The Company has elected to apply IAC Section 191-97 to its over the counter (OTC) call options and reserve liabilities. As a result, the Company's net income increased by $30.8 million and decreased by $31.6 million for the six months ended June 30, 2017 and for the year ended December 31, 2016, respectively, and the Company's statutory surplus decreased by $30.4 million and $17.5 million as of June 30, 2017 and December 31, 2016, respectively.

The NAIC requires annuities issued by life insurance companies on or after January 1, 2015, to use the 2012 Individual Annuity Reserving (IAR) Mortality Table. In 2015, the Division promulgated IAC Section 43.3(5), which set an elective alternative effective date of January 1, 2016 for adoption of the 2012 IAR Mortality Table. The Company chose to use the Annuity 2000 Mortality Table for all annuities issued in 2015, which resulted in an increase of $0.5 million and a decrease of $1.2 million to the Company's net income for the six months ended June 30, 2017 and for the year ended December 31, 2016, respectively. The Company's statutory surplus increased by $2.0 million and $1.5 million as of June 30, 2017 and December 31, 2016, respectively.

The Company received a permitted practice from the Division which allowed the Company to record a surplus reset under SSAP No. 72, *Surplus and Quasi-Reorganizations,* during the quarter ended March 31, 2017. This approval is deemed a permitted practice as it was granted greater than six months following a change of control, which is the criteria outlined in SSAP No. 72. The acquisition of the Company by Athene Holding Ltd (AHL) on October 2, 2013 represented a 100% change of ultimate ownership as well as a substantive change in the operations of the Company. The surplus reset resulted in a reclassification between unassigned surplus and gross paid-in and contributed surplus of $1,502.3 million, which is equal to the negative unassigned surplus balance on October 2, 2013 immediately following the execution of all transactions which occurred as a result of the change in control. This permitted practice has no impact on the Company's net income or total capital and surplus.

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

		SSAP #	F/S Page	F/S Line #	June 30, 2017	December 31, 2016
NET INCOME						
(1)	State basis (Page 4, Line 35, Columns 1 & 3)	XXX	XXX	XXX	53,098,146	99,626,810
(2)	State Prescribed Practices that are an increase/(decrease) from NAIC SAP:					
	Derivative Instruments Bulletin 06-01	86	4	38	(502,200)	(359,774)
	Derivative Instruments and Equity Indexed Reserves IAC 191-97	86, 51	2, 3	7, 1	41,914,796	(31,642,904)
	2012 IAR Mortality Table for Annuities Issued in 2015 IAC 43.3(5)	51	3	1	514,180	(1,241,736)
(3)	State Permitted Practices that are an increase/(decrease) from NAIC SAP:					
(4)	NAIC SAP (1-2-3=4)	XXX	XXX	XXX	11,171,370	132,871,224
SURPLUS						
(5)	State basis (Page 3, Line 38, Columns 1 & 2)	XXX	XXX	XXX	1,117,287,044	1,113,339,043
(6)	State Prescribed Practices that are an increase/(decrease) from NAIC SAP:					
	Derivative Instruments and Equity Indexed Reserves IAC 191-97	86, 51	2, 3	7, 1	(30,395,880)	(17,497,296)
	2012 IAR Mortality Table for Annuities Issued in 2015 IAC 43.3(5)	51	3	1	2,008,437	1,494,257
(7)	State Permitted Practices that are an increase/(decrease) from NAIC SAP:					
	SSAP No. 72 Surplus Reset	72	3	33, 35	0	0
(8)	NAIC SAP (5-6-7=8)	XXX	XXX	XXX	1,145,674,487	1,129,342,082

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

C. Accounting Policy

(1) – (5) No Change

(6) Loan-backed and structured securities are stated at amortized cost or fair market value based on their rating by the NAIC. Changes to estimated cash flows on the securities are accounted for retrospectively for securities that are highly rated at the time of purchase and in which the security cannot be contractually prepaid or settled in such a way that the Company would not recover substantially all of our recorded investment. The prospective method is used for those securities where an other than temporary impairment has been taken, the security is not highly rated at the time of purchase, securities where receipt of all contractual principal cash flows is not expected, or those securities that can be contractually prepaid or settled in such a way that the Company would not recover substantially all of our recorded investment.

(7) – (13) No Change

NOTES TO FINANCIAL STATEMENTS

D. Going Concern

Management's assessment of the relevant conditions through August 14, 2017 do not give rise to substantial doubt of the Company's ability to continue as a going concern.

Note 2. Accounting Changes and Corrections of Errors

During the current year's financial statement preparation, the Company discovered an error within the 2016 Annual Statement relating to the tax provision. After consideration of materiality and in accordance with SSAP No. 3, *Accounting Changes and Correction of Errors*, this correction was recorded directly to surplus. The impact of the correction of the error increased surplus by $7.9 million in 2017. This represented less than 1% of ending capital and surplus as of both June 30, 2017 and December 31, 2016.

Note 3. Business Combinations and Goodwill: No Change

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.

(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
885220-DS-9	881,626	 672,983	208,643	 672,983	 579,465	06/30/2017
Total	XXX	XXX	208,643	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 June 30, 2017.

a. The aggregate amount of unrealized losses:
  1. Less than 12 Months 25,687,491
  2. 12 Months or Longer 47,987,694

b. The aggregate related fair value of securities with unrealized losses:
  1. Less than 12 Months 1,571,382,532
  2. 12 Months or Longer 1,579,761,302

(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

(1) a. During 2017, the Company recognized an impairment on one of its real estate LLCs held for sale as discussed below.

b. The Company recognized an impairment of $0.7 million on AREI (CBP), LLC in accordance with SSAP No. 90, *Impairment or Disposal of Real Estate Investments.* Fair value was determined by a third party.

c. The total impairment is aggregated within Net Realized Capital Gains (Losses) in the Statement of Operations Line 34.

(2) During 2017, the Company sold its AREI (Boyette), LLC real estate held on Schedule A for $2.6 million. A loss of $0.3 million was recognized as a result of the sale. The loss is aggregated within Net Realized Capital Gains (Losses) in the Statement of Operations Line 34.

During 2017, the Company acquired AREI (Norwood), LLC and AREI (US Forest), LLC real estate and classified as held for sale on Schedule A in accordance with SSAP No. 40R, *Real Estate Investments.* In conjunction with the planned sale, the assets are held at the lower of cost or market value and are not depreciated in accordance with SSAP No. 90.

(3) Changes to Plan of Sale: NONE

(4) Retail Land Sales: NONE

(5) Participating Mortgage Loan Features: NONE

G. Investments in Low Income Housing Tax Credits: NONE

H. Restricted Assets: No Change

I. Working Capital Finance Investments: NONE

NOTES TO FINANCIAL STATEMENTS

J. Offsetting and Netting of Assets and Liabilities: NONE

K. Structured Notes: NONE

L. 5* Securities: No Change

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 Athene Employee Services LLC participate in one or more Share Award Agreements (the Agreements) sponsored by AHL, an indirect parent of the Company, for which the Company has no legal obligation. Salary expense of Athene Employee Services LLC is partially 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 $12.3 million and $13.8 million for the six months ended June 30, 2017 and for the year ended December 31, 2016, respectively, which includes amounts contributed by the Company to downstream insurance subsidiaries.

D - N. No Change

Note 11. Debt

A. No Change

B. FHLB Agreements

(1) The Company is a member of the FHLB of Des Moines. Through its membership, the Company has issued funding agreements to the FHLB of Des Moines in exchange for cash resulting in a liability of $642.6 million as of June 30, 2017. The Company uses these funds in an investment spread strategy, consistent with its other investment spread operations. As such, the Company applies SSAP No. 52, *Deposit-Type Contracts,* accounting treatment to these funds, consistent with its other deposit-type contracts. It is not part of the Company's strategy to utilize these funds for operations, and any funds obtained from the FHLB of Des Moines for use in general operations would be accounted for consistent with SSAP No. 15, *Debt and Holding Company Obligations*, as borrowed money. The table below indicates the amount of FHLB of Des Moines stock purchased, collateral pledged, assets and liabilities related to the agreement with FHLB of Des Moines.

The Company must provide appropriate collateral to borrow under the arrangements described above. The borrowing capacity available to the Company under the short-term borrowing arrangement and long-term advances is largely a factor of the Company's ability to post eligible collateral, as well as internal limits such as single-holder exposure limits (10% of the entity's balance sheet liabilities) and NAIC capital requirements.

There were no borrowings outstanding under the short-term federal funds borrowing arrangement as of June 30, 2017 and December 31, 2016. The Company did not incur any interest expense on the short-term federal funds borrowing arrangement for the six months ended June 30, 2017 and for the year ended December 31, 2016. There were no long-term advances outstanding as of June 30, 2017 and December 31, 2016. No collateral has been pledged on these advances for the six months ended June 30, 2017 and for the year ended December 31, 2016. The Company did not incur any interest expense on the long-term advances for the six months ended June 30, 2017 and for the year ended December 31, 2016.

(2) FHLB Capital Stock

a. Aggregate Totals

	1 Total 2+3	2 General Account	3 Separate Accounts
1. Current Year			
(a) Membership Stock - Class A			
(b) Membership Stock - Class B	10,000,000	10,000,000	
(c) Activity Stock	25,704,000	25,704,000	
(d) Excess Stock			
(e) Aggregate Total (a+b+c+d)	35,704,000	35,704,000	
(f) Actual or estimated Borrowing Capacity as Determined by the Insurer	2,000,000,000	XXX	XXX
2. Prior Year-end			
(a) Membership Stock - Class A			
(b) Membership Stock - Class B	10,000,000	10,000,000	
(c) Activity Stock	25,624,000	25,624,000	
(d) Excess Stock			
(e) Aggregate Total (a+b+c+d)	35,624,000	35,624,000	
(f) Actual or estimated Borrowing Capacity as Determined by the Insurer	4,300,000,000	XXX	XXX

11B(2)a1(f) should be equal to or greater than 11B(4)a1(d)
11B(2)a2(f) should be equal to or greater than 11B(4)a2(d)

b. Membership Stock (Class A and B) Eligible and Not Eligible for Redemption

	1	2	Eligible for Redemption			
	Current Year Total (2+3+4+5+6)	Not Eligible for Redemption	3 Less Than 6 Months	4 6 Months to Less Than 1 Year	5 1 to Less Than 3 Years	6 3 to 5 Years
Membership Stock						
1. Class A						
2. Class B	10,000,000	10,000,000				

11B(2)b1 Current Year Total (Column 1) should equal 11B(2)a1(a) Total (Column 1)
11B(2)b2 Current Year Total (Column 1) should equal 11B(2)a1(b) Total (Column 1)

NOTES TO FINANCIAL STATEMENTS

(3) Collateral Pledged to FHLB

a. Amount Pledged as of Reporting Date

	1 Fair Value	2 Carrying Value	3 Aggregate Total Borrowing
1. Current Year Total General and Separate Accounts Total Collateral Pledged (Lines 2+3)	862,092,658	819,080,088	642,600,000
2. Current Year General Account Total Collateral Pledged	862,092,658	819,080,088	10,000,000
3. Current Year Separate Accounts Total Collateral Pledged			632,600,000
4. Prior Year-end Total General and Separate Accounts Total Collateral Pledged	1,006,367,454	984,796,516	640,600,000

11B(3)a1 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b1 (Columns 1, 2 and 3 respectively)
11B(3)a2 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b2 (Columns 1, 2 and 3 respectively)
11B(3)a3 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b3 (Columns 1, 2 and 3 respectively)
11B(3)a4 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b4 (Columns 1, 2 and 3 respectively)

b. Maximum Amount Pledged During Reporting Period

	1 Fair Value	2 Carrying Value	3 Amount Borrowed at Time of Maximum Collateral
1. Current Year Total General and Separate Accounts Maximum Collateral Pledged (Lines 2+3)	1,006,367,454	984,796,516	640,600,000
2. Current Year General Account Maximum Collateral Pledged	1,006,367,454	984,796,516	41,400,000
3. Current Year Separate Accounts Maximum Collateral Pledged			599,200,000
4. Prior Year-end Total General and Separate Accounts Maximum Collateral Pledged	1,362,518,498	1,328,925,984	1,026,600,000

(4) Borrowing from FHLB

a. Amount as of Reporting Date

	1 Total 2+3	2 General Account	3 Separate Accounts	4 Funding Agreements Reserves Established
1. Current Year				
(a) Debt				XXX
(b) Funding Agreements	642,600,000	10,000,000	632,600,000	642,600,000
(c) Other				XXX
(d) Aggregate Total (a+b+c)	642,600,000	10,000,000	632,600,000	642,600,000
2. Prior Year-end				
(a) Debt				XXX
(b) Funding Agreements	640,600,000	41,400,000	599,200,000	640,600,000
(c) Other				XXX
(d) Aggregate Total (a+b+c)	640,600,000	41,400,000	599,200,000	640,600,000

b. Maximum Amount During Reporting Period (Current Year)

	1 Total 2+3	2 General Account	3 Separate Accounts
1. Debt			
2. Funding Agreements	642,600,000	10,000,000	632,600,000
3. Other			
4. Aggregate Total (Lines 1+2+3)	642,600,000	10,000,000	632,600,000

11B(4)b4 (Columns 1, 2 and 3) should be equal to or greater than 11B(4)a1(d) (Columns 1, 2 and 3 respectively)

c. FHLB - Prepayment Obligations

	Does the company have prepayment obligations under the following arrangements (YES/NO)?
1. Debt	NO
2. Funding Agreements	YES
3. Other	NO

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

(1) – (11) No Change

(12) - (13) Quasi-reorganization: As discussed in Note 1, during the quarter ended March 31, 2017 the Company recorded a surplus reset under SSAP No. 72 in the amount of $1,502.3 million, resulting in a reclassification between unassigned surplus and gross paid-in and contributed surplus.

Note 14. Liabilities, Contingencies and Assessments

A. Contingent Commitments: No Change

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

NOTES TO FINANCIAL STATEMENTS

F. All Other Contingencies

On June 12, 2015, a putative class action complaint was filed in the United States District Court for the Northern District of California, captioned Rachel Silva and Don Hudson, on Behalf of Themselves and All Others Similarly Situated v. Aviva PLC, Athene Annuity and Life Company f/k/a Aviva Life and Annuity Company, Athene USA Corporation f/k/a Aviva USA Corporation, AHL, Athene Asset Management, L.P., Apollo Global Management, LLC. The complaint, which was analogous to complaints recently filed against other large insurance companies, primarily alleged that captive reinsurance and other transactions had the effect of misrepresenting the financial condition of the Company. The suit asserted claims of violation of the Racketeer Influenced and Corrupt Organizations Act (RICO) and sought compensatory damages, trebled, in an amount to be determined. Defendants' motion to transfer the case to the United States District Court for the Southern District of Iowa was granted on March 29, 2016. On May 24, 2016, plaintiff filed an amended complaint removing plaintiff Silva and defendant Aviva plc from the litigation. Defendants filed a motion to dismiss the amended complaint that was fully briefed. On November 14, 2016, the Court stayed consideration of the motion to dismiss pending a ruling from the Eighth Circuit in Ludwick v. Harbinger Grp., Inc., a case involving similar claims against another insurance company. No. 16-1561 (8th Cir.). On April 13, 2017, the Eighth Circuit affirmed the district court's dismissal of that lawsuit. On May 11, 2017, the United States District Court for the Southern District of Iowa dismissed the putative class action complaint filed against us. Plaintiff did not appeal the district court's decision and this matter is concluded.

On July 27, 2015, a putative class action complaint was filed in the United States District Court for the District of Massachusetts by plaintiff John W. Griffiths against the Company and several affiliated and unaffiliated companies. An amended complaint ("Complaint") was filed on December 18, 2015. The Complaint alleges a putative class of all purchasers of structured settlement annuities that Aviva London Assignment Corporation, Aviva Life Insurance Company, CGU International Insurance plc ("CGUII"), or Aviva International Insurance Ltd. (collectively, "Aviva") or their predecessors delivered to purchasers from April 1, 2003 to the present that were backed by a capital maintenance agreement issued by CGUII (the "CMA"). The Complaint alleges that Aviva sold structured settlement annuities to the public on the basis that they were backed by the CMA, which was alleged to be a source of great financial strength. The Complaint further alleges that Aviva used the CMA to enhance the sales volume and raise the price of the annuities. The Complaint claims that, as a result of the sale of Aviva London Assignment Corporation to Athene Holding Ltd. ("AHL"), the CMA terminated. According to the Complaint, no notice of this termination was provided to the owners of the structured settlement annuities. The Complaint alleges that the termination of the CMA gave rise to claims for breach of contract, breach of fiduciary duty, promissory estoppel, and unjust enrichment. On January 22, 2016, Defendants Aviva London Assignment Corporation, Aviva Life Insurance Company, AHL, Athene London Assignment Corporation, and Athene Annuity and Life Company answered the Complaint. Defendant Aviva International Insurance Ltd.'s motion to dismiss for lack of personal jurisdiction was subsequently denied. Fact discovery has closed and the case will move into the expert discovery, class certification and dispositive motion phases. The Company believes the allegations are unfounded and it has meritorious defenses to the claims set forth in the Complaint and intends to vigorously defend the litigation. In light of the inherent uncertainties involved in the matter aforementioned, reasonably possible losses, if any, cannot be estimated at this time.

On April 6, 2016, the U.S. Department of Labor (DOL) issued a new regulation more broadly defining the circumstances under which a person is considered to be a fiduciary by reason of giving investment advice or recommendations to an employee benefit plan or a plan's participants or to individual retirement account (IRA) holders. In addition to releasing the investment advice regulation, the DOL: (1) issued a new prohibited transaction class exemption titled the "Best Interest Contract Exemption" (BICE), to be used in connection with the sale of fixed indexed annuities or variable annuities, and (2) updated the previous prohibited transaction class exemption 84-24, to be used in connection with the sale of traditional fixed rate annuities.

To satisfy the requirements under the BICE on January 1, 2018, a "Financial Institution" (defined under the rule as a registered investment adviser, bank, registered broker-dealer, or insurance company) must, among other things, accept fiduciary responsibility for the recommendations of the producer and, in the case of a retirement investor that is sold an IRA, enter into a contract with the retirement investor. To assist in understanding the regulation, the DOL, on October 27, 2016, issued its first in a series of frequently asked questions followed by its second series released on January 13, 2017, responding to questions submitted by various retirement market participants impacted by the regulation. The frequently asked questions, among other things, clarified that an insurance-only licensed producer can meet the best interest requirements even though he or she is limited to selling insurance products. In addition, the DOL clarified that an insurance carrier that acts as the Financial Institution will only act as such with respect to the sale of that insurance carrier's products. The DOL issued the Proposed Best Interest Contract Exemption for Insurance Intermediaries on January 19, 2017, in an attempt to provide a separate exemption for Insurance Marketing Organizations (IMOs) to act at a Financial Institution for the sale of insurance products. The proposed rule sets forth various requirements, including a minimum annual premium volume requirement and reserve or errors and omissions coverage requirements, limiting the availability of the exemption to only very large IMOs in the industry. As of the date of this publication, a final version of this exemption has not been published.

On February 3, 2017, the President of the United States issued an executive memorandum directing the DOL to examine the fiduciary rule to determine whether the fiduciary rule has harmed or is likely to cause harm to investors by limiting access to certain retirement products or related financial advice, whether the fiduciary rule has resulted in dislocations in the retirement services industry that may adversely affect investors or retirees, or whether the fiduciary rule is likely to cause increased litigation and increased costs for investors and retirees. In direct response to the President's Memorandum, the acting secretary of the DOL stated that the DOL will consider its legal options to delay the applicability date of the rule in order to comply with the Memorandum. The DOL published a final amendment to the rule on April 5, 2017, delaying the April 10, 2017 applicability date to June 9, 2017. In addition to delaying the applicability date, the amendment changed some of the terms of the exemptions. The DOL also issued a second comment deadline requesting comments by April 17, 2017 in response to the three items President Trump requested the DOL review in his February 3, 2017 executive memorandum. The DOL issued a request for information (RFI) in the Federal Register on July 6, 2017. The RFI contained 18 questions and two separate comment periods. The first comment period, which expired on July 21, requested input as to the impact of potentially delaying the upcoming January 1, 2018 full compliance date. The second comment period, which closes on August 7, 2017, asked for input responding to the additional questions that could form the basis of new exemptions or changes/revisions. We are currently assisting our distribution partners in meeting the requirements set forth on June 9, 2017 and continue to monitor the situation moving forward in preparation to meet the full implementation required on January 1, 2018, assuming the regulation remains unchanged.

In addition to the cases previously discussed, the Company is routinely involved in litigation and other proceedings, reinsurance claims and regulatory proceedings arising in the ordinary course of its business. At present, no contingencies related to pending litigation and regulatory matters are considered material in relation to the financial position of the Company.

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 Extinguishment 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: Corporates		176,873		176,873
Bonds: ABS		2		2
Common stocks: Unaffiliated		35,704,000	773,745	36,477,745
Derivative assets: Currency Swaps		3,439,984		3,439,984
Derivative assets: Interest Rate Swaps	27,591	163,976		191,567
Derivative assets: Total Return Swaps		1,683,383		1,683,383
Derivative assets: Variance Swaps		731,779		731,779
Derivative assets: Futures	4,727,673			4,727,673
Derivative assets: Forwards		125,552		125,552
Separate account assets: Variable products		35,524,736		35,524,736
Total assets at fair value	4,755,264	77,550,285	773,745	83,079,294

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
b. Liabilities at fair value				
Derivative liabilities: Interest Rate Swaps	17,730	218,460		236,190
Derivative liabilities: Futures	563,882			563,882
Derivative liabilities: Forwards		3,040,650		3,040,650
Separate account liabilities: Variable products		35,524,736		35,524,736
Total liabilities at fair value	581,612	38,783,846		39,365,458

There were no transfers between Level 1, Level 2 or Level 3 of the fair value hierarchy during the quarter ended June 30, 2017.

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

Description for each class of asset or liability	Ending Balance at 03/31/2017	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 at 06/30/2017
a. Assets										
Common stocks: Unaffiliated						773,745				773,745
Total Assets						773,745				773,745

(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 quoted market prices are not available, the Company utilizes commercially available pricing vendors that utilize observable market inputs, like recent trading activity, to derive fair value. When vendor 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.

Assets 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	40,389,861,690	38,413,753,143	7,147,830	38,959,054,123	1,423,659,737	
Assets - Preferred stocks	87,739,898	79,708,225		87,739,898		
Assets - Common stocks unaffiliated	36,477,745	36,477,745		35,704,000	773,745	
Assets - Mortgage loans - first liens	3,932,190,852	3,826,554,463			3,932,190,852	
Assets - Mortgage loans - other than first liens	894,521,806	889,870,564			894,521,806	
Assets - Policy loans	222,080,746	222,080,746		222,080,746		
Assets - Cash and short - term investments	2,343,954,662	2,343,955,392	2,332,174,214	11,780,448		
Assets - Derivative assets	1,714,813,461	535,698,638	4,755,265	1,710,058,196		
Assets - Derivative collateral assets	42,795,302	42,795,302	42,795,302			
Assets - Other invested assets	1,559,725,098	1,551,202,288		216,440,927	1,343,284,171	
Assets - Separate account: variable products	35,524,736	35,524,736		35,524,736		
Liabilities - Deposit type contracts	593,436,155	558,138,065		10,286,872	583,149,283	
Liabilities - Collateralized borrowings	10,643,865	10,502,723			10,643,865	
Liabilities - Derivative liabilities	62,330,512	33,757,260	12,002,300	44,227,626	6,100,586	
Liabilities - Derivative collateral liability	1,781,908,423	1,781,908,423	1,781,908,423			
Liabilities - Separate account: variable products	35,524,736	35,524,736		35,524,736		

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 these securities 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 and common stocks unaffiliated – The Company values equity securities, typically private equities or equity securities not traded on an exchange, using several commercial pricing services or an internal model. The securities priced by a commercial pricing service are classified as Level 2 and the securities priced by an internal model are classified as Level 3. In addition, unaffiliated common stocks include FHLB stock, which is carried at fair value, which is presumed to be par because it can only be redeemed by the bank.

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, 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 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. The 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 values these using several commercial pricing services and are 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.

Deposit-type contracts – Deposit-type contracts classified as Level 3 include single premium immediate annuities (SPIA) and supplemental contracts. Fair value of SPIA and supplemental contracts 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.

Collateralized borrowings – The Company estimates collateralized borrowings using discounted cash flow analysis and rates being offered for similar collateral to borrowers with similar credit ratings. The discounted cash flow model uses unobservable inputs, including estimates of discount rates and prepayments. Collateralized borrowings are classified as Level 3.

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

D. Not Practicable to Estimate Fair Value: NONE

Note 21. Other Items

A. Extraordinary Items: NONE

B. Troubled Debt Restructuring: NONE

C. Other Disclosures and Unusual Items

During 2017, the Company novated 4,609 life policies with statutory policy reserves of $106.1 million to Accordia Life and Annuity Company (Accordia). These policies were previously 100% ceded to Accordia through a coinsurance agreement entered into in 2013, and therefore the novation had no impact on the Company's income or capital and surplus position.

D. Business Interruption Insurance Recoveries: NONE

E. State Transferable and Non-transferable Tax Credits: No Change

NOTES TO FINANCIAL STATEMENTS

F. Subprime-Mortgage-Related Risk Exposure: No Change

G. Retained Assets: NONE

H. Insurance-Linked Securities (ILS) Contracts: NONE

Note 22. Events Subsequent

Subsequent events have been considered through August 14, 2017 for the statutory statement dated June 30, 2017. 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: No Change

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

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. Premium and Annuity Considerations Deferred and Uncollected: No Change

Note 34. Separate Accounts: No Change

Note 35. Loss/Claim Adjustment Expenses: NONE