QUARTERLY STATEMENT

OF THE

Athene Annuity & Life Assurance Company

TO THE

Insurance Department

OF THE

STATE OF

FOR THE QUARTER ENDED
MARCH 31, 2020

[X] LIFE AND ACCIDENT AND HEALTH [ ] FRATERNAL BENEFIT SOCIETIES

2020

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	16,800,865,115		16,800,865,115	15,921,950,276
2.	Stocks:				
	2.1 Preferred stocks	87,316,767		87,316,767	91,252,487
	2.2 Common stocks	1,345,230,778	37,703	1,345,193,075	1,223,976,498
3.	Mortgage loans on real estate:				
	3.1 First liens	2,999,177,328		2,999,177,328	2,674,741,630
	3.2 Other than first liens	541,141,338		541,141,338	556,677,590
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 ($ 1,096,210,540), cash equivalents ($) and short-term investments ($ 386,235,057)	1,482,445,597		1,482,445,597	1,145,026,637
6.	Contract loans (including $ premium notes)	2,580,998		2,580,998	2,776,790
7.	Derivatives	68,656,886		68,656,886	152,131,771
8.	Other invested assets	1,755,028,498	1,028,498	1,754,000,000	1,657,004,628
9.	Receivables for securities	32,498,090		32,498,090	9,399,357
10.	Securities lending reinvested collateral assets				
11.	Aggregate write-ins for invested assets	500,000		500,000	7,750,000
12.	Subtotals, cash and invested assets (Lines 1 to 11)	25,115,441,396	1,066,201	25,114,375,195	23,442,687,665
13.	Title plants less $ charged off (for Title insurers only)				
14.	Investment income due and accrued	160,431,855	132,656	160,299,199	157,613,982
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	64,939,444		64,939,444	57,520,042
	16.2 Funds held by or deposited with reinsured companies	2,517,387,015		2,517,387,015	2,533,460,136
	16.3 Other amounts receivable under reinsurance contracts	2,024,179,290		2,024,179,290	2,200,750,378
17.	Amounts receivable relating to uninsured plans				
18.1	Current federal and foreign income tax recoverable and interest thereon	53,074,672		53,074,672	
18.2	Net deferred tax asset	65,630,959	26,441,428	39,189,531	48,222,795
19.	Guaranty funds receivable or on deposit	483,709		483,709	579,098
20.	Electronic data processing equipment and software				
21.	Furniture and equipment, including health care delivery assets ($)				
22.	Net adjustment in assets and liabilities due to foreign exchange rates				
23.	Receivables from parent, subsidiaries and affiliates	13,398,475		13,398,475	184,190
24.	Health care ($) and other amounts receivable	10,994,798		10,994,798	11,070,294
25.	Aggregate write-ins for other than invested assets	3,341,590	1,578,806	1,762,784	4,232,721
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	30,029,303,202	29,219,090	30,000,084,112	28,456,321,303
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts	11,626,813		11,626,813	14,426,214
28.	Total (Lines 26 and 27)	30,040,930,015	29,219,090	30,011,710,925	28,470,747,517
	DETAILS OF WRITE-INS				
1101.	Derivative collateral asset	500,000		500,000	7,750,000
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)	500,000		500,000	7,750,000
2501.	Miscellaneous assets	3,341,590	1,578,806	1,762,784	4,232,721
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)	3,341,590	1,578,806	1,762,784	4,232,721

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Statement Date	2 December 31 Prior Year
1.	Aggregate reserve for life contracts $ 20,958,948,707 less $ .... included in Line 6.3 (including $ 14,516,299,078 Modco Reserve)	20,958,948,707	20,102,934,270
2.	Aggregate reserve for accident and health contracts (including $ .... Modco Reserve)		
3.	Liability for deposit-type contracts (including $ 126,758,264 Modco Reserve)	309,010,809	4,070,026,522
4.	Contract claims:		
	4.1 Life	68,639,068	46,101,014
	4.2 Accident and health		
5.	Policyholders' dividends/refunds to members $ .... and coupons $ .... due and unpaid		
6.	Provision for policyholders' dividends, refunds to members and coupons payable in following calendar year - estimated amounts:		
	6.1 Policyholders' dividends and refunds to members apportioned for payment (including $ .... Modco)	35,706	35,706
	6.2 Policyholders' dividends and refunds to members 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 $ 30,557,678 assumed and $ 1,592,708,043 ceded	1,623,265,721	1,859,385,884
	9.4 Interest Maintenance Reserve	47,087,103	41,999,785
10.	Commissions to agents due or accrued-life and annuity contracts $ 199,823 , accident and health $ 472,527 and deposit-type contract funds $	672,350	600,350
11.	Commissions and expense allowances payable on reinsurance assumed	17,393,921	8,379,728
12.	General expenses due or accrued	1,160,573	984,856
13.	Transfers to Separate Accounts due or accrued (net) (including $ 35,959 accrued for expense allowances recognized in reserves, net of reinsured allowances)	35,959	16,927
14.	Taxes, licenses and fees due or accrued, excluding federal income taxes	197,126	231,277
15.1	Current federal and foreign income taxes, including $ .... on realized capital gains (losses)		13,807,916
15.2	Net deferred tax liability		
16.	Unearned investment income	147,133	40,898
17.	Amounts withheld or retained by reporting entity as agent or trustee	189,452	188,265
18.	Amounts held for agents' account, including $ .... agents' credit balances		
19.	Remittances and items not allocated	14,618,438	20,294,261
20.	Net adjustment in assets and liabilities due to foreign exchange rates		
21.	Liability for benefits for employees and agents if not included above		
22.	Borrowed money $ .... and interest thereon $		
23.	Dividends to stockholders declared and unpaid		
24.	Miscellaneous liabilities:		
	24.01 Asset valuation reserve	286,311,615	365,552,729
	24.02 Reinsurance in unauthorized and certified ($ ....) companies		
	24.03 Funds held under reinsurance treaties with unauthorized and certified ($ ....) reinsurers	4,377,323,769	
	24.04 Payable to parent, subsidiaries and affiliates	7,547,097	6,356,679
	24.05 Drafts outstanding		
	24.06 Liability for amounts held under uninsured plans		
	24.07 Funds held under coinsurance		
	24.08 Derivatives	18,136,436	33,353,686
	24.09 Payable for securities	33,126,926	65,783,857
	24.10 Payable for securities lending		
	24.11 Capital notes $ .... and interest thereon $		
25.	Aggregate write-ins for liabilities	571,170,241	294,579,313
26.	Total liabilities excluding Separate Accounts business (Lines 1 to 25)	28,335,018,149	26,930,653,925
27.	From Separate Accounts Statement	11,626,813	14,426,214
28.	Total liabilities (Lines 26 and 27)	28,346,644,962	26,945,080,139
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	1,190,704,371	1,186,812,580
34.	Aggregate write-ins for special surplus funds		
35.	Unassigned funds (surplus)	471,861,591	336,354,799
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)	1,662,565,963	1,523,167,378
38.	Totals of Lines 29, 30 and 37	1,665,065,963	1,525,667,378
39.	Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	30,011,710,925	28,470,747,517
	DETAILS OF WRITE-INS		
2501.	Repurchase agreement liability	384,595,000	99,849,323
2502.	Derivative collateral liability	155,001,025	162,071,888
2503.	Unclaimed funds	24,964,536	22,869,919
2598.	Summary of remaining write-ins for Line 25 from overflow page	6,609,679	9,788,184
2599.	Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	571,170,241	294,579,313
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	259,294,234	341,920,719	1,213,947,510
2.	Considerations for supplementary contracts with life contingencies	16,520,491	13,764,973	47,358,635
3.	Net investment income	255,445,743	181,606,500	810,285,053
4.	Amortization of Interest Maintenance Reserve (IMR)	2,127,204	974,722	13,937,057
5.	Separate Accounts net gain from operations excluding unrealized gains or losses			
6.	Commissions and expense allowances on reinsurance ceded	74,560,925	98,064,219	385,457,215
7.	Reserve adjustments on reinsurance ceded	598,744,744	1,046,648,028	3,837,891,710
8.	Miscellaneous Income:			
	8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	114,756	120,944	450,689
	8.2 Charges and fees for deposit-type contracts			
	8.3 Aggregate write-ins for miscellaneous income	24,951,103	31,471,175	116,521,781
9.	Totals (Lines 1 to 8.3)	1,231,759,200	1,714,571,280	6,425,849,651
10.	Death benefits	147,607	199,996	423,790
11.	Matured endowments (excluding guaranteed annual pure endowments)			232
12.	Annuity benefits	35,803,168	33,509,941	127,246,153
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	126,038,455	126,907,452	515,505,288
16.	Group conversions			
17.	Interest and adjustments on contract or deposit-type contract funds	12,204,206	28,315,579	73,020,339
18.	Payments on supplementary contracts with life contingencies	3,477,496	2,528,598	11,725,394
19.	Increase in aggregate reserves for life and accident and health contracts	866,777,364	1,411,114,856	5,283,562,037
20.	Totals (Lines 10 to 19)	1,044,448,297	1,602,576,421	6,011,483,232
21.	Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	700,524	825,195	3,648,763
22.	Commissions and expense allowances on reinsurance assumed	85,502,847	117,814,547	455,976,384
23.	General insurance expenses and fraternal expenses	8,897,289	5,256,741	29,196,135
24.	Insurance taxes, licenses and fees, excluding federal income taxes	440,142	526,018	1,258,078
25.	Increase in loading on deferred and uncollected premiums			
26.	Net transfers to or (from) Separate Accounts net of reinsurance	(25,238)	(246,620)	(530,921)
27.	Aggregate write-ins for deductions	31,095,652	884,179	(88,540,306)
28.	Totals (Lines 20 to 27)	1,171,059,513	1,727,636,480	6,412,491,364
29.	Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	60,699,688	(13,065,201)	13,358,287
30.	Dividends to policyholders and refunds to members	7,843	7,021	33,031
31.	Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30)	60,691,845	(13,072,221)	13,325,256
32.	Federal and foreign income taxes incurred (excluding tax on capital gains)	(36,722,977)	19,292,542	87,906,048
33.	Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	97,414,822	(32,364,763)	(74,580,792)
34.	Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of $ (3,395,088) (excluding taxes of $ 4,828,439 transferred to the IMR)	(4,535,598)	7,474,198	(11,174,926)
35.	Net income (Line 33 plus Line 34)	92,879,224	(24,890,565)	(85,755,718)
	CAPITAL AND SURPLUS ACCOUNT			
36.	Capital and surplus, December 31, prior year	1,525,667,378	1,544,060,989	1,544,060,989
37.	Net income (Line 35)	92,879,224	(24,890,565)	(85,755,718)
38.	Change in net unrealized capital gains (losses) less capital gains tax of $ (3,989,065)	(3,355,066)	54,469,039	90,098,194
39.	Change in net unrealized foreign exchange capital gain (loss)	(3,363,886)	7,020,902	26,283,181
40.	Change in net deferred income tax	(40,753,319)	13,410,609	100,219,269
41.	Change in nonadmitted assets	31,472,987	(5,237,418)	(59,037,852)
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	79,241,114	(54,323,376)	(176,832,676)
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	3,891,792	2,159,923	13,495,360
	51.2 Transferred to capital (Stock Dividend)			
	51.3 Transferred from capital			
	51.4 Change in surplus as a result of reinsurance	(22,314,804)	21,341,887	74,093,494
52.	Dividends to stockholders			(409,420)
53.	Aggregate write-ins for gains and losses in surplus	1,700,543		(547,444)
54.	Net change in capital and surplus for the year (Lines 37 through 53)	139,398,584	13,951,001	(18,393,611)
55.	Capital and surplus, as of statement date (Lines 36 + 54)	1,665,065,963	1,558,011,990	1,525,667,378
	DETAILS OF WRITE-INS			
08.301.	Funds withheld adjustment - assumed	24,939,484	31,455,093	116,439,156
08.302.	Miscellaneous income	11,620	16,082	82,626
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)	24,951,103	31,471,175	116,521,781
2701.	Funds withheld adjustment - ceded	40,748,428		
2702.	Transfer to IMR - ceded	(9,948,247)	253,414	1,191,647
2703.	Transfer to IMR - MVA benefits	(1,345,723)	199,051	(899,704)
2798.	Summary of remaining write-ins for Line 27 from overflow page	1,641,194	431,714	(88,832,249)
2799.	Totals (Lines 2701 through 2703 plus 2798)(Line 27 above)	31,095,652	884,179	(88,540,306)
5301.	Correction of prior period error	1,700,543		
5302.	Tax sharing agreement			(547,444)
5303.				
5398.	Summary of remaining write-ins for Line 53 from overflow page			
5399.	Totals (Lines 5301 through 5303 plus 5398)(Line 53 above)	1,700,543		(547,444)

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	275,814,725	355,685,692	1,261,306,145
2. Net investment income	227,680,170	166,936,352	756,465,831
3. Miscellaneous income	73,764,913	97,890,410	382,754,961
4. Total (Lines 1 to 3)	577,259,808	620,512,455	2,400,526,938
5. Benefit and loss related payments	(442,825,788)	(822,335,040)	(3,355,458,815)
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	(44,270)	(282,081)	(586,735)
7. Commissions, expenses paid and aggregate write-ins for deductions	85,734,807	125,845,322	505,725,152
8. Dividends paid to policyholders	7,843	7,021	32,276
9. Federal and foreign income taxes paid (recovered) net of $ 13,979,112 tax on capital gains (losses)	29,892,419	(42,798,756)	81,696,372
10. Total (Lines 5 through 9)	(327,234,989)	(739,563,534)	(2,768,591,750)
11. Net cash from operations (Line 4 minus Line 10)	904,494,797	1,360,075,988	5,169,118,688
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	983,265,441	560,678,393	3,176,455,872
12.2 Stocks	784,191		172,286,008
12.3 Mortgage loans	32,940,031	166,941,576	833,421,308
12.4 Real estate			
12.5 Other invested assets	82,644,088	87,684,219	175,095,036
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(1,859,942)	312,908	1,857,401
12.7 Miscellaneous proceeds	26,472,950	151,400,500	50,633,992
12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,124,246,759	967,017,596	4,409,749,617
13. Cost of investments acquired (long-term only):			
13.1 Bonds	1,975,316,098	2,064,876,011	8,039,643,157
13.2 Stocks	1,137,240	86,646,812	297,292,583
13.3 Mortgage loans	352,389,835	317,439,893	1,729,448,210
13.4 Real estate			
13.5 Other invested assets	187,661,699	119,372,329	514,320,548
13.6 Miscellaneous applications	55,755,665	12,609,600	10,689,494
13.7 Total investments acquired (Lines 13.1 to 13.6)	2,572,260,537	2,600,944,645	10,591,393,992
14. Net increase (or decrease) in contract loans and premium notes	(195,793)	(55,349)	(253,345)
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(1,447,817,985)	(1,633,871,700)	(6,181,391,030)
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	(3,761,015,713)	2,119,045	993,036,108
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)	4,641,757,862	57,665,033	241,633,945
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	880,742,148	59,784,078	1,234,670,053
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)	337,418,961	(214,011,634)	222,397,712
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	1,145,026,637	922,628,925	922,628,925
19.2 End of period (Line 18 plus Line 19.1)	1,482,445,597	708,617,290	1,145,026,637

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

20.0001. Security exchanges and asset in kind trades - bond proceeds (investing)	384,232,444	24,192,924	1,383,740,701
20.0002. Security exchanges and asset in kind trades - bonds acquired (investing)	(384,232,444)	(24,192,924)	(1,496,201,101)
20.0003. Reinsurance activity settled in bonds (operating)	97,252,683	(66,850,036)	80,724,636
20.0004. Assumed reinsurance activity settled in bonds (investing)	5,679,071	8,665,008	8,665,008
20.0005. Ceded reinsurance activity settled in bonds (investing)	(102,931,755)	58,185,028	(89,389,645)
20.0006. Capital contribution of stock compensation expense (financing)	3,891,792	2,159,923	13,495,360
20.0007. Capital contribution of stock compensation expense (investing)	(3,408,944)	(1,610,102)	(9,898,224)
20.0008. Capital contribution of stock compensation expense (operating)	(482,848)	(549,821)	(3,597,136)
20.0009. Security exchanges and assets in kind trade - stocks proceeds (investing)		215,427	144,355,995

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

20.0010. Security exchanges and assets in kind trade - stocks acquired (investing)		(215,427)	(31,895,595)

Notes to the Financial Statements

1. Summary of Significant Accounting Policies and Going Concern

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:

	SSAP #	F/S Page	F/S Line #	03/31/2020	12/31/2019
Net Income					
(1) State basis (Page 4, Line 35, Columns 1 & 3)	XXX	XXX	XXX	$ 92,879,224	$ (85,755,718)
(2) State prescribed practices that are an increase / (decrease) from NAIC SAP:					
(3) State permitted practices that are an increase / (decrease) from NAIC SAP:					
Standard scenario on variable annuities	51	3	1	–	–
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	$ 92,879,224	$ (85,755,718)
Surplus					
(5) State basis (Page 3, Line 38, Columns 1 & 2)	XXX	XXX	XXX	$ 1,665,065,963	$ 1,525,667,378
(6) State prescribed practices that are an increase / (decrease) from NAIC SAP:					
(7) State permitted practices that are an increase / (decrease) from NAIC SAP:					
Standard scenario on variable annuities	51	3	1	–	–
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	$ 1,665,065,963	$ 1,525,667,378

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with NAIC SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Our estimates may vary as more information about the extent to which the Coronavirus Disease of 2019 and the resulting impact on economic conditions and the financial markets become known. Actual results may differ from the estimates used in preparing the financial statements.

C. Accounting Policy

(1) Short-term investments - No Significant Changes

(2) Bonds, other than loan-backed and structured securities, are stated at amortized cost or fair value based on their rating by the NAIC. Bonds held at amortized cost are amortized using the scientific interest method on a yield-to-worst basis.

(3) Common stocks - No Significant Changes

(4) Preferred stocks - No Significant Changes

(5) Mortgage loans - No Significant Changes

(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 the 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 the recorded investment. Loan-backed and structured securities stated at amortized cost are amortized or accreted using the scientific interest method.

(7) Investments in subsidiaries, controlled and affiliated entities - No Significant Changes

(8) Investments in joint ventures, partnerships and limited liability entities - No Significant Changes

(9) Derivatives - No Significant Changes

(10) Investment income as a factor in the premium deficiency calculation - No Significant Changes

(11) Liabilities for losses and loss/claim adjustment expenses - No Significant Changes

(12) Changes in capitalization policy - No Significant Changes

(13) Pharmaceutical rebate receivables - No Significant Changes

D. Going Concern

Management's assessment of the relevant conditions through May 14, 2020 does not give rise to substantial doubt of the Company's ability to continue as a going concern.

Notes to the Financial Statements

2. Accounting Changes and Corrections of Errors

During the current year's financial statement preparation, the Company discovered an error within prior period Annual Statements relating to reserves. 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 reserves increased surplus by $1.7 million in 2020 and represented less than 1% of ending capital and surplus as of both March 31, 2020 and December 31, 2019.

3. Business Combinations and Goodwill - None

4. Discontinued Operations - None

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans - No Significant Changes

B. Debt Restructuring - No Significant Changes

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) Loan-backed and structured securities with a recognized other-than-temporary impairment (OTTI)

No other-than-temporary impairment was recognized on loan-backed securities 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) Securities held that were other-than-temporarily impaired due to the present value of cash flows expected to be collected was less than the amortized cost of securities

(1) CUSIP	(2) Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	(3) Present Value of Projected Cash Flows	(4) Recognized OTTI	(5) Amortized Cost After OTTI	(6) Fair Value at Time of OTTI	(7) Date of Financial Statement Where Reported
12667F7M1	$ 3,203,480	$ 3,097,712	$ 105,768	$ 3,097,712	$ 2,539,699	03/31/2020
76112HAA5	2,547,900	2,199,323	348,577	2,199,323	1,420,805	03/31/2020
86359LQS1	5,824,373	5,570,708	253,665	5,570,708	4,895,315	03/31/2020
Total			$ 708,010			

(4) All impaired securities for which an OTTI has not been recognized in earnings as a realized loss

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 March 31, 2020.

a. The aggregate amount of unrealized losses:	
1. Less than 12 months	$ 769,408,985
2. 12 months or longer	159,194,692
b. The aggregate related fair value of securities with unrealized losses:	
1. Less than 12 months	$ 5,261,833,813
2. 12 months or longer	637,403,017

(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. Dollar Repurchase Agreements and/or Securities Lending Transactions - None

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

Repurchase Transaction - Cash Taker - Overview of Secured Borrowing Transactions

(1) Information regarding the company policy or strategies for engaging in repo programs, policy for requiring collateral

The Company participates in short-term repurchase agreements with unaffiliated financial institutions. Under these agreements, the Company lends bonds and receives cash as collateral. The Company monitors the estimated fair value of the collateral and the securities loaned throughout the duration of the contract and contributes additional collateral as necessary. Securities loaned under these agreements may be sold or re-pledged by the transferee.

(2) Type of repo trades used

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Bilateral (Yes/No)	YES			
b. Tri-Party (Yes/No)	NO			

Notes to the Financial Statements

5. Investments (Continued)

(3) Original (flow) & residual maturity

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Open - No maturity	$	$	$	$
2. Overnight				
3. 2 days to 1 week				
4. Over 1 week to 1 month				
5. Over 1 month to 3 months				
6. Over 3 months to 1 year	384,595,000			
7. Over 1 year				
b. Ending Balance				
1. Open - No maturity	$	$	$	$
2. Overnight				
3. 2 days to 1 week				
4. Over 1 week to 1 month				
5. Over 1 month to 3 months				
6. Over 3 months to 1 year	384,595,000			
7. Over 1 year				

(4) Fair value of securities sold and/or acquired that resulted in default

The Company did not have any securities sold or outstanding for which the repurchase agreement defaulted as of March 31, 2020.

(5) Securities "sold" under repo - secured borrowing

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. BACV	XXX	XXX	XXX	$
2. Nonadmitted - Subset of BACV	XXX	XXX	XXX	$
3. Fair Value	$ 417,480,218	$	$	$
b. Ending Balance				
1. BACV	XXX	XXX	XXX	$
2. Nonadmitted - Subset of BACV	XXX	XXX	XXX	$
3. Fair Value	$ 417,480,218	$	$	$

(6) Securities sold under repo - secured borrowing by NAIC designation

Ending Balance	(1) None	(2) NAIC 1	(3) NAIC 2	(4) NAIC 3	(5) NAIC 4	(6) NAIC 5	(7) NAIC 6	(8) Nonadmitted
a. Bonds - BACV	$	$ 414,077,210	$	$	$	$	$	$
b. Bonds - FV		417,480,218						
c. LB & SS - BACV								
d. LB & SS - FV								
e. Preferred stock - BACV								
f. Preferred stock - FV								
g. Common stock								
h. Mortgage loans - BACV								
i. Mortgage loans - FV								
j. Real estate - BACV								
k. Real estate - FV								
l. Derivatives - BACV								
m. Derivatives - FV								
n. Other invested assets - BACV								
o. Other invested assets - FV								
p. Total assets - BACV	$	$ 414,077,210	$	$	$	$	$	$
q. Total assets - FV	$	$ 417,480,218	$	$	$	$	$	$

p = (a+c+e+g+h+j+l+n)

q = (b+d+f+g+i+k+m+o)

Notes to the Financial Statements

5. Investments (Continued)

(7) Collateral received - secured borrowing

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a.	Maximum Amount				
	1. Cash	$ 384,595,000	$	$	$
	2. Securities (FV)				
b.	Ending Balance				
	1. Cash	$ 384,595,000	$	$	$
	2. Securities (FV)				

(8) Cash & non-cash collateral received - secured borrowing by NAIC designation

	Ending Balance	(1) None	(2) NAIC 1	(3) NAIC 2	(4) NAIC 3	(5) NAIC 4	(6) NAIC 5	(7) NAIC 6	(8) Does Not Qualify as Admitted
a.	Cash	$ 384,595,000	$	$	$	$	$	$	$
b.	Bonds - FV								
c.	LB & SS - FV								
d.	Preferred stock - FV								
e.	Common stock								
f.	Mortgage loans - FV								
g.	Real estate - FV								
h.	Derivatives - FV								
i.	Other Invested Assets - FV								
j.	Total collateral assets - FV (sum of a through i)	$ 384,595,000	$	$	$	$	$	$	$

(9) Allocation of aggregate collateral by remaining contractual maturity

		Fair Value
a.	Overnight and continuous	$
b.	30 Days or less	
c.	31 to 90 Days	
d.	More than 90 days	384,595,000

(10) Allocation of aggregate collateral reinvested by remaining contractual maturity

		Amortized Cost	Fair Value
a.	30 Days or less	$ 384,595,000	$ 384,595,000
b.	31 to 60 Days		
c.	61 to 90 Days		
d.	91 to 120 Days		
e.	121 to 180 Days		
f.	181 to 365 Days		
g.	1 to 2 Years		
h.	2 to 3 Years		
i.	More than 3 years		

(11) Liability to return collateral - secured borrowing (total)

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a.	Maximum Amount				
	1. Cash (Collateral - All)	$ 384,595,000	$	$	$
	2. Securities Collateral (FV)				
b.	Ending Balance				
	1. Cash (Collateral - All)	$ 384,595,000	$	$	$
	2. Securities Collateral (FV)				

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

Repurchase Transaction - Cash Provider - Overview of Secured Borrowing Transactions

(1) Information regarding the company policy or strategies for engaging in repo programs, policy for requiring collateral

Included in short-term investments are amounts receivable under reverse repurchase agreements, which involves the purchase of investments from a seller with the agreement that the investments will be repurchased by the seller at a specified price, and at a specified date or within a specified period of time, not to exceed 364 days. The investments purchased, which represent collateral on a secured lending arrangement, are not reflected in the Company's consolidated balance sheets. Instead, the secured lending arrangement is reflected as a short-term investment for the principal amount loaned under the agreement. Amounts loaned under reverse repurchase agreements totaled $85.0 million at March 31, 2020. The collateral received was $275.4 million at March 31, 2020.

Notes to the Financial Statements

5. Investments (Continued)

(2) Type of repo trades used

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Bilateral (Yes/No)	YES			
b. Tri-Party (Yes/No)	NO			

(3) Original (flow) & residual maturity

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Open - No maturity	$	$	$	$
2. Overnight				
3. 2 days to 1 week				
4. Over 1 week to 1 month	85,000,000			
5. Over 1 month to 3 months				
6. Over 3 months to 1 year				
7. Over 1 year				
b. Ending Balance				
1. Open - No maturity	$	$	$	$
2. Overnight				
3. 2 days to 1 week				
4. Over 1 week to 1 month	85,000,000			
5. Over 1 month to 3 months				
6. Over 3 months to 1 year				
7. Over 1 year				

(4) Fair value of securities sold and/or acquired that resulted in default - None

(5) Fair value of securities acquired under repo - secured borrowing

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount	$ 85,000,000	$	$	$
b. Ending Balance	$ 85,000,000	$	$	$

(6) Securities acquired under repo - secured borrowing by NAIC designation

Ending Balance	(1) None	(2) NAIC 1	(3) NAIC 2	(4) NAIC 3	(5) NAIC 4	(6) NAIC 5	(7) NAIC 6	(8) Does Not Qualify as Admitted
a. Bonds - FV	$	$ 85,000,000	$	$	$	$	$	$
b. LB & SS - FV								
c. Preferred stock - FV								
d. Common stock								
e. Mortgage loans - FV								
f. Real estate - FV								
g. Derivatives - FV								
h. Other invested assets - FV								
i. Total assets - FV (Sum of a through h)	$	$ 85,000,000	$	$	$	$	$	$

(7) Collateral provided - secured borrowing

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Cash	$	$	$	$
2. Securities (FV)	275,430,848			
3. Securities (BACV)	XXX	XXX	XXX	XXX
4. Nonadmitted Subset (BACV)	XXX	XXX	XXX	XXX
b. Ending Balance				
1. Cash	$	$	$	$
2. Securities (FV)	275,430,848			
3. Securities (BACV)	275,430,848			
4. Nonadmitted Subset (BACV)				

Notes to the Financial Statements

5. Investments (Continued)

(8) Allocation of aggregate collateral pledged by remaining contractual maturity

	Amortized Cost	Fair Value
a. Overnight and continuous	$	$
b. 30 Days or less	275,430,848	275,430,848
c. 31 to 90 Days		
d. More than 90 days		

(9) Recognized receivable for return of collateral - secured borrowing

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Cash	$	$	$	$
2. Securities (FV)	85,000,000			
b. Ending Balance				
1. Cash	$	$	$	$
2. Securities (FV)	85,000,000			

(10) Recognized liability to return collateral - secured borrowing (total) - None

H. Repurchase Agreements Transactions Accounted for as a Sale - None

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale - None

J. Real Estate - None

K. Low-Income Housing Tax Credits (LIHTC) - None

L. Restricted Assets - No Significant Changes

M. Working Capital Finance Investments - None

N. Offsetting and Netting of Assets and Liabilities - None

O. 5GI Securities - No Significant Changes

P. Short Sales - None

Q. Prepayment Penalty and Acceleration Fees - No Significant Changes

6. Joint Ventures, Partnerships and Limited Liability Companies - No Significant Changes

7. Investment Income - No Significant Changes

8. Derivative Instruments

A. Derivatives under SSAP No. 86 - Derivatives

(1) Discussion - No Significant Changes

(2) No Significant Changes

(3) No Significant Changes

(4) Derivative Contracts with Financing Premiums - No Significant Changes

(5) Net Gain or Loss Recognized - No Significant Changes

(6) Net Gain or Loss Recognized from Derivatives No Longer Qualifying for Hedge Accounting - No Significant Changes

(7) Derivatives Accounted for as Cash Flow Hedges of a Forecasted Transaction - No Significant Changes

(8) Premium Cost for Derivative Contracts - None

B. Derivatives under SSAP No. 108 - Derivative Hedging Variable Annuity Guarantees (Life/Fraternal Only) - None

9. Income Taxes - No Significant Changes

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A. Some employees of Athene Employee Services LLC and Athene Annuity and Life Company 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 Athene Employee Services LLC and Athene Annuity and Life Company is allocated to the Company through the Shared Services Agreement. Under SSAP No. 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 No. 104R, the Company incurred expense and recorded a capital contribution under the Agreements totaling $3.9 million and $13.5 million for the three months ended March 31, 2020 and for the year ended December 31, 2019, respectively, which includes amounts contributed by the Company to downstream insurance subsidiaries.

B. No Significant Changes

C. No Significant Changes

D. Amounts Due To or From Related Parties - No Significant Changes

Notes to the Financial Statements

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties (Continued)

E. Guarantees or Contingencies - None

F. Management Service Contracts and Cost Sharing Arrangements - No Significant Changes

G. Nature of Relationships that Could Affect Operations - No Significant Changes

H. Amount Deducted for Investment in Upstream Company - None

I. Detail of Investments in Affiliates Greater Than 10% of Admitted Assets - No Significant Changes

J. Write-Down for Impairments of Investments in Subsidiary Controlled or Affiliated Companies - No Significant Changes

K. Foreign Subsidiary Value Using CARVM - No Significant Changes

L. Downstream Holding Company Value Using Look-Through Method - No Significant Changes

M. All SCA Investments - No Significant Changes

N. Investment in Insurance SCAs - No Significant Changes

O. SCA and SSAP No. 48 Entity Loss Tracking - None

11. Debt

A. Debt, Including Capital Notes - No Significant Changes

B. FHLB (Federal Home Loan Bank) Agreements

(1) Through its membership in the FHLB of Indianapolis, the Company's predecessor by merger, ALIC, had issued funding agreements in exchange for cash advances. On August 11, 2016, ALIC provided the FHLB of Indianapolis with notice of its withdrawal of membership. The merger of ALIC effective December 31, 2018 terminated ALIC's membership in the FHLB of Indianapolis. The Company holds FHLB Class B Membership Stock which is available for redemption on August 12, 2021. There are no remaining funding agreement liabilities with the FHLB of Indianapolis.

During 2019, the Company became a member of the FHLB of Des Moines and is eligible to borrow under variable-rate short-term federal fund arrangements to provide additional liquidity. Total available borrowings are determined by the amount of collateral pledged, but cannot exceed 20% to 40% of the Company's total assets dependent upon the internal credit rating. The Company did not participate in short-term federal funds borrowing during 2020 and thus did not incur interest expense during 2020.

(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	14,490,900	14,490,900	
(c) Activity stock			
(d) Excess stock			
(e) Aggregate total (a+b+c+d)	$ 14,490,900	$ 14,490,900	$
(f) Actual or estimated borrowing capacity as determined by the insurer	$		
2. Prior Year-End			
(a) Member stock - Class A	$	$	$
(b) Membership stock - Class B	14,490,900	14,490,900	
(c) Activity stock			
(d) Excess stock			
(e) Aggregate total (a+b+c+d)	$ 14,490,900	$ 14,490,900	$
(f) Actual or estimated borrowing capacity as determined by the insurer	$		

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

			Eligible for Redemption			
	(1)	(2)	(3)	(4)	(5)	(6)
Membership Stock	Current Year Total (2+3+4+5+6)	Not Eligible for Redemption	Less Than 6 Months	6 Months to Less Than 1 Year	1 to Less Than 3 Years	3 to 5 Years
1. Class A	$	$	$	$	$	$
2. Class B	$ 14,490,900	$ 10,000,000	$	$	$ 4,490,900	$

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)

(3) Collateral pledged to FHLB

The Company did not have any amounts pledged to FHLB as of March 31, 2020 and December 31, 2019.

(a) Amount pledged as of reporting date - None

(b) Maximum amount pledged during reporting period - None

Notes to the Financial Statements

11. Debt (Continued)

(4) Borrowing from FHLB

The Company had no borrowings from FHLB as of March 31, 2020 and December 31, 2019.

(a) Amount as of the reporting date - None

(b) Maximum amount during reporting period (current year) - None

(c) FHLB - Prepayment obligations - None

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans - None

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations - No Significant Changes

14. Liabilities, Contingencies and Assessments

A. Contingent Commitments

Effective January 30, 2020, the Company entered into a Capital Maintenance Agreement to provide capital support to its wholly-owned subsidiary Athene Annuity and Life Company (AAIA), in an amount sufficient to satisfy the insurance laws of the State of New Jersey, in order to obtain authority for AAIA to issue registered index-linked annuities in New Jersey. The agreement will remain in effect for ten years. Given the current capital level of AAIA, the likelihood of payment by the Company under the terms of this agreement is remote. No liability has been recognized as the guarantee is for a wholly-owned subsidiary. No payments have been made by the Company.

(1) Commitments or contingent commitment(s) to an SCA entity, joint venture, partnership, or limited liability company - None

(2) Nature and circumstances of guarantee

See part 1 above.

(3) Aggregate compilation of guarantee obligations

See part 1 above.

B. Assessments - No Significant Changes

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

Corporate-owned Life Insurance (COLI) Matter - In 2000 and 2001, two insurance companies which were subsequently merged into AAIA, purchased broad based variable COLI policies from American General Life Insurance Company (American General) that, as of March 31, 2020, had an asset value of $382.1 million, and is included in other assets on the consolidated balance sheets. In January 2012, the COLI policy administrator delivered to AAIA a supplement to the existing COLI policies and advised that American General and ZC Resource Investment Trust (ZC Trust) had unilaterally implemented changes set forth in the supplement that if effective, would: (1) potentially negatively impact the crediting rate for the policies and (2) change the exit and surrender protocols set forth in the policies. In March 2013, AAIA filed suit against American General, ZC Trust, and ZC Resource LLC in Chancery Court in Delaware, seeking, among other relief, a declaration that the changes set forth in the supplement were ineffectual and in breach of the parties' agreement. The parties filed cross motions for judgment as a matter of law, and the court granted defendants' motion and dismissed without prejudice on ripeness grounds. The issue that negatively impacts the crediting rate for one of the COLI policies has subsequently been triggered and on April 3, 2018, we filed suit against the same defendants in Chancery Court in Delaware seeking substantially similar relief. Defendants moved to dismiss and the Court heard oral arguments on February 13, 2019, The Court issued an opinion on July 31, 2019 that did not address the merits, but found that Chancery Court did not have jurisdiction over our claims and directed us to either amend our complaint or transfer the matter to Delaware Superior Court. The matter has been transferred to the Delaware Superior Court. Defendants renewed their motion to dismiss and the Superior Court heard oral arguments on December 18, 2019. The Superior Court took the matter under advisement and we expect an opinion in the next few months. If the supplement is ultimately deemed to be effective, the purported changes to the policies could impair AAIA's ability to access the value of guarantees associated with the policies. The value of the guarantees included within the asset value reflected above is $201.7 million as of March 31, 2020.

Regulatory Matters - Certain insurance subsidiaries of the Company have experienced increased service and administration complaints related to the conversion and administration of the block of life insurance business acquired in connection with Athene Holding Ltd.'s acquisition of Aviva USA Corporation (Aviva USA) and reinsured to affiliates of Global Atlantic Financial Group Ltd. The life insurance policies included in this block have been and are currently being administered by AllianceOne, a subsidiary of DXC Technology Company, which was retained by such Global Atlantic affiliates to provide third party administration services on such policies. AllianceOne also administers a small block of annuity policies that were on Aviva USA's legacy policy administration systems that were also converted in connection with the acquisition of Aviva USA and have experienced similar service and administration issues, but on a reduced scale.

As a result of the difficulties experienced with respect to the administration of such policies, certain insurance subsidiaries of the Company have received notifications from several state regulators, including but not limited to the New York Department of Financial Services (NYDFS), the California Department of Insurance (CDI) and the Texas Department of Insurance, indicating, in each case, that the respective regulator planned to undertake a market conduct examination or enforcement proceeding of one of the Company's subsidiaries, as applicable, relating to the treatment of policyholders subject to Athene reinsurance agreements with affiliates of Global Atlantic and the conversion of such life and annuity policies, including the administration of such blocks by AllianceOne. The Company's subsidiaries have entered into consent orders with the regulators of several states, including the NYDFS, to resolve the underlying matters in those states. All fines and costs, including those associated with remediation plans, paid in connection with the consent orders were subject to indemnification by Global Atlantic or affiliates of Global Atlantic. Global Atlantic is currently in negotiation with the CDI to resolve the pending joint action related to the converted life insurance policies. The Company does not expect any settlement to be material to its financial condition.

In addition to the examinations and proceedings initiated to date, it is possible that other regulators may pursue similar formal examinations, inquiries or enforcement proceedings and that any examinations, inquiries and/or enforcement proceedings may result in fines, administrative penalties and payments to policyholders. The Company is not currently able to estimate the amount of any such fines, penalties or payments arising from these matters with reasonable certainty, but it is possible that such amounts may be material.

Pursuant to the terms of the reinsurance agreements between Athene and the relevant affiliates of Global Atlantic, the applicable affiliates of Global Atlantic have financial responsibility for the ceded life block and are subject to significant administrative service requirements, including compliance with applicable law. The agreements also provide for indemnification to Athene, including for administration issues.

Notes to the Financial Statements

14. Liabilities, Contingencies and Assessments (Continued)

On January 23, 2019, the Company's subsidiary AAIA received a letter from the NYDFS, with respect to a recent pension risk transfer (PRT) transaction, which expressed concerns with AAIA's interpretation and reliance upon certain exemptions from licensing in New York in connection with certain activities performed by employees in the PRT channel, including specific activities performed within New York. On April 13, 2020 AAIA entered into a consent order with the NYDFS to resolve this matter. Pursuant to the consent order, the NYDFS imposed a fine of $45 million, which was accrued by AAIA as of December 31, 2019 and paid on April 22, 2020.

Fiduciary Standards - The U.S. Securities and Exchange Commission (SEC), NAIC, and several states have taken action or are exploring options around a fiduciary standard or best interest standard that may impact the Company and its subsidiaries. If these rules do not align, the distribution of products by the Company and its subsidiaries could be further complicated.

On June 5, 2019, the SEC adopted a rulemaking package designed to enhance the quality and transparency of retail investors' relationships with investment advisers and broker-dealers. The rule package is effective on September 10, 2019 with a compliance date of June 30, 2020. The rulemaking package included: Regulation Best Interest - the Broker-Dealer Standard of Conduct; the new Form CRS Relationship Summary; and two separate interpretations under the Investment Advisers Act of 1940. The Company believes the Regulation my impact the distribution of its subsidiaries' product through third party broker-dealers that distribute the products to retail customers, the impact of which will be determined after the June 30, 2020 implementation date.

On February 13, 2020, the NAIC adopted an updated version of the Suitability in Annuity Transactions Model Regulation to include a best interest obligation. Iowa is on track to become the first state to adopt the Model by way of regulation. The Company is evaluating the regulation, which is expected to affect the distribution of products by the Company's subsidiaries. On July 17, 2018, NYDFS amended a Regulation 187, Suitability and Best Interests in Life Insurance and Annuity Transactions, adopting a "best interest" standard for those licensed to sell life insurance and annuity products in New York. The regulation became effective on annuity transactions on August 1, 2019 and the Company's indirect subsidiary, Athene Annuity & Life Assurance Company of New York (AANY), has taken appropriate actions to comply with the regulation's requirements. The regulation became effective for life insurance transactions on February 1, 2020.

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 other contingencies related to pending litigation and regulatory matters are considered material in relation to the financial position of the Company.

15. Leases - None

16. Information About Financial Instruments With Off-Balance-Sheet Risk And Financial Instruments With Concentrations of Credit Risk - No Significant Changes

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities - None

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans - None

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators - None

20. Fair Value Measurements

A. Fair Value Measurement

(1) Fair value measurements at reporting date

	Description for each class of asset or liability	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
a.	Assets at fair value					
	Bonds: Corporates	$	$ 1,077,188	$	$	$ 1,077,188
	Bonds: RMBS		1,290,011	3,840,370		5,130,381
	Preferred Stocks: affiliated			20,556,409		20,556,409
	Common Stock: unaffiliated	347,395	14,502,624	115,993		14,966,012
	Derivative assets: Options		30,005,022			30,005,022
	Derivative assets: Futures	1,888,552				1,888,552
	Derivative assets - Forwards		16,774,613			16,774,613
	Separate account assets: Variable products		11,626,813			11,626,813
	Total assets at fair value/NAV	$ 2,235,947	$ 75,276,271	$ 24,512,772	$	$ 102,024,990
b.	Liabilities at fair value					
	Derivative liabilities: Total return swaps	$	$ 411,314	$	$	$ 411,314
	Derivative liabilities: Options		111,943			111,943
	Derivative liabilities: Futures	950,048				950,048
	Derivative liabilities: Forwards		8,782,491			8,782,491
	Separate account liabilities: Variable products		11,626,813			11,626,813
	Total liabilities at fair value	$ 950,048	$ 20,932,561	$	$	$ 21,882,609

(2) Fair value measurements in Level 3 of the fair value hierarchy

	Description	Ending balance as of 12/31/2019	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 03/31/2020
a.	Assets										
	Bonds: RMBS	$ 2,077,519	$ 1,798,058	$	$ (51,245)	$ 16,038	$	$	$	$	$ 3,840,370
	Preferred Stock: affiliated		20,556,409								20,556,409
	Common stock: unaffiliated	110,985				5,008					115,993
	Total assets	$ 2,188,504	$ 22,354,467	$	$ (51,245)	$ 21,046	$	$	$	$	$ 24,512,772
b.	Liabilities										
	Total liabilities	$	$	$	$	$	$	$	$	$	$

Transfers into Level 3 are represented by NAIC Class 6 securities which are carried at lower of cost or fair value resulting in periodic transfers into and out of Level 3 financial instruments which are characterized as carried at fair value.

Notes to the Financial Statements

20. Fair Value Measurements (Continued)

(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.

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

(5) See parts (1) through (4) above.

B. Other Fair Value Disclosures - None

C. Fair Values for All Financial Instruments by Level 1, 2 and 3

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Assets - Bonds	$ 15,848,867,285	$ 16,800,865,115	$ 13,492,660	$ 13,965,627,537	$ 1,869,747,088	$	$
Assets - Preferred stocks	77,775,260	87,316,767		57,218,851	20,556,409		
Assets - Common stocks unaffiliated	14,966,012	14,966,012	347,395	14,502,624	115,993		
Assets - Mortgage loans - first liens	3,059,990,080	2,999,177,328			3,059,990,080		
Assets - Mortgage loans - other than first liens	516,116,201	541,141,338			516,116,201		
Assets - Cash and short-term investments	1,480,377,849	1,482,445,597	1,153,487,239	228,181,860	98,708,750		
Assets - Policy loans	2,580,998	2,580,998		2,580,998			
Assets - Derivative assets	136,532,446	68,656,886	1,888,552	134,643,894			
Assets - Derivative collateral	500,000	500,000	500,000				
Assets - Other invested assets	1,756,412,812	1,754,000,000		78,350,590	86,763,411	1,591,298,811	
Assets - Separate account: variable products	11,626,813	11,626,813		11,626,813			
Liabilities - Repurchase agreements	384,595,000	384,595,000		384,595,000			
Liabilities - Deposit-type contracts	310,638,436	309,010,809			310,638,436		
Liabilities - Derivative liabilities	13,767,506	18,136,436		13,767,506			
Liabilities - Derivative collateral liability	155,001,025	155,001,025	155,001,025				

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 is 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 and is classified as Level 2.

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.

20. Fair Value Measurements (Continued)

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 reported in the Net Asset Value (NAV) column. 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 (variable products) – Separate account assets 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.

Repurchase agreements - The carry value of the repurchase agreements liability approximates fair value and is reported as Level 2.

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 funding agreements are calculated by discounting future cash flows using market rates on the valuation date, and are classified as Level 2.

D. Not Practicable to Estimate Fair Value - None

E. Nature and Risk of Investments Reported at NAV

The Company invests in certain non-fixed income, alternative investments in the form of limited partnerships (investment funds) which are reported at net asset value (NAV). Adjustments to the carrying amount reflect the Company's pro rata ownership percentage of the operating results as indicated by NAV in the investment fund financial statements. The NAV from the investment fund financial statements can be on a lag of up to three months when investee information is not received in a timely manner. These investments are listed in the NAV column of the fair value tables above as this is the primary method for reporting fair value for these investments.

As of March 31, 2020, the Company has $543.5 million unfunded commitments to invest in these investment funds.

21. Other Items - No Significant Changes

22. Events Subsequent

Subsequent events have been considered through May 14, 2020 for the statutory statement dated March 31, 2020.

On May 1, 2020, the Company, AAIA and Athene Life Re Ltd. signed a $1.0 billion committed repurchase facility with BNP Paribas. The facility has an initial commitment period of 12 months and automatically renews for successive 12-month periods until terminated by either party. During the commitment period, the Company, AAIA and Athene Life Re Ltd. may sell and BNP Paribas is required to purchase eligible investment grade corporate bonds pursuant to repurchase transactions at pre-agreed discounts in exchange for a 41 basis points per annum commitment fee.

The Company did not write any accident and health insurance premium that is subject to Section 9010 of the federal Affordable Care Act.

23. Reinsurance

Effective January 1, 2020, the Company recaptured a modified coinsurance agreement originally entered into with Athene Life Re Ltd. (ALRe) on April 1, 2015. The agreement ceded 100% of all inforce and future funding agreements. The Company subsequently entered into a funds withheld coinsurance agreement with Athene Annuity Re Ltd. (AARe) effective January 1, 2020 to cede 100% of all inforce and future funding agreements. The modified coinsurance reserves that were recaptured from ALRe and ceded to AARe under a funds withheld coinsurance agreement were $3,778 million as of January 1, 2020.

A. Ceded Reinsurance Report - No Significant Changes

B. Uncollectible Reinsurance - None

C. Commutation of Ceded Reinsurance - None

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation - None

E. Reinsurance of Variable Annuity Contracts with an Affiliated Captive Reinsurer - None

F. Reinsurance Agreement with an Affiliated Captive Reinsurer - None

G. Ceding Entities That Utilize Captive Reinsurers to Assume Reserves Subject to the XXX/AXXX Captive Framework - None

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. Method Used to Estimate - Not Applicable

B. Method Used to Record - Not Applicable

C. Amount and Percent of Net Retrospective Premiums - Not Applicable

D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act - Not Applicable

Notes to the Financial Statements

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination (Continued)

E. Risk-Sharing Provisions of the Affordable Care Act (ACA)

(1) Accident and health insurance premium subject to the Affordable Care Act risk-sharing provisions

Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions? No

(2) Impact of Risk-Sharing Provisions of the Affordable Care Act on admitted assets, liabilities and revenue for the current year - Not Applicable

(3) Roll-forward of prior year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances, along with the reasons for adjustments to prior year balance - Not Applicable

(4) Roll-forward of risk corridors asset and liability balances by program benefit year - Not Applicable

(5) ACA risk corridors receivable as of reporting date - Not Applicable

25. Change in Incurred Losses and Loss Adjustment Expenses - None

26. Intercompany Pooling Arrangements - None

27. Structured Settlements - None

28. Health Care Receivables - None

29. Participating Policies - No Significant Changes

30. Premium Deficiency Reserves - None

31. Reserves for Life Contracts and Annuity Contracts - No Significant Changes

32. Analysis of Annuity Actuarial Reserves and Deposit Type Contract Liabilities by Withdrawal Characteristics - No Significant Changes

33. Analysis of Life Actuarial Reserves by Withdrawal Characteristics - No Significant Changes

34. Premiums and Annuity Considerations Deferred and Uncollected - None

35. Separate Accounts - No Significant Changes

36. Loss/Claim Adjustment Expenses - None