

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of report (Date of earliest event reported): February 21, 2018

ATHENE HOLDING LTD.

(Exact name of registrant as specified in its charter)

Bermuda
(State or other jurisdiction of
incorporation or organization)

001-37963
(Commission
file number)

98-0630022
(I.R.S. Employer
Identification Number)

96 Pitts Bay Road
Pembroke, HM08, Bermuda
(Address of principal executive offices and zip code)

(441) 279-8400
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

Item 2.02 Results of Operations and Financial Condition

On February 21, 2018, Athene Holding Ltd. (the “Company”) issued a press release to announce its financial results for the three months and year ended December 31, 2017. A copy of the press release containing this information is furnished as Exhibit 99.1 hereto and is incorporated by reference in this Item 2.02. The Company’s financial supplement for the fourth quarter ended December 31, 2017 is attached as Exhibit 99.2 hereto and is incorporated by reference in this Item 2.02.

The foregoing information, including the Exhibits referenced in this Item 2.02, is being furnished pursuant to this Item 2.02 and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

- 99.1 Press release of Athene Holding Ltd., dated February 21, 2018 (furnished and not filed).
 - 99.2 Quarterly Financial Supplement for Athene Holding Ltd. for the fourth quarter 2017 (furnished and not filed).
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EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release of Athene Holding Ltd., dated February 21, 2018 (furnished and not filed).
99.2	Quarterly Financial Supplement for Athene Holding Ltd. for the fourth quarter 2017 (furnished and not filed).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ATHENE HOLDING LTD.

Date: February 21, 2018

/s/ Martin P. Klein

Martin P. Klein

Executive Vice President and Chief Financial Officer

News Release

ATHENE HOLDING LTD. REPORTS FOURTH QUARTER AND FULL-YEAR 2017 RESULTS

Q4 net income increased 27% year-over-year to \$464 million

Q4 adjusted operating income increased 19% year-over-year to \$332 million

Q4 ROE of 20.8%, Q4 Retirement Services adjusted operating ROE ex. AOCI of 22.6%

Q4 new deposits up 91% to \$3.5 billion, and full-year deposits up 31% to \$11.5 billion

Total investments, including related parties, increased 16% year-over-year to \$84.4 billion

Total invested assets increased 15% year-over-year to \$82.3 billion

PEMBROKE, Bermuda - February 21, 2018 - Athene Holding Ltd. ("Athene") (NYSE: ATH), a leading provider of retirement savings products, today announced financial results for the fourth quarter and full-year 2017.

Net income for the fourth quarter 2017 was \$464 million, or \$2.35 per diluted Class A share ("diluted share"), compared to net income in the fourth quarter 2016 of \$364 million, or \$1.78 per diluted share. Net income for the full-year 2017 was \$1.4 billion, or \$7.37 per diluted share, compared to net income for the full-year 2016 of \$768 million, or \$4.02 per diluted share.

Adjusted operating income¹ for the fourth quarter 2017 was \$332 million, or \$1.69 per adjusted operating share, compared to adjusted operating income for the fourth quarter 2016 of \$280 million, or \$1.43 per adjusted operating share. Adjusted operating income for the full-year 2017 was \$1.1 billion, or \$5.66 per adjusted operating share, compared to adjusted operating income for the full-year 2016 of \$728 million, or \$3.77 per adjusted operating share.

"2017 was a milestone year for Athene. In our first year of being public we executed on our growth initiatives, generated very strong financial results and set the stage for long-term strategic growth," said Jim Belardi, CEO of Athene.

"For the first time we executed in all four of our funding channels, including inorganic, and generated a record \$11.5 billion of new deposits. Particularly notable was the extraordinary execution in our institutional channel, which generated \$5.3 billion of new deposits. In December, we announced an agreement with Voya Financial to reinsure \$19 billion of liabilities, a transaction that demonstrates our expertise and financial capability to provide creative, customized solutions to the life insurance industry. This is the next step in our plan to become a solutions provider to the overall financial services industry," Mr. Belardi continued.

"In 2018 we will build on this momentum, continuing to expand and diversify our product portfolio, which in combination with our strong balance sheet positions us well to continue to create significant shareholder value."

¹This news release references certain Non-GAAP measures. See *Non-GAAP Measures* for additional discussion.

Other Highlights

- Full-year 2017 Retirement Services investment margin of 2.82%, up 6 basis points year-over-year
- Full-year 2017 Retirement Services adjusted operating income up 41% to \$1.1 billion
- Full-year 2017 ROE of 18.0%, full-year 2017 Retirement Services adjusted operating ROE excluding AOCI of 22.0%
- Athene shareholders' equity increased 34% year-over-year to \$9.2 billion and Athene shareholders' equity ex. AOCI increased 20% year-over-year to \$7.8 billion, as of December 31, 2017
- ALRe RBC of 562%¹ as of December 31, 2017; BSCR of 354% as of December 31, 2017
- U.S. RBC of 490%, as of December 31, 2017
- Ranked #2 carrier in fixed indexed annuity sales for the twelve months ended September 30, 2017²
- Announced an agreement with Voya Financial to reinsure approximately \$19 billion of fixed and fixed indexed annuity liabilities, for which we expect to deploy approximately \$1 billion of total capital
- Deconsolidated German business, AGER (now Athora), which began to be held as an alternative investment as of January 1, 2018
- In January 2018, issued \$1.0 billion of senior unsecured debt

¹ALRe RBC ratio, which is used in evaluating our capital position and the amount of capital needed to support our Retirement Services segment, is calculated by applying the NAIC RBC factors to the Statutory Financial Statements of ALRe.

²Rankings as of September 30, 2017 per LIMRA.

Fourth Quarter Results

Net income for the fourth quarter was \$464 million, an increase of \$100 million, or 27%, over the prior year. The increase was driven by a \$52 million increase in adjusted operating income and realized gains. Additionally, the fourth quarter of 2016 had unfavorable impacts from assumed reinsurance embedded derivatives related to increases in U.S. Treasury rates. The fourth quarter of 2017 included a \$7 million tax benefit related to the decrease in net deferred tax liabilities attributed to the lower future income tax rate.

Adjusted operating income for the fourth quarter was \$332 million, an increase of \$52 million, or 19%, over the prior year. The increase was driven by higher fixed and other investment income, lower other liability costs and German adjusted operating income of \$30 million compared to \$17 million in the prior year. This was partially offset by lower alternative investment income. Fixed and other investment income increased mainly due to invested asset growth and increased floating rate investment income due to higher short-term interest rates. Other liability costs were lower primarily due to favorable equity market performance and immaterial out-of-period actuarial adjustments.

Full-Year Results

Net income for the full-year 2017 was \$1.448 billion, an increase of \$680 million, or 89%, over the prior year. The increase was driven by a \$381 million increase in adjusted operating income, a favorable change in FIA derivatives resulting from strong equity market performance, favorable assumed reinsurance embedded derivative impacts due to RMBS credit spread tightening, and realized gains.

Adjusted operating income for the full-year 2017 was \$1.109 billion, an increase of \$381 million, or 52% over the prior year. The increase was primarily driven by higher investment income and lower other liability costs, partially offset by higher operating expenses which were consistent with block growth. Additionally, in 2016 a \$102 million income tax benefit was recognized due to a deferred tax valuation allowance release. Investment income increased primarily due to invested asset growth, increased floating rate investment income due to higher short-term interest rates and higher alternative investment income. Other liability costs decreased primarily due to favorable variance in unlocking impacts with 2017 recognizing a \$20 million expense compared to \$158 million in 2016, favorable equity market performance and immaterial out-of-period actuarial adjustments.

Deposit Highlights

In the fourth quarter, Athene generated deposits of \$3.5 billion, an increase of 91% compared to the prior year. For the full year, new deposits were \$11.5 billion, an increase of 31% from the prior year, driven by robust growth in our institutional channel.

Retail Sales: In the fourth quarter, Athene generated \$1.3 billion of new deposits, down from the prior year due to overall market softness. For the full year, new deposits were \$5.4 billion, up 1% over the prior year, driven by expanded distribution, in both the bank and broker-dealer channels, as we are seeing the impact of our ratings upgrade and expanded wholesale team.

Flow Reinsurance: In the fourth quarter, Athene generated \$305 million of new deposits, down from the prior year. For the full year, new deposits were \$875 million. We continue to pursue new reinsurance partners and develop new products to diversify our portfolio.

Institutional: In the fourth quarter, Athene generated \$1.9 billion of new deposits from three pension risk transfer transactions. For the full year, new deposits were \$5.3 billion within our institutional channel, comprised of \$3.0 billion of funding agreements and \$2.3 billion of pension risk transfer liabilities.

Selected Results

(In millions, except percentages and per share data)	Three Months Ended December 31,		Years Ended December 31,	
	2017	2016	2017	2016
Deposits	\$ 3,513	\$ 1,840	\$ 11,481	\$ 8,758
Investments, including related parties			84,367	72,433
Invested assets			82,298	71,834
Debt to capital ratio, ex. AOCI ¹			—%	—%
Book value per share			\$ 46.76	\$ 35.66
Book value per share, ex. AOCI ²			\$ 39.58	\$ 33.05
Common shares outstanding ³			196.9	192.3
Adjusted operating common shares outstanding ⁴			196.9	196.4
Total AHL shareholders' equity			\$ 9,208	\$ 6,858
Total AHL shareholders' equity excluding AOCI			7,793	6,491
ROE	20.8%	20.9%	18.0%	12.6%
ROE ex. AOCI	24.2%	23.1%	20.3%	12.7%
Adjusted operating ROE ex. AOCI	17.4%	17.7%	15.5%	12.1%
Retirement Services				
Adjusted operating income	\$ 306	\$ 242	\$ 1,092	\$ 777
Adjusted operating ROE ex. AOCI	22.6%	21.6%	22.0%	18.5%
Investment margin on deferred annuities	2.70%	2.98%	2.82%	2.76%

¹In January 2018, we issued \$1.0 billion of senior unsecured debt.

²Book value per share, ex. AOCI is calculated as the ending AHL shareholders' equity excluding AOCI divided by the adjusted operating common shares outstanding.

³Represents common shares outstanding for all classes eligible to participate in dividends for each period presented. Utilized for the book value per share calculation.

⁴Adjusted operating common shares outstanding assumes conversion or settlement of all outstanding items that are able to be converted to or settled in Class A common shares, including the impacts of Class B common shares outstanding on a one-for-one basis, the impacts of all Class M common shares outstanding net of the conversion price and any other stock-based awards outstanding, but excluding any awards for which the exercise or conversion price exceeds the market value of Class A common shares on the applicable measurement date. Our Class B common shares are economically equivalent to Class A common shares and can be converted to Class A common shares on a 1-for-1 basis at any time. Our Class M common shares are in the legal form of shares but economically function as options as they are convertible into Class A shares after vesting and settlement of the conversion price. We believe this non-GAAP measure is an appropriate economic representation of our share counts for use in an economic view of book value metrics.

(In millions, except per share data)	Three months ended December 31,		Years Ended December 31,	
	2017	2016	2017	2016
Adjusted operating income by segment				
Retirement Services	\$ 306	\$ 242	\$ 1,092	\$ 777
Corporate and Other	26	38	17	(49)
Adjusted operating income	332	280	1,109	728
Investment gains (losses), net of offsets	59	(51)	199	47
Change in fair values of derivatives and embedded derivatives - FIAs, net of offsets	111	183	266	95
Integration, restructuring and other non-operating expenses	(34)	(14)	(68)	(22)
Stock compensation expense	(3)	(23)	(33)	(82)
Income tax (expense) benefit - non-operating	(1)	(11)	(25)	2
Total non-operating adjustments	132	84	339	40
Net income available to AHL shareholders	\$ 464	\$ 364	\$ 1,448	\$ 768
Earnings per share - basic ¹	\$ 2.36	\$ 1.92	\$ 7.41	\$ 4.11
Earnings per share - diluted Class A ²	\$ 2.35	\$ 1.78	\$ 7.37	\$ 4.02
Adjusted operating earnings per share ³	\$ 1.69	\$ 1.43	\$ 5.66	\$ 3.77
Weighted average shares outstanding - basic ¹	196.7	189.2	195.3	186.8
Weighted average shares outstanding - diluted Class A ²	126.4	63.9	111.0	53.5
Weighted average shares outstanding - adjusted operating ³	196.1	194.2	195.9	193.4

¹ Basic earnings per share, including basic weighted average shares outstanding includes all classes eligible to participate in dividends for each period presented.

² Diluted earnings per share on a GAAP basis for Class A common shares, including diluted Class A weighted average shares outstanding, includes the dilutive impacts, if any, of Class B common shares, Class M common shares and any other stock-based awards. Such dilutive securities totaled 412,058 weighted average shares for the quarter and 3,323,072 weighted average shares for the year. Diluted earnings per share on a GAAP basis for Class A common shares are based on allocated net income of \$297 million (64% of net income) and \$114 million (31% of net income) for the three months ended December 31, 2017 and 2016, respectively. Diluted earnings per share on a GAAP basis for Class A common shares are based on allocated net income of \$818 million (56% of net income) and \$215 million (28% of net income) for the years ended December 31, 2017 and 2016, respectively.

³ Weighted average shares outstanding - adjusted operating assumes conversion or settlement of all outstanding items that are able to be converted to or settled in Class A common shares, including the impacts of Class B common shares on a one-for-one basis, the impacts of all Class M common shares net of the conversion price and any other stock-based awards, but excluding any awards for which the exercise or conversion price exceeds the market value of Class A common shares on the applicable measurement date. Our Class B common shares are economically equivalent to Class A common shares and can be converted to Class A common shares on a 1-for-1 basis at any time. Our Class M common shares are in the legal form of shares but economically function as options as they are convertible into Class A shares after vesting and settlement of the conversion price. In calculating Class A diluted earnings per share on a GAAP basis, we are required to apply sequencing rules to determine the dilutive impacts, if any, of our Class B common shares, Class M common shares and any other stock-based awards. To the extent our Class B common shares, Class M common shares and/or any other stock-based awards are not dilutive they are excluded. We believe this non-GAAP measure is an appropriate economic representation of our share counts for use in an economic view of adjusted operating earnings per share.

Segment Results

Retirement Services

Q4 Results

In the fourth quarter, Retirement Services adjusted operating income was \$306 million, an increase of \$64 million, or 26%, over the prior year. The increase was driven by higher fixed and other investment income and lower other liability costs, partially offset by lower alternative investment income.

Fixed and other investment income increased primarily due to invested asset growth and increased floating rate investment income due to higher short-term interest rates. The decrease in other liability costs was primarily due to \$53 million of lower rider reserves and DAC amortization due to favorable equity market performance as well as immaterial out-of-period actuarial adjustments, partially offset by an increase resulting from growth in the block of business.

Investment margin on deferred annuities was 2.70%, a decrease of 28 basis points over the prior year. The net investment earned rate was 4.57%, a decrease of 36 basis points over the prior year. Investment returns were

strong in both fixed and other as well as alternatives, returning 4.43% and 7.92%, respectively. However, the prior year benefited from high alternative returns of 16.25%, resulting from an increase in the fair value of two funds reflecting the removal of liquidity discounts related to marketability assumptions used in the determination of fair value.

Cost of crediting was 1.87%, a favorable decrease of 8 basis points compared to the prior year, as a result of rate actions and lower option costs.

Full-Year Results

For the full-year 2017, Retirement Services adjusted operating income was \$1.092 billion, an increase of \$315 million, or 41%, over the prior year. The increase was driven by higher fixed and other investment income and lower other liability costs. This was partially offset by higher income tax expense and lower alternative investment income.

Fixed and other investment income increased primarily due to invested asset growth and increased floating rate investment income due to higher short-term interest rates. Other liability costs were lower due to a \$138 million favorable change in unlocking of assumptions, \$100 million of lower rider reserves and DAC amortization due to favorable equity market performance and immaterial out-of-period actuarial adjustments, partially offset by an increase resulting from growth in the block of business. Income tax expense was lower in the prior year as a result of a deferred tax valuation allowance release of \$102 million.

Investment margin on deferred annuities was 2.82%, an increase of 6 basis points over the prior year. The net investment earned rate was 4.70%, a slight decrease of 2 basis points over the prior year. Investment returns were strong in both fixed and other as well as alternatives, returning 4.48% and 10.01%, respectively. Alternative income was driven by higher real estate income and higher income from AmeriHome. The prior year had alternative returns of 12.26%, resulting from an increase in the fair value of two funds reflecting the removal of liquidity discounts related to marketability assumptions used in the determination of fair value.

Cost of crediting was 1.88%, a favorable decrease of 8 basis points compared to the prior year, as a result of rate actions and lower option costs.

Corporate Segment

Q4 Results

In the fourth quarter, Corporate and Other adjusted operating income was \$26 million, a decrease of \$12 million compared to the prior year. The decrease was driven by lower alternative income and higher Corporate operating expenses. German adjusted operating income was \$30 million, an increase of \$13 million over prior year, primarily driven by favorable policyholder dividends as a result of the unwinding of timing differences in recognition of participating income under U.S. GAAP compared to German GAAP that occurred in the third quarter 2017, which had an adjusted operating loss of \$17 million.

Full-Year Results

For the full-year 2017, Corporate and Other adjusted operating income was \$17 million, an increase of \$66 million compared to the prior year. The increase was driven by higher alternative investment income, partially offset by higher Corporate operating expenses and a decline in German adjusted operating income to \$2 million, compared to \$16 million in 2016. Alternative investment income was higher than the prior year during which there was a decline in the market value of public equity positions in one of our funds.

Conference Call Information

This press release and the fourth quarter 2017 financial supplement will be posted to the Company's website at ir.athene.com.

Athene will conduct a conference call on Thursday, February 22, 2018 at 9:00 a.m. ET to discuss fourth quarter and full-year 2017 results. Additionally, the company will post an earnings presentation deck on the ir.athene.com website prior to market open on February 22, 2018.

- Live conference call: Toll-free at 1-888-317-6003 (domestic) or 1-412-317-6061 (international)
- Participant entry number: 7966688
- Replay available through March 08, 2018 at 1-877-344-7529 (domestic) or 1-412-317-0088 (international)
- Replay access code: 10116515
- Live and archived webcast available at ir.athene.com

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About Athene Holding Ltd.

Athene, through its subsidiaries, is a leading retirement services company that issues, reinsures and acquires retirement savings products designed for the increasing number of individuals and institutions seeking to fund retirement needs. The products offered by Athene include:

- Retail fixed and fixed indexed annuity products;
- Reinsurance arrangements with third-party annuity providers; and
- Institutional products, such as funding agreements and group annuity contracts related to pension risk transfers.

Athene had total assets of approximately \$99.6 billion as of December 31, 2017. Athene's principal subsidiaries include Athene Annuity & Life Assurance Company, a Delaware-domiciled insurance company, Athene Annuity and Life Company, an Iowa-domiciled insurance company, Athene Annuity & Life Assurance Company of New York, a New York-domiciled insurance company and Athene Life Re Ltd., a Bermuda-domiciled reinsurer.

Further information about our companies can be found at www.athene.com.

Non-GAAP Measures

In addition to our results presented in accordance with GAAP, our results of operations include certain non-GAAP measures commonly used in our industry. Management believes the use of these non-GAAP measures, together with the relevant GAAP measures, provides information that may enhance an investor's understanding of our results of operations and the underlying profitability drivers of our business. The majority of these non-GAAP measures are intended to remove from the results of operations the impact of market volatility (other than with respect to alternative investments) as well as integration, restructuring and certain other expenses which are not part of our underlying profitability drivers or likely to re-occur in the foreseeable future, as such items fluctuate from period to period in a manner inconsistent with these drivers. These measures should be considered supplementary to our results in accordance with GAAP and should not be viewed as a substitute for the GAAP measures. See *Non-GAAP Measure Reconciliations* for the appropriate reconciliations to the GAAP measures.

Adjusted operating income (formerly operating income, net of tax) is a non-GAAP measure used to evaluate our financial performance excluding market volatility and expenses related to integration, restructuring, stock compensation, and certain other expenses. Our adjusted operating income equals net income available to AHL's shareholders adjusted to eliminate the impact of the following (collectively, the "non-operating adjustments"):

- Investment Gains (Losses), Net of Offsets
- Change in Fair Values of Derivatives and Embedded Derivatives - FIAs, Net of Offsets
- Integration, Restructuring, and Other Non-operating Expenses
- Stock Compensation Expense
- Bargain Purchase Gain
- Income Tax (Expense) Benefit - Non-operating

We consider these non-operating adjustments to be meaningful adjustments to net income available to AHL's shareholders and we believe using a measure which excludes the impact of these items is effective in analyzing the trends in our results of operations. Together with net income available to AHL's shareholders, we believe adjusted operating income provides a meaningful financial metric that helps investors understand our underlying results and profitability. Adjusted operating income should not be used as a substitute for net income available to AHL's shareholders.

ROE excluding AOCI and adjusted operating ROE excluding AOCI are non-GAAP measures used to evaluate our financial performance excluding the impacts of AOCI. AOCI fluctuates period to period in a manner inconsistent with our underlying profitability drivers as the majority of such fluctuation is related to the market volatility of the unrealized gains and losses associated with our AFS securities. Once we have reinvested acquired blocks of businesses, we typically buy and hold AFS investments to maturity throughout the duration of market fluctuations. Therefore, the period-over-period impacts in unrealized gains and losses are not necessarily indicative of current operating fundamentals or future performance. Accordingly, we believe using measures which exclude AOCI is useful in analyzing the trends of our operations. To enhance the ability to analyze these measures across periods, interim periods are annualized. ROE excluding AOCI and adjusted operating ROE excluding AOCI should not be used as a substitute for ROE. However, we believe the adjustments to equity are significant to gaining an understanding of our overall results of operations.

Adjusted operating earnings per share, weighted average shares outstanding - adjusted operating, and book value per share excluding AOCI are non-GAAP measures used to evaluate our financial performance and financial condition. The non-GAAP measures adjust the number of shares included in the corresponding GAAP measures to reflect the conversion or settlement of all shares and other stock-based awards outstanding. We believe using these measures represents an economic view of our share counts and provides a simplified and consistent view of our outstanding shares. Adjusted operating earnings per share is calculated as the adjusted operating income over the weighted average shares outstanding - adjusted operating. Book value per share excluding AOCI is calculated as the ending AHL shareholders' equity excluding AOCI divided by the adjusted operating common shares outstanding. Our Class B common shares are economically equivalent to Class A common shares and can be converted to Class A common shares on a one-for-one basis at any time. Our Class M common shares are in the legal form of shares but economically function as options as they are convertible into Class A shares after vesting and settlement of the conversion price. In calculating Class A diluted earnings per share on a GAAP basis, we are required to apply sequencing rules to determine the dilutive impacts, if any, of our Class B common shares, Class M common shares and any other stock-based awards. To the extent our Class B common shares, Class M common shares and/or any other stock-based awards are not dilutive they are excluded. Weighted average shares outstanding - adjusted operating and adjusted operating common shares outstanding assume conversion or settlement of all outstanding items that are able to be converted to or settled in Class A common shares, including the impacts of Class B common shares on a one-for-one basis, the impacts of all Class M common shares net of the conversion price and any other stock-based awards, but excluding any awards for which the exercise or conversion price exceeds the market value of our Class A common shares on the applicable measurement date. For certain historical periods, Class M shares were not included due to issuance restrictions which were contingent upon our IPO. Adjusted operating earnings per share, weighted average shares outstanding - adjusted operating and book value per share excluding AOCI should not be used as a substitute for basic earnings per share - Class A common shares, basic weighted average shares outstanding - Class A or book value per share. However, we believe the adjustments to the shares and equity are significant to gaining an understanding of our overall results of operations and financial condition.

Investment margin is a key measurement of the financial health of our Retirement Services core deferred annuities. Investment margin on our deferred annuities is generated from the excess of our net investment earned rate over the cost of crediting to our policyholders. Net investment earned rate is a key measure of investment returns and cost of crediting is a key measure of the policyholder benefits on our deferred annuities. Net investment earned rate, cost of crediting and investment margin on deferred annuities are non-GAAP measures we use to evaluate the profitability of our core deferred annuities business. We believe measures like net investment earned rate, cost of crediting and investment margin on deferred annuities are effective in analyzing the trends of our core business operations, profitability and pricing discipline. While we believe net investment earned rate, cost of crediting and investment margin on deferred annuities are meaningful financial metrics and enhance our understanding of the underlying profitability drivers of our business, they should not be used as a substitute for net investment income and interest sensitive contract benefits presented under GAAP.

- Net investment earned rate is a non-GAAP measure we use to evaluate the performance of our invested assets that does not correspond to GAAP net investment income. Net investment earned rate is computed as the income from our invested assets divided by the average invested assets for the relevant period. To enhance the ability to analyze these measures across periods, interim periods are annualized. The adjustments to arrive at our net investment earned rate add alternative investment gains and losses, gains and losses related to trading securities for CLOs, net VIE impacts (revenues, expenses and noncontrolling interest) and the change in reinsurance embedded derivatives. We include the income and assets supporting our assumed reinsurance by evaluating the underlying investments of the funds withheld at interest receivables and we include the net investment income from those underlying investments which does not correspond to the GAAP presentation of reinsurance embedded derivatives. We exclude the income and assets supporting business that we have exited through ceded reinsurance including funds withheld agreements. We believe the adjustments for reinsurance provide a net investment earned rate on the assets for which we have economic exposure.
- Cost of crediting is the interest credited to the policyholders on our fixed strategies as well as the option costs on the index annuity strategies. With respect to FIAs, the cost of providing index credits includes the expenses incurred to fund the annual index credits, and where applicable, minimum guaranteed interest credited. The interest credited on fixed strategies and option costs on indexed annuity strategies are divided by the average account value of our deferred annuities. Our average account values are averaged over the number of quarters in the relevant period to obtain our cost of crediting for such period. To enhance the ability to analyze these measures across periods, interim periods are annualized.

In managing our business we analyze invested assets, which do not correspond to total investments, including investments in related parties, as disclosed in our consolidated financial statements and notes thereto. Invested assets represent the investments that directly back our policyholder liabilities as well as surplus assets. Invested assets is used in the computation of net investment earned rate, which allows us to analyze the profitability of our investment portfolio. Invested assets includes (a) total investments on the consolidated balance sheets with AFS securities at cost or amortized cost, excluding derivatives, (b) cash and cash equivalents and restricted cash, (c) investments in related parties, (d) accrued investment income, (e) the consolidated VIE assets, liabilities and noncontrolling interest, (f) net investment payables and receivables and (g) policy loans ceded (which offset the direct policy loans in total investments). Invested assets also excludes assets associated with funds withheld liabilities related to business exited through reinsurance agreements and derivative collateral (offsetting the related cash positions). We include the underlying investments supporting our assumed funds withheld and modco agreements in our invested assets calculation in order to match the assets with the income received. We believe the adjustments for reinsurance provide a view of the assets for which we have economic exposure. Our invested assets are averaged over the number of quarters in the relevant period to compute our net investment earned rate for such period.

Sales statistics do not correspond to revenues under GAAP, but are used as relevant measures to understand our business performance as it relates to deposits generated during a specific period of time. Our sales statistics include deposits for fixed rate annuities and FIAs and align with the LIMRA definition of all money paid into an individual annuity, including money paid into new contracts with initial purchase occurring in the specified period and existing contracts with initial purchase occurring prior to the specified period (excluding internal transfers).

Safe Harbor for Forward Looking Statements

This press release contains, and certain oral statements made by our representatives from time to time may contain, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are subject to risks and uncertainties that could cause actual results, events and developments to differ materially from those set forth in, or implied by, such statements. These statements are based on the beliefs and assumptions of AHL's management and the management of AHL's subsidiaries. Generally, forward-looking statements include actions, events, results, strategies and expectations and are often identifiable by use of the words "believes," "expects," "intends," "anticipates," "plans," "seeks," "estimates," "projects," "may," "will," "could," "might," or "continues" or similar expressions. Factors that could cause actual results, events and developments to differ include, without limitation: the accuracy of our assumptions and estimates; our ability to maintain or improve financial strength ratings; our ability to manage our business in a highly regulated industry; regulatory changes or actions; the impact of our reinsurers failing to meet their assumed obligations; the impact of interest rate fluctuations; changes in the federal income tax laws and regulations; the implementation and the accuracy of our interpretation of the Tax Act; litigation (including class action litigation), enforcement investigations

or regulatory scrutiny; the performance of third parties; the loss of key personnel; telecommunication, information technology and other operational systems failures; the continued availability of capital; new accounting rules or changes to existing accounting rules; general economic conditions; our ability to protect our intellectual property; the ability to maintain or obtain approval of the Delaware Department of Insurance, the Iowa Insurance Division and other regulatory authorities as required for our operations; and other factors discussed from time to time in AHL's filings with the SEC, including our annual report on Form 10-K for the year ended December 31, 2016, as supplemented and amended by our quarterly report on Form 10-Q for the quarterly period ended September 30, 2017, which can be found at the SEC's website www.sec.gov.

All forward-looking statements described herein are qualified by these cautionary statements and there can be no assurance that the actual results, events or developments referenced herein will occur or be realized. We do not undertake any obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results.

###

<i>(In millions)</i>	December 31, 2017	December 31, 2016
Assets		
Investments		
Available-for-sale securities, at fair value		
Fixed maturity securities	\$ 61,012	\$ 52,033
Equity securities	277	353
Trading securities, at fair value	2,709	2,581
Mortgage loans, net of allowances	6,233	5,470
Investment funds	699	689
Policy loans	530	602
Funds withheld at interest	7,085	6,538
Derivative assets	2,551	1,370
Real estate	624	542
Short-term investments, at fair value	201	189
Other investments	133	81
Total investments	82,054	70,448
Cash and cash equivalents	4,888	2,445
Restricted cash	105	57
Investments in related parties		
Available-for-sale securities, at fair value		
Fixed maturity securities	406	335
Equity securities	—	20
Trading securities, at fair value	307	195
Investment funds	1,310	1,198
Short-term investments	52	—
Other investments	238	237
Accrued investment income	652	554
Reinsurance recoverable	4,856	6,001
Deferred acquisition costs, deferred sales inducements and value of business acquired	2,930	2,940
Other assets	969	1,348
Assets of consolidated variable interest entities		
Investments		
Available-for-sale securities, at fair value		
Equity securities - related party	142	161
Trading securities, at fair value – related party	146	167
Investment funds	571	573
Cash and cash equivalents	4	14
Other assets	1	6
Total assets	\$ 99,631	\$ 86,699

<i>(In millions)</i>	December 31, 2017	December 31, 2016
Liabilities and Equity		
Liabilities		
Interest sensitive contract liabilities	\$ 67,612	\$ 61,532
Future policy benefits	17,487	14,592
Other policy claims and benefits	211	217
Dividends payable to policyholders	1,025	974
Derivative liabilities	134	40
Payables for collateral on derivatives	2,323	1,383
Funds withheld liability	407	380
Other liabilities	1,222	688
Liabilities of consolidated variable interest entities	2	34
Total liabilities	90,423	79,840
Equity		
Common stock	—	—
Additional paid-in capital	3,472	3,421
Retained earnings	4,321	3,070
Accumulated other comprehensive income	1,415	367
Total Athene Holding Ltd. shareholders' equity	9,208	6,858
Noncontrolling interest	—	1
Total equity	9,208	6,859
Total liabilities and equity	\$ 99,631	\$ 86,699

Athene Holding Ltd.
Condensed Consolidated Statements of Income *(unaudited)*

<i>(In millions)</i>	Three months ended December 31,		Years Ended December 31,	
	2017	2016	2017	2016
Revenue				
Premiums	\$ 1,962	\$ 35	\$ 2,465	\$ 240
Product charges	88	75	340	281
Net investment income	842	777	3,269	2,914
Investment related gains (losses)	957	129	2,572	652
OTTI investment losses				
OTTI losses	(6)	(1)	(29)	(32)
OTTI losses (gains) recognized in OCI	(2)	(2)	(4)	2
Net OTTI losses	(8)	(3)	(33)	(30)
Other revenues	13	9	37	34
Revenues of consolidated variable interest entities				
Net investment income	12	27	42	67
Investment related gains (losses)	6	17	35	(53)
Total revenues	3,872	1,066	8,727	4,105
Benefits and Expenses				
Interest sensitive contract benefits	960	215	2,826	1,296
Amortization of DSI	21	20	63	39
Future policy and other policy benefits	2,112	186	3,163	1,059
Amortization of DAC and VOBA	99	108	350	318
Dividends to policyholders	(11)	(28)	118	37
Policy and other operating expenses	193	180	672	627
Operating expenses of consolidated variable interest entities	—	—	—	13
Total benefits and expenses	3,374	681	7,192	3,389
Income before income taxes	498	385	1,535	716
Income tax expense (benefit)	34	21	87	(52)
Net income	464	364	1,448	768
Less: Net income attributable to noncontrolling interests	—	—	—	—
Net income available to AHL shareholders	\$ 464	\$ 364	\$ 1,448	\$ 768

Non-GAAP Measure Reconciliations

The reconciliation of adjusted operating earnings per share to basic earnings per Class A common shares is as follows:

	Three months ended December 31,		Years Ended December 31,	
	2017	2016	2017	2016
Adjusted operating earnings per share	\$ 1.69	\$ 1.43	\$ 5.66	\$ 3.77
Investment gains (losses), net of offsets	0.30	(0.25)	1.02	0.24
Change in fair values of derivatives and embedded derivatives - FIAs, net of offsets	0.57	0.95	1.36	0.50
Integration, restructuring and other non-operating expenses	(0.18)	(0.07)	(0.35)	(0.12)
Stock compensation expense	(0.02)	(0.10)	(0.17)	(0.42)
Income tax (expense) benefit - non-operating	(0.01)	(0.07)	(0.13)	0.01
Total non-operating adjustments	0.66	0.46	1.73	0.21
Effect of items convertible to or settled in Class A common shares	0.01	0.03	0.02	0.13
Basic earnings per share – Class A common shares	\$ 2.36	\$ 1.92	\$ 7.41	\$ 4.11

The reconciliation of basic weighted average Class A shares to weighted average shares outstanding - adjusted operating, is as follows:

<i>(In millions)</i>	Three months ended December 31,		Years Ended December 31,	
	2017	2016	2017	2016
Basic weighted average shares outstanding - Class A	126.0	58.3	107.7	52.1
Conversion of Class B shares to Class A shares	63.5	130.0	81.6	134.5
Conversion of Class M shares to Class A shares	6.1	5.5	6.1	6.6
Effect of other stock compensation plans	0.5	0.4	0.5	0.2
Weighted average shares outstanding – adjusted operating	196.1	194.2	195.9	193.4

The reconciliation of AHL shareholders' equity to AHL shareholders' equity excluding AOCI included in ROE excluding AOCI, adjusted operating ROE excluding AOCI and book value per share excluding AOCI is as follows:

<i>(In millions)</i>	December 31,	
	2017	2016
Total AHL shareholders' equity	\$ 9,208	\$ 6,858
Less: AOCI	1,415	367
Total AHL shareholders' equity excluding AOCI	\$ 7,793	\$ 6,491
Retirement Services	\$ 5,465	\$ 4,448
Corporate and Other	2,328	2,043
Total AHL shareholders' equity excluding AOCI	\$ 7,793	\$ 6,491

The reconciliation of basic Class A shares outstanding to adjusted operating common shares outstanding is as follows:

<i>(In millions)</i>	December 31,	
	2017	2016
Class A common shares outstanding	142.2	77.0
Conversion of Class B shares to Class A shares	47.4	111.8
Conversion of Class M shares to Class A shares	6.4	6.8
Effect of other stock compensation plans	0.9	0.8
Adjusted operating common shares outstanding	196.9	196.4

The reconciliation of book value per share to book value per share, excluding AOCI is as follows:

	December 31,	
	2017	2016
Book value per share	\$ 46.76	\$ 35.66
AOCI	(7.19)	(1.91)
Effect of items convertible to or settled in Class A common shares	0.01	(0.70)
Book value per share, excluding AOCI	\$ 39.58	\$ 33.05

The reconciliation of net investment income to net investment earnings and earned rate is as follows:

<i>(In millions)</i>	Three months ended December 31,				Years ended December 31,			
	2017		2016		2017		2016	
	Dollar	Rate	Dollar	Rate	Dollar	Rate	Dollar	Rate
GAAP net investment income	\$ 842	4.18 %	\$ 777	4.33 %	\$ 3,269	4.27 %	\$ 2,914	4.19 %
Reinsurance embedded derivative impacts	54	0.27 %	45	0.25 %	191	0.25 %	189	0.27 %
Net VIE earnings	18	0.09 %	44	0.25 %	77	0.10 %	1	— %
Alternative income gain (loss)	(9)	(0.04)%	(5)	(0.03)%	(20)	(0.03)%	(39)	(0.06)%
Other	(44)	(0.22)%	(14)	(0.08)%	(94)	(0.12)%	(35)	(0.05)%
Total adjustments to arrive at net investment earnings/earned rate	19	0.10 %	70	0.39 %	154	0.20 %	116	0.16 %
Total net investment earnings/earned rate	\$ 861	4.28 %	\$ 847	4.72 %	\$ 3,423	4.47 %	\$ 3,030	4.35 %
Retirement Services	\$ 829	4.57 %	\$ 798	4.93 %	\$ 3,241	4.70 %	\$ 2,953	4.72 %
Corporate and Other	32	1.61 %	49	2.76 %	182	2.42 %	77	1.08 %
Total net investment earnings/earned rate	\$ 861	4.28 %	\$ 847	4.72 %	\$ 3,423	4.47 %	\$ 3,030	4.35 %
Retirement Services average invested assets	\$ 72,587		\$ 64,643		\$ 69,016		\$ 62,558	
Corporate and Other average invested assets	7,964		7,074		7,541		7,113	
Average invested assets	\$ 80,551		\$ 71,717		\$ 76,557		\$ 69,671	

The reconciliation of interest sensitive contract benefits to Retirement Services' cost of crediting on deferred annuities, and the respective rates, is as follows:

<i>(In millions)</i>	Three months ended December 31,				Years ended December 31,			
	2017		2016		2017		2016	
	Dollar	Rate	Dollar	Rate	Dollar	Rate	Dollar	Rate
GAAP interest sensitive contract benefits	\$ 960	6.62 %	\$ 215	1.59 %	\$ 2,826	4.99 %	\$ 1,296	2.49 %
Interest credited other than deferred annuities	(37)	(0.26)%	(17)	(0.13)%	(146)	(0.26)%	(108)	(0.21)%
FIA option costs	159	1.10 %	143	1.05 %	607	1.07 %	559	1.08 %
Product charges (strategy fees)	(20)	(0.14)%	(15)	(0.11)%	(73)	(0.13)%	(53)	(0.10)%
Reinsurance embedded derivative impacts	10	0.07 %	8	0.06 %	37	0.07 %	29	0.06 %
Change in fair values of embedded derivatives - FIAs	(799)	(5.51)%	(66)	(0.49)%	(2,196)	(3.88)%	(735)	(1.42)%
Negative VOBA amortization	10	0.07 %	12	0.09 %	40	0.07 %	48	0.09 %
Unit linked change in reserve	(12)	(0.08)%	(14)	(0.10)%	(29)	(0.05)%	(15)	(0.03)%
Other changes in interest sensitive contract liabilities	—	— %	(2)	(0.01)%	—	— %	(2)	— %
Total adjustments to arrive at cost of crediting on deferred annuities	(689)	(4.75)%	49	0.36 %	(1,760)	(3.11)%	(277)	(0.53)%
Retirement Services cost of crediting on deferred annuities	\$ 271	1.87 %	\$ 264	1.95 %	\$ 1,066	1.88 %	\$ 1,019	1.96 %
Average account value on deferred annuities	\$ 58,033		\$ 54,358		\$ 56,589		\$ 51,921	

The reconciliation of total investments, including related parties, to invested assets is as follows:

<i>(In millions)</i>	December 31,	
	2017	2016
Total investments, including related parties	\$ 84,367	\$ 72,433
Derivative assets	(2,551)	(1,370)
Cash and cash equivalents (including restricted cash)	4,993	2,502
Accrued income	652	554
Derivative collateral	(2,323)	(1,383)
Reinsurance funds withheld and modified coinsurance	(579)	(414)
VIE assets, liabilities and noncontrolling interest	862	886
AFS unrealized (gain) loss	(2,794)	(1,030)
Ceded policy loans	(296)	(344)
Net investment receivables (payables)	(33)	—
Total adjustments to arrive at invested assets	(2,069)	(599)
Total invested assets	\$ 82,298	\$ 71,834



Financial Supplement

Fourth Quarter 2017

December 31, 2017

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Key Operating and Non-GAAP Measures

In addition to our results presented in accordance with GAAP, our results of operations include certain non-GAAP measures commonly used in our industry. Management believes the use of these non-GAAP measures, together with the relevant GAAP measures, provides information that may enhance an investor's understanding of our results of operations and the underlying profitability drivers of our business. The majority of these non-GAAP measures are intended to remove from the results of operations the impact of market volatility (other than with respect to alternative investments) as well as integration, restructuring and certain other expenses which are not part of our underlying profitability drivers or likely to re-occur in the foreseeable future, as such items fluctuate from period-to-period in a manner inconsistent with these drivers. These measures should be considered supplementary to our results in accordance with GAAP and should not be viewed as a substitute for the GAAP measures. See *Non-GAAP Measure Reconciliations* for the appropriate reconciliations to the GAAP measures.

Adjusted Operating Income

Adjusted operating income (formerly operating income, net of tax) is a non-GAAP measure used to evaluate our financial performance excluding market volatility and expenses related to integration, restructuring, stock compensation, and other expenses. Our adjusted operating income equals net income available to AHL's shareholders adjusted to eliminate the impact of the following (collectively, the "non-operating adjustments"):

- **Investment Gains (Losses), Net of Offsets**—Investment gains (losses), net of offsets, consist of the realized gains and losses on the sale of AFS securities, the change in assumed modco and funds withheld reinsurance embedded derivatives, unrealized gains and losses, impairments, and other investment gains and losses. Unrealized, impairments and other investment gains and losses are comprised of the fair value adjustments of trading securities (other than CLOs) and investments held under the fair value option, derivative gains and losses not hedging FIA index credits, and the net OTTI impacts recognized in operations net of the change in AmerUs Closed Block fair value reserve related to the corresponding change in fair value of investments and the change in unit linked reserves related to the corresponding trading securities. Investment gains and losses are net of offsets related to DAC, DSI, and VOBA amortization and changes to GLWB and guaranteed minimum death benefits (GMDB) reserves (together, GLWB and GMDB reserves represent rider reserves) as well as the MVAs associated with surrenders or terminations of contracts.
- **Change in Fair Values of Derivatives and Embedded Derivatives – FIAs, Net of Offsets**—Impacts related to the fair value accounting for derivatives hedging the FIA index credits and the related embedded derivative liability fluctuate from period-to-period. The index reserve is measured at fair value for the current period and all periods beyond the current policyholder index term. However, the FIA hedging derivatives are purchased to hedge only the current index period. Upon policyholder renewal at the end of the period, new FIA hedging derivatives are purchased to align with the new term. The difference in duration between the FIA hedging derivatives and the index credit reserves creates a timing difference in earnings. This timing difference of the FIA hedging derivatives and index credit reserves is included as a non-operating adjustment, net of offsets related to DAC, DSI, and VOBA amortization and changes to rider reserves.

We primarily hedge with options that align with the index terms of our FIA products (typically 1-2 years). From an economic basis, we believe this is suitable because policyholder accounts are credited with index performance at the end of each index term. However, because the "value of an embedded derivative" in an FIA contract is longer-dated, there is a duration mismatch which may lead to mismatches for accounting purposes.

- **Integration, Restructuring, and Other Non-operating Expenses**—Integration, restructuring, and other non-operating expenses consist of restructuring and integration expenses related to acquisitions and block reinsurance costs as well as certain other expenses which are not part of our core operations or likely to re-occur in the foreseeable future.
- **Stock Compensation Expense**—Stock compensation expenses associated with our share incentive plans, excluding our long term incentive plan, are not part of our core operating expenses and fluctuate from time to time due to the structure of our plans.
- **Bargain Purchase Gain**—Bargain purchase gains associated with acquisitions are adjustments to net income as they are not consistent with our core operations.
- **Income Taxes (Expense) Benefit – Non-operating**—The non-operating income tax expense is comprised of the appropriate jurisdiction's tax rate applied to the non-operating adjustments that are subject to income tax.

We consider these non-operating adjustments to be meaningful adjustments to net income available to AHL's shareholders for the reasons discussed in greater detail above. Accordingly, we believe using a measure which excludes the impact of these items is effective in analyzing the trends in our results of operations. Together with net income available to AHL's shareholders, we believe adjusted operating income, provides a meaningful financial metric that helps investors understand our underlying results and profitability. Adjusted operating income, should not be used as a substitute for net income available to AHL's shareholders.

ROE Excluding AOCI and Adjusted Operating ROE Excluding AOCI

ROE excluding AOCI and adjusted operating ROE excluding AOCI are non-GAAP measures used to evaluate our financial performance excluding the impacts of AOCI. AOCI fluctuates period-to-period in a manner inconsistent with our underlying profitability drivers as the majority of such fluctuation is related to the market volatility of the unrealized gains and losses associated with our AFS securities. Once we have reinvested acquired blocks of businesses, we typically buy and hold AFS investments to maturity throughout the duration of market fluctuations, therefore, the period-over-period impacts in unrealized gains and losses are not necessarily indicative of current adjusted operating fundamentals or future performance. Accordingly, we believe using measures which exclude AOCI is useful in analyzing the trends of our operations. To enhance the ability to analyze these measures across periods, interim periods are annualized. ROE excluding AOCI and adjusted operating ROE excluding AOCI should not be used as a substitute for ROE. However, we believe the adjustments to equity are significant to gaining an understanding of our overall results of operations.

Adjusted Operating Earnings Per Share, Weighted Average Shares Outstanding - Adjusted Operating and Book Value Per Share Excluding AOCI

Adjusted operating earnings per share, weighted average shares outstanding - adjusted operating and book value per share excluding AOCI are non-GAAP measures used to evaluate our financial performance and financial condition. The non-GAAP measures adjust the number of shares included in the corresponding GAAP measures to reflect the conversion or settlement of all shares and other stock-based awards outstanding. We believe using these measures represent an economic view of our share counts and provide a simplified and consistent view of our outstanding shares. Adjusted operating earnings per share is calculated as the adjusted operating income, over the weighted average shares outstanding - adjusted operating. Book value per share excluding AOCI is calculated as the ending AHL shareholders' equity excluding AOCI divided by the adjusted operating common shares outstanding. Our Class B common shares are economically equivalent to Class A common shares and can be converted to Class A common shares on a one-for-one basis at any time. Our Class M common shares are in the legal form of shares but economically function as options as they are convertible into Class A shares after vesting and settlement of the conversion price. In calculating Class A diluted earnings per share on a GAAP basis, we are required to apply sequencing rules to determine the dilutive impacts, if any, of our Class B common shares, Class M common shares and any other stock-based awards. To the extent our Class B common shares, Class M common shares and/or any other stock-based awards are not dilutive they are excluded. Weighted average shares outstanding - adjusted operating and adjusted operating common shares outstanding assume conversion or settlement of all outstanding items that are able to be converted to or settled in Class A common shares, including the impacts of Class B common shares on a one-for-one basis, the impacts of all Class M common shares net of the conversion price and any other stock-based awards, but excluding any awards for which the exercise or conversion price exceeds the market value of our Class A common shares on the applicable measurement date. For certain historical periods, Class M shares were not included due to issuance restrictions which were contingent upon our IPO. Adjusted operating earnings per share, weighted average shares outstanding - adjusted operating and book value per share excluding AOCI should not be used as a substitute for basic earnings per share - Class A common shares, basic weighted average shares outstanding - Class A or book value per share. However, we believe the adjustments to the shares and equity are significant to gaining an understanding of our overall results of operations and financial condition.

Retirement Services Net Investment Earned Rate, Cost of Crediting and Investment Margin on Deferred Annuities

Investment margin is a key measurement of the financial health of our Retirement Services core deferred annuities. Investment margin on our deferred annuities is generated from the excess of our net investment earned rate over the cost of crediting to our policyholders. Net investment earned rate is a key measure of investment returns and cost of crediting is a key measure of the policyholder benefits on our deferred annuities.

Net investment earned rate is a non-GAAP measure we use to evaluate the performance of our invested assets that does not correspond to GAAP net investment income. Net investment earned rate is computed as the income from our invested assets divided by the average invested assets for the relevant period. To enhance the ability to analyze these measures across periods, interim periods are annualized. The adjustments to arrive at our net investment earned rate add alternative investment gains and losses, gains and losses related to trading securities for CLOs, net VIE impacts (revenues, expenses and noncontrolling interest) and the change in reinsurance embedded derivatives. We include the income and assets supporting our assumed reinsurance by evaluating the underlying investments of the funds withheld at interest receivables and we include the net investment income from those underlying investments which does not correspond to the GAAP presentation of reinsurance embedded derivatives. We exclude the income and assets supporting business that we have exited through ceded reinsurance including funds withheld agreements. We believe the adjustments for reinsurance provide a net investment earned rate on the assets for which we have economic exposure.

Cost of crediting is the interest credited to the policyholders on our fixed strategies as well as the option costs on the index annuity strategies. With respect to FIAs, the cost of providing index credits includes the expenses incurred to fund the annual index credits, and where applicable, minimum guaranteed interest credited. The interest credited on fixed strategies and option costs on index annuity strategies are divided by the average account value of our deferred annuities. Our average account values are averaged over the number of quarters in the relevant period to obtain our cost of crediting for such period. To enhance the ability to analyze these measures across periods, interim periods are annualized.

Athene Holding Ltd.
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Note to the Financial Supplement

Net investment earned rate, cost of crediting and investment margin on deferred annuities are non-GAAP measures we use to evaluate the profitability of our core deferred annuities business. We believe measures like net investment earned rate, cost of crediting and investment margin on deferred annuities are effective in analyzing the trends of our core business operations, profitability and pricing discipline. While we believe net investment earned rate, cost of crediting and investment margin on deferred annuities are meaningful financial metrics and enhance our understanding of the underlying profitability drivers of our business, they should not be used as a substitute for net investment income and interest sensitive contract benefits presented under GAAP.

Invested Assets

In managing our business we analyze invested assets, which do not correspond to total investments, including investments in related parties, as disclosed in our consolidated financial statements and notes thereto. Invested assets represent the investments that directly back our policyholder liabilities as well as surplus assets. Invested assets is used in the computation of net investment earned rate, which allows us to analyze the profitability of our investment portfolio. Invested assets includes (a) total investments on the consolidated balance sheets with AFS securities at cost or amortized cost, excluding derivatives, (b) cash and cash equivalents and restricted cash, (c) investments in related parties, (d) accrued investment income, (e) the consolidated VIE assets, liabilities and noncontrolling interest, (f) net investment payables and receivables and (g) policy loans ceded (which offset the direct policy loans in total investments). Invested assets also excludes assets associated with funds withheld liabilities related to business exited through reinsurance agreements and derivative collateral (offsetting the related cash positions). We include the underlying investments supporting our assumed funds withheld and modco agreements in our invested assets calculation in order to match the assets with the income received. We believe the adjustments for reinsurance provide a view of the assets for which we have economic exposure. Our invested assets are averaged over the number of quarters in the relevant period to compute our net investment earned rate for such period.

Reserve Liabilities

In managing our business we also analyze reserve liabilities, which does not correspond to total liabilities as disclosed in our consolidated financial statements and notes thereto. Reserve liabilities represents our policyholder liability obligations net of reinsurance and is used to analyze the costs of our liabilities. Reserve liabilities includes (a) the interest sensitive contract liabilities, (b) future policy benefits, (c) dividends payable to policyholders, and (d) other policy claims and benefits, offset by reinsurance recoverable, excluding policy loans ceded. Reserve liabilities is net of the ceded liabilities to third-party reinsurers as the costs of the liabilities are passed to such reinsurers and therefore we have no net economic exposure to such liabilities, assuming our reinsurance counterparties perform under our agreements. The majority of our ceded reinsurance is a result of reinsuring large blocks of life business following acquisitions. For such transactions, GAAP requires the ceded liabilities and related reinsurance recoverables to continue to be recorded in our consolidated financial statements despite the transfer of economic risk to the counterparty in connection with the reinsurance transaction.

Sales

Sales statistics do not correspond to revenues under GAAP, but are used as relevant measures to understand our business performance as it relates to deposits generated during a specific period of time. Our sales statistics include deposits for fixed rate annuities and FIAs and align with the LIMRA definition of all money paid into an individual annuity, including money paid into new contracts with initial purchase occurring in the specified period and existing contracts with initial purchase occurring prior to the specified period (excluding internal transfers).

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Athene Holding Ltd.

Financial Supplement - December 31, 2017

Financial Highlights

Unaudited (In millions, except percentages and per share data)

Year-to-date			2017				2016
2017	2016		Q4	Q3	Q2	Q1	Q4
Deposits							
\$ 5,353	\$ 5,309	Retail sales	\$ 1,282	\$ 1,337	\$ 1,635	\$ 1,099	\$ 1,492
875	3,449	Flow reinsurance	305	190	214	166	348
3,000	—	Funding agreements	—	1,300	1,050	650	—
2,253	—	Pension risk transfer	1,926	—	327	—	—
<u>\$ 11,481</u>	<u>\$ 8,758</u>	Total deposits	<u>\$ 3,513</u>	<u>\$ 2,827</u>	<u>\$ 3,226</u>	<u>\$ 1,915</u>	<u>\$ 1,840</u>
Consolidated results of operations							
\$ 1,448	\$ 768	Net income	\$ 464	\$ 274	\$ 326	\$ 384	\$ 364
1,109	728	Adjusted operating income	332	231	280	266	280
18.0%	12.6%	ROE	20.8%	13.0%	16.4%	21.3%	20.9%
20.3%	12.7%	ROE excluding AOCI	24.2%	14.9%	18.4%	23.0%	23.1%
15.5%	12.1%	Adjusted operating ROE excluding AOCI	17.4%	12.5%	15.9%	15.9%	17.7%
Retirement Services							
\$ 1,092	\$ 777	Adjusted operating income	\$ 306	\$ 244	\$ 267	\$ 275	\$ 242
22.0%	18.5%	Adjusted operating ROE excluding AOCI	22.6%	18.5%	21.4%	23.7%	21.6%
Earnings per share							
\$ 7.41	\$ 4.11	Basic ¹	\$ 2.36	\$ 1.40	\$ 1.66	\$ 2.00	\$ 1.92
\$ 7.37	\$ 4.02	Diluted - Class A ²	\$ 2.35	\$ 1.39	\$ 1.65	\$ 1.92	\$ 1.78
\$ 5.66	\$ 3.77	Adjusted operating earnings per share ³	\$ 1.69	\$ 1.18	\$ 1.43	\$ 1.36	\$ 1.43
Book Value per share:							
\$ 46.76	\$ 35.66	Book value per share	\$ 46.76	\$ 44.16	\$ 42.20	\$ 39.07	\$ 35.66
\$ 39.58	\$ 33.05	Book value per share, excluding AOCI ³	\$ 39.58	\$ 38.10	\$ 36.72	\$ 34.99	\$ 33.05
Balance sheet items:							
\$ 99,631	\$ 86,699	Total assets	\$ 99,631	\$ 96,061	\$ 93,594	\$ 89,193	\$ 86,699
82,298	71,834	Invested assets	82,298	78,804	76,279	73,563	71,834
90,423	79,840	Total liabilities	90,423	87,392	85,310	81,632	79,840
81,183	70,974	Reserve liabilities	81,183	77,850	75,290	72,225	70,974
9,208	6,858	Total Athene Holding Ltd. shareholders' equity	9,208	8,669	8,284	7,561	6,858
7,793	6,491	Athene Holding Ltd. shareholders' equity excluding AOCI	7,793	7,507	7,224	6,888	6,491
—%	—%	Debt to capital ratio, excluding AOCI ⁴	—%	—%	—%	—%	—%
Share data:							
195.3	186.8	Weighted average shares outstanding - basic ¹	196.7	196.3	195.7	192.5	189.2
111.0	53.5	Weighted average shares outstanding - diluted - Class A common shares ²	126.4	119.9	109.0	81.3	63.9
195.9	193.4	Weighted average shares outstanding - adjusted operating ³	196.1	196.0	195.9	195.6	194.2
196.9	192.3	Common shares outstanding ⁵	196.9	196.3	196.3	193.5	192.3
196.9	196.4	Adjusted operating common shares outstanding ³	196.9	197.0	196.7	196.8	196.4

* Please refer to Note to the Financial Supplement section and the Non-GAAP Measure Reconciliations for discussion on adjusted operating income, ROE excluding AOCI, adjusted operating ROE excluding AOCI and book value per share excluding AOCI.

¹ Basic earnings per share, including basic weighted average shares outstanding, includes all classes eligible to participate in dividends for each period presented.

² Diluted earnings per share on a GAAP basis for Class A common shares, including diluted Class A weighted average shares outstanding, includes the dilutive impacts, if any, of Class B common shares, Class M common shares and any other stock-based awards.

³ Represents Class A common shares outstanding or weighted average common shares outstanding assuming conversion or settlement of all outstanding items that are able to be converted to or settled in Class A common shares, including the impacts of Class B common shares, Class M common shares and any other stock-based awards, but excluding any awards for which the exercise or conversion price exceeds the market value of our Class A common shares on the applicable measurement date.

⁴ In January 2018, we issued \$1.0 billion of senior unsecured debt.

⁵ Represents common shares outstanding for all classes eligible to participate in dividends for each period presented.

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Athene Holding Ltd.

Financial Supplement - December 31, 2017

Capitalization and Equity

Unaudited (In millions, except percentages)

Year-to-date			2017				2016
2017	2016		Q4	Q3	Q2	Q1	Q4
		Capitalization					
\$ —	\$ —	Total debt ^{1,2}	\$ —	\$ —	\$ —	\$ —	\$ —
9,208	6,858	Total Athene Holding Ltd. shareholders' equity	9,208	8,669	8,284	7,561	6,858
9,208	6,858	Total capitalization	9,208	8,669	8,284	7,561	6,858
1,415	367	Less: AOCI	1,415	1,162	1,060	673	367
<u>\$ 7,793</u>	<u>\$ 6,491</u>	Total capitalization excluding AOCI	<u>\$ 7,793</u>	<u>\$ 7,507</u>	<u>\$ 7,224</u>	<u>\$ 6,888</u>	<u>\$ 6,491</u>
		Equity by segment					
\$ 5,465	\$ 4,448	Retirement Services	\$ 5,465	\$ 5,371	\$ 5,165	\$ 4,817	\$ 4,448
2,328	2,043	Corporate and Other	2,328	2,136	2,059	2,071	2,043
7,793	6,491	Total AHL shareholders' equity excluding AOCI	7,793	7,507	7,224	6,888	6,491
1,415	367	AOCI	1,415	1,162	1,060	673	367
<u>\$ 9,208</u>	<u>\$ 6,858</u>	Total AHL shareholders' equity	<u>\$ 9,208</u>	<u>\$ 8,669</u>	<u>\$ 8,284</u>	<u>\$ 7,561</u>	<u>\$ 6,858</u>
—%	—%	Debt to capital ratio, excluding AOCI²	—%	—%	—%	—%	—%

¹ Total debt does not include debt within a consolidated VIE.

² In January 2018, we issued \$1.0 billion of senior unsecured debt.

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Athene Holding Ltd.
Financial Supplement - December 31, 2017
Condensed Consolidated Balance Sheets
Unaudited *(In millions)*

	December 31, 2017	December 31, 2016
Assets		
Investments:		
Available-for-sale securities, at fair value		
Fixed maturity securities	\$ 61,012	\$ 52,033
Equity securities	277	353
Trading securities, at fair value	2,709	2,581
Mortgage loans, net of allowances	6,233	5,470
Investment funds	699	689
Policy loans	530	602
Funds withheld at interest	7,085	6,538
Derivative assets	2,551	1,370
Real estate	624	542
Short-term investments, at fair value	201	189
Other investments	133	81
Total investments	82,054	70,448
Cash and cash equivalents	4,888	2,445
Restricted cash	105	57
Investments in related parties		
Available-for-sale securities, at fair value		
Fixed maturity securities	406	335
Equity securities	—	20
Trading securities, at fair value	307	195
Investment funds	1,310	1,198
Short-term investments, at fair value	52	—
Other investments	238	237
Accrued investment income	652	554
Reinsurance recoverable	4,856	6,001
Deferred acquisition costs, deferred sales inducements and value of business acquired	2,930	2,940
Other assets	969	1,348
Assets of consolidated variable interest entities		
Investments		
Available-for-sale securities, at fair value		
Equity securities - related party	142	161
Trading securities, at fair value - related party	146	167
Investment funds	571	573
Cash and cash equivalents	4	14
Other assets	1	6
Total assets	\$ 99,631	\$ 86,699

(Continued)

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Athene Holding Ltd.
Financial Supplement - December 31, 2017
Condensed Consolidated Balance Sheets
Unaudited *(In millions)*

	December 31, 2017	December 31, 2016
Liabilities and Equity		
Liabilities		
Interest sensitive contract liabilities	\$ 67,612	\$ 61,532
Future policy benefits	17,487	14,592
Other policy claims and benefits	211	217
Dividends payable to policyholders	1,025	974
Derivative liabilities	134	40
Payables for collateral on derivatives	2,323	1,383
Funds withheld liability	407	380
Other liabilities	1,222	688
Liabilities of consolidated variable interest entities	2	34
Total liabilities	90,423	79,840
Equity		
Common Stock	—	—
Additional paid-in-capital	3,472	3,421
Retained earnings	4,321	3,070
Accumulated other comprehensive income	1,415	367
Total Athene Holding Ltd. shareholders' equity	9,208	6,858
Noncontrolling interests	—	1
Total equity	9,208	6,859
Total liabilities and equity	\$ 99,631	\$ 86,699

(Concluded)

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Athene Holding Ltd.
Financial Supplement - December 31, 2017
Consolidated Statements of Income
Unaudited (In millions)

Year-to-date			2017				2016
2017	2016		Q4	Q3	Q2	Q1	Q4
		Revenue:					
\$ 2,465	\$ 240	Premiums	\$ 1,962	\$ 72	\$ 379	\$ 52	\$ 35
340	281	Product charges	88	86	85	81	75
3,269	2,914	Net investment income	842	820	821	786	777
2,572	652	Investment related gains (losses)	957	473	460	682	129
		Other-than-temporary impairment investment losses					
(29)	(32)	Other-than-temporary impairment losses	(6)	(11)	(12)	—	(1)
(4)	2	Other-than-temporary impairment losses recognized in other comprehensive income	(2)	(2)	1	(1)	(2)
(33)	(30)	Net other-than-temporary impairment losses	(8)	(13)	(11)	(1)	(3)
37	34	Other revenues	13	8	8	8	9
		Revenues related to consolidated variable interest entities					
42	67	Net investment income	12	10	10	10	27
35	(53)	Investment related gains (losses)	6	17	11	1	17
8,727	4,105	Total revenues	3,872	1,473	1,763	1,619	1,066
		Benefits and expenses:					
2,826	1,296	Interest sensitive contract benefits	960	621	553	692	215
63	39	Amortization of deferred sales inducements	21	13	11	18	20
3,163	1,059	Future policy and other policy benefits	2,112	259	578	214	186
350	318	Amortization of deferred acquisition costs and value of business acquired	99	80	67	104	108
118	37	Dividends to policyholders	(11)	48	49	32	(28)
672	627	Policy and other operating expenses	193	158	168	153	180
—	13	Operating expenses of consolidated variable interest entities	—	—	—	—	—
7,192	3,389	Total benefits and expenses	3,374	1,179	1,426	1,213	681
1,535	716	Income before income taxes	498	294	337	406	385
87	(52)	Income tax expense (benefit)	34	20	11	22	21
\$ 1,448	\$ 768	Net income available to Athene Holding Ltd. shareholders	\$ 464	\$ 274	\$ 326	\$ 384	\$ 364

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Athene Holding Ltd.

Financial Supplement - December 31, 2017

Segment Results of Operations

Unaudited (In millions, except per share data)

Results of operations by segment

Year-to-date			2017				2016
2017	2016		Q4	Q3	Q2	Q1	Q4
Adjusted operating income by segment							
\$ 1,092	\$ 777	Retirement Services	\$ 306	\$ 244	\$ 267	\$ 275	\$ 242
17	(49)	Corporate and Other	26	(13)	13	(9)	38
1,109	728	Adjusted operating income	332	231	280	266	280
137	77	Realized gains (losses) on sale of AFS securities	73	29	24	11	40
(7)	(56)	Unrealized, impairments, and other investment gains (losses)	8	(3)	(15)	3	(20)
152	68	Assumed modco and funds withheld reinsurance embedded derivatives	(1)	20	65	68	(76)
(83)	(42)	Offsets to investment gains (losses)	(21)	(21)	(16)	(25)	5
199	47	Investment gains (losses), net of offsets	59	25	58	57	(51)
266	95	Change in fair values of derivatives and embedded derivatives - FIAs, net of offsets	111	46	15	94	183
(68)	(22)	Integration, restructuring and other non-operating expenses	(34)	(14)	(11)	(9)	(14)
(33)	(82)	Stock compensation expense	(3)	(7)	(13)	(10)	(23)
(25)	2	Income tax (expense) benefit - non-operating	(1)	(7)	(3)	(14)	(11)
339	40	Total non-operating adjustments	132	43	46	118	84
\$ 1,448	\$ 768	Net income available to AHL shareholders	\$ 464	\$ 274	\$ 326	\$ 384	\$ 364
Adjusted operating earnings per share							
\$ 5.66	\$ 3.77	Realized gains (losses) on sale of AFS securities	\$ 1.69	\$ 1.18	\$ 1.43	\$ 1.36	\$ 1.43
0.70	0.40	Unrealized, impairments, and other investment gains (losses)	0.37	0.15	0.12	0.07	0.21
(0.03)	(0.29)	Assumed modco and funds withheld reinsurance embedded derivatives	0.04	(0.02)	(0.08)	0.02	(0.10)
0.77	0.34	Offsets to investment gains (losses)	—	0.10	0.34	0.34	(0.39)
(0.42)	(0.21)	Investment gains (losses), net of offsets	(0.11)	(0.10)	(0.09)	(0.13)	0.03
1.02	0.24	Change in fair values of derivatives and embedded derivatives - FIAs, net of offsets	0.30	0.13	0.29	0.30	(0.25)
1.36	0.50	Integration, restructuring and other non-operating expenses	0.57	0.23	0.08	0.48	0.95
(0.35)	(0.12)	Stock compensation expense	(0.18)	(0.07)	(0.06)	(0.05)	(0.07)
(0.17)	(0.42)	Income tax (expense) benefit - non-operating	(0.02)	(0.04)	(0.07)	(0.05)	(0.10)
(0.13)	0.01	Total non-operating adjustments	(0.01)	(0.03)	(0.02)	(0.07)	(0.07)
1.73	0.21	Effect of items convertible to or settled in Class A common shares	0.66	0.22	0.22	0.61	0.46
0.02	0.13	Basic earnings per share – Class A common shares	0.01	—	0.01	0.03	0.03
\$ 7.41	\$ 4.11		\$ 2.36	\$ 1.40	\$ 1.66	\$ 2.00	\$ 1.92

* Please refer to Note to the Financial Supplement section for discussion on adjusted operating income.

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Athene Holding Ltd.

Financial Supplement - December 31, 2017

Segment Results of Operations

Unaudited (In millions, except per share data)

Consolidated summary of adjusted operating income

Year-to-date			2017				2016
2017	2016		Q4	Q3	Q2	Q1	Q4
\$ 3,111	\$ 2,767	Fixed income and other investment income	\$ 810	\$ 782	\$ 774	\$ 745	\$ 725
312	263	Alternative investment income	51	81	111	69	122
3,423	3,030	Net investment earnings	861	863	885	814	847
(1,066)	(1,019)	Cost of crediting on deferred annuities	(271)	(268)	(264)	(263)	(264)
(868)	(1,051)	Other liability costs ¹	(138)	(274)	(253)	(203)	(219)
(318)	(282)	Operating expenses	(87)	(77)	(80)	(74)	(74)
1,171	678	Pre-tax adjusted operating income	365	244	288	274	290
(62)	50	Income tax (expense) benefit - operating	(33)	(13)	(8)	(8)	(10)
<u>\$ 1,109</u>	<u>\$ 728</u>	Adjusted operating income	<u>\$ 332</u>	<u>\$ 231</u>	<u>\$ 280</u>	<u>\$ 266</u>	<u>\$ 280</u>

* Please refer to *Note to the Financial Supplement* section and the *Non-GAAP Measure Reconciliations* for discussion on adjusted operating income.

¹ Other liability costs include DAC, DSI and VOBA amortization and rider reserve changes for all products, the cost of liabilities on products other than deferred annuities including offsets for premiums, product charges and other revenues.

Retirement Services summary of adjusted operating income

Year-to-date			2017				2016
2017	2016		Q4	Q3	Q2	Q1	Q4
\$ 2,968	\$ 2,651	Fixed income and other investment income	\$ 772	\$ 745	\$ 739	\$ 712	\$ 694
273	302	Alternative investment income	57	66	82	68	104
3,241	2,953	Net investment earnings	829	811	821	780	798
(1,066)	(1,019)	Cost of crediting on deferred annuities	(271)	(268)	(264)	(263)	(264)
(807)	(997)	Other liability costs	(172)	(229)	(225)	(181)	(223)
(212)	(206)	Operating expenses	(55)	(51)	(54)	(52)	(56)
1,156	731	Pre-tax adjusted operating income	331	263	278	284	255
(64)	46	Income tax (expense) benefit - operating	(25)	(19)	(11)	(9)	(13)
<u>\$ 1,092</u>	<u>\$ 777</u>	Adjusted operating income	<u>\$ 306</u>	<u>\$ 244</u>	<u>\$ 267</u>	<u>\$ 275</u>	<u>\$ 242</u>

Corporate and Other summary of adjusted operating income

Year-to-date			2017				2016
2017	2016		Q4	Q3	Q2	Q1	Q4
\$ 143	\$ 116	Fixed income and other investment income	\$ 38	\$ 37	\$ 35	\$ 33	\$ 31
39	(39)	Alternative investment income	(6)	15	29	1	18
182	77	Net investment earnings	32	52	64	34	49
—	—	Cost of crediting on deferred annuities	—	—	—	—	—
(61)	(54)	Other liability costs	34	(45)	(28)	(22)	4
(106)	(76)	Operating expenses	(32)	(26)	(26)	(22)	(18)
15	(53)	Pre-tax adjusted operating income	34	(19)	10	(10)	35
2	4	Income tax (expense) benefit - operating	(8)	6	3	1	3
<u>\$ 17</u>	<u>\$ (49)</u>	Adjusted operating income	<u>\$ 26</u>	<u>\$ (13)</u>	<u>\$ 13</u>	<u>\$ (9)</u>	<u>\$ 38</u>

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Athene Holding Ltd.

Financial Supplement - December 31, 2017

Net Investment Earned Rate and Investment Margin on Deferred Annuities

Unaudited (In millions, except percentages)

Consolidated summary of net investment earned rate (a non-GAAP measure)

Year-to-date			2017				2016
2017	2016		Q4	Q3	Q2	Q1	Q4
4.26%	4.18%	Fixed income and other investments	4.22%	4.23%	4.34%	4.30%	4.24%
8.72%	7.64%	Alternative investments	5.46%	9.07%	12.69%	8.06%	14.28%
4.47%	4.35%	Total net investment earned rate	4.28%	4.45%	4.72%	4.48%	4.72%

* Please refer to Note to the Financial Supplement section and the Non-GAAP Measure Reconciliations for discussion on net investment earned rate.

* The investment results above are presented net of investment management fees.

Retirement Services investment margin on deferred annuities (a non-GAAP measure)

Year-to-date			2017				2016
2017	2016		Q4	Q3	Q2	Q1	Q4
4.70%	4.72%	Net investment earned rate	4.57%	4.64%	4.85%	4.76%	4.93%
1.88%	1.96%	Cost of crediting on deferred annuities	1.87%	1.88%	1.89%	1.91%	1.95%
2.82%	2.76%	Investment margin on deferred annuities	2.70%	2.76%	2.96%	2.85%	2.98%

* Please refer to Note to the Financial Supplement section and the Non-GAAP Measure Reconciliations for discussion on investment margin, net investment earned rate and cost of crediting on deferred annuities.

Retirement Services summary of net investment earned rate

Year-to-date			2017				2016
2017	2016		Q4	Q3	Q2	Q1	Q4
4.48%	4.41%	Fixed income and other investments	4.43%	4.44%	4.55%	4.52%	4.47%
10.01%	12.26%	Alternative investments	7.92%	9.79%	12.28%	10.59%	16.25%
4.70%	4.72%	Total net investment earned rate	4.57%	4.64%	4.85%	4.76%	4.93%

\$ 2,968	\$ 2,651	Fixed income and other investment income	\$ 772	\$ 745	\$ 739	\$ 712	\$ 694
273	302	Alternatives investment income	57	66	82	68	104
\$ 3,241	\$ 2,953	Total net investment earnings	\$ 829	\$ 811	\$ 821	\$ 780	\$ 798

Average invested assets			2017				2016
2017	2016		Q4	Q3	Q2	Q1	Q4
\$ 66,298	\$ 60,097	Fixed income and other investments	\$ 69,690	\$ 67,190	\$ 64,955	\$ 62,982	\$ 62,100
2,718	2,461	Alternative investments	2,897	2,678	2,622	2,594	2,543
\$ 69,016	\$ 62,558	Total average invested assets	\$ 72,587	\$ 69,868	\$ 67,577	\$ 65,576	\$ 64,643

* The investment results above are presented net of investment management fees.

Retirement Services summary of cost of crediting on deferred annuities

Year-to-date			2017				2016
2017	2016		Q4	Q3	Q2	Q1	Q4
\$ 570	\$ 534	FIA option costs	\$ 149	\$ 144	\$ 140	\$ 137	\$ 136
496	485	Fixed interest credited to policyholders	122	124	124	126	128
\$ 1,066	\$ 1,019	Cost of crediting on deferred annuities	\$ 271	\$ 268	\$ 264	\$ 263	\$ 264
1.88%	1.96%	Cost of crediting on deferred annuities rate	1.87%	1.88%	1.89%	1.91%	1.95%

\$ 56,589	\$ 51,921	Average account value on deferred annuities	\$ 58,033	\$ 57,050	\$ 56,001	\$ 55,154	\$ 54,358
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Athene Holding Ltd.

Financial Supplement - December 31, 2017

Retirement Services Annuity Liability Characteristics

Unaudited (In millions, except percentages)

Deferred annuities account value rollforward

Year-to-date			2017				2016
2017	2016		Q4	Q3	Q2	Q1	Q4
\$ 54,880	\$ 49,257	Account value at beginning of period	\$ 57,526	\$ 56,574	\$ 55,429	\$ 54,880	\$ 53,837
6,353	8,887	Deposits ¹	1,613	1,546	1,886	1,308	1,878
159	200	Premium and interest bonuses	39	40	44	36	56
1,955	910	Fixed and index credits to policyholders	544	486	464	461	304
(4,538)	(4,159)	Surrenders and benefits paid	(1,110)	(1,051)	(1,183)	(1,194)	(1,135)
(270)	(215)	Fee and product charges	(73)	(69)	(66)	(62)	(60)
\$ 58,539	\$ 54,880	Account value at end of period	\$ 58,539	\$ 57,526	\$ 56,574	\$ 55,429	\$ 54,880

* The account value rollforwards on deferred annuities include our fixed rate and fixed indexed annuities and are net of ceded reinsurance activity.

¹ Deposits equal deposits from our retail and flow reinsurance channels as well as renewal deposits on older blocks of business and annuitizations.

Surrender charge protection and account values by product type

	Surrender Charge			Net Account Value	
	Average years at issue	Average years remaining	Average percent remaining	Dollars	Percent of Total
Fixed index annuities	10.6	5.4	8.0%	\$ 45,367	77.5%
Single-year fixed rate guaranteed annuities	7.4	1	2.0%	7,887	13.5%
Multi-year fixed rate guaranteed annuities	5.3	3.4	8.0%	5,285	9.0%
Total				\$ 58,539	100.0%

Summary of surrender charge percentages

	Net account value			
	Surrender charge (gross)	Percent of Total	Surrender charge (net of MVA)	Percent of Total
No surrender charge	\$ 8,380	14.3%	\$ 8,380	14.3%
0.0% < 2.0%	371	0.6%	624	1.1%
2.0% < 4.0%	1,440	2.5%	4,742	8.1%
4.0% < 6.0%	5,868	10.0%	7,046	12.0%
6.0% < 8.0%	11,623	19.9%	8,688	14.8%
8.0% < 10.0%	14,667	25.1%	10,752	18.4%
10.0% or greater	16,190	27.6%	18,307	31.3%
	\$ 58,539	100.0%	\$ 58,539	100.0%

	Surrender charge (gross)	MVA benefit	Surrender charge (net)
Aggregate surrender charge protection	7.3%	0.4%	7.7%

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Athene Holding Ltd.

Financial Supplement - December 31, 2017

Retirement Services Annuity Liability Characteristics

Unaudited (In millions, except percentages)

Surrender charge expiration by year

Years of surrender charge remaining	Deferred annuities account value	Percent of total	Average surrender charge percent (gross of MVA)
No Surrender Charge	\$ 8,380	14.3%	—%
> 0 to less than 2	10,145	17.3%	4.7%
2 to less than 4	13,205	22.6%	7.4%
4 to less than 6	9,774	16.7%	8.6%
6 to less than 8	5,327	9.1%	10.1%
8 to less than 10	8,049	13.7%	11.1%
10 to less than 12	2,491	4.3%	14.0%
12 or greater	1,168	2.0%	14.8%
	<u>\$ 58,539</u>	<u>100.0%</u>	

Minimum guarantees on deferred annuities

	At minimum guarantees	Total account value	Percent of total account value at minimum guarantees
Fixed indexed annuities	\$ 16,066	\$ 45,367	35.4%
Fixed rate annuities	6,288	13,172	47.7%
Total deferred annuities	<u>\$ 22,354</u>	<u>\$ 58,539</u>	<u>38.2%</u>

December 31, 2017

Distance to guarantees¹

85 - 95

¹ Distance to guarantees is the difference between the current crediting rates and the contractual guaranteed minimum crediting rates on our deferred annuities. The distance to guarantees includes the minimum guarantees on all of our deferred annuities, including those with crediting rates already at their minimum guarantees.

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Athene Holding Ltd.

Financial Supplement - December 31, 2017

Consolidated Reserve Liabilities

Unaudited (In millions, except percentages)

Consolidated reserve liabilities

	December 31, 2017		December 31, 2016	
	Dollars	Percent of Total	Dollars	Percent of Total
Fixed indexed annuities	\$ 48,431	59.7 %	\$ 43,527	61.3 %
Fixed rate annuities	13,412	16.5 %	13,490	19.0 %
Total deferred annuities	61,843	76.2 %	57,017	80.3 %
Payout annuities	5,216	6.4 %	5,443	7.6 %
Pension risk transfer annuities	2,252	2.8 %	—	— %
Funding agreements	3,786	4.7 %	1,109	1.6 %
Life and other (excluding German products)	2,281	2.7 %	2,176	3.1 %
Retirement Services reserve liabilities	75,378	92.8 %	65,745	92.6 %
Germany products ¹	5,979	7.4 %	5,381	7.6 %
Intersegment eliminations	(174)	(0.2)%	(152)	(0.2)%
Total reserve liabilities	\$ 81,183	100.0 %	\$ 70,974	100.0 %

* Please refer to *Note to the Financial Supplement* section and the *Non-GAAP Measure Reconciliations* for discussion on reserve liabilities.

¹ On January 1, 2018, Germany was deconsolidated and our equity interest in AGER was exchanged for common shares of AGER (subsequently renamed Athora Holding Ltd.).

Reserve liability rollforward

Year-to-date			2017				2016
2017	2016		Q4	Q3	Q2	Q1	Q4
\$ 65,745	\$ 59,854	Retirement Services reserve liabilities - beginning	\$ 72,100	\$ 69,719	\$ 67,013	\$ 65,745	\$ 65,097
11,868	9,080	Deposits ¹	3,592	2,910	3,307	2,059	1,884
(5,750)	(5,399)	Withdrawals	(1,361)	(1,311)	(1,408)	(1,670)	(1,351)
3,515	2,210	Other reserve changes	1,047	782	807	879	115
75,378	65,745	Retirement Services reserve liabilities - ending	75,378	72,100	69,719	67,013	65,745
5,979	5,381	Germany reserve liabilities	5,979	5,921	5,737	5,367	5,381
(174)	(152)	Intersegment eliminations	(174)	(171)	(166)	(155)	(152)
\$ 81,183	\$ 70,974	Consolidated reserve liabilities - ending	\$ 81,183	\$ 77,850	\$ 75,290	\$ 72,225	\$ 70,974

¹ Deposits equal deposits from our retail, flow reinsurance and institutional channels as well as premiums and deposits for life and products other than deferred annuities or our institutional products, renewal deposits on older blocks of business and annuitizations.

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Athene Holding Ltd.
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Unaudited (In millions, except percentages)

Investments and investments in related parties summary

	December 31, 2017		December 31, 2016	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
Available for sale securities at fair value:				
Fixed maturity securities:				
U.S. government and agencies	\$ 62	0.1%	\$ 60	0.1%
U.S. state, municipal and political subdivisions	1,165	1.4%	1,140	1.6%
Foreign governments	2,683	3.2%	2,235	3.1%
Corporate	36,660	43.4%	30,020	41.4%
CLO	5,084	6.0%	4,822	6.7%
ABS	3,971	4.7%	2,936	4.0%
RMBS	9,366	11.1%	8,973	12.4%
CMBS	2,021	2.4%	1,847	2.5%
Equity securities	277	0.3%	353	0.5%
Trading securities, at fair value	2,709	3.2%	2,581	3.6%
Mortgage loans, net of allowances	6,233	7.4%	5,470	7.5%
Investment funds	699	0.8%	689	1.0%
Policy loans	530	0.6%	602	0.8%
Funds withheld at interest	7,085	8.4%	6,538	9.0%
Derivative assets	2,551	3.0%	1,370	1.9%
Real estate	624	0.7%	542	0.7%
Short-term investments	201	0.2%	189	0.3%
Other investments	133	0.2%	81	0.1%
Total investments	82,054	97.1%	70,448	97.2%
Investment in related parties:				
Available for sale securities at fair value:				
Fixed maturity securities	406	0.5%	335	0.5%
Equity securities	—	—%	20	—%
Trading securities, at fair value	307	0.4%	195	0.3%
Investment funds	1,310	1.6%	1,198	1.7%
Short term investments	52	0.1%	—	—%
Other investments	238	0.3%	237	0.3%
Total related party investments	2,313	2.9%	1,985	2.8%
Total investments, including related parties	\$ 84,367	100.0%	\$ 72,433	100.0%

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Fixed maturity securities by sector

	December 31, 2017			December 31, 2016		
	Amortized Cost	Fair Value	Percent of Total	Amortized Cost	Fair Value	Percent of Total
Corporate:						
Industrial other ¹	\$ 11,550	\$ 12,026	19.6%	\$ 10,417	\$ 10,645	20.3%
Financial	11,299	11,824	19.3%	8,957	9,156	17.5%
Utilities	7,991	8,296	13.5%	6,512	6,588	12.6%
Communication	2,509	2,607	4.2%	2,182	2,235	4.3%
Transportation	1,824	1,907	3.1%	1,365	1,396	2.7%
Total corporate	35,173	36,660	59.7%	29,433	30,020	57.4%
Other government-related securities						
U.S. state, municipal and political subdivisions	996	1,165	1.9%	1,024	1,140	2.2%
Foreign governments	2,575	2,683	4.4%	2,098	2,235	4.3%
U.S. government and agencies	63	62	0.1%	59	60	0.1%
Total non-structured securities	38,807	40,570	66.1%	32,614	33,455	64.0%
Structured securities:						
CLO	5,392	5,444	8.9%	5,234	5,101	9.7%
ABS	3,991	4,017	6.5%	3,037	2,992	5.7%
CMBS	1,994	2,021	3.3%	1,835	1,847	3.5%
RMBS						
Agency	86	87	0.1%	110	112	0.2%
Non-agency	8,635	9,279	15.1%	8,621	8,861	16.9%
Total structured securities	20,098	20,848	33.9%	18,837	18,913	36.0%
Total fixed maturity securities, including related parties	\$ 58,905	\$ 61,418	100.0%	\$ 51,451	\$ 52,368	100.0%

¹ Includes securities within various industry segments including capital goods, basic industry, consumer cyclical, consumer non-cyclical, industrial, and technology.

Credit quality of fixed maturity securities

	December 31, 2017		December 31, 2016	
	Fair Value	Percent of Total	Fair Value	Percent of Total
NAIC designation				
1	\$ 32,447	52.8%	\$ 30,211	57.7%
2	25,082	40.9%	18,617	35.5%
Total investment grade	57,529	93.7%	48,828	93.2%
3	3,040	5.0%	2,812	5.4%
4	765	1.2%	622	1.2%
5	66	0.1%	82	0.2%
6	18	—%	24	—%
Total below investment grade	3,889	6.3%	3,540	6.8%
Total fixed maturity securities, including related parties	\$ 61,418	100.0%	\$ 52,368	100.0%

* Germany fixed maturity securities, including related parties applying NRSRO ratings to map to NAIC designations.

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	December 31, 2017		December 31, 2016	
	Fair Value	Percent of Total	Fair Value	Percent of Total
NRSRO rating agency designation				
AAA/AA/A	\$ 21,448	34.9%	\$ 18,791	35.9%
BBB	23,572	38.4%	18,002	34.4%
Non-rated ¹	6,592	10.7%	5,650	10.8%
Total investment grade ²	51,612	84.0%	42,443	81.1%
BB	3,091	5.0%	3,286	6.3%
B	1,198	2.0%	1,372	2.6%
CCC	2,696	4.4%	2,374	4.5%
CC and lower	2,302	3.8%	2,404	4.6%
Non-rated ¹	519	0.8%	489	0.9%
Total below investment grade	9,806	16.0%	9,925	18.9%
Total fixed maturity securities, including related parties	\$ 61,418	100.0%	\$ 52,368	100.0%

¹ Securities denoted as non-rated by the NRSRO were classified as investment or non-investment grade according to the security's respective NAIC designation.

² We view the NAIC designation methodology as the most appropriate way to view our fixed maturity portfolio when evaluating credit risk since a large portion of our holdings were purchased at a significant discount to par. NRSRO ratings methodology is focused on the likelihood of recovery of all contractual payments, including principal at par regardless of entry price, while the NAIC designation methodology considers our investment and amortized cost, and the likelihood of recovery of that book value as opposed to the likelihood of default of the security.

Credit quality of residential mortgage backed securities

	December 31, 2017				December 31, 2016			
	Principal Amount	Amortized Cost	Fair Value	Percent of Total	Principal Amount	Amortized Cost	Fair Value	Percent of Total
NAIC designation								
1	\$ 9,543	\$ 8,089	\$ 8,714	93.0%	\$ 9,960	\$ 8,414	\$ 8,652	96.4%
2	386	348	360	3.8%	152	141	140	1.6%
Total investment grade	9,929	8,437	9,074	96.8%	10,112	8,555	8,792	98.0%
3	238	209	213	2.3%	104	92	96	1.1%
4	83	70	73	0.8%	31	29	29	0.3%
5	5	5	6	0.1%	54	53	54	0.6%
6	1	—	—	—%	2	2	2	—%
Total below investment grade	327	284	292	3.2%	191	176	181	2.0%
Total	\$ 10,256	\$ 8,721	\$ 9,366	100.0%	\$ 10,303	\$ 8,731	\$ 8,973	100.0%

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Unaudited (In millions, except percentages)

Mortgage loans by property type and region

	December 31, 2017		December 31, 2016	
	Net Carrying Value	Percent of Total	Net Carrying Value	Percent of Total
Property type				
Office building	\$ 1,187	19.0%	\$ 1,217	22.2%
Retail	1,223	19.6%	1,135	20.7%
Hotels	928	14.9%	1,025	18.7%
Industrial	944	15.2%	742	13.6%
Apartment	525	8.4%	616	11.3%
Other commercial ¹	440	7.1%	397	7.3%
Total commercial mortgage loans	5,247	84.2%	5,132	93.8%
Residential loans	986	15.8%	338	6.2%
Total mortgage loans, net of allowances	\$ 6,233	100.0%	\$ 5,470	100.0%
US Region:				
East North Central	\$ 643	10.3%	\$ 450	8.2%
East South Central	144	2.3%	158	2.9%
Middle Atlantic	909	14.6%	628	11.5%
Mountain	492	7.9%	543	9.9%
New England	162	2.6%	194	3.5%
Pacific	991	15.9%	833	15.2%
South Atlantic	873	14.0%	1,284	23.5%
West North Central	233	3.8%	306	5.6%
West South Central	655	10.5%	662	12.1%
Total US Region	5,102	81.9%	5,058	92.4%
International Region	145	2.3%	74	1.4%
Total commercial mortgage loans	5,247	84.2%	5,132	93.8%
Residential loans	986	15.8%	338	6.2%
Total mortgage loans, net of allowances	\$ 6,233	100.0%	\$ 5,470	100.0%

¹ Other commercial loans include investments in nursing homes, parking garages, restaurants, mobile home parks and other commercial properties.

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Investment funds including related party

	December 31, 2017		December 31, 2016	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
Investment funds				
Private equity	\$ 271	10.5%	\$ 268	10.9%
Mortgage and real estate	161	6.2%	118	4.8%
Natural resources	4	0.2%	5	0.2%
Hedge funds	61	2.4%	72	2.9%
Credit funds	202	7.8%	226	9.2%
Total investment funds	699	27.1%	689	28.0%
Investment funds - related parties				
Private equity - A-A Mortgage (AmeriHome)	403	15.6%	343	13.9%
Private equity	180	7.0%	131	5.3%
Mortgage and real estate	297	11.5%	247	10.1%
Natural resources	74	2.9%	49	2.0%
Hedge funds	93	3.6%	192	7.8%
Credit funds	263	10.2%	236	9.6%
Total investment funds - related parties	1,310	50.8%	1,198	48.7%
Total investment funds - assets of consolidated VIEs				
Private equity - MidCap ¹	528	20.4%	524	21.3%
Credit funds	21	0.8%	38	1.6%
Mortgage and real assets	22	0.9%	11	0.4%
Total investment funds - assets of consolidated VIEs	571	22.1%	573	23.3%
Total investment funds, including related parties and VIEs	\$ 2,580	100.0%	\$ 2,460	100.0%

* Investment funds, including related party, is the GAAP measure which does not include investments that we view as alternative investments. Alternative investments include CLO equity tranche securities that are included in trading securities in the GAAP view, investment funds included in our funds withheld at interest reinsurance portfolios, net assets of VIEs other than investment funds as well as royalties and other investments. Please refer to *Note to the Financial Supplement* section for discussion on invested assets including alternative investments and the *Non-GAAP Measure Reconciliations* section for the reconciliation of investment funds to alternative investments.

¹ Midcap is an underlying investment of one of our consolidated VIE investment funds.

Funds withheld at interest

	December 31, 2017		December 31, 2016	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
Fixed maturity securities				
U.S. state, municipal and political subdivisions	\$ 117	1.6%	\$ 118	1.8%
Corporate	2,095	29.6%	1,800	27.6%
CLO	669	9.4%	591	9.0%
ABS	886	12.5%	736	11.3%
CMBS	290	4.1%	292	4.5%
RMBS	1,551	21.9%	1,551	23.7%
Equity securities	28	0.4%	29	0.4%
Mortgage loans	792	11.2%	773	11.8%
Investment funds	376	5.3%	329	5.0%
Derivative assets	78	1.1%	53	0.8%
Short-term investments	16	0.2%	80	1.2%
Cash and cash equivalents	132	1.9%	105	1.6%
Other assets and liabilities	55	0.8%	81	1.3%
Total funds withheld at interest	\$ 7,085	100.0%	\$ 6,538	100.0%

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Athene Holding Ltd.
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Invested assets summary

	December 31, 2017				December 31, 2016			
	U.S. and Bermuda Invested Asset Value	Germany Invested Asset Value ²	Total Invested Asset Value ¹	Percent of Total	U.S. and Bermuda Invested Asset Value	Germany Invested Asset Value ²	Total Invested Asset Value ¹	Percent of Total
Corporate	\$ 37,059	\$ 1,536	\$ 38,595	46.9%	\$ 31,000	\$ 1,682	\$ 32,682	45.4%
CLO	5,914	—	5,914	7.2%	5,798	—	5,798	8.1%
Credit	42,973	1,536	44,509	54.1%	36,798	1,682	38,480	53.5%
RMBS	10,532	—	10,532	12.8%	10,619	—	10,619	14.8%
Mortgage loans	6,858	165	7,023	8.5%	6,145	95	6,240	8.7%
CMBS	2,322	—	2,322	2.8%	2,202	—	2,202	3.1%
Real estate held for investment	—	625	625	0.8%	—	542	542	0.8%
Real estate	19,712	790	20,502	24.9%	18,966	637	19,603	27.4%
ABS	4,824	—	4,824	5.9%	3,873	—	3,873	5.4%
Alternative investments	3,692	137	3,829	4.6%	3,297	128	3,425	4.8%
State, municipals, political subdivisions and foreign government	1,347	2,411	3,758	4.5%	1,387	1,936	3,323	4.6%
Unit linked assets	—	407	407	0.5%	—	363	363	0.5%
Equity securities	192	128	320	0.4%	199	185	384	0.5%
Short-term investments	228	—	228	0.3%	250	—	250	0.3%
U.S. government and agencies	29	35	64	0.1%	32	27	59	0.1%
Other investments	10,312	3,118	13,430	16.3%	9,038	2,639	11,677	16.2%
Cash and equivalents	2,504	296	2,800	3.4%	1,111	111	1,222	1.7%
Policy loans and other	761	296	1,057	1.3%	631	221	852	1.2%
Total invested assets	\$ 76,262	\$ 6,036	\$ 82,298	100.0%	\$ 66,544	\$ 5,290	\$ 71,834	100.0%

¹ Please refer to *Note to the Financial Supplement* section for discussion on invested assets including alternative investments and the *Non-GAAP Measure Reconciliations* section for the reconciliation of investment funds to alternative investments.

² On January 1, 2018, Germany was deconsolidated and our equity interest in AGER was exchanged for common shares of AGER (subsequently renamed Athora Holding Ltd.).

Alternative investments summary

	December 31, 2017		December 31, 2016	
	Invested Asset Value ¹	Percent of Total	Invested Asset Value ¹	Percent of Total
Credit funds	\$ 784	20.4%	\$ 834	24.3%
Private equity - MidCap	528	13.8%	524	15.3%
Private equity - A-A Mortgage (AmeriHome)	496	12.9%	417	12.2%
Private equity - other	554	14.5%	519	15.2%
Mortgage and real assets	643	16.8%	470	13.7%
Hedge funds	467	12.2%	311	9.1%
Public equities	171	4.5%	215	6.3%
Natural resources and other real assets	186	4.9%	135	3.9%
Alternative investments	\$ 3,829	100.0%	\$ 3,425	100.0%

* Alternative investments does not correspond to the total investment funds, including related parties and VIEs, on our condensed balance sheets. Alternative investments adjusts the GAAP presentation to include CLO equity tranche securities that are included in trading securities in the GAAP view, investment funds included in our funds withheld at interest reinsurance portfolios, net assets of VIEs other than investment funds as well as royalties and other investments. Please refer to *Note to the Financial Supplement* section for discussion on invested assets including alternative investments and the *Non-GAAP Measure Reconciliations* section for the reconciliation of investment funds to alternative investments.

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Athene Holding Ltd.

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Consolidated Investments Summary

Unaudited (In millions, except percentages)

Net investment earned rates by asset class

<u>Year-to-date</u>			<u>2017</u>				<u>2016</u>
<u>2017</u>	<u>2016</u>		<u>Q4</u>	<u>Q3</u>	<u>Q2</u>	<u>Q1</u>	<u>Q4</u>
3.94%	3.91%	Corporate securities	3.97%	3.91%	3.98%	3.91%	3.91%
		Structured securities					
5.54%	5.18%	RMBS	5.22%	5.45%	5.96%	5.45%	5.30%
5.05%	4.74%	CLO	4.93%	5.25%	5.10%	4.94%	4.96%
4.62%	6.30%	ABS	5.54%	4.33%	4.28%	4.15%	4.67%
4.09%	3.93%	CMBS	4.12%	4.18%	4.13%	4.03%	4.19%
5.10%	5.12%	Total structured securities	5.11%	5.06%	5.26%	4.95%	4.99%
5.82%	4.82%	State, municipal, political subdivisions and U.S. and foreign government	4.59%	4.54%	4.82%	9.35%	5.80%
5.93%	5.95%	Mortgage loans	5.89%	5.92%	5.92%	5.90%	6.26%
8.95%	7.70%	Alternative investments	6.04%	8.92%	13.11%	8.12%	14.82%
1.55%	1.01%	Other U.S. and Bermuda invested assets	1.55%	1.65%	1.58%	1.66%	1.26%
4.69%	4.59%	U.S. and Bermuda	4.52%	4.65%	4.96%	4.70%	4.98%
1.70%	1.67%	Germany ¹	1.32%	2.04%	1.73%	1.74%	1.51%
4.47%	4.35%	Consolidated total	4.28%	4.45%	4.72%	4.48%	4.72%

¹ On January 1, 2018, Germany was deconsolidated and our equity interest in AGER was exchanged for common shares of AGER (subsequently renamed Athora Holding Ltd.).

Invested assets NAIC 1 & 2 designation by asset class

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Corporate securities	93.1%	92.4%
Structured securities		
RMBS	96.7%	98.0%
CLO	85.8%	83.1%
ABS	93.9%	91.5%
CMBS	96.0%	97.7%
Total structured securities	93.3%	93.0%
State, municipal, political subdivisions and U.S. and foreign government	95.5%	96.5%
Germany fixed maturity securities ¹	95.0%	95.0%

¹ NAIC 1 and 2 for Germany indicates the percentage of total AFS fixed maturities by applying NRSRO ratings to map to NAIC designations.

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Unaudited

Financial strength ratings

	<u>A.M. Best</u>	<u>Standard & Poor's</u>	<u>Fitch</u>
Athene Annuity & Life Assurance Company	A	A-	A-
Athene Annuity and Life Company	A	A-	A-
Athene Annuity & Life Assurance Company of New York	A	A-	A-
Athene Life Insurance Company of New York	A	Not Rated	Not Rated
Athene Life Re Ltd.	A	A-	A-

Credit ratings

	<u>A.M. Best</u>	<u>Standard & Poor's</u>	<u>Fitch</u>
Athene Holding Ltd.	bbb	BBB	BBB
Senior debt ratings	bbb	BBB	BBB-

Capital Metrics

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
U.S. RBC ratio - Athene Annuity & Life Assurance Company	490%	478%
BSCR - Athene Life Re Ltd.	354%	228%
Athene Life Re Ltd. RBC ratio ¹	562%	529%

¹ ALRe RBC ratio, which is used in evaluating our capital position and the amount of capital needed to support our segment, is calculated by applying the NAIC RBC factors.

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Athene Holding Ltd.

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Non-GAAP Measure Reconciliations

Unaudited (In millions, except percentages)

Summary of adjustments to basic weighted average shares outstanding - Class A common shares to arrive at weighted average shares outstanding - adjusted operating

Year-to-date			2017				2016
2017	2016		Q4	Q3	Q2	Q1	Q4
107.7	52.1	Basic weighted average shares outstanding - Class A	126.0	119.5	106.3	78.2	58.3
81.6	134.5	Conversion of Class B shares to Class A shares	63.5	69.9	82.9	110.8	130.0
6.1	6.6	Conversion of Class M shares to Class A shares	6.1	6.1	6.2	6.2	5.5
0.5	0.2	Effect of other stock compensation plans	0.5	0.5	0.5	0.4	0.4
<u>195.9</u>	<u>193.4</u>	Weighted average shares outstanding – adjusted operating	<u>196.1</u>	<u>196.0</u>	<u>195.9</u>	<u>195.6</u>	<u>194.2</u>

Summary of adjustments to Class A common shares outstanding to arrive at adjusted operating common shares outstanding

	2017				2016
	Q4	Q3	Q2	Q1	Q4
Class A common shares outstanding	142.2	119.9	119.3	101.3	77.0
Conversion of Class B shares to Class A shares	47.4	69.5	70.1	87.8	111.8
Conversion of Class M shares to Class A shares	6.4	6.7	6.4	6.8	6.8
Effect of other stock compensation plans	0.9	0.9	0.9	0.9	0.8
Adjusted operating common shares outstanding	<u>196.9</u>	<u>197.0</u>	<u>196.7</u>	<u>196.8</u>	<u>196.4</u>

Summary of adjustments to book value per share to arrive at book value per share, excluding AOCI

	2017				2016
	Q4	Q3	Q2	Q1	Q4
Book value per share	\$ 46.76	\$ 44.16	\$ 42.20	\$ 39.07	\$ 35.66
AOCI	(7.19)	(5.92)	(5.40)	(3.47)	(1.91)
Effect of items convertible to or settled in Class A common shares	0.01	(0.14)	(0.08)	(0.61)	(0.70)
Book value per share, excluding AOCI	<u>\$ 39.58</u>	<u>\$ 38.10</u>	<u>\$ 36.72</u>	<u>\$ 34.99</u>	<u>\$ 33.05</u>

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Athene Holding Ltd.

Financial Supplement - December 31, 2017

Non-GAAP Measure Reconciliations

Unaudited (In millions, except percentages)

Summary of adjustments to net investment income to arrive at net investment earned rate

Year-to-date			2017				2016
2017	2016		Q4	Q3	Q2	Q1	Q4
\$ 3,269	\$ 2,914	GAAP net investment income	\$ 842	\$ 820	\$ 821	\$ 786	\$ 777
191	189	Reinsurance embedded derivative impacts	54	40	52	45	45
77	1	Net VIE earnings	18	27	21	11	44
(20)	(39)	Alternative income gain (loss)	(9)	(4)	6	(13)	(5)
(94)	(35)	Held for trading amortization	(44)	(20)	(15)	(15)	(14)
154	116	Total adjustments to arrive at net investment earnings	19	43	64	28	70
<u>\$ 3,423</u>	<u>\$ 3,030</u>	Total net investment earnings	<u>\$ 861</u>	<u>\$ 863</u>	<u>\$ 885</u>	<u>\$ 814</u>	<u>\$ 847</u>
\$ 3,241	\$ 2,953	Retirement Services	\$ 829	\$ 811	\$ 821	\$ 780	\$ 798
182	77	Corporate and Other	32	52	64	34	49
<u>\$ 3,423</u>	<u>\$ 3,030</u>	Total net investment earnings	<u>\$ 861</u>	<u>\$ 863</u>	<u>\$ 885</u>	<u>\$ 814</u>	<u>\$ 847</u>
4.27 %	4.19 %	GAAP net investment income rate	4.18 %	4.23 %	4.38 %	4.32 %	4.33 %
0.25 %	0.27 %	Reinsurance embedded derivative impacts	0.27 %	0.20 %	0.28 %	0.25 %	0.25 %
0.10 %	— %	Net VIE earnings	0.09 %	0.14 %	0.11 %	0.06 %	0.25 %
(0.03)%	(0.06)%	Alternative income gain (loss)	(0.04)%	(0.02)%	0.03 %	(0.07)%	(0.03)%
(0.12)%	(0.05)%	Held for trading amortization	(0.22)%	(0.10)%	(0.08)%	(0.08)%	(0.08)%
0.20 %	0.16 %	Total adjustments to arrive at net investment earned rate	0.10 %	0.22 %	0.34 %	0.16 %	0.39 %
<u>4.47 %</u>	<u>4.35 %</u>	Consolidated net investment earned rate	<u>4.28 %</u>	<u>4.45 %</u>	<u>4.72 %</u>	<u>4.48 %</u>	<u>4.72 %</u>
4.70 %	4.72 %	Retirement Services	4.57 %	4.64 %	4.85 %	4.76 %	4.93 %
2.42 %	1.08 %	Corporate and Other	1.61 %	2.72 %	3.53 %	1.88 %	2.76 %
<u>4.47 %</u>	<u>4.35 %</u>	Consolidated net investment earned rate	<u>4.28 %</u>	<u>4.45 %</u>	<u>4.72 %</u>	<u>4.48 %</u>	<u>4.72 %</u>
\$ 69,016	\$ 62,558	Retirement Services average invested assets	\$ 72,587	\$ 69,868	\$ 67,577	\$ 65,576	\$ 64,643
7,541	7,113	Corporate and Other average invested assets	7,964	7,673	7,345	7,123	7,074
<u>\$ 76,557</u>	<u>\$ 69,671</u>	Average invested assets	<u>\$ 80,551</u>	<u>\$ 77,541</u>	<u>\$ 74,922</u>	<u>\$ 72,699</u>	<u>\$ 71,717</u>

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Athene Holding Ltd.

Financial Supplement - December 31, 2017

Non-GAAP Measure Reconciliations

Unaudited (In millions, except percentages)

Summary of adjustments to interest sensitive contract benefits to arrive at cost of crediting on deferred annuities

Year-to-date			2017				2016
2017	2016		Q4	Q3	Q2	Q1	Q4
\$ 2,826	\$ 1,296	GAAP interest sensitive contract benefits	\$ 960	\$ 621	\$ 553	\$ 692	\$ 215
(146)	(108)	Interest credited other than deferred annuities	(37)	(41)	(42)	(26)	(17)
607	559	FIA option costs	159	154	149	145	143
(73)	(53)	Product charges (strategy fees)	(20)	(19)	(17)	(17)	(15)
37	29	Reinsurance embedded derivative impacts	10	9	9	9	8
(2,196)	(735)	Change in fair values of embedded derivatives - FIAs	(799)	(464)	(399)	(534)	(66)
40	48	Negative VOBA amortization	10	8	10	12	12
(29)	(15)	Unit linked change in reserve	(12)	—	1	(18)	(14)
—	(2)	Other changes in interest sensitive contract liabilities	—	—	—	—	(2)
(1,760)	(277)	Total adjustments to arrive at cost of crediting on deferred annuities	(689)	(353)	(289)	(429)	49
<u>\$ 1,066</u>	<u>\$ 1,019</u>	Retirement Services cost of crediting on deferred annuities	<u>\$ 271</u>	<u>\$ 268</u>	<u>\$ 264</u>	<u>\$ 263</u>	<u>\$ 264</u>
4.99 %	2.49 %	GAAP interest sensitive contract benefits	6.62 %	4.35 %	3.95 %	5.02 %	1.59 %
(0.26)%	(0.21)%	Interest credited other than deferred annuities	(0.26)%	(0.29)%	(0.30)%	(0.19)%	(0.13)%
1.07 %	1.08 %	FIA option costs	1.10 %	1.08 %	1.07 %	1.04 %	1.05 %
(0.13)%	(0.10)%	Product charges (strategy fees)	(0.14)%	(0.13)%	(0.12)%	(0.12)%	(0.11)%
0.07 %	0.06 %	Reinsurance embedded derivative impacts	0.07 %	0.06 %	0.06 %	0.07 %	0.06 %
(3.88)%	(1.42)%	Change in fair values of embedded derivatives - FIAs	(5.51)%	(3.25)%	(2.85)%	(3.87)%	(0.49)%
0.07 %	0.09 %	Negative VOBA amortization	0.07 %	0.06 %	0.07 %	0.09 %	0.09 %
(0.05)%	(0.03)%	Unit linked change in reserve	(0.08)%	— %	0.01 %	(0.13)%	(0.10)%
— %	— %	Other changes in interest sensitive contract liabilities	— %	— %	— %	— %	(0.01)%
(3.11)%	(0.53)%	Total adjustments to arrive at cost of crediting on deferred annuities	(4.75)%	(2.47)%	(2.06)%	(3.11)%	0.36 %
<u>1.88 %</u>	<u>1.96 %</u>	Retirement Services cost of crediting on deferred annuities	<u>1.87 %</u>	<u>1.88 %</u>	<u>1.89 %</u>	<u>1.91 %</u>	<u>1.95 %</u>
\$ 56,589	\$ 51,921	Average account value on deferred annuities	\$ 58,033	\$ 57,050	\$ 56,001	\$ 55,154	\$ 54,358

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Athene Holding Ltd.
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Non-GAAP Measure Reconciliations
Unaudited (In millions, except percentages)

Summary of adjustments to total investments, including related parties to arrive at invested assets

	December 31, 2017	December 31, 2016
Total investments, including related parties	\$ 84,367	\$ 72,433
Derivative assets	(2,551)	(1,370)
Cash and cash equivalents (including restricted cash)	4,993	2,502
Accrued investment income	652	554
Payables for collateral on derivatives	(2,323)	(1,383)
Reinsurance funds withheld and modified coinsurance	(579)	(414)
VIE assets, liabilities and noncontrolling interest	862	886
AFS unrealized (gain) loss	(2,794)	(1,030)
Ceded policy loans	(296)	(344)
Net investment receivables (payables)	(33)	—
Total adjustments to arrive at invested assets	(2,069)	(599)
Total invested assets	\$ 82,298	\$ 71,834

Summary of adjustments to investment funds, including related parties and VIEs to arrive at alternative investments

	December 31, 2017	December 31, 2016
Investment funds, including related parties and VIEs	\$ 2,580	\$ 2,460
CLO equities included in trading securities	182	260
Financial Credit Investment special-purpose vehicle included in trading securities related party	287	—
Investment funds within funds withheld at interest	416	329
Royalties, other assets included in other investments and other assets	76	81
Net assets of the VIE, excluding investment funds	288	295
Total adjustments to arrive at alternative investments	1,249	965
Alternative investments	\$ 3,829	\$ 3,425

Summary of adjustments to total liabilities to arrive at reserve liabilities

	December 31, 2017	December 31, 2016
Total liabilities	\$ 90,423	\$ 79,840
Derivative liabilities	(134)	(40)
Payables for collateral on derivatives	(2,323)	(1,383)
Funds withheld liability	(407)	(380)
Other liabilities	(1,222)	(688)
Liabilities of consolidated VIEs	(2)	(34)
Reinsurance ceded receivables	(4,856)	(6,001)
Policy loans ceded	(296)	(344)
Other	—	4
Total adjustments to arrive at reserve liabilities	(9,240)	(8,866)
Total reserve liabilities	\$ 81,183	\$ 70,974