

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 25, 2019

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 25, 2019, Athene Holding Ltd. (the “Company”) issued a press release to announce its financial results for the fourth quarter 2018. 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 2018 is furnished 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 25, 2019 \(furnished and not filed\).](#)

99.2 [Quarterly Financial Supplement for Athene Holding Ltd. for the fourth quarter of 2018 \(furnished and not filed\).](#)

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 hereunto duly authorized.

ATHENE HOLDING LTD.

Date: February 25, 2019

/s/ Martin P. Klein

Martin P. Klein

Executive Vice President and Chief Financial Officer

ATHENE HOLDING LTD. REPORTS FOURTH QUARTER AND FULL YEAR 2018 RESULTS

PEMBROKE, Bermuda – February 25, 2019 – Athene Holding Ltd. ("Athene") (NYSE: ATH), a leading provider of retirement savings products, today announced financial results for the fourth quarter and full year 2018.

Net loss for the fourth quarter 2018 was \$104 million, or \$(0.53) per diluted Class A share ("diluted share"), compared to net income for the fourth quarter 2017 of \$439 million, or \$2.22 per diluted share. The loss was driven by unfavorable changes in reinsurance embedded derivatives due to credit spread widening, as well as unfavorable changes in fixed indexed annuity derivatives due to equity market depreciation. Net income for the full year 2018 was \$1.05 billion, or \$5.32 per diluted share, compared to net income for the full year 2017 of \$1.36 billion, or \$6.91 per diluted share.

Adjusted operating income¹ for the fourth quarter 2018 was \$240 million, or \$1.23 per adjusted operating share, compared to adjusted operating income for the fourth quarter 2017 of \$313 million, or \$1.60 per adjusted operating share. The decrease from the prior year quarter was primarily driven by higher other liability costs resulting from equity market depreciation. Adjusted operating income for the full year 2018 was \$1.14 billion, or \$5.82 per adjusted operating share, compared to adjusted operating income for the full year 2017 of \$1.06 billion, or \$5.39 per adjusted operating share.

Highlights

- ROE of 12.1%, Retirement Services adjusted operating ROE of 18.4%, and Consolidated adjusted operating ROE of 13.9% for the full year ended December 31, 2018
- Book value per share of \$42.45, a decrease of 9% for the year-over-year period ended December 31, 2018
- Adjusted book value per share of \$45.59, an increase of 19% for the year-over-year period ended December 31, 2018
- Closed previously announced block reinsurance transaction with Lincoln Financial Group totaling \$7.9 billion of liabilities, effective October 1, 2018
- Total Deposits of \$13.0 billion and \$40.2 billion for the quarter and year ended December 31, 2018, respectively
 - Organic deposits of \$5.2 billion and \$13.2 billion for the quarter and year ended December 31, 2018, respectively
 - Inorganic deposits of \$7.9 billion and \$27.0 billion for the quarter and year ended December 31, 2018, respectively
- Ranked #2 carrier in fixed indexed annuity ("FIA") sales for the two years ended September 30, 2018²
- ALRe RBC of 405%³ and U.S. RBC of 421%, as of December 31, 2018
- Repurchased \$147 million of common stock from December 10, 2018 through February 22, 2019

"In 2018, we continued our disciplined strategy of capital stewardship and opportunistic deployment," said Jim Belardi, CEO of Athene. "We grew invested assets by more than 45%⁴, marking 2018 as a year of acceleration for Athene. Our multi-channel distribution model generated record organic growth of more than \$13 billion, and this was complemented by closing two inorganic transactions in a calendar year for the first time in our history, totaling an additional \$27 billion. Importantly, we underwrote this new business to the same high return standards we have historically."

Mr. Belardi continued, "We see an abundance of opportunity in front of us and we will continue to judiciously allocate capital in order to build long-term shareholder value. In the current environment, it's clear the market has not properly valued the growing earnings power of our business, so we commenced opportunistic share repurchases totaling \$147 million. Since these repurchases were executed at an average share price in line with our initial public offering price more than two years ago, when the size and earnings profile of Athene was significantly less than it is today, we believe this method of capital deployment will prove very accretive. As we look ahead to

2019, we will continue to benchmark all potential uses of capital — including share repurchases, bolstering for ratings upgrades, growth initiatives, and asset trades — against the risk return profile they present for our shareholders.”

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

2 Ranking as of September 30, 2018 per LIMRA data.

3 ALRe RBC ratio is used in evaluating our capital position and the amount of capital needed to support our Retirement Services segment, and is calculated by applying the NAIC RBC factors in effect as of December 31, 2018 to the statutory financial statements of ALRe and its non-U.S. reinsurance subsidiary, on an aggregate basis.

4 Total invested assets, excluding Germany.

Fourth Quarter 2018 Results

Net loss for the fourth quarter 2018 was \$104 million, a decrease of \$543 million from the fourth quarter 2017, driven by unfavorable changes in reinsurance embedded derivatives and the change in FIA derivatives. Reinsurance embedded derivatives were negatively impacted by credit spread widening in the underlying assets. The change in reinsurance embedded derivatives reflects the change in fair value of assets backing reinsured liabilities and is included in GAAP net income, while the change in fair value of assets backing directly written liabilities is reflected in all other comprehensive income. The unfavorable change in FIA derivatives compared to the prior year quarter was driven by equity market depreciation.

Adjusted operating income for the fourth quarter 2018 was \$240 million, a decrease of \$73 million, or 23%, from the fourth quarter 2017. Adjusted operating income, excluding notable items, was \$293 million, an increase of \$61 million, or 26%, from the prior year quarter, driven by higher investment income. The increase in investment income was driven by invested asset growth, reflecting the reinsured Voya and Lincoln assets and strong organic deposits, and increased floating rate investment income. Partially offsetting this increase was a higher cost of crediting driven by block growth, including the reinsured Voya and Lincoln liabilities, and higher hedging costs from increased option costs; as well as higher other liability costs due to block growth.

Full Year 2018 Results

Net income for the full year 2018 was \$1.05 billion, a decrease of \$305 million, or 22%, from the full year 2017. The decrease was driven primarily by unfavorable reinsurance embedded derivatives due to credit spread widening.

Adjusted operating income for the full year 2018 was \$1.14 billion, an increase of \$85 million, or 8%, over the prior year. Adjusted operating income, excluding notable items, was \$1.17 billion, an increase of \$254 million, or 28%, from the prior year, driven by higher spread income and lower expense ratios as a result of growth in the business. The increase in spread income was primarily due to invested asset growth, increased floating rate investment income, and higher alternative investment income. Partially offsetting this increase was higher other liability costs due to growth in the block and equity market depreciation primarily in the fourth quarter of 2018.

Deposit Highlights

For the fourth quarter 2018, Athene generated organic deposits of \$5.2 billion, an increase of 47% compared to the fourth quarter 2017. For the full year 2018, organic deposits were \$13.2 billion, an increase of 15% compared to the full year 2017. The liabilities supporting these deposits were underwritten to the same return standards as previously generated business.

Retail: Athene generated \$2.0 billion of new deposits in the fourth quarter 2018, up 57% from the prior year quarter, driven by the introduction of new products and expansion in the Financial Institutions channel. For the full year 2018, new deposits were \$7.5 billion, an increase of \$2.2 billion from the prior year.

Flow Reinsurance: In the fourth quarter 2018, Athene generated \$1.1 billion of new deposits, up 272% from the prior year quarter, driven by the addition of new counterparties. For the full year 2018, deposits were \$2.4 billion, an increase of \$1.5 billion from the prior year.

Institutional: In the fourth quarter 2018, Athene generated \$2.0 billion of new deposits from three pension risk transfer transactions totaling \$1.8 billion and two funding agreements totaling \$225 million. For the full year 2018,

institutional deposits were \$3.2 billion, comprised of \$2.6 billion of pension risk transfer and \$650 million of funding agreements.

Selected Results

(In millions, except percentages and per share data)	As of and for the three months ended December 31,		As of and for the twelve months ended December 31,	
	2018	2017	2018	2017
Organic deposits	\$ 5,164	\$ 3,513	\$ 13,196	\$ 11,481
Inorganic deposits	7,878	—	26,982	—
Total deposits	13,042	3,513	40,178	11,481
Investments, including related parties	107,632	84,379	107,632	84,379
Invested assets	111,034	82,298	111,034	82,298
Debt to capital ratio ¹	10.7 %	—%	10.7%	—%
Adjusted debt to capital ratio ¹	10.1 %	—%	10.1%	—%
Book value per share	\$ 42.45	\$ 46.60	\$ 42.45	\$ 46.60
Adjusted book value per share ²	\$ 45.59	\$ 38.43	\$ 45.59	\$ 38.43
Common shares outstanding ³	195.0	196.9	195.0	196.9
Adjusted operating common shares outstanding ⁴	193.5	196.9	193.5	196.9
Total shareholders' equity	\$ 8,276	\$ 9,176	\$ 8,276	\$ 9,176
Adjusted shareholders' equity	8,823	7,566	8,823	7,566
ROE	(4.8)%	19.7%	12.1%	16.9%
Adjusted ROE	(2.7)%	23.7%	15.7%	18.0%
Adjusted operating ROE	10.8 %	16.8%	13.9%	15.1%
Retirement Services				
Adjusted operating income	\$ 296	\$ 287	\$ 1,201	\$ 1,038
Adjusted operating ROE	16.0 %	22.1%	18.4%	21.5%
Investment margin on deferred annuities	2.57 %	2.70%	2.65%	2.82%

Note: Prior period financial results have been revised to reflect immaterial adjustments. For further information, please refer to *Financial Statement Revisions*.

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

² Adjusted book value per share is calculated as ending adjusted shareholders' equity divided by adjusted operating common shares outstanding.

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

⁴ Adjusted 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 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. 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,	
	2018	2017	2018	2017
Net income	\$ (104)	\$ 439	\$ 1,053	\$ 1,358
Non-operating adjustments				
Investment gains (losses), net of offsets	(114)	59	(274)	199
Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets	(288)	105	242	230
Integration, restructuring and other non-operating expenses	(4)	(34)	(22)	(68)
Stock compensation expense	(3)	(3)	(11)	(33)
Income tax (expense) benefit – non-operating	65	(1)	(22)	(25)
Less: Total non-operating adjustments	(344)	126	(87)	303
Adjusted operating income	\$ 240	\$ 313	\$ 1,140	\$ 1,055
Adjusted operating income by segment				
Retirement Services	\$ 296	\$ 287	\$ 1,201	\$ 1,038
Corporate and Other	(56)	26	(61)	17
Adjusted operating income	\$ 240	\$ 313	\$ 1,140	\$ 1,055
Earnings per share – basic ¹	\$ (0.53)	\$ 2.23	\$ 5.34	\$ 6.95
Earnings per share – diluted Class A ²	\$ (0.53)	\$ 2.22	\$ 5.32	\$ 6.91
Adjusted operating earnings per share ³	\$ 1.23	\$ 1.60	\$ 5.82	\$ 5.39
Weighted average shares outstanding – basic ¹	197.1	196.7	197.1	195.3
Weighted average shares outstanding – diluted Class A ²	164.2	126.4	161.1	111.0
Weighted average shares outstanding – adjusted operating ³	195.5	196.1	195.9	195.9

(In millions)	Three months ended December 31,		Years ended December 31,	
	2018	2017	2018	2017
Notable items				
Retirement Services adjusted operating income	\$ 296	\$ 287	\$ 1,201	\$ 1,038
Rider reserve and DAC equity market performance	58	(55)	21	(152)
Proceeds from bond previously written down	—	—	—	(14)
Unlocking	—	—	13	20
Tax impact of notable items	(5)	4	(3)	10
Retirement Services notable items	53	(51)	31	(136)
Retirement Services adjusted operating income excluding notable items	349	236	1,232	902
Corporate and Other adjusted operating income (loss)	(56)	26	(61)	17
Germany adjusted operating loss, net of tax	—	(30)	—	(2)
Corporate and Other adjusted operating income (loss) excluding notable items	(56)	(4)	(61)	15
Adjusted operating income excluding notable items	\$ 293	\$ 232	\$ 1,171	\$ 917

Note: Prior period financial results have been revised to reflect immaterial adjustments. For further information, please refer to *Financial Statement Revisions*.

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 0 weighted average shares for the quarter. Diluted earnings per share on a GAAP basis for Class A common shares are based on allocated net income of \$(87) million (84% of net income) and \$281 million (64% of net income) for the three months ended December 31, 2018 and 2017, respectively. Diluted earnings per share on a GAAP basis for Class A common shares are based on allocated net income of \$857 million (81% of net income) and \$767 million (56% of net income) for the years ended December 31, 2018 and 2017, 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 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. 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

Fourth Quarter 2018 Results

For the fourth quarter 2018, Retirement Services adjusted operating income was \$296 million, an increase of \$9 million, or 3%, from the fourth quarter 2017. Adjusted operating income, excluding notable items, was \$349 million, an increase of \$113 million, or 48%, from the prior year quarter, resulting in an adjusted operating ROE of 18.8%. The increase was primarily driven by growth in investment income of \$402 million resulting from invested asset growth, reflecting the reinsured Voya and Lincoln assets and strong organic deposits; increased floating rate investment income of \$28 million; and strong alternative investment performance. Partially offsetting this increase was a higher cost of crediting driven by block growth, including the reinsured Voya and Lincoln liabilities, and higher option costs.

Notable items for the fourth quarter 2018 included \$58 million of unfavorable rider reserves and DAC amortization primarily due to equity market depreciation. In the fourth quarter 2017, notable items included a \$55 million benefit from equity market outperformance.

Investment margin on deferred annuities was 2.57% for the fourth quarter 2018, a decrease of 13 basis points from the prior year quarter.

The net investment earned rate was 4.57% for the fourth quarter 2018, in line with the prior year quarter. The earned rate in the fourth quarter 2018 benefited from higher floating rate investment income, partially offset by lower yields on the reinsured Voya and Lincoln assets. Alternative investments returned 11.00% in the fourth quarter 2018, compared to 7.92% in the prior year quarter, reflecting strong performance primarily from both MidCap and AmeriHome.

Cost of crediting was 2.00% for the fourth quarter 2018, an increase of 13 basis points compared to the prior year quarter, primarily driven by higher option costs as well as higher crediting rates on the reinsured Voya and Lincoln liabilities.

Full Year 2018 Results

For the full year 2018, Retirement Services adjusted operating income was \$1.2 billion, an increase of \$163 million, or 16%, from the full year 2017. Retirement Services adjusted operating income, excluding notable items, was \$1.2 billion, an increase of \$330 million, or 37%, from the prior year quarter, resulting in an adjusted operating ROE of 18.8%. The increase was driven by higher net investment income, partially offset by an increase in cost of crediting and other liability costs.

In 2018, net investment income increased primarily due to invested asset growth, reflecting the reinsured Voya and Lincoln assets, strong organic deposits as well as increased floating rate investment income due to higher short-term interest rates. Cost of crediting increased due to block growth and higher option costs. Other liability costs were higher due to growth in the block, including the reinsured Voya and Lincoln liabilities and unfavorable equity market performance.

Investment margin on deferred annuities was 2.65% for the full year 2018, a decrease of 17 basis points from the prior year.

The net investment earned rate was 4.60% for the full year 2018, a decrease of 10 basis points from the prior year, primarily due to lower returns on the assets from the Voya and Lincoln transactions. The full year 2018 net investment earned rate reflects a 4.36% return for fixed income and other, and an 11.15% return for alternatives. Fixed income and other investment income benefited from \$113 million of additional floating rate investment income. Alternative income was primarily driven by higher income from both MidCap and AmeriHome.

Cost of crediting was 1.95% for the full year 2018, an increase of 7 basis points compared to the prior year, as a result of higher option costs as well as higher crediting rates on the reinsured Voya and Lincoln liabilities.

Corporate and Other

Fourth Quarter 2018 Results

In the fourth quarter 2018, Corporate and Other had an adjusted operating loss of \$56 million primarily driven by lower alternative investment income related to the unrealized mark-to-market decline of two public equity investments. In the fourth quarter 2017, adjusted operating income was \$26 million driven by \$30 million of adjusted operating income in our previously consolidated German subsidiary.

Full Year 2018 Results

For the full year 2018, Corporate and Other had an adjusted operating loss of \$61 million, as compared to adjusted operating income of \$17 million for the full year 2017. The decrease was driven by lower alternative investment income related to public equity market depreciation and debt costs.

Share Repurchase Activity

From December 10, 2018 through February 22, 2019, Athene repurchased 3.7 million shares of its common stock for \$147 million under a previously announced share repurchase program. During this period, shares were purchased at an average cost of \$40.20 per share. This activity includes 2.5 million shares repurchased during the fourth quarter of 2018 for \$100 million.

Conference Call Information

Athene will host a conference call on Tuesday, February 26, 2019 at 10 a.m. ET. During the call, members of Athene's senior management team will review Athene's financial results for the fourth quarter and full year ended December 31, 2018. This press release and the fourth quarter and full year 2018 earnings presentation and financial supplement will be posted to Athene's website at ir.athene.com.

- Live conference call: Toll-free at 1-866-901-0811 (domestic) or 1-346-354-0810 (international)
- Conference call replay available through March 13, 2019 at 1-800-585-8367 (domestic) or 1-404-537-3406 (international)
- Conference ID number: 5463597
- 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 \$125.5 billion as of December 31, 2018. 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, we present certain financial information that includes non-GAAP measures. 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, 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 corresponding GAAP measures. See *Non-GAAP Measure Reconciliations* for the appropriate reconciliations to the corresponding GAAP measures.

Adjusted operating income 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 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 for the reasons discussed in greater detail above. Accordingly, we believe using a measure which excludes the impact of these items is useful in analyzing our business performance and the trends in our results of operations. Together with net income, 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.

Adjusted ROE, adjusted operating ROE and adjusted net income are non-GAAP measures used to evaluate our financial performance excluding the impacts of AOCI and funds withheld and modco reinsurance unrealized gains and losses, in each case net of DAC, DSI, rider reserve and tax offsets. Adjusted ROE is calculated as adjusted net income, divided by average adjusted shareholders' equity. Adjusted shareholders' equity is calculated as the ending shareholders' equity excluding AOCI and funds withheld and modco reinsurance unrealized gains and losses. Adjusted operating ROE is calculated as the adjusted operating income, divided by average adjusted shareholders' equity. Adjusted net income is calculated as net income excluding funds withheld and modco reinsurance unrealized gains and losses, net of DAC, DSI, rider reserve and tax offsets. These adjustments fluctuate 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. Except with respect to reinvestment activity relating to 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 and funds withheld and modco reinsurance unrealized gains and losses are useful in analyzing trends in our operating results. To enhance the ability to analyze these measures across periods, interim periods are annualized. Adjusted ROE, adjusted operating ROE and adjusted net income should not be used as a substitute for ROE and net income. However, we believe the adjustments to equity are significant to gaining an understanding of our overall financial performance.

Adjusted operating earnings per share, weighted average shares outstanding – adjusted operating and adjusted book value per share 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. Adjusted book value per share is calculated as the adjusted shareholders' equity 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 payment 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, after considering the dilutive effects of the more dilutive securities in the sequence, 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 adjusted book value per share 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.

Adjusted debt to capital ratio is a non-GAAP measure used to evaluate our capital structure excluding the impacts of AOCI and funds withheld and modco reinsurance unrealized gains and losses, net of DAC, DSI, rider reserve and tax offsets. Adjusted debt to capital ratio is calculated as total debt excluding consolidated Variable Interest Entities (VIEs) divided by adjusted shareholders' equity. Adjusted debt to capital ratio should not be used as a substitute for the debt to capital ratio. However, we believe the adjustments to total debt and shareholders' equity are significant to gaining an understanding of our capitalization, debt utilization, and debt capacity.

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. We believe measures like net investment earned rate, cost of crediting and investment margin on deferred annuities are useful 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 indexed 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.

Other liability costs include DAC, DSI and VOBA amortization, rider reserves, institutional costs, the cost of liabilities on products other than deferred annuities, premiums, product charges and other revenues. Along with our cost of crediting, other liability costs give a view of the total costs of our liabilities. We believe a measure like other liability costs is useful in analyzing the trends of our core business operations and profitability. While we believe other liability costs is a meaningful financial metric and enhances our understanding of the underlying profitability drivers of our business, it should not be used as a substitute for total benefits and expenses presented under GAAP.

Operating expenses excludes integration, restructuring and other non-operating expenses, stock compensation expense, interest expense and policy acquisition expenses. We believe a measure like operating expenses is useful in analyzing the trends of our core business operations and profitability. While we believe operating expenses is a meaningful financial metric and enhances our understanding of the underlying profitability drivers of our business, it should not be used as a substitute for policy and other operating expenses presented under GAAP.

In managing our business we analyze invested assets, which does not correspond to total investments, including investments in related parties, as disclosed in our consolidated financial statements and notes thereto. Invested assets represents the investments that directly back our reserve 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 Athene's management and the management of Athene'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 Cuts and Jobs Act, which was enacted on December 22, 2017, and made key changes to the U.S. tax law; 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 Athene's filings with the SEC, including our annual report on Form 10-K for the year ended December 31, 2017, and our quarterly report on Form 10-Q for the quarterly period ended September 30, 2018, 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.

Financial Statement Revisions

As will further be described in the footnotes to our financial statements to be included in our next annual report on Form 10-K, certain account balances presented herein as of or for the periods ended prior to October 1, 2018 have been adjusted for immaterial corrections identified during the year ended December 31, 2018. The corrections identified impacted a non-operating item related to the completeness and accuracy of data used to calculate a key input in the determination of the value of the host contract within our fixed indexed annuity liabilities and other unrelated immaterial errors. We assessed the materiality of these errors individually and in the aggregate, and concluded these errors are not material to the previously reported consolidated financial statements as a whole. The details of the financial statement revisions can be found in the Appendix of the fourth quarter and full year earnings presentation available at ir.athene.com.

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Athene Holding Ltd.
Condensed Consolidated Balance Sheets (*unaudited*)

<i>(In millions)</i>	December 31, 2018	December 31, 2017
Assets		
Investments		
Available-for-sale securities, at fair value	\$ 59,265	\$ 61,008
Trading securities, at fair value	1,949	2,183
Equity securities, at fair value	216	803
Mortgage loans, net of allowances	10,340	6,233
Investment funds	703	699
Policy loans	488	542
Funds withheld at interest	15,023	7,085
Derivative assets	1,043	2,551
Real estate	—	624
Short-term investments, at fair value	191	201
Other investments	122	133
Total investments	89,340	82,062
Cash and cash equivalents	2,911	4,888
Restricted cash	492	105
Investments in related parties		
Available-for-sale securities, at fair value	1,437	410
Trading securities, at fair value	249	307
Equity securities, at fair value	120	—
Mortgage loans	291	—
Investment funds	2,232	1,310
Funds withheld at interest	13,577	—
Short-term investments, at fair value	—	52
Other investments	386	238
Accrued investment income	682	652
Reinsurance recoverable	5,534	5,332
Deferred acquisition costs, deferred sales inducements and value of business acquired	5,907	2,972
Other assets	1,635	969
Assets of consolidated variable interest entities		
Investments		
Trading securities, at fair value – related party	35	48
Equity securities, at fair value – related party	50	240
Investment funds	624	571
Cash and cash equivalents	2	4
Other assets	1	1
Total assets	\$ 125,505	\$ 100,161

(Continued)

Athene Holding Ltd.
Condensed Consolidated Balance Sheets (*unaudited*)

<i>(In millions)</i>	December 31, 2018	December 31, 2017
Liabilities and Equity		
Liabilities		
Interest sensitive contract liabilities	\$ 96,610	\$ 68,099
Future policy benefits	16,704	17,557
Other policy claims and benefits	142	211
Dividends payable to policyholders	118	1,025
Long-term debt	991	—
Derivative liabilities	85	134
Payables for collateral on derivatives	969	2,323
Funds withheld liability	721	407
Other liabilities	888	1,227
Liabilities of consolidated variable interest entities	1	2
Total liabilities	117,229	90,985
Equity		
Common stock	—	—
Additional paid-in capital	3,462	3,472
Retained earnings	5,286	4,255
Accumulated other comprehensive income	(472)	1,449
Total shareholders' equity	8,276	9,176
Total liabilities and equity	\$ 125,505	\$ 100,161

(Concluded)

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

<i>(In millions)</i>	Three months ended December 31,		Years ended December 31,	
	2018	2017	2018	2017
Revenue				
Premiums	\$ 1,833	\$ 1,962	\$ 3,368	\$ 2,465
Product charges	128	88	449	340
Net investment income	1,121	842	4,004	3,269
Investment related gains (losses)	(1,902)	957	(1,324)	2,572
OTTI investment losses				
OTTI losses	(14)	(6)	(24)	(29)
OTTI losses reclassified to (from) OCI	2	(2)	6	(4)
Net OTTI losses	(12)	(8)	(18)	(33)
Other revenues	4	13	26	37
Revenues of consolidated variable interest entities				
Net investment income	17	12	56	42
Investment related gains (losses)	(35)	6	(18)	35
Total revenues	1,154	3,872	6,543	8,727
Benefits and Expenses				
Interest sensitive contract benefits	(825)	971	290	2,866
Amortization of DSI	(12)	21	54	63
Future policy and other policy benefits	1,994	2,118	4,187	3,200
Amortization of DAC and VOBA	(33)	93	174	344
Dividends to policyholders	5	(11)	37	118
Policy and other operating expenses	172	193	625	672
Operating expenses of consolidated variable interest entities	—	—	1	—
Total benefits and expenses	1,301	3,385	5,368	7,263
Income (loss) before income taxes	(147)	487	1,175	1,464
Income tax expense (benefit)	(43)	48	122	106
Net income (loss)	\$ (104)	\$ 439	\$ 1,053	\$ 1,358

Non-GAAP Measure Reconciliations

The reconciliation of net income to adjusted operating income excluding notable items is as follows:

<i>(In millions)</i>	Three months ended December 31,		Years ended December 31,	
	2018	2017	2018	2017
Net income (loss)	\$ (104)	\$ 439	\$ 1,053	\$ 1,358
Less: Total non-operating adjustments	(344)	126	(87)	303
Adjusted operating income	240	313	1,140	1,055
Notable Items	53	(81)	31	(138)
Adjusted operating income excluding notable items	\$ 293	\$ 232	\$ 1,171	\$ 917
Retirement Services adjusted operating income	\$ 296	\$ 287	\$ 1,201	\$ 1,038
Rider reserve and DAC equity market performance	58	(55)	21	(152)
Unlocking	—	—	13	20
Proceeds from bond previously written down	—	—	—	(14)
Tax impact of notable items	(5)	4	(3)	10
Retirement Services notable items	53	(51)	31	(136)
Retirement Services adjusted operating income excluding notable items	349	236	1,232	902
Corporate and Other adjusted operating income (loss)	(56)	26	(61)	17
Germany adjusted operating loss, net of tax	—	(30)	—	(2)
Corporate and Other adjusted operating income (loss) excluding notable items	(56)	(4)	(61)	15
Adjusted operating income excluding notable items	\$ 293	\$ 232	\$ 1,171	\$ 917

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

	Three months ended December 31,		Years ended December 31,	
	2018	2017	2018	2017
Basic earnings per share – Class A common shares	\$ (0.53)	\$ 2.23	\$ 5.34	\$ 6.95
Non-operating adjustments				
Investment gains (losses), net of offsets	(0.59)	0.30	(1.40)	1.02
Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets	(1.47)	0.54	1.24	1.17
Integration, restructuring and other non-operating expenses	(0.02)	(0.18)	(0.12)	(0.35)
Stock compensation expense	(0.01)	(0.02)	(0.05)	(0.17)
Income tax (expense) benefit – non-operating	0.33	(0.01)	(0.11)	(0.13)
Less: Total non-operating adjustments	(1.76)	0.63	(0.44)	1.54
Less: Effect of items convertible to or settled in Class A common shares	—	—	(0.04)	0.02
Adjusted operating earnings per share	\$ 1.23	\$ 1.60	\$ 5.82	\$ 5.39

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,	
	2018	2017	2018	2017
Basic weighted average shares outstanding – Class A	164.2	126.0	160.5	107.7
Conversion of Class B shares to Class A shares	25.5	63.5	29.3	81.6
Conversion of Class M shares to Class A shares	5.2	6.1	5.6	6.1
Effect of other stock compensation plans	0.6	0.5	0.5	0.5
Weighted average shares outstanding – adjusted operating	<u>195.5</u>	<u>196.1</u>	<u>195.9</u>	<u>195.9</u>

The reconciliation of shareholders' equity to adjusted shareholders' equity included in adjusted book value per share, adjusted debt to capital ratio, adjusted ROE and adjusted operating ROE is as follows:

<i>(In millions)</i>	December 31,	
	2018	2017
Total shareholders' equity	\$ 8,276	\$ 9,176
Less: AOCI	(472)	1,449
Less: Accumulated reinsurance unrealized gains and losses	(75)	161
Total adjusted shareholders' equity	<u>\$ 8,823</u>	<u>\$ 7,566</u>
Retirement Services	\$ 7,807	\$ 5,237
Corporate and Other	1,016	2,329
Total adjusted shareholders' equity	<u>\$ 8,823</u>	<u>\$ 7,566</u>

The reconciliation of average shareholders' equity to average adjusted shareholders' equity included in adjusted ROE and adjusted operating ROE is as follows:

<i>(In millions)</i>	Three months ended December 31,		Years ended December 31,	
	2018	2017	2018	2017
Average shareholders' equity	\$ 8,627	\$ 8,912	\$ 8,726	\$ 8,029
Less: Average AOCI	(220)	1,316	489	908
Less: Average accumulated reinsurance unrealized gains and losses	(53)	163	43	112
Average adjusted shareholders' equity	<u>\$ 8,900</u>	<u>\$ 7,433</u>	<u>\$ 8,194</u>	<u>\$ 7,009</u>
Retirement Services	\$ 7,416	\$ 5,200	\$ 6,522	\$ 4,823
Corporate and Other	1,484	2,233	1,672	2,186
Average adjusted shareholders' equity	<u>\$ 8,900</u>	<u>\$ 7,433</u>	<u>\$ 8,194</u>	<u>\$ 7,009</u>

The reconciliation of net income to adjusted net income included in adjusted ROE is as follows:

<i>(In millions)</i>	Three months ended December 31,		Years ended December 31,	
	2018	2017	2018	2017
Net income	\$ (104)	\$ 439	\$ 1,053	\$ 1,358
Reinsurance unrealized gains and losses	44	2	236	(98)
Adjusted net income	<u>\$ (60)</u>	<u>\$ 441</u>	<u>\$ 1,289</u>	<u>\$ 1,260</u>

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

<i>(In millions)</i>	December 31,	
	2018	2017
Class A common shares outstanding	162.2	142.2
Conversion of Class B shares to Class A shares	25.4	47.4
Conversion of Class M shares to Class A shares	4.9	6.4
Effect of other stock compensation plans	1.0	0.9
Adjusted operating common shares outstanding	<u>193.5</u>	<u>196.9</u>

The reconciliation of book value per share to adjusted book value per share is as follows:

	December 31,	
	2018	2017
Book value per share	\$ 42.45	\$ 46.60
AOCI	2.42	(7.36)
Accumulated reinsurance unrealized gains and losses	0.39	(0.82)
Effect of items convertible to or settled in Class A common shares	0.33	0.01
Adjusted book value per share	<u>\$ 45.59</u>	<u>\$ 38.43</u>

The reconciliation of debt to capital ratio to adjusted debt to capital ratio is as follows:

	December 31,	
	2018	2017
Total debt	\$ 991	\$ —
Total shareholders' equity	8,276	9,176
Total capitalization	9,267	9,176
Less: AOCI	(472)	1,449
Less: Accumulated reinsurance unrealized gains and losses	(75)	161
Total adjusted capitalization	<u>\$ 9,814</u>	<u>\$ 7,566</u>
Debt to capital ratio	10.7 %	—%
AOCI	(0.5)%	—%
Accumulated reinsurance unrealized gains and losses	(0.1)%	—%
Adjusted debt to capital ratio	<u>10.1 %</u>	<u>—%</u>

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,			
	2018		2017		2018		2017	
	Dollar	Rate	Dollar	Rate	Dollar	Rate	Dollar	Rate
GAAP net investment income	\$ 1,121	4.10 %	\$ 842	4.18 %	\$ 4,004	4.30 %	\$ 3,269	4.27 %
Reinsurance embedded derivative impacts	132	0.48 %	54	0.27 %	301	0.32 %	191	0.25 %
Net VIE earnings	(18)	(0.07)%	18	0.09 %	37	0.04 %	77	0.10 %
Alternative income gain (loss)	(20)	(0.07)%	(9)	(0.04)%	(34)	(0.04)%	(20)	(0.03)%
Held for trading amortization	(11)	(0.04)%	(44)	(0.22)%	(76)	(0.08)%	(94)	(0.12)%
Total adjustments to arrive at net investment earnings/earned rate	83	0.30 %	19	0.10 %	228	0.24 %	154	0.20 %
Total net investment earnings/earned rate	\$ 1,204	4.40 %	\$ 861	4.28 %	\$ 4,232	4.54 %	\$ 3,423	4.47 %
Retirement Services	\$ 1,231	4.57 %	\$ 829	4.57 %	\$ 4,188	4.60 %	\$ 3,241	4.70 %
Corporate and Other	(27)	(7.57)%	32	1.61 %	44	1.99 %	182	2.42 %
Total net investment earnings/earned rate	\$ 1,204	4.40 %	\$ 861	4.28 %	\$ 4,232	4.54 %	\$ 3,423	4.47 %
Retirement Services average invested assets	\$ 107,939		\$ 72,587		\$ 90,995		\$ 69,014	
Corporate and Other average invested assets	1,484		7,964		2,182		7,541	
Average invested assets	\$ 109,423		\$ 80,551		\$ 93,177		\$ 76,555	

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,			
	2018		2017		2018		2017	
	Dollar	Rate	Dollar	Rate	Dollar	Rate	Dollar	Rate
GAAP interest sensitive contract benefits	\$ (825)	(3.71)%	\$ 971	6.69 %	\$ 290	0.40 %	\$ 2,866	5.06 %
Interest credited other than deferred annuities	(38)	(0.17)%	(35)	(0.24)%	(163)	(0.22)%	(125)	(0.22)%
FIA option costs	275	1.24 %	159	1.09 %	886	1.20 %	607	1.07 %
Product charges (strategy fees)	(28)	(0.12)%	(20)	(0.14)%	(98)	(0.13)%	(73)	(0.13)%
Reinsurance embedded derivative impacts	14	0.05 %	10	0.07 %	49	0.07 %	37	0.07 %
Change in fair values of embedded derivatives – FIAs	1,039	4.68 %	(810)	(5.58)%	436	0.59 %	(2,252)	(3.98)%
Negative VOBA amortization	9	0.04 %	10	0.07 %	31	0.04 %	40	0.07 %
Unit linked change in reserve	—	— %	(12)	(0.08)%	—	— %	(29)	(0.05)%
Other changes in interest sensitive contract liabilities	(3)	(0.01)%	(2)	(0.01)%	—	— %	(5)	(0.01)%
Total adjustments to arrive at cost of crediting on deferred annuities	1,268	5.71 %	(700)	(4.82)%	1,141	1.55 %	(1,800)	(3.18)%
Retirement Services cost of crediting on deferred annuities	\$ 443	2.00 %	\$ 271	1.87 %	\$ 1,431	1.95 %	\$ 1,066	1.88 %
Average account value on deferred annuities	\$ 88,874		\$ 58,033		\$ 73,567		\$ 56,589	

The reconciliation of benefits and expenses to other liability costs is as follows:

	Three months ended December 31,		Years ended December 31,	
	2018	2017	2018	2017
GAAP benefits and expenses	\$ 1,301	\$ 3,385	\$ 5,368	\$ 7,263
Premiums	(1,833)	(1,962)	(3,368)	(2,465)
Product charges	(128)	(88)	(449)	(340)
Other revenues	(4)	(13)	(26)	(37)
Cost of crediting	(154)	(102)	(496)	(423)
Change in fair value of embedded derivatives - FIA, net of offsets	1,266	(873)	327	(2,404)
DAC, DSI and VOBA amortization related to investment gains and losses	36	(14)	110	(65)
Rider reserves	8	(7)	16	(16)
Policy and other operating expenses, excluding policy acquisition expenses	(102)	(130)	(394)	(435)
VIE operating expenses	—	—	(1)	—
AmerUs closed block fair value liability	14	(19)	112	(68)
Policyholder dividends	—	(24)	—	(84)
Other	1	(12)	10	(30)
Total adjustments to arrive at other liability costs	(896)	(3,244)	(4,159)	(6,367)
Other liability costs	\$ 405	\$ 141	\$ 1,209	\$ 896
Retirement Services	\$ 405	\$ 177	\$ 1,209	\$ 839
Corporate and Other	—	(36)	—	57
Consolidated other liability costs	\$ 405	\$ 141	\$ 1,209	\$ 896

The reconciliation of policy and other expenses to operating expenses is as follows:

	Three months ended December 31,		Years ended December 31,	
	2018	2017	2018	2017
Policy and other operating expenses	\$ 172	\$ 193	\$ 625	\$ 672
Interest expense	(13)	(6)	(57)	(16)
Policy acquisition expenses, net of deferrals	(70)	(63)	(232)	(237)
Integration, restructuring and other non-operating expenses	(4)	(34)	(22)	(68)
Stock compensation expenses	(3)	(3)	(11)	(33)
Total adjustments to arrive at operating expenses	(90)	(106)	(322)	(354)
Operating expenses	\$ 82	\$ 87	\$ 303	\$ 318
Retirement Services	\$ 65	\$ 55	\$ 242	\$ 212
Corporate and Other	17	32	61	106
Consolidated operating expenses	\$ 82	\$ 87	\$ 303	\$ 318

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

<i>(In millions)</i>	December 31,	
	2018	2017
Total investments, including related parties	\$ 107,632	\$ 84,379
Derivative assets	(1,043)	(2,551)
Cash and cash equivalents (including restricted cash)	3,403	4,993
Accrued investment income	682	652
Payables for collateral on derivatives	(969)	(2,323)
Reinsurance funds withheld and modified coinsurance	223	(579)
VIE and VOE assets, liabilities and noncontrolling interest	718	862
Unrealized (gains) losses	808	(2,794)
Ceded policy loans	(281)	(308)
Net investment receivables (payables)	(139)	(33)
Total adjustments to arrive at invested assets	3,402	(2,081)
Total invested assets	\$ 111,034	\$ 82,298



Financial Supplement

Fourth Quarter 2018

December 31, 2018

A. Financial Highlights	
Notes to the Financial Supplement	1
Financial Highlights	5
Capitalization and Equity	6
Condensed Consolidated Balance Sheets	7
Consolidated Results of Operations	9
Segment Results of Operations	10
Other Liability Costs	12
B. Product Summary – Retirement Services	
Net Investment Earned Rate and Investment Margin on Deferred Annuities	13
Annuity Liability Characteristics	14
Consolidated Reserve Summary	16
C. Consolidated Investment Summary	
Investments Summary	18
AFS Securities by Sector	19
Credit Quality of AFS Securities	20
Mortgage Loans by Property Type and Region	22
Investment Funds	23
Funds Withheld At Interest Summary	24
Invested Assets Summary	25
D. Additional Information	
Financial Strength Ratings and Regulatory Capital	29
Non-GAAP Measure Reconciliations	30

Athene Holding Ltd.
Financial Supplement—December 31, 2018
Notes to the Financial Supplement

Financial Statement Revisions

As will further be described in the footnotes to our financial statements to be included in our next annual report on Form 10-K, certain account balances presented herein as of or for the periods ended prior to October 1, 2018 have been adjusted for immaterial corrections identified during the year ended December 31, 2018. The corrections identified impacted a non-operating item related to the completeness and accuracy of data used to calculate a key input in the determination of the value of the host contract within our fixed indexed annuity liabilities and other unrelated immaterial errors. We assessed the materiality of these errors individually and in the aggregate, and concluded these errors are not material to the previously reported consolidated financial statements as a whole.

Key Operating and Non-GAAP Measures

In addition to our results presented in accordance with GAAP, we present certain financial information that includes non-GAAP measures. 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, 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 corresponding GAAP measures. See *Non-GAAP Measure Reconciliations* for the appropriate reconciliations to the corresponding GAAP measures.

Adjusted Operating Income

Adjusted operating income 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 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 other-than-temporary impairment (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 guaranteed lifetime withdrawal benefit (GLWB) and guaranteed minimum death benefit (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 fluctuations 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 related to our underlying profitability drivers 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 related to our underlying profitability drivers 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 related to our underlying profitability drivers.

Athene Holding Ltd.
Financial Supplement—December 31, 2018
Notes to the Financial Supplement

- **Income Tax (Expense) Benefit – Non-operating**—The non-operating income tax expense represents the income tax effect of non-operating adjustments and is computed by applying the appropriate jurisdiction's tax rate to the non-operating adjustments that are subject to income tax.

We consider these non-operating adjustments to be meaningful adjustments to net income for the reasons discussed in greater detail above. Accordingly, we believe using a measure which excludes the impact of these items is useful in analyzing our business performance and the trends in our results of operations. Together with net income, 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.

Adjusted ROE, Adjusted Operating ROE and Adjusted Net Income

Adjusted ROE, adjusted operating ROE and adjusted net income are non-GAAP measures used to evaluate our financial performance excluding the impacts of AOCI and funds withheld and modco reinsurance unrealized gains and losses, in each case net of DAC, DSI, rider reserve and tax offsets. Adjusted ROE is calculated as adjusted net income, divided by average adjusted shareholders' equity. Adjusted shareholders' equity is calculated as the ending shareholders' equity excluding AOCI and funds withheld and modco reinsurance unrealized gains and losses. Adjusted operating ROE is calculated as the adjusted operating income, divided by average adjusted shareholders' equity. Adjusted net income is calculated as net income excluding funds withheld and modco reinsurance unrealized gains and losses, net of DAC, DSI, rider reserve and tax offsets. These adjustments fluctuate 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. Except with respect to reinvestment activity relating to 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 and funds withheld and modco reinsurance unrealized gains and losses are useful in analyzing trends in our operating results. To enhance the ability to analyze these measures across periods, interim periods are annualized. Adjusted ROE, adjusted operating ROE and adjusted net income should not be used as a substitute for ROE and net income. However, we believe the adjustments to equity are significant to gaining an understanding of our overall financial performance.

Adjusted Operating Earnings Per Share, Weighted Average Shares Outstanding – Adjusted Operating and Adjusted Book Value Per Share

Adjusted operating earnings per share, weighted average shares outstanding – adjusted operating and adjusted book value per share 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. Adjusted book value per share is calculated as the adjusted shareholders' equity 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 payment 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, after considering the dilutive effects of the more dilutive securities in the sequence, 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 adjusted book value per share 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.

Adjusted Debt to Capital Ratio

Adjusted debt to capital ratio is a non-GAAP measure used to evaluate our capital structure excluding the impacts of AOCI and funds withheld and modco reinsurance unrealized gains and losses, net of DAC, DSI, rider reserve and tax offsets. Adjusted debt to capital ratio is calculated as total debt excluding consolidated Variable Interest Entities (VIEs) divided by adjusted shareholders' equity. Adjusted debt to capital ratio should not be used as a substitute for the debt to capital ratio. However, we believe the adjustments to total debt and shareholders' equity are significant to gaining an understanding of our capitalization, debt utilization, and debt capacity.

Retirement Services Net Investment Earned Rate, Cost of Crediting, Investment Margin on Deferred Annuities, Other Liability Costs and Operating Expenses

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 indexed 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.

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 useful 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.

Other liability costs include DAC, DSI and VOBA amortization, rider reserves, institutional costs, the cost of liabilities on products other than deferred annuities, premiums, product charges and other revenues. Along with our cost of crediting, other liability costs give a view of the total costs of our liabilities. We believe a measure like other liability costs is useful in analyzing the trends of our core business operations and profitability. While we believe other liability costs is a meaningful financial metric and enhances our understanding of the underlying profitability drivers of our business, it should not be used as a substitute for total benefits and expenses presented under GAAP.

Operating expenses excludes integration, restructuring and other non-operating expenses, stock compensation expense, interest expense and policy acquisition expenses. We believe a measure like operating expenses is useful in analyzing the trends of our core business operations and profitability. While we believe operating expenses is a meaningful financial metric and enhances our understanding of the underlying profitability drivers of our business, it should not be used as a substitute for policy and other operating expenses presented under GAAP.

Invested Assets

In managing our business we analyze invested assets, which does not correspond to total investments, including investments in related parties, as disclosed in our consolidated financial statements and notes thereto. Invested assets represents the investments that directly back our reserve 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

[Table of Contents](#)

Athene Holding Ltd.
Financial Supplement—December 31, 2018
Notes to the Financial Supplement

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).

[Table of Contents](#)

Athene Holding Ltd.

Financial Supplement—December 31, 2018

Financial Highlights

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

Year-to-date			2018				2017
2018	2017		Q4	Q3	Q2	Q1	Q4
Deposits							
\$ 7,542	\$ 5,353	Retail sales	\$ 2,018	\$ 2,200	\$ 2,038	\$ 1,286	\$ 1,282
2,423	875	Flow reinsurance	1,136	610	473	204	305
650	3,000	Funding agreements	225	—	125	300	—
2,581	2,253	Pension risk transfer	1,785	476	54	266	1,926
13,196	11,481	Total organic deposits	5,164	3,286	2,690	2,056	3,513
26,982	—	Inorganic deposits	7,878	—	19,104	—	—
<u>\$ 40,178</u>	<u>\$ 11,481</u>	Total deposits	<u>\$ 13,042</u>	<u>\$ 3,286</u>	<u>\$ 21,794</u>	<u>\$ 2,056</u>	<u>\$ 3,513</u>
Consolidated results of operations							
\$ 1,053	\$ 1,358	Net income (loss)	\$ (104)	\$ 623	\$ 257	\$ 277	\$ 439
1,140	1,055	Adjusted operating income	240	371	288	241	313
12.1%	16.9%	ROE	(4.8)%	28.6%	12.0%	12.4%	19.7%
15.7%	18.0%	Adjusted ROE	(2.7)%	30.8%	17.3%	17.1%	23.7%
13.9%	15.1%	Adjusted operating ROE	10.8%	17.2%	14.2%	12.4%	16.8%
Retirement Services							
\$ 1,201	\$ 1,038	Adjusted operating income	\$ 296	\$ 379	\$ 287	\$ 239	\$ 287
18.4%	21.5%	Adjusted operating ROE	16.0%	23.2%	19.8%	17.8%	22.1%
Earnings per share							
\$ 5.34	\$ 6.95	Basic ¹	\$ (0.53)	\$ 3.16	\$ 1.30	\$ 1.40	\$ 2.23
\$ 5.32	\$ 6.91	Diluted – Class A ²	\$ (0.53)	\$ 3.15	\$ 1.30	\$ 1.40	\$ 2.22
\$ 5.82	\$ 5.39	Adjusted operating earnings per share ³	\$ 1.23	\$ 1.90	\$ 1.47	\$ 1.23	\$ 1.60
Book Value per share							
\$ 42.45	\$ 46.60	Book value per share	\$ 42.45	\$ 45.51	\$ 42.89	\$ 44.05	\$ 46.60
\$ 45.59	\$ 38.43	Adjusted book value per share ³	\$ 45.59	\$ 45.53	\$ 42.27	\$ 40.37	\$ 38.43
Balance sheet items							
\$ 125,505	\$ 100,161	Total assets	\$ 125,505	\$ 118,250	\$ 115,191	\$ 94,001	\$ 100,161
107,632	84,379	Total investments, including related parties	107,632	101,346	98,682	80,273	84,379
111,034	82,298	Invested assets	111,034	100,596	98,609	78,723	82,298
117,229	90,985	Total liabilities	117,229	109,272	106,729	85,314	90,985
107,732	81,252	Reserve liabilities	107,732	98,553	96,248	75,823	81,252
8,276	9,176	Total shareholders' equity	8,276	8,978	8,462	8,687	9,176
8,823	7,566	Adjusted shareholders' equity	8,823	8,976	8,303	7,946	7,566
10.7%	—%	Debt to capital ratio	10.7%	9.9%	12.2%	10.2%	—%
10.1%	—%	Adjusted debt to capital ratio	10.1%	9.9%	12.4%	11.1%	—%
Share data							
197.1	195.3	Weighted average shares outstanding – basic ¹	197.1	197.3	197.3	197.1	196.7
161.1	111.0	Weighted average shares outstanding – diluted – Class A common shares ²	164.2	165.1	164.8	149.0	126.4
195.9	195.9	Weighted average shares outstanding – adjusted operating ³	195.5	196.1	195.1	196.0	196.1
195.0	196.9	Common shares outstanding ⁴	195.0	197.3	197.3	197.2	196.9
193.5	196.9	Adjusted operating common shares outstanding ³	193.5	197.2	196.4	196.8	196.9

Note: Please refer to Notes to the Financial Supplement section and the Non-GAAP Measure Reconciliations for discussion on adjusted operating income, adjusted ROE, adjusted operating ROE, adjusted book value and adjusted debt to capital ratio.

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

[Table of Contents](#)
Athene Holding Ltd.
Financial Supplement—December 31, 2018
Capitalization and Equity
Unaudited (In millions, except percentages)

	2018				2017
	Q4	Q3	Q2	Q1	Q4
Capitalization					
Total debt	\$ 991	\$ 991	\$ 1,174	\$ 992	\$ —
Total shareholders' equity	8,276	8,978	8,462	8,687	9,176
Total capitalization	9,267	9,969	9,636	9,679	9,176
Less: AOCI	(472)	33	147	634	1,449
Less: Accumulated reinsurance unrealized gains and losses	(75)	(31)	12	107	161
Total adjusted capitalization	\$ 9,814	\$ 9,967	\$ 9,477	\$ 8,938	\$ 7,566
Total shareholders' equity	\$ 8,276	\$ 8,978	\$ 8,462	\$ 8,687	\$ 9,176
Less: AOCI	(472)	33	147	634	1,449
Less: Accumulated reinsurance unrealized gains and losses	(75)	(31)	12	107	161
Total adjusted shareholders' equity	\$ 8,823	\$ 8,976	\$ 8,303	\$ 7,946	\$ 7,566
Retirement Services	\$ 7,807	\$ 7,024	\$ 6,050	\$ 5,495	\$ 5,237
Corporate and Other	1,016	1,952	2,253	2,451	2,329
Total adjusted shareholders' equity	\$ 8,823	\$ 8,976	\$ 8,303	\$ 7,946	\$ 7,566
Debt to capital ratio	10.7 %	9.9%	12.2%	10.2%	—%
AOCI	(0.5)%	0.0%	0.2%	0.8%	—%
Accumulated reinsurance unrealized gains and losses	(0.1)%	0.0%	0.0%	0.1%	—%
Adjusted debt to capital ratio¹	10.1 %	9.9%	12.4%	11.1%	—%

¹ Total debt in Q2 2018 includes a short-term borrowing of \$183 million that was repaid in Q3 2018.

[Table of Contents](#)
Athene Holding Ltd.
Financial Supplement—December 31, 2018
Condensed Consolidated Balance Sheets
Unaudited *(In millions)*

	December 31,	
	2018	2017
Assets		
Investments		
Available-for-sale securities, at fair value	\$ 59,265	\$ 61,008
Trading securities, at fair value	1,949	2,183
Equity securities, at fair value	216	803
Mortgage loans, net of allowances	10,340	6,233
Investment funds	703	699
Policy loans	488	542
Funds withheld at interest	15,023	7,085
Derivative assets	1,043	2,551
Real estate	—	624
Short-term investments, at fair value	191	201
Other investments	122	133
Total investments	89,340	82,062
Cash and cash equivalents	2,911	4,888
Restricted cash	492	105
Investments in related parties		
Available-for-sale securities, at fair value	1,437	410
Trading securities, at fair value	249	307
Equity securities, at fair value	120	—
Mortgage loans	291	—
Investment funds	2,232	1,310
Funds withheld at interest	13,577	—
Short-term investments, at fair value	—	52
Other investments	386	238
Accrued investment income	682	652
Reinsurance recoverable	5,534	5,332
Deferred acquisition costs, deferred sales inducements and value of business acquired	5,907	2,972
Other assets	1,635	969
Assets of consolidated variable interest entities		
Investments		
Trading securities, at fair value – related party	35	48
Equity securities, at fair value – related party	50	240
Investment funds	624	571
Cash and cash equivalents	2	4
Other assets	1	1
Total assets	\$ 125,505	\$ 100,161

(Continued)

[Table of Contents](#)
Athene Holding Ltd.
Financial Supplement—December 31, 2018
Condensed Consolidated Balance Sheets
Unaudited *(In millions)*

	December 31,	
	2018	2017
Liabilities and Equity		
Liabilities		
Interest sensitive contract liabilities	\$ 96,610	\$ 68,099
Future policy benefits	16,704	17,557
Other policy claims and benefits	142	211
Dividends payable to policyholders	118	1,025
Long-term debt	991	—
Derivative liabilities	85	134
Payables for collateral on derivatives	969	2,323
Funds withheld liability	721	407
Other liabilities	888	1,227
Liabilities of consolidated variable interest entities	1	2
Total liabilities	<u>117,229</u>	<u>90,985</u>
Equity		
Common Stock	—	—
Additional paid-in-capital	3,462	3,472
Retained earnings	5,286	4,255
Accumulated other comprehensive income (loss)	(472)	1,449
Total shareholders' equity	<u>8,276</u>	<u>9,176</u>
Total liabilities and equity	<u>\$ 125,505</u>	<u>\$ 100,161</u>

(Concluded)

[Table of Contents](#)
Athene Holding Ltd.
Financial Supplement—December 31, 2018
Condensed Consolidated Statements of Income
Unaudited (In millions)

Year-to-date			2018				2017
2018	2017		Q4	Q3	Q2	Q1	Q4
		Revenue					
\$ 3,368	\$ 2,465	Premiums	\$ 1,833	\$ 526	\$ 731	\$ 278	\$ 1,962
449	340	Product charges	128	119	106	96	88
4,004	3,269	Net investment income	1,121	1,070	958	855	842
(1,324)	2,572	Investment related gains (losses)	(1,902)	816	(2)	(236)	957
		Other-than-temporary impairment investment losses					
(24)	(29)	Other-than-temporary impairment losses	(14)	(7)	—	(3)	(6)
6	(4)	Other-than-temporary impairment losses reclassified to (from) other comprehensive income	2	4	—	—	(2)
(18)	(33)	Net other-than-temporary impairment losses	(12)	(3)	—	(3)	(8)
26	37	Other revenues	4	10	6	6	13
		Revenues related to consolidated variable interest entities					
56	42	Net investment income	17	15	14	10	12
(18)	35	Investment related gains (losses)	(35)	23	(11)	5	6
6,543	8,727	Total revenues	1,154	2,576	1,802	1,011	3,872
		Benefits and expenses					
290	2,866	Interest sensitive contract benefits	(825)	742	342	31	971
54	63	Amortization of deferred sales inducements	(12)	23	23	20	21
4,187	3,200	Future policy and other policy benefits	1,994	928	864	401	2,118
174	344	Amortization of deferred acquisition costs and value of business acquired	(33)	36	89	82	93
37	118	Dividends to policyholders	5	10	9	13	(11)
625	672	Policy and other operating expenses	172	158	153	142	193
1	—	Operating expenses of consolidated variable interest entities	—	—	1	—	—
5,368	7,263	Total benefits and expenses	1,301	1,897	1,481	689	3,385
1,175	1,464	Income (loss) before income taxes	(147)	679	321	322	487
122	106	Income tax expense (benefit)	(43)	56	64	45	48
\$ 1,053	\$ 1,358	Net income (loss)	\$ (104)	\$ 623	\$ 257	\$ 277	\$ 439

[Table of Contents](#)

Athene Holding Ltd.

Financial Supplement—December 31, 2018

Segment Results of Operations

Unaudited (In millions, except per share data)

Results of operations by segment

Year-to-date			2018				2017
2018	2017		Q4	Q3	Q2	Q1	Q4
\$ 1,053	\$ 1,358	Net income (loss)	\$ (104)	\$ 623	\$ 257	\$ 277	\$ 439
		Non-operating adjustments					
13	137	Realized gains (losses) on sale of AFS securities	(20)	5	11	17	73
(18)	(7)	Unrealized, impairments and other investment gains (losses)	(40)	6	10	6	8
(402)	152	Assumed modco and funds withheld reinsurance embedded derivatives	(100)	(95)	(129)	(78)	(1)
133	(83)	Offsets to investment gains (losses)	46	31	34	22	(21)
(274)	199	Investment gains (losses), net of offsets	(114)	(53)	(74)	(33)	59
242	230	Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets	(288)	376	68	86	105
(22)	(68)	Integration, restructuring and other non-operating expenses	(4)	(2)	(8)	(8)	(34)
(11)	(33)	Stock compensation expense	(3)	(3)	(2)	(3)	(3)
(22)	(25)	Income tax (expense) benefit – non-operating	65	(66)	(15)	(6)	(1)
(87)	303	Less: Total non-operating adjustments	(344)	252	(31)	36	126
\$ 1,140	\$ 1,055	Adjusted operating income	\$ 240	\$ 371	\$ 288	\$ 241	\$ 313
		Adjusted operating income by segment					
\$ 1,201	\$ 1,038	Retirement Services	\$ 296	\$ 379	\$ 287	\$ 239	\$ 287
(61)	17	Corporate and Other	(56)	(8)	1	2	26
\$ 1,140	\$ 1,055	Adjusted operating income	\$ 240	\$ 371	\$ 288	\$ 241	\$ 313
\$ 5.34	\$ 6.95	Basic earnings per share – Class A common shares	\$ (0.53)	\$ 3.16	\$ 1.30	\$ 1.40	\$ 2.23
		Non-operating adjustments					
0.06	0.70	Realized gains (losses) on sale of AFS securities	(0.11)	0.02	0.05	0.09	0.37
(0.09)	(0.03)	Unrealized, impairments and other investment gains (losses)	(0.20)	0.03	0.05	0.03	0.04
(2.05)	0.77	Assumed modco and funds withheld reinsurance embedded derivatives	(0.51)	(0.49)	(0.66)	(0.40)	—
0.68	(0.42)	Offsets to investment gains (losses)	0.23	0.15	0.18	0.11	(0.11)
(1.40)	1.02	Investment gains (losses), net of offsets	(0.59)	(0.29)	(0.38)	(0.17)	0.30
1.24	1.17	Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets	(1.47)	1.91	0.35	0.44	0.54
(0.12)	(0.35)	Integration, restructuring and other non-operating expenses	(0.02)	(0.02)	(0.05)	(0.04)	(0.18)
(0.05)	(0.17)	Stock compensation expense	(0.01)	(0.01)	(0.02)	(0.01)	(0.02)
(0.11)	(0.13)	Income tax (expense) benefit – non-operating	0.33	(0.34)	(0.08)	(0.03)	(0.01)
(0.44)	1.54	Less: Total non-operating adjustments	(1.76)	1.25	(0.18)	0.19	0.63
(0.04)	0.02	Effect of items convertible to or settled in Class A common shares	—	0.01	0.01	(0.02)	—
\$ 5.82	\$ 5.39	Adjusted operating earnings per share	\$ 1.23	\$ 1.90	\$ 1.47	\$ 1.23	\$ 1.60

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

[Table of Contents](#)

Athene Holding Ltd.

Financial Supplement—December 31, 2018

Segment Results of Operations

Unaudited (In millions, except per share data)

Consolidated summary of adjusted operating income

Year-to-date			2018				2017
2018	2017		Q4	Q3	Q2	Q1	Q4
\$ 3,897	\$ 3,111	Fixed income and other investment income	\$ 1,142	\$ 1,036	\$ 921	\$ 798	\$ 810
335	312	Alternative investment income	62	90	88	95	51
4,232	3,423	Net investment earnings	1,204	1,126	1,009	893	861
(1,431)	(1,066)	Cost of crediting on deferred annuities	(443)	(395)	(318)	(275)	(271)
(1,209)	(896)	Other liability costs ¹	(405)	(279)	(270)	(255)	(141)
(49)	(7)	Interest expense	(12)	(13)	(14)	(10)	(2)
(303)	(318)	Operating expenses	(82)	(78)	(70)	(73)	(87)
1,240	1,136	Pre-tax adjusted operating income	262	361	337	280	360
(100)	(81)	Income tax (expense) benefit – operating	(22)	10	(49)	(39)	(47)
<u>\$ 1,140</u>	<u>\$ 1,055</u>	Adjusted operating income	<u>\$ 240</u>	<u>\$ 371</u>	<u>\$ 288</u>	<u>\$ 241</u>	<u>\$ 313</u>

Note: Please refer to Notes 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			2018				2017
2018	2017		Q4	Q3	Q2	Q1	Q4
\$ 3,825	\$ 2,968	Fixed income and other investment income	\$ 1,132	\$ 1,021	\$ 897	\$ 775	\$ 772
363	273	Alternative investment income	99	87	86	91	57
4,188	3,241	Net investment earnings	1,231	1,108	983	866	829
(1,431)	(1,066)	Cost of crediting on deferred annuities	(443)	(395)	(318)	(275)	(271)
(1,209)	(839)	Other liability costs	(405)	(279)	(270)	(255)	(177)
(5)	(3)	Interest expense	—	(2)	(3)	—	—
(242)	(212)	Operating expenses	(65)	(63)	(56)	(58)	(55)
1,301	1,121	Pre-tax adjusted operating income	318	369	336	278	326
(100)	(83)	Income tax (expense) benefit – operating	(22)	10	(49)	(39)	(39)
<u>\$ 1,201</u>	<u>\$ 1,038</u>	Adjusted operating income	<u>\$ 296</u>	<u>\$ 379</u>	<u>\$ 287</u>	<u>\$ 239</u>	<u>\$ 287</u>

Corporate and Other summary of adjusted operating income (loss)

Year-to-date			2018				2017
2018	2017		Q4	Q3	Q2	Q1	Q4
\$ 72	\$ 143	Fixed income and other investment income	\$ 10	\$ 15	\$ 24	\$ 23	\$ 38
(28)	39	Alternative investment income	(37)	3	2	4	(6)
44	182	Net investment earnings	(27)	18	26	27	32
—	(57)	Other liability costs	—	—	—	—	36
(44)	(4)	Interest expense	(12)	(11)	(11)	(10)	(2)
(61)	(106)	Operating expenses	(17)	(15)	(14)	(15)	(32)
(61)	15	Pre-tax adjusted operating income (loss)	(56)	(8)	1	2	34
—	2	Income tax (expense) benefit – operating	—	—	—	—	(8)
<u>\$ (61)</u>	<u>\$ 17</u>	Adjusted operating income (loss)	<u>\$ (56)</u>	<u>\$ (8)</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 26</u>

[Table of Contents](#)

Athene Holding Ltd.

Financial Supplement—December 31, 2018

Segment Results of Operations

Unaudited (In millions)

Retirement Services summary of other liability costs

Year-to-date			2018				2017
2018	2017		Q4	Q3	Q2	Q1	Q4
\$ 615	\$ 307	Change in rider reserve	\$ 173	\$ 248	\$ 84	\$ 110	\$ 35
272	258	DAC, DSI and VOBA amortization	130	(44)	101	85	61
228	90	Institutional costs ¹	73	58	50	47	40
94	184	Other ²	29	17	35	13	41
<u>\$ 1,209</u>	<u>\$ 839</u>	Other liability costs	<u>\$ 405</u>	<u>\$ 279</u>	<u>\$ 270</u>	<u>\$ 255</u>	<u>\$ 177</u>

¹ Institutional costs include both funding agreements and PRT benefits.² Other primarily includes payout annuities, policy maintenance costs, reinsurance expense allowances, excise taxes and non-deferred acquisition costs, net of product charges.

[Table of Contents](#)

Athene Holding Ltd.

Financial Supplement—December 31, 2018

Net Investment Earned Rates 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			2018				2017
2018	2017		Q4	Q3	Q2	Q1	Q4
4.37%	4.26%	Fixed income and other investments	4.35%	4.33%	4.49%	4.32%	4.22%
8.51%	8.72%	Alternative investments	5.81%	9.13%	9.37%	10.38%	5.46%
4.54%	4.47%	Total net investment earned rate	4.40%	4.52%	4.71%	4.60%	4.28%

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

Note: 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			2018				2017
2018	2017		Q4	Q3	Q2	Q1	Q4
4.60%	4.70%	Net investment earned rate	4.57%	4.55%	4.74%	4.63%	4.57%
1.95%	1.88%	Cost of crediting on deferred annuities	2.00%	1.98%	1.92%	1.87%	1.87%
2.65%	2.82%	Investment margin on deferred annuities	2.57%	2.57%	2.82%	2.76%	2.70%

Note: Please refer to Notes 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			2018				2017
2018	2017		Q4	Q3	Q2	Q1	Q4
4.36%	4.48%	Fixed income and other investments	4.35%	4.33%	4.49%	4.32%	4.43%
11.15%	10.01%	Alternative investments	11.00%	10.65%	11.28%	12.34%	7.92%
4.60%	4.70%	Total net investment earned rate	4.57%	4.55%	4.74%	4.63%	4.57%
\$ 3,825	\$ 2,968	Fixed income and other investment income	\$ 1,132	\$ 1,021	\$ 897	\$ 775	\$ 772
363	273	Alternatives investment income	99	87	86	91	57
\$ 4,188	\$ 3,241	Total net investment earnings	\$ 1,231	\$ 1,108	\$ 983	\$ 866	\$ 829
Average invested assets							
\$ 87,741	\$ 66,296	Fixed income and other investments	\$ 104,342	\$ 94,227	\$ 79,847	\$ 71,778	\$ 69,690
3,254	2,718	Alternative investments	3,597	3,273	3,032	2,957	2,897
\$ 90,995	\$ 69,014	Total average invested assets	\$ 107,939	\$ 97,500	\$ 82,879	\$ 74,735	\$ 72,587

Note: The investment results above are presented net of investment management fees.

Retirement Services summary of cost of crediting on deferred annuities

Year-to-date			2018				2017
2018	2017		Q4	Q3	Q2	Q1	Q4
\$ 837	\$ 570	FIA option costs	\$ 261	\$ 235	\$ 186	\$ 155	\$ 149
594	496	Fixed interest credited to policyholders	182	160	132	120	122
\$ 1,431	\$ 1,066	Cost of crediting on deferred annuities	\$ 443	\$ 395	\$ 318	\$ 275	\$ 271
1.95%	1.88%	Cost of crediting on deferred annuities rate	2.00%	1.98%	1.92%	1.87%	1.87%
\$ 73,567	\$ 56,589	Average account value on deferred annuities	\$ 88,874	\$ 79,673	\$ 66,241	\$ 58,993	\$ 58,033

[Table of Contents](#)

Athene Holding Ltd.

Financial Supplement—December 31, 2018

Retirement Services Annuity Liability Characteristics

Unaudited (In millions, except percentages)

Deferred annuities account value rollforward

Year-to-date			2018				2017
2018	2017		Q4	Q3	Q2	Q1	Q4
\$ 58,539	\$ 54,880	Account value at beginning of period	\$ 80,499	\$ 78,848	\$ 59,447	\$ 58,539	\$ 57,526
9,938	6,353	Deposits ¹	3,110	2,783	2,529	1,516	1,613
25,536	—	Acquisition and block reinsurance ²	7,815	—	17,721	—	—
265	159	Premium and interest bonuses	68	77	73	47	39
2,644	1,955	Fixed and index credits to policyholders	559	754	672	659	544
(7,129)	(4,538)	Surrenders and benefits paid	(2,513)	(1,867)	(1,511)	(1,238)	(1,110)
(358)	(270)	Fee and product charges	(103)	(96)	(83)	(76)	(73)
\$ 89,435	\$ 58,539	Account value at end of period	\$ 89,435	\$ 80,499	\$ 78,848	\$ 59,447	\$ 58,539

Note: 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.

² Acquisition and block reinsurance includes the Voya and Lincoln block reinsurance account value in Q2 and Q4 2018, respectively.

Deferred annuity rider reserve summary

	December 31,	
	2018	2017
Rider reserve	\$ 3,025	\$ 2,407
Account value with rider reserves	36,445	29,727
Rider reserve as a percentage of account value with rider reserves	8.3%	8.1%

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	9.7	4.6	7%	\$ 71,879	80.4%
Single-year fixed rate guaranteed annuities	7.3	1.0	2%	9,891	11.0%
Multi-year fixed rate guaranteed annuities	5.7	2.9	7%	7,665	8.6%
Total				\$ 89,435	100.0%

[Table of Contents](#)

Athene Holding Ltd.

Financial Supplement—December 31, 2018

Retirement Services Annuity Liability Characteristics

Unaudited (In millions, except percentages)

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	\$ 19,460	21.8%	\$ 19,460	21.8%
0.0% < 2.0%	879	1.0%	1,099	1.2%
2.0% < 4.0%	2,737	3.1%	4,109	4.6%
4.0% < 6.0%	8,781	9.8%	9,184	10.3%
6.0% < 8.0%	17,400	19.4%	11,149	12.4%
8.0% < 10.0%	18,800	21.0%	15,931	17.8%
10.0% or greater	21,378	23.9%	28,503	31.9%
	<u>\$ 89,435</u>	<u>100.0%</u>	<u>\$ 89,435</u>	<u>100.0%</u>

	Surrender charge (gross)	MVA benefit	Surrender charge (net)
Aggregate surrender charge protection	6.4%	1.0%	7.4%

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	\$ 19,460	21.8%	—%
Less than 2	14,257	15.9%	4.8%
2 to less than 4	18,315	20.5%	7.1%
4 to less than 6	13,411	15.0%	8.3%
6 to less than 8	9,455	10.5%	9.9%
8 to less than 10	10,728	12.0%	10.9%
10 to less than 12	2,402	2.7%	14.1%
12 or greater	1,407	1.6%	14.6%
	<u>\$ 89,435</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	\$ 18,013	\$ 71,879	25%
Fixed rate annuities	8,287	17,556	47%
Total deferred annuities	<u>\$ 26,300</u>	<u>\$ 89,435</u>	<u>29%</u>

December 31, 2018

Distance to guarantees ¹	100 – 110
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¹ The distance to guarantee reflects the average distance in option costs between the current and guaranteed rates for indexed strategies and between current and guaranteed fixed rates for fixed strategies. The option costs used reflects an estimate of option cost in the market.

[Table of Contents](#)
Athene Holding Ltd.
Financial Supplement—December 31, 2018
Consolidated Reserve Liabilities
Unaudited (In millions, except percentages)

Consolidated reserve liabilities

	December 31,			
	2018		2017	
	Dollars	Percent of Total	Dollars	Percent of Total
Fixed indexed annuities	\$ 73,224	68.0%	\$ 48,520	59.7 %
Fixed rate annuities	17,802	16.5%	13,411	16.5 %
Total deferred annuities	91,026	84.5%	61,931	76.2 %
Payout annuities	6,009	5.6%	5,216	6.4 %
Pension risk transfer annuities	4,710	4.4%	2,252	2.8 %
Funding agreements	3,826	3.5%	3,786	4.7 %
Life and other (excluding German products)	2,161	2.0%	2,262	2.8 %
Retirement Services reserve liabilities	107,732	100.0%	75,447	92.9 %
Germany products ¹	—	—%	5,979	7.3 %
Intersegment eliminations	—	—%	(174)	(0.2)%
Total reserve liabilities	<u>\$ 107,732</u>	<u>100.0%</u>	<u>\$ 81,252</u>	<u>100.0 %</u>

Note: Please refer to Notes 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 was exchanged for common shares of Athora Holding Ltd.

Reserve liability rollforward

Year-to-date			2018				2017
2018	2017		Q4	Q3	Q2	Q1	Q4
\$ 75,447	\$ 65,763	Retirement Services reserve liabilities – beginning	\$ 98,553	\$ 96,248	\$ 75,823	\$ 75,447	\$ 72,159
13,605	11,868	Deposits ¹	5,269	3,407	2,794	2,135	3,592
26,982	—	Acquisition and block reinsurance ²	7,878	—	19,104	—	—
(8,859)	(5,750)	Withdrawals	(3,125)	(2,167)	(1,812)	(1,755)	(1,361)
557	3,566	Other reserve changes	(843)	1,065	339	(4)	1,057
107,732	75,447	Retirement Services reserve liabilities – ending	107,732	98,553	96,248	75,823	75,447
—	5,979	Germany reserve liabilities ³	—	—	—	—	5,979
—	(174)	Intersegment eliminations	—	—	—	—	(174)
<u>\$ 107,732</u>	<u>\$ 81,252</u>	Consolidated reserve liabilities – ending	<u>\$ 107,732</u>	<u>\$ 98,553</u>	<u>\$ 96,248</u>	<u>\$ 75,823</u>	<u>\$ 81,252</u>

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.

² Acquisition and block reinsurance includes total reserves at inception. Q2 and Q4 2018 includes Voya and Lincoln block reinsurance, respectively.

³ On January 1, 2018, Germany was deconsolidated and our equity interest was exchanged for common shares of Athora Holding Ltd.

[Table of Contents](#)

Athene Holding Ltd.

Financial Supplement—December 31, 2018

Consolidated Reserve Liabilities

Unaudited (In millions, except percentages)

Institutional reserve liability rollforward

Year-to-date			2018				2017
2018	2017		Q4	Q3	Q2	Q1	Q4
\$ 6,038	\$ 1,109	Retirement Services reserve liabilities – beginning	\$ 6,862	\$ 6,426	\$ 6,311	\$ 6,038	\$ 4,145
3,232	5,302	Deposits	2,010	472	184	566	1,922
(946)	(506)	Withdrawals	(405)	(93)	(111)	(337)	(78)
212	133	Other reserve changes	69	57	42	44	49
8,536	6,038	Retirement Services reserve liabilities – ending	8,536	6,862	6,426	6,311	6,038
—	(174)	Intersegment eliminations	—	—	—	—	(174)
<u>\$ 8,536</u>	<u>\$ 5,864</u>	Consolidated reserve liabilities – ending	<u>\$ 8,536</u>	<u>\$ 6,862</u>	<u>\$ 6,426</u>	<u>\$ 6,311</u>	<u>\$ 5,864</u>

[Table of Contents](#)
Athene Holding Ltd.
Financial Supplement—December 31, 2018
Consolidated Investments Summary
Unaudited (In millions, except percentages)

Investments and investments in related parties summary

	December 31,			
	2018		2017	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
Available-for-sale securities, at fair value				
U.S. government and agencies	\$ 57	0.1%	\$ 62	0.1%
U.S. state, municipal and political subdivisions	1,293	1.2%	1,165	1.4%
Foreign governments	161	0.1%	2,683	3.2%
Corporate	37,097	34.4%	36,660	43.4%
CLO	5,361	5.0%	5,084	6.0%
ABS	4,920	4.6%	3,967	4.7%
CMBS	2,357	2.2%	2,021	2.4%
RMBS	8,019	7.5%	9,366	11.1%
Trading securities, at fair value	1,949	1.8%	2,183	2.6%
Equity securities, at fair value	216	0.2%	803	0.9%
Mortgage loans, net of allowances	10,340	9.6%	6,233	7.4%
Investment funds	703	0.6%	699	0.8%
Policy loans	488	0.4%	542	0.6%
Funds withheld at interest	15,023	14.0%	7,085	8.4%
Derivative assets	1,043	1.0%	2,551	3.0%
Real estate	—	—%	624	0.7%
Short-term investments, at fair value	191	0.2%	201	0.2%
Other investments	122	0.1%	133	0.2%
Total investments	89,340	83.0%	82,062	97.1%
Investment in related parties				
Available-for-sale securities, at fair value	1,437	1.3%	410	0.5%
Trading securities, at fair value	249	0.2%	307	0.4%
Equity securities, at fair value	120	0.1%	—	—%
Mortgage loans	291	0.3%	—	—%
Investment funds	2,232	2.1%	1,310	1.6%
Funds withheld at interest	13,577	12.6%	—	—%
Short term investments, at fair value	—	—%	52	0.1%
Other investments	386	0.4%	238	0.3%
Total related party investments	18,292	17.0%	2,317	2.9%
Total investments including related parties	\$ 107,632	100.0%	\$ 84,379	100.0%

[Table of Contents](#)

Athene Holding Ltd.

Financial Supplement—December 31, 2018

Consolidated Investments Summary

Unaudited (In millions, except percentages)

AFS securities by sector

	December 31,					
	2018			2017		
	Amortized Cost	Fair Value	Percent of Total	Amortized Cost	Fair Value	Percent of Total
Corporate						
Industrial other ¹	\$ 12,019	\$ 11,706	19.3%	\$ 11,550	\$ 12,026	19.6%
Financial	12,058	11,809	19.5%	11,299	11,824	19.3%
Utilities	9,319	9,055	14.9%	7,991	8,296	13.5%
Communication	2,361	2,313	3.8%	2,509	2,607	4.2%
Transportation	2,261	2,214	3.6%	1,824	1,907	3.1%
Total corporate	38,018	37,097	61.1%	35,173	36,660	59.7%
Other government-related securities						
U.S. state, municipal and political subdivisions	1,183	1,293	2.1%	996	1,165	1.9%
Foreign governments	162	161	0.3%	2,575	2,683	4.4%
U.S. government and agencies	57	57	0.1%	63	62	0.1%
Total non-structured securities	39,420	38,608	63.6%	38,807	40,570	66.1%
Structured securities						
CLO	6,245	5,923	9.8%	5,392	5,444	8.9%
ABS	5,790	5,795	9.5%	3,991	4,017	6.5%
CMBS	2,390	2,357	3.9%	1,994	2,021	3.3%
RMBS						
Agency	59	59	0.1%	86	87	0.1%
Non-agency	7,583	7,960	13.1%	8,635	9,279	15.1%
Total structured securities	22,067	22,094	36.4%	20,098	20,848	33.9%
Total AFS securities including related parties	\$ 61,487	\$ 60,702	100.0%	\$ 58,905	\$ 61,418	100.0%

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

[Table of Contents](#)

Athene Holding Ltd.

Financial Supplement—December 31, 2018

Consolidated Investments Summary

Unaudited (In millions, except percentages)

Credit quality of AFS securities

	December 31,			
	2018		2017	
	Fair Value	Percent of Total	Fair Value	Percent of Total
NAIC designation				
1	\$ 31,311	51.6%	\$ 32,447	52.8%
2	25,871	42.6%	25,082	40.9%
Total investment grade	57,182	94.2%	57,529	93.7%
3	2,746	4.5%	3,040	5.0%
4	533	0.9%	765	1.2%
5	232	0.4%	66	0.1%
6	9	0.0%	18	0.0%
Total below investment grade	3,520	5.8%	3,889	6.3%
Total AFS securities including related party	\$ 60,702	100.0%	\$ 61,418	100.0%

Note: Germany AFS securities, including related parties applying NRSRO ratings to map to NAIC designations.

	December 31,			
	2018		2017	
	Fair Value	Percent of Total	Fair Value	Percent of Total
NRSRO rating agency designation				
AAA/AA/A	\$ 19,690	32.4%	\$ 19,739	32.1%
BBB	23,326	38.4%	22,817	37.2%
Non-rated ¹	9,624	15.9%	9,056	14.7%
Total investment grade ²	52,640	86.7%	51,612	84.0%
BB	2,670	4.4%	3,063	5.0%
B	875	1.4%	1,148	1.9%
CCC	2,340	3.9%	2,696	4.4%
CC and lower	1,296	2.1%	2,302	3.8%
Non-rated ¹	881	1.5%	597	0.9%
Total below investment grade	8,062	13.3%	9,806	16.0%
Total AFS securities including related party	\$ 60,702	100.0%	\$ 61,418	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 AFS 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 the recovery of all contractual payments.

[Table of Contents](#)

Athene Holding Ltd.

Financial Supplement—December 31, 2018

Consolidated Investments Summary

Unaudited (In millions, except percentages)

Credit quality of AFS collateralized loan obligations

	December 31,							
	2018				2017			
	Principal Amount	Amortized Cost	Fair Value	Percent of Total	Principal Amount	Amortized Cost	Fair Value	Percent of Total
NAIC designation								
1	\$ 3,144	\$ 3,142	\$ 3,005	50.7%	\$ 2,380	\$ 2,368	\$ 2,388	43.8%
2	2,663	2,663	2,498	42.2%	2,240	2,223	2,246	41.3%
Total investment grade	5,807	5,805	5,503	92.9%	4,620	4,591	4,634	85.1%
3	412	411	393	6.7%	778	769	777	14.3%
4	22	22	20	0.3%	33	32	33	0.6%
5	7	7	7	0.1%	—	—	—	—%
6	—	—	—	—%	—	—	—	—%
Total below investment grade	441	440	420	7.1%	811	801	810	14.9%
Total	\$ 6,248	\$ 6,245	\$ 5,923	100.0%	\$ 5,431	\$ 5,392	\$ 5,444	100.0%

Credit quality of AFS residential mortgage backed securities

	December 31,							
	2018				2017			
	Principal Amount	Amortized Cost	Fair Value	Percent of Total	Principal Amount	Amortized Cost	Fair Value	Percent of Total
NAIC designation								
1	\$ 8,287	\$ 7,046	\$ 7,415	92.5%	\$ 9,543	\$ 8,089	\$ 8,714	93.0%
2	301	264	269	3.3%	386	348	360	3.8%
Total investment grade	8,588	7,310	7,684	95.8%	9,929	8,437	9,074	96.8%
3	228	205	207	2.6%	238	209	213	2.3%
4	120	105	106	1.3%	83	70	73	0.8%
5	27	22	22	0.3%	5	5	6	0.1%
6	1	—	—	—%	1	—	—	—%
Total below investment grade	376	332	335	4.2%	327	284	292	3.2%
Total	\$ 8,964	\$ 7,642	\$ 8,019	100.0%	\$ 10,256	\$ 8,721	\$ 9,366	100.0%

[Table of Contents](#)**Athene Holding Ltd.****Financial Supplement—December 31, 2018****Consolidated Investments Summary**

Unaudited (In millions, except percentages)

Mortgage loans by property type and region

	December 31,			
	2018		2017	
	Net Carrying Value	Percent of Total	Net Carrying Value	Percent of Total
Property type				
Office building	\$ 2,221	20.9%	\$ 1,187	19.0%
Retail	1,660	15.6%	1,223	19.6%
Hotels	1,040	9.8%	928	14.9%
Industrial	1,196	11.2%	944	15.2%
Apartment	791	7.4%	525	8.4%
Other commercial ¹	389	3.7%	440	7.1%
Total commercial mortgage loans	7,297	68.6%	5,247	84.2%
Residential loans	3,334	31.4%	986	15.8%
Total mortgage loans, net of allowances	<u>\$ 10,631</u>	<u>100.0%</u>	<u>\$ 6,233</u>	<u>100.0%</u>
US Region				
East North Central	\$ 855	8.0%	\$ 643	10.3%
East South Central	295	2.8%	144	2.3%
Middle Atlantic	1,131	10.7%	909	14.6%
Mountain	616	5.8%	492	7.9%
New England	374	3.5%	162	2.6%
Pacific	1,540	14.5%	991	15.9%
South Atlantic	1,468	13.8%	873	14.0%
West North Central	173	1.6%	233	3.8%
West South Central	845	7.9%	655	10.5%
Total US Region	7,297	68.6%	5,102	81.9%
International Region	—	—%	145	2.3%
Total commercial mortgage loans	7,297	68.6%	5,247	84.2%
Residential loans	3,334	31.4%	986	15.8%
Total mortgage loans, net of allowances	<u>\$ 10,631</u>	<u>100.0%</u>	<u>\$ 6,233</u>	<u>100.0%</u>

¹ Other commercial loans include investments in nursing homes, other healthcare institutions, parking garages, storage facilities and other commercial properties.

[Table of Contents](#)**Athene Holding Ltd.****Financial Supplement—December 31, 2018****Consolidated Investments Summary**

Unaudited (In millions, except percentages)

Investment funds including related party¹

	December 31,			
	2018		2017	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
Investment funds				
Private equity	\$ 253	7.1%	\$ 271	10.5%
Real estate and other real assets	231	6.5%	161	6.2%
Natural resources	4	0.1%	4	0.2%
Hedge funds	43	1.2%	61	2.4%
Credit funds	172	4.8%	202	7.8%
Total investment funds	703	19.7%	699	27.1%
Investment funds – related parties				
Public equities	63	1.8%	—	—%
Private equity – A-A Mortgage	463	13.0%	403	15.6%
Private equity – other	554	15.6%	180	7.0%
Real estate and other real assets	651	18.3%	297	11.5%
Natural resources	104	2.9%	74	2.9%
Hedge funds	98	2.8%	93	3.6%
Credit funds	299	8.4%	263	10.2%
Total investment funds – related parties	2,232	62.8%	1,310	50.8%
Total investment funds – assets of consolidated VIEs				
Private equity – MidCap	552	15.5%	528	20.4%
Credit funds	1	0.0%	21	0.8%
Real estate and other real assets	71	2.0%	22	0.9%
Total investment funds – assets of consolidated VIEs	624	17.5%	571	22.1%
Total investment funds including related parties and funds owned by consolidated VIEs	\$ 3,559	100.0%	\$ 2,580	100.0%

¹ Investment funds, including related parties and investment funds of consolidated VIE's, 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 Notes 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.

[Table of Contents](#)

Athene Holding Ltd.

Financial Supplement—December 31, 2018

Consolidated Investments Summary

Unaudited (In millions, except percentages)

Funds withheld at interest including related party

	December 31,			
	2018		2017	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
Fixed maturity securities				
U.S. government and agencies	\$ 77	0.3 %	\$ —	—%
U.S. state, municipal and political subdivisions	563	2.0 %	117	1.6%
Foreign governments	145	0.5 %	—	—%
Corporate	16,267	56.9 %	2,095	29.6%
CLO	1,990	7.0 %	669	9.4%
ABS	1,601	5.6 %	886	12.5%
CMBS	575	2.0 %	290	4.1%
RMBS	1,876	6.6 %	1,551	21.9%
Equity securities	66	0.2 %	28	0.4%
Mortgage loans	3,815	13.3 %	792	11.2%
Investment funds	660	2.3 %	376	5.3%
Derivative assets	77	0.3 %	78	1.1%
Short-term investments	641	2.2 %	16	0.2%
Cash and cash equivalents	455	1.6 %	132	1.9%
Other assets and liabilities	(208)	(0.8)%	55	0.8%
Total funds withheld at interest including related party	<u>\$ 28,600</u>	<u>100.0 %</u>	<u>\$ 7,085</u>	<u>100.0%</u>

[Table of Contents](#)**Athene Holding Ltd.****Financial Supplement—December 31, 2018****Consolidated Investments Summary**

Unaudited (In millions, except percentages)

Invested assets summary

	December 31, 2018		December 31, 2017			
	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	\$ 55,772	50.2%	\$ 37,059	\$ 1,536	\$ 38,595	46.9%
CLO	8,275	7.5%	5,914	—	5,914	7.2%
Credit	64,047	57.7%	42,973	1,536	44,509	54.1%
RMBS	9,814	8.9%	10,532	—	10,532	12.8%
Mortgage loans	14,423	13.0%	6,858	165	7,023	8.5%
CMBS	3,018	2.7%	2,322	—	2,322	2.8%
Real estate held for investment	—	—%	—	625	625	0.8%
Real estate	27,255	24.6%	19,712	790	20,502	24.9%
ABS	7,706	6.9%	4,824	—	4,824	5.9%
Alternative investments	4,492	4.1%	3,692	137	3,829	4.6%
State, municipal, political subdivisions and foreign government	2,122	1.9%	1,347	2,411	3,758	4.5%
Unit-linked assets	—	—%	—	407	407	0.5%
Equity securities	467	0.4%	192	128	320	0.4%
Short-term investments	765	0.7%	228	—	228	0.3%
U.S. government and agencies	134	0.1%	29	35	64	0.1%
Other investments	15,686	14.1%	10,312	3,118	13,430	16.3%
Cash and equivalents	2,881	2.6%	2,504	296	2,800	3.4%
Policy loans and other	1,165	1.0%	761	296	1,057	1.3%
Total invested assets	\$ 111,034	100.0%	\$ 76,262	\$ 6,036	\$ 82,298	100.0%

¹ Please refer to Notes to the Financial Supplement section for discussion on invested assets including alternative investments and the Non-GAAP Measure Reconciliations section for the reconciliation of investments including related parties to invested assets.

² On January 1, 2018, Germany was deconsolidated and our equity interest was exchanged for common shares of Athora Holding Ltd.

[Table of Contents](#)
Athene Holding Ltd.
Financial Supplement—December 31, 2018
Consolidated Investments Summary
Unaudited (In millions, except percentages)

Alternative investments summary

	December 31,			
	2018		2017	
	Invested Asset Value ¹	Percent of Total	Invested Asset Value ¹	Percent of Total
<i>(In millions, except percentages)</i>				
Retirement Services				
Differentiated investments				
AmeriHome	\$ 568	12.6%	\$ 496	13.0%
MidCap Financial	552	12.3%	528	13.8%
Catalina	232	5.2%	56	1.5%
Venerable	92	2.1%	—	—%
Other	195	4.3%	70	1.8%
Total differentiated investments	1,639	36.5%	1,150	30.1%
Real estate	1,024	22.8%	652	17.0%
Credit	563	12.5%	911	23.8%
Private equity	279	6.2%	234	6.1%
Real assets	276	6.2%	48	1.2%
Natural resources	55	1.2%	35	0.9%
Other	4	0.1%	13	0.3%
Total Retirement Services	3,840	85.5%	3,043	79.4%
Corporate and Other				
Athora	130	2.9%	—	—%
Credit	203	4.5%	305	7.9%
Natural resources	213	4.8%	151	4.0%
Public equities ²	100	2.2%	170	4.5%
Other	6	0.1%	160	4.2%
Total Corporate and Other	652	14.5%	786	20.6%
Total alternative investments ¹	\$ 4,492	100.0%	\$ 3,829	100.0%

¹ Alternative investments does not correspond to the total investment funds, including related parties and VIEs, on our condensed consolidated 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 Notes 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, including related parties and VIEs to alternative investments.

² Public Equities include: Caesars Entertainment (Ticker: CZR) - 5.5 million of shares as of each of December 31, 2018 and 2017; OneMain Financial (OMF) - 2.8 million of shares as of December 31, 2018; and Norwegian Cruise Lines (Ticker: NCLH) - 2.7 million of shares as of December 31, 2017

[Table of Contents](#)

Athene Holding Ltd.

Financial Supplement—December 31, 2018

Consolidated Investments Summary

Unaudited (In millions, except percentages)

Net investment earned rates by asset class

Year-to-date			2018				2017
2018	2017		Q4	Q3	Q2	Q1	Q4
3.95%	3.94%	Corporate securities	3.99%	3.88%	3.97%	3.90%	3.97%
		Structured securities					
5.84%	5.54%	RMBS	6.03%	6.04%	5.87%	5.42%	5.22%
4.91%	5.05%	CLO	4.69%	4.95%	5.09%	5.09%	4.93%
4.58%	4.62%	ABS	4.55%	4.59%	4.95%	4.03%	5.54%
4.33%	4.09%	CMBS	4.18%	4.24%	4.64%	4.16%	4.12%
5.13%	5.10%	Total structured securities	5.07%	5.19%	5.33%	4.91%	5.11%
4.35%	5.82%	State, municipal, political subdivisions and U.S. and foreign government	4.19%	4.02%	4.63%	4.72%	4.59%
5.15%	5.93%	Mortgage loans	4.99%	4.97%	5.63%	5.57%	5.89%
8.51%	8.95%	Alternative investments	5.81%	9.13%	9.37%	10.38%	6.04%
2.30%	1.55%	Other U.S. and Bermuda invested assets	2.45%	2.55%	2.27%	2.14%	1.55%
4.54%	4.69%	U.S. and Bermuda	4.40%	4.52%	4.71%	4.60%	4.52%
—%	1.70%	Germany ¹	—%	—%	—%	—%	1.32%
4.54%	4.47%	Consolidated total	4.40%	4.52%	4.71%	4.60%	4.28%

¹ On January 1, 2018, Germany was deconsolidated and our equity interest was exchanged for common shares of Athora Holding Ltd.

Invested assets NAIC 1 & 2 designation by asset class

	December 31,	
	2018	2017
Corporate securities	93.8%	93.1%
Structured securities		
RMBS	96.0%	96.7%
CLO	94.5%	85.8%
ABS	92.8%	93.9%
CMBS	92.7%	96.0%
Total structured securities	94.3%	93.3%
State, municipal, political subdivisions and U.S. and foreign government	99.0%	95.5%
Germany fixed maturity securities ¹	—%	95.0%

¹ On January 1, 2018, Germany was deconsolidated and our equity interest was exchanged for common shares of Athora Holding Ltd. As of December 31, 2017, NAIC 1 and 2 for Germany indicates the percentage of total AFS fixed maturities by applying NRSRO ratings to map to NAIC designations.

[Table of Contents](#)

Athene Holding Ltd.

Financial Supplement—December 31, 2018

Consolidated Investments Summary

Unaudited (In millions, except percentages)

Credit quality of invested assets collateralized loan obligations

	December 31,			
	2018		2017	
	Invested Asset Value ¹	Percent of Total	Invested Asset Value ¹	Percent of Total
NAIC designation				
1	\$ 4,666	56.4%	\$ 2,688	45.4%
2	3,157	38.1%	2,387	40.4%
Total investment grade	7,823	94.5%	5,075	85.8%
3	423	5.1%	804	13.6%
4	22	0.3%	35	0.6%
5	7	0.1%	—	—%
6	—	0.0%	—	0.0%
Total below investment grade	452	5.5%	839	14.2%
Total invested assets CLOs	\$ 8,275	100.0%	\$ 5,914	100.0%

¹ Please refer to Notes to the Financial Supplement section for discussion on invested assets including CLOs and the Non-GAAP Measure Reconciliations section for the reconciliation of AFS CLOs to invested assets CLOs.

	December 31,			
	2018		2017	
	Invested Asset Value ¹	Percent of Total	Invested Asset Value ¹	Percent of Total
NRSRO rating agency designation				
AAA/AA/A	\$ 4,530	54.7%	\$ 2,229	37.7%
BBB	3,555	43.0%	2,899	49.0%
Total investment grade	8,085	97.7%	5,128	86.7%
BB	161	1.9%	617	10.5%
B	29	0.4%	26	0.4%
CCC	—	—%	—	—%
CC and lower	—	—%	—	—%
Non-rated ²	—	—%	143	2.4%
Total below investment grade	190	2.3%	786	13.3%
Total invested assets CLOs	\$ 8,275	100.0%	\$ 5,914	100.0%

¹ Please refer to Notes to the Financial Supplement section for discussion on invested assets including CLOs and the Non-GAAP Measure Reconciliations section for the reconciliation of AFS CLOs to invested assets CLOs.

² Securities denoted as non-rated by the NRSRO were classified as investment or non-investment grade according to the security's respective NAIC designation.

[Table of Contents](#)**Athene Holding Ltd.**

Financial Supplement—December 31, 2018

Financial Strength Ratings and Capital Metrics

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 notes	bbb	BBB+	BBB-

Capital metrics

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
U.S. RBC ratio – Athene Annuity & Life Assurance Company	421%	490%
BSCR – Athene Life Re Ltd.	340%	354%
Athene Life Re Ltd. RBC ratio ¹	405%	562%

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.

[Table of Contents](#)

Athene Holding Ltd.

Financial Supplement—December 31, 2018

Non-GAAP Measure Reconciliations

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

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			2018				2017
2018	2017		Q4	Q3	Q2	Q1	Q4
160.5	107.7	Basic weighted average shares outstanding – Class A	164.2	164.5	164.5	148.7	126.0
29.3	81.6	Conversion of Class B shares to Class A shares	25.5	25.5	25.5	41.1	63.5
5.6	6.1	Conversion of Class M shares to Class A shares	5.2	5.6	4.7	5.8	6.1
0.5	0.5	Effect of other stock compensation plans	0.6	0.5	0.4	0.4	0.5
<u>195.9</u>	<u>195.9</u>	Weighted average shares outstanding – adjusted operating	<u>195.5</u>	<u>196.1</u>	<u>195.1</u>	<u>196.0</u>	<u>196.1</u>

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

	2018				2017
	Q4	Q3	Q2	Q1	Q4
Class A common shares outstanding	162.2	164.6	164.5	164.5	142.2
Conversion of Class B shares to Class A shares	25.4	25.5	25.5	25.5	47.4
Conversion of Class M shares to Class A shares	4.9	6.0	5.4	5.8	6.4
Effect of other stock compensation plans	1.0	1.1	1.0	1.0	0.9
Adjusted operating common shares outstanding	<u>193.5</u>	<u>197.2</u>	<u>196.4</u>	<u>196.8</u>	<u>196.9</u>

Summary of adjustments to book value per share to arrive at adjusted book value per share

	2018				2017
	Q4	Q3	Q2	Q1	Q4
Book value per share	\$ 42.45	\$ 45.51	\$ 42.89	\$ 44.05	\$ 46.60
AOCI	2.42	(0.17)	(0.75)	(3.22)	(7.36)
Accumulated reinsurance unrealized gains and losses	0.39	0.16	(0.06)	(0.54)	(0.82)
Effect of items convertible to or settled in Class A common shares	0.33	0.03	0.19	0.08	0.01
Adjusted book value per share	<u>\$ 45.59</u>	<u>\$ 45.53</u>	<u>\$ 42.27</u>	<u>\$ 40.37</u>	<u>\$ 38.43</u>

Summary of adjustments to average shareholders' equity to arrive at adjusted average shareholders' equity

Year-to-date			2018				2017
2018	2017		Q4	Q3	Q2	Q1	Q4
\$ 8,726	\$ 8,029	Average shareholders' equity	\$ 8,627	\$ 8,720	\$ 8,575	\$ 8,932	\$ 8,912
489	908	Less: Average AOCI	(220)	90	391	1,042	1,316
43	112	Less: Average accumulated reinsurance unrealized gains and losses	(53)	(10)	60	134	163
<u>\$ 8,194</u>	<u>\$ 7,009</u>	Average adjusted shareholders' equity	<u>\$ 8,900</u>	<u>\$ 8,640</u>	<u>\$ 8,124</u>	<u>\$ 7,756</u>	<u>\$ 7,433</u>
6,522	4,823	Retirement Services	7,416	6,537	5,772	5,366	5,200
1,672	2,186	Corporate and Other	1,484	2,103	2,352	2,390	2,233
<u>\$ 8,194</u>	<u>\$ 7,009</u>	Average adjusted shareholders' equity	<u>\$ 8,900</u>	<u>\$ 8,640</u>	<u>\$ 8,124</u>	<u>\$ 7,756</u>	<u>\$ 7,433</u>

[Table of Contents](#)

Athene Holding Ltd.

Financial Supplement—December 31, 2018

Non-GAAP Measure Reconciliations

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

Summary of adjustments to net income to adjusted net income included in adjusted ROE

Year-to-date			2018				2017
2018	2017		Q4	Q3	Q2	Q1	Q4
\$ 1,053	\$ 1,358	Net income	\$ (104)	\$ 623	\$ 257	\$ 277	\$ 439
236	(98)	Reinsurance unrealized gains and losses	44	43	95	54	2
<u>\$ 1,289</u>	<u>\$ 1,260</u>	Adjusted net income	<u>\$ (60)</u>	<u>\$ 666</u>	<u>\$ 352</u>	<u>\$ 331</u>	<u>\$ 441</u>

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

Year-to-date			2018				2017
2018	2017		Q4	Q3	Q2	Q1	Q4
\$ 4,004	\$ 3,269	GAAP net investment income	\$ 1,121	\$ 1,070	\$ 958	\$ 855	\$ 842
301	191	Reinsurance embedded derivative impacts	132	52	72	45	54
37	77	Net VIE earnings	(18)	39	1	15	18
(34)	(20)	Alternative income gain (loss)	(20)	(14)	(1)	1	(9)
(76)	(94)	Held for trading amortization	(11)	(21)	(21)	(23)	(44)
228	154	Total adjustments to arrive at net investment earnings	83	56	51	38	19
<u>\$ 4,232</u>	<u>\$ 3,423</u>	Total net investment earnings	<u>\$ 1,204</u>	<u>\$ 1,126</u>	<u>\$ 1,009</u>	<u>\$ 893</u>	<u>\$ 861</u>
\$ 4,188	\$ 3,241	Retirement Services	\$ 1,231	\$ 1,108	\$ 983	\$ 866	\$ 829
44	182	Corporate and Other	(27)	18	26	27	32
<u>\$ 4,232</u>	<u>\$ 3,423</u>	Total net investment earnings	<u>\$ 1,204</u>	<u>\$ 1,126</u>	<u>\$ 1,009</u>	<u>\$ 893</u>	<u>\$ 861</u>
4.30 %	4.27 %	GAAP net investment income rate	4.10 %	4.30 %	4.47 %	4.41 %	4.18 %
0.32 %	0.25 %	Reinsurance embedded derivative impacts	0.48 %	0.20 %	0.34 %	0.22 %	0.27 %
0.04 %	0.10 %	Net VIE earnings	(0.07)%	0.16 %	0.00 %	0.08 %	0.09 %
(0.04)%	(0.03)%	Alternative income gain (loss)	(0.07)%	(0.06)%	0.00 %	0.01 %	(0.04)%
(0.08)%	(0.12)%	Held for trading amortization	(0.04)%	(0.08)%	(0.10)%	(0.12)%	(0.22)%
0.24 %	0.20 %	Total adjustments to arrive at net investment earned rate	0.30 %	0.22 %	0.24 %	0.19 %	0.10 %
<u>4.54 %</u>	<u>4.47 %</u>	Consolidated net investment earned rate	<u>4.40 %</u>	<u>4.52 %</u>	<u>4.71 %</u>	<u>4.60 %</u>	<u>4.28 %</u>
4.60 %	4.70 %	Retirement Services	4.57 %	4.55 %	4.74 %	4.63 %	4.57 %
1.99 %	2.42 %	Corporate and Other	(7.57)%	3.51 %	3.71 %	3.76 %	1.61 %
<u>4.54 %</u>	<u>4.47 %</u>	Consolidated net investment earned rate	<u>4.40 %</u>	<u>4.52 %</u>	<u>4.71 %</u>	<u>4.60 %</u>	<u>4.28 %</u>
\$ 90,995	\$ 69,014	Retirement Services average invested assets	\$ 107,939	\$ 97,500	\$ 82,879	\$ 74,735	\$ 72,587
2,182	7,541	Corporate and Other average invested assets	1,484	2,103	2,848	2,844	7,964
<u>\$ 93,177</u>	<u>\$ 76,555</u>	Average invested assets	<u>\$ 109,423</u>	<u>\$ 99,603</u>	<u>\$ 85,727</u>	<u>\$ 77,579</u>	<u>\$ 80,551</u>

[Table of Contents](#)

Athene Holding Ltd.

Financial Supplement—December 31, 2018

Non-GAAP Measure Reconciliations

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

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

Year-to-date			2018				2017
2018	2017		Q4	Q3	Q2	Q1	Q4
\$ 290	\$ 2,866	GAAP interest sensitive contract benefits	\$ (825)	\$ 742	\$ 342	\$ 31	\$ 971
(163)	(125)	Interest credited other than deferred annuities	(38)	(44)	(41)	(40)	(35)
886	607	FIA option costs	275	231	206	174	159
(98)	(73)	Product charges (strategy fees)	(28)	(25)	(23)	(22)	(20)
49	37	Reinsurance embedded derivative impacts	14	29	3	3	10
436	(2,252)	Change in fair values of embedded derivatives – FIAs	1,039	(546)	(178)	121	(810)
31	40	Negative VOBA amortization	9	5	7	10	10
—	(29)	Unit linked change in reserve	—	—	—	—	(12)
—	(5)	Other changes in interest sensitive contract liabilities	(3)	3	2	(2)	(2)
1,141	(1,800)	Total adjustments to arrive at cost of crediting on deferred annuities	1,268	(347)	(24)	244	(700)
\$ 1,431	\$ 1,066	Retirement Services cost of crediting on deferred annuities	\$ 443	\$ 395	\$ 318	\$ 275	\$ 271
0.40 %	5.06 %	GAAP interest sensitive contract benefits	(3.71)%	3.72 %	2.00 %	0.13 %	6.69 %
(0.22)%	(0.22)%	Interest credited other than deferred annuities	(0.17)%	(0.22)%	(0.25)%	(0.27)%	(0.24)%
1.20 %	1.07 %	FIA option costs	1.24 %	1.16 %	1.25 %	1.18 %	1.09 %
(0.13)%	(0.13)%	Product charges (strategy fees)	(0.12)%	(0.13)%	(0.14)%	(0.15)%	(0.14)%
0.07 %	0.07 %	Reinsurance embedded derivative impacts	0.05 %	0.14 %	0.02 %	0.02 %	0.07 %
0.59 %	(3.98)%	Change in fair values of embedded derivatives – FIAs	4.68 %	(2.74)%	(1.01)%	0.90 %	(5.58)%
0.04 %	0.07 %	Negative VOBA amortization	0.04 %	0.03 %	0.04 %	0.07 %	0.07 %
— %	(0.05)%	Unit linked change in reserve	— %	— %	— %	— %	(0.08)%
— %	(0.01)%	Other changes in interest sensitive contract liabilities	(0.01)%	0.02 %	0.01 %	(0.01)%	(0.01)%
1.55 %	(3.18)%	Total adjustments to arrive at cost of crediting on deferred annuities	5.71 %	(1.74)%	(0.08)%	1.74 %	(4.82)%
1.95 %	1.88 %	Retirement Services cost of crediting on deferred annuities	2.00 %	1.98 %	1.92 %	1.87 %	1.87 %
\$ 73,567	\$ 56,589	Average account value on deferred annuities	\$ 88,874	\$ 79,673	\$ 66,241	\$ 58,993	\$ 58,033

[Table of Contents](#)

Athene Holding Ltd.

Financial Supplement—December 31, 2018

Non-GAAP Measure Reconciliations

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

Summary of adjustments to benefits and expenses to arrive at other liability costs

Year-to-date			2018				2017
2018	2017		Q4	Q3	Q2	Q1	Q4
\$ 5,368	\$ 7,263	GAAP benefits and expenses	\$ 1,301	\$ 1,897	\$ 1,481	\$ 689	\$ 3,385
(3,368)	(2,465)	Premiums	(1,833)	(526)	(731)	(278)	(1,962)
(449)	(340)	Product charges	(128)	(119)	(106)	(96)	(88)
(26)	(37)	Other revenues	(4)	(10)	(6)	(6)	(13)
(496)	(423)	Cost of crediting	(154)	(135)	(109)	(98)	(102)
327	(2,404)	Change in fair value of embedded derivatives - FIA, net of offsets	1,266	(768)	(237)	66	(873)
110	(65)	DAC, DSI and VOBA amortization related to investment gains and losses	36	28	26	20	(14)
16	(16)	Rider reserves	8	1	6	1	(7)
(394)	(435)	Policy and other operating expenses, excluding policy acquisition expenses	(102)	(98)	(97)	(97)	(130)
(1)	—	VIE operating expenses	—	—	(1)	—	—
112	(68)	AmerUs closed block fair value liability	14	8	36	54	(19)
—	(84)	Policyholder dividends	—	—	—	—	(24)
10	(30)	Other	1	1	8	—	(12)
(4,159)	(6,367)	Total adjustments to arrive at other liability costs	(896)	(1,618)	(1,211)	(434)	(3,244)
\$ 1,209	\$ 896	Other liability costs	\$ 405	\$ 279	\$ 270	\$ 255	\$ 141
\$ 1,209	\$ 839	Retirement Services	\$ 405	\$ 279	\$ 270	\$ 255	\$ 177
—	57	Corporate and Other	—	—	—	—	(36)
\$ 1,209	\$ 896	Consolidated other liability costs	\$ 405	\$ 279	\$ 270	\$ 255	\$ 141

Summary of adjustments to policy and other operating expenses to arrive at operating expenses

Year-to-date			2018				2017
2018	2017		Q4	Q3	Q2	Q1	Q4
\$ 625	\$ 672	Policy and other operating expenses	\$ 172	\$ 158	\$ 153	\$ 142	\$ 193
(57)	(16)	Interest expense	(13)	(15)	(16)	(13)	(6)
(232)	(237)	Policy acquisition expenses, net of deferrals	(70)	(60)	(57)	(45)	(63)
(22)	(68)	Integration, restructuring and other non-operating expenses	(4)	(2)	(8)	(8)	(34)
(11)	(33)	Stock compensation expenses	(3)	(3)	(2)	(3)	(3)
(322)	(354)	Total adjustments to arrive at operating expenses	(90)	(80)	(83)	(69)	(106)
\$ 303	\$ 318	Operating expenses	\$ 82	\$ 78	\$ 70	\$ 73	\$ 87
\$ 242	\$ 212	Retirement Services	\$ 65	\$ 63	\$ 56	\$ 58	\$ 55
61	106	Corporate and Other	17	15	14	15	32
\$ 303	\$ 318	Consolidated operating expenses	\$ 82	\$ 78	\$ 70	\$ 73	\$ 87

[Table of Contents](#)

Athene Holding Ltd.

Financial Supplement—December 31, 2018

Non-GAAP Measure Reconciliations

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

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

	December 31,	
	2018	2017
Total investments, including related parties	\$ 107,632	\$ 84,379
Derivative assets	(1,043)	(2,551)
Cash and cash equivalents (including restricted cash)	3,403	4,993
Accrued investment income	682	652
Payables for collateral on derivatives	(969)	(2,323)
Reinsurance funds withheld and modified coinsurance	223	(579)
VIE and VOE assets, liabilities and noncontrolling interest	718	862
Unrealized (gains) losses	808	(2,794)
Ceded policy loans	(281)	(308)
Net investment receivables (payables)	(139)	(33)
Total adjustments to arrive at invested assets	3,402	(2,081)
Total invested assets	\$ 111,034	\$ 82,298

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

	December 31,	
	2018	2017
Investment funds, including related parties and VIEs	\$ 3,559	\$ 2,580
CLO equities included in trading securities	125	182
Financial Credit Investment special-purpose vehicle included in trading securities related party	—	287
Investment funds within funds withheld at interest	660	416
Royalties, other assets included in other investments and other assets	71	76
Net assets of the VIE, excluding investment funds	50	288
Unrealized (gains) losses and other adjustments	27	—
Total adjustments to arrive at alternative investments	933	1,249
Alternative investments	\$ 4,492	\$ 3,829

Summary of adjustments to total AFS CLOs to arrive at total invested assets CLOs

	December 31,	
	2018	2017
Total AFS CLOs	\$ 5,923	\$ 5,444
CLOs included in funds withheld	2,034	640
AFS CLO unrealized (gain) loss	321	(52)
Net investment receivables (payables)	(5)	(117)
Other adjustments	2	(1)
Total adjustments to arrive at invested assets CLOs	2,352	470
Total invested assets CLOs	\$ 8,275	\$ 5,914

[Table of Contents](#)

Athene Holding Ltd.

Financial Supplement—December 31, 2018

Non-GAAP Measure Reconciliations

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

Summary of adjustments to total liabilities to arrive at reserve liabilities

	December 31,	
	2018	2017
Total liabilities	\$ 117,229	\$ 90,985
Long-term debt	(991)	—
Derivative liabilities	(85)	(134)
Payables for collateral on derivatives	(969)	(2,323)
Funds withheld liability	(721)	(407)
Other liabilities	(888)	(1,227)
Liabilities of consolidated VIEs	(1)	(2)
Reinsurance ceded receivables	(5,534)	(5,332)
Policy loans ceded	(281)	(308)
Other	(27)	—
Total adjustments to arrive at reserve liabilities	(9,497)	(9,733)
Total reserve liabilities	\$ 107,732	\$ 81,252