

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): May 8, 2020



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, HM 08, Bermuda
(441) 279-8400**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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:

- 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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbols	Name of each exchange on which registered
Class A common shares, par value \$0.001 per share	ATH	New York Stock Exchange
Depository Shares, each representing a 1/1,000 th interest in a 6.35% Fixed-to-Floating Rate Perpetual Non-Cumulative Preference Share, Series A	ATHPrA	New York Stock Exchange
Depository Shares, each representing a 1/1,000 th interest in a 5.625% Fixed Rate Perpetual Non-Cumulative Preference Share, Series B	ATHPrB	New York Stock Exchange

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 May 8, 2020, Athene Holding Ltd. (the “Company”) issued a press release to announce its financial results for the first quarter 2020. 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 first quarter 2020 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 May 8, 2020 \(furnished and not filed\).](#)

99.2 [Quarterly Financial Supplement for Athene Holding Ltd. for the first quarter 2020 \(furnished and not filed\).](#)

104 Cover Page Interactive Data File (embedded within the Inline XBRL document).

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: May 8, 2020

/s/ Martin P. Klein

Martin P. Klein

Executive Vice President and Chief Financial Officer

ATHENE HOLDING LTD. REPORTS FIRST QUARTER 2020 RESULTS

Company Highlights

- *Strong capital and liquidity position with excess capital of \$2.7 billion¹ and \$6.3 billion² of total available liquidity*
- *Attractive economics in core business model, with high predictability in fixed income portfolio and liability base*
- *Strong organic growth of \$3.9 billion, increasing 8% sequentially and underwritten to target returns or better*
- *Net invested assets grew to \$121.2 billion, increasing 7% year-over-year, while maintaining high credit quality across the portfolio*
- *Closed strategic transaction with Apollo at the end of February, eliminating any impediments for inclusion in a major stock index such as the S&P 500 and MidCap 400, and broadening Athene's investor appeal*

PEMBROKE, Bermuda – May 8, 2020 – Athene Holding Ltd. ("Athene") (NYSE: ATH), a leading provider of retirement savings products, announced financial results for the first quarter 2020.

"In these unprecedented times, Athene's core earnings power remains intact and continues to grow and generate attractive levels of profitability. Our actions over the past year have allowed us to operate from a position of strength," said Jim Belardi, CEO of Athene. "While the COVID-19 pandemic caused mark-to-market volatility in Athene's financials during the quarter, we believe these impacts will be transitory and have little impact on Athene's long-term earnings trajectory. I'm incredibly proud of our team for continuing to execute our differentiated strategy as we continue to serve policyholders at a high standard and underwrite strong levels of new business."

Mr. Belardi continued, "We are armed with one of the best capitalized balance sheets in the industry, and when combined with resources in our sidecar capital vehicle, ACRA, we have more than \$7 billion of deployable capital which can be used to support nearly \$90 billion of opportunistic growth. We have record levels of liquidity, a proven ability to take advantage of dislocation, and I'm confident that we will emerge from this crisis even stronger than before."

First Quarter 2020 Financial Results

Net loss available to AHL common shareholders for the first quarter 2020 was \$1.1 billion, or \$5.81 per diluted Class A common share ("diluted share"), compared to net income available to AHL common shareholders for the first quarter 2019 of \$708 million, or \$3.64 per common share. The decrease from the prior year quarter was primarily driven by a decline in the fair value of reinsurance assets due to widening credit spread. The change in fair value of reinsurance assets is included in GAAP net income, while the change in fair value of assets backing directly written liabilities is reflected in accumulated other comprehensive income (AOCI).

Adjusted operating loss available to common shareholders for the first quarter 2020 was \$108 million, or \$0.60 per adjusted operating common share, compared to adjusted operating income available to common shareholders of \$287 million, or \$1.50 per adjusted operating common share for the first quarter 2019. The decrease from the prior year quarter was primarily driven by a significant decline in the fair value of the Apollo Operating Group ("AOG") investment and an alternative investment loss reflecting a challenging macro environment.

Adjusted operating income available to common shareholders excluding notables and AOG for the first quarter 2020 was \$174 million, or \$1.00 per adjusted operating common share. Including the impact of AOG, adjusted operating loss available to common shareholders excluding notables was \$65 million, or \$0.36 per adjusted operating common share.

Continued Strong Capital Position

- Book value per common share of \$51.28 for the period ended March 31, 2020, a modest decrease of 2% year-over-year. Adjusted book value per common share of \$51.07, an increase of 8% year-over-year
- Total deployable capital of \$7.4 billion, including excess capital of \$2.7 billion¹, \$2.3 billion of untapped debt capacity³ with no upcoming AHL maturities until 2028, and \$2.4 billion of undrawn third-party commitments to ACRA
- Total cash and cash equivalents of \$5.4 billion, and a liquid bond portfolio of approximately \$33 billion⁴
- Total available liquidity of \$6.3 billion² as of April 30, 2020, including \$1.25 billion undrawn revolving credit facility, and additional \$900 million of untapped preferred equity capacity
- Deployed more than \$500 million of capital in the first quarter, including \$270 million for organic growth, and \$319 million of share repurchases at very attractive returns
- ALRe RBC of 436%⁵ and U.S. RBC of 438% as of March 31, 2020

¹ Pro forma to include \$500mn notes offering completed in April 2020. ² Includes cash and cash equivalents and undrawn revolver of \$1.25 billion as of April 30, 2020. ³ Pro forma to include \$500 million senior debt offering completed in April 2020 and exclude the \$400 million of short-term FHLB debt expected to be repaid in 1H20. Untapped debt capacity assumes capacity of 25% debt to capitalization and is subject to general availability and market conditions. ⁴ As of March 31, 2020. Includes \$1.6 billion of municipal, political subdivisions, and US and foreign government bonds. ⁵ ALRe RBC ratio is used to evaluate our capital position and the amount of capital needed to support our Retirement Services segment and is calculated by applying the NAIC RBC factors to the statutory financial statements of AHL's non-U.S. reinsurance subsidiaries, on an aggregate basis.

Deposit Highlights

In the first quarter 2020, Athene generated quarterly gross organic deposits of \$3.9 billion, a decrease of 17% year-over-year, but up 8% quarter-over-quarter, reflecting the strength of Athene's multi-channel distribution platform despite a challenging macro backdrop amidst the ongoing COVID-19 crisis. Importantly, organic deposits were underwritten to target returns despite the historically low interest rate environment, reflecting Athene's disciplined approach to pricing.

Retail: In the first quarter 2020, Athene generated \$1.2 billion of new deposits at target returns. Retail deposits were down 31% year-over-year, but increased 10% quarter-over-quarter, reflecting strong demand for products with principal protection features in a volatile market environment. Athene remains a leader in the fixed indexed annuity (FIA) market, serving as a source of strength for policyholders.

Flow Reinsurance: In the first quarter 2020, Athene generated \$861 million of new deposits, a decrease of 16% year-over-year. Deposits in the first quarter 2020 also declined 28% from a particularly strong result in the prior quarter, which was mostly driven by strong volumes from partnerships established over the prior 18 months. Despite the sequential decline in volumes, as expected, flow reinsurance activity gained momentum in March amid a peak in market volatility, as key partners remained active in underwriting new retail annuity policies.

Institutional: In the first quarter 2020, Athene generated \$1.8 billion of new deposits from institutional products, including \$1.0 billion of pension risk transfer deposits from the previously announced deal with Armstrong World Industries, as well as \$823 million from one FABN and one FHLB funding agreement at attractive spreads.

Selected Results

	As of and for the three months ended March 31,	
	2019	2020
<i>(In millions, except percentages and per share data)</i>		
Book value per common share	\$ 52.12	\$ 51.28
Adjusted book value per common share	\$ 47.30	\$ 51.07
Common shares outstanding ¹	194.1	193.9
Adjusted operating common shares outstanding ²	192.4	197.7
Return on equity (ROE)	30.8%	(36.5)%
Adjusted operating ROE	12.8%	(4.4)%
Adjusted operating ROE ex notables and AOG	12.8%	7.6 %
Adjusted operating ROE – Retirement Services	14.4%	10.6 %
Return on assets (ROA)	2.19%	(2.95)%
Adjusted operating ROA	1.02%	(0.36)%
Adjusted operating ROA ex notables and AOG	1.02%	0.59 %
Net investment spread – Retirement Services	1.36%	1.03 %
Investments, including related parties	\$ 116,346	\$ 121,969
Net invested assets	\$ 113,771	\$ 121,200
Debt to capital ratio	8.9%	12.2 %
Adjusted debt to capital ratio	9.8%	11.0 %
Total AHL shareholders' equity	\$ 10,117	\$ 9,940
Adjusted AHL common shareholders' equity	\$ 9,102	\$ 10,097
Gross organic deposits	\$ 4,759	\$ 3,947
Gross inorganic deposits	—	—
Gross deposits	4,759	3,947
Deposits attributable to ACRA noncontrolling interest	—	—
Net deposits	\$ 4,759	\$ 3,947

¹ Represents common shares outstanding for all classes eligible to participate in dividends for each period presented. Used for the book value per common share calculation. ² 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. Effective February 28, 2020, all Class B common shares were converted into Class A common shares and all Class M common shares were converted into warrants and Class A common shares. Our Class B common shares were economically equivalent to Class A common shares and were convertible to Class A common shares on a one-for-one basis at any time. Our Class M common shares were in the legal form of shares but economically functioned as options as they were convertible into Class A common 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.

	Three months ended	
	March 31,	
	2019	2020
<i>(In millions, except per share data)</i>		
Net income (loss) available to AHL common shareholders	\$ 708	\$ (1,065)
Non-operating adjustments		
Investment gains (losses), net of offsets ¹	458	(1,139)
Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets	(27)	65
Integration, restructuring and other non-operating expenses	(1)	(4)
Stock compensation expense	(3)	(10)
Income tax (expense) benefit – non-operating	(6)	131
Less: Total non-operating adjustments	421	(957)
Adjusted operating income (loss) available to common shareholders	\$ 287	\$ (108)
Adjusted operating income (loss) available to common shareholders by segment		
Retirement Services	\$ 286	\$ 204
Corporate and Other	1	(312)
Adjusted operating income (loss) available to common shareholders	\$ 287	\$ (108)
Earnings (loss) per common share – basic ²	\$ 3.65	\$ (5.81)
Earnings (loss) per common share – diluted Class A ³	\$ 3.64	\$ (5.81)
Adjusted operating earnings (loss) per common share ⁴	\$ 1.50	\$ (0.60)
Weighted average common shares outstanding – basic ²	194.0	194.3
Weighted average common shares outstanding – diluted Class A ³	161.7	161.4
Weighted average common shares outstanding – adjusted operating ⁴	192.2	181.5
Weighted average common shares outstanding – adjusted operating excluding Apollo ⁵	192.2	173.3

	Three months ended	
	March 31,	
	2019	2020
<i>(In millions)</i>		
Notable items		
Retirement Services adjusted operating income available to common shareholders	\$ 286	\$ 204
Rider reserve and DAC equity market performance	—	50
Tax impact of notable items	—	(7)
Retirement Services notable items	—	43
Retirement Services adjusted operating income available to common shareholders excluding notable items	286	247
Corporate and Other adjusted operating income (loss) available to common shareholders	1	(312)
Consolidated adjusted operating income (loss) available to common shareholders excluding notable items	\$ 287	\$ (65)

Adjusted operating earnings (loss) per common share excluding notables⁴ \$ 1.50 \$ (0.36)

¹ Investment gains (losses), net of offsets includes an unfavorable change in the provision for credit losses of \$284 million and \$0 million for the three months ended March 31, 2020 and the three months ended March 31, 2019, respectively.

² Basic earnings (loss) per common share, including basic weighted average common shares outstanding includes all classes eligible to participate in dividends for each period presented.

³ Diluted earnings (loss) per common share on a GAAP basis for Class A common shares, including diluted Class A weighted average common shares outstanding, includes the dilutive impacts, if any, of Class B common shares, Class M common shares and any other stock-based awards. There were no dilutive securities for the quarter. Diluted earnings per common share on a GAAP basis for Class A common shares are based on allocated net income (loss) available to AHL common shareholders of \$(938) million (88% of net loss available to AHL common shareholders) and \$589 million (83% of net loss available to AHL common shareholders) for the three months ended March 31, 2020 and 2019, respectively.

⁴ Weighted average common 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. Effective February 28, 2020, all Class B common shares were converted into Class A common shares and all Class M common shares were converted into warrants and Class A common shares. Our Class B common shares were economically equivalent to Class A common shares and could have been converted to Class A common shares on a one-for-one basis at any time. Our Class M common shares were in the legal form of shares but economically functioned as options as they were convertible into Class A common shares after vesting and settlement of the conversion price. In calculating Class A diluted earnings per common 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 were not dilutive they were 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 common share.

⁵ Weighted average common shares outstanding – adjusted operating excluding Apollo is adjusted to exclude the Athene shares issued in exchange for the AOG units as part of the Apollo transaction, but does not include an adjustment for the shares issued in exchange for \$350 million cash. For Q1 2020, the calculation also includes the dilution of other stock compensation plans as a result of the exclusion of the loss on the AOG units creating adjusted operating income available to common shareholders instead of a loss.

Segment Results

Retirement Services

For the first quarter 2020, adjusted operating income available to common shareholders in Retirement Services was \$204 million, a decrease of \$82 million, or 29%, from the first quarter 2019, resulting in an adjusted operating ROE of 10.6%. Excluding notable items, adjusted operating income available to common shareholders in Retirement Services was \$247 million, resulting in an adjusted operating ROE of 12.8%.

The decrease in adjusted operating income available to common shareholders over the prior year quarter was primarily driven by lower net investment earnings from alternatives, reflecting a volatile market backdrop.

The net investment spread, which measures net investment earnings less cost of funds, was 1.03% of average net invested assets, excluding our strategic investment in Apollo, for the first quarter 2020, a decrease of 33 basis points from the first quarter 2019. The decrease from the prior year quarter was primarily driven by a lower net investment earned rate (NIER) and higher other liability costs.

The NIER was 4.04% for the first quarter 2020, compared to 4.21% in the prior year quarter. The annualized return on fixed income and other investments during the first quarter 2020 was 4.20%, compared to 4.28% in the prior year quarter, a decline of 8 basis points primarily driven by lower floating rate income and building liquidity, partially offset by higher bond call income and mortgage prepayments. The net annualized return on alternative investments during the first quarter 2020 was 0.56% compared to 2.13% in the prior year quarter. Both periods were impacted by the real-time or lagged effect of significant capital market headwinds, underperforming the longer-term average annualized performance of 9-11%.

Cost of funds, which is comprised of the total cost of crediting on deferred annuities and institutional products as well as other liability costs, was 3.01% for the first quarter 2020, an increase of 16 basis points from the first quarter 2019, primarily driven by an increase in other liability costs, partially offset by a decrease in the cost of crediting.

Total cost of crediting was 1.84% for the first quarter 2020, a decrease of 8 basis points from the prior year quarter, driven by a decrease in the crediting rate for both deferred annuities and institutional business. The cost of crediting on institutional business was 3.31%, a decrease of 38 basis points from the first quarter 2019, driven by a lower rate on new deposits over the last twelve months. Cost of crediting on deferred annuities was 1.91%, a decrease of 7 basis points from the first quarter 2019 due to favorable rate actions on in-force renewals.

Other liability costs were 1.17% for the first quarter 2020, an increase of 24 basis points from the prior year quarter primarily due to an increase in rider reserves and DAC amortization as a result of unfavorable equity market performance. Excluding notable items in the first quarter of 2020, other liability costs were 1.00%, in line with long-term averages.

Corporate & Other

In the first quarter 2020, the adjusted operating loss available to common shareholders was \$312 million in Corporate & Other, a decrease of \$313 million from adjusted operating income available to common shareholders of \$1 million in the first quarter 2019. The operating loss was primarily driven by a mark-to-market loss on the AOG investment, as well as net investment losses from alternatives.

The fair value of Athene's AOG investment, which is primarily based on the common stock price of Apollo Global Management (NYSE: APO), declined \$239 million, or approximately \$1.36 per common share, in the quarter, net of a liquidity discount and associated tax benefit, due to extraordinary market volatility in March 2020. From March 31, 2020 through May 7, 2020, Athene's AOG investment appreciated \$194 million, or approximately \$1.00 per common share, net of liquidity and tax considerations.

Share Repurchase Activity

In the first quarter 2020, Athene repurchased 10.4 million shares of its common stock for \$319 million under previously announced share repurchase programs. During this period, shares were purchased at an average cost of \$30.51 per share and an average price-to-adjusted book value multiple of 0.56x.

Conference Call Information

Athene will host a conference call today, Friday, May 8, 2020, at 10 a.m. ET. During the call, members of Athene's senior management team will review Athene's financial results for the first quarter ended March 31, 2020. This press release, the first quarter 2020 earnings presentation and financial supplement are posted to Athene's website at ir.athene.com.

- Live conference call: Toll-free at (866) 901-0811 (domestic) or (346) 354-0810 (international)
- Conference call replay available through May 20, 2020 at (800) 585-8367 (domestic) or (404) 537-3406 (international)
- Conference ID number: 7484003
- 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, fixed indexed and index-linked annuity products;
- Reinsurance arrangements with third-party annuity providers; and
- Institutional products, such as funding agreements and the assumption of pension risk transfer obligations.

Athene had total assets of \$142.2 billion as of March 31, 2020. 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 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.

Adjusted operating income (loss) available to common shareholders 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 (loss) available to common shareholders equals net income (loss) available to AHL common shareholders adjusted to eliminate the impact of the following (collectively, the non-operating adjustments):

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

We consider these non-operating adjustments to be meaningful adjustments to net income (loss) available to AHL common shareholders 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 (loss) available to AHL common shareholders, we believe adjusted operating income (loss) available to common shareholders provides a meaningful financial metric that helps investors understand our underlying results and profitability. Adjusted operating income (loss) available to common shareholders should not be used as a substitute for net income (loss) available to AHL common shareholders.

Adjusted operating ROA is a non-GAAP measure used to evaluate our financial performance and profitability. Adjusted operating ROA is computed using our adjusted operating income (loss) available to common shareholders divided by average net invested assets for the relevant period. To enhance the ability to analyze these measures across periods, interim periods are annualized. While we believe each of these metrics 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 ROA presented under GAAP.

Adjusted operating ROE is a non-GAAP measure used to evaluate our financial performance excluding the impacts of AOCI and the cumulative change in fair value of funds withheld and modco reinsurance assets, net of DAC, DSI, rider reserve and tax offsets. Adjusted AHL common shareholders' equity is calculated as the ending AHL shareholders' equity excluding AOCI, the cumulative change in fair value of funds withheld and modco reinsurance assets and preferred stock. Adjusted operating ROE is calculated as the adjusted operating income (loss) available to common shareholders, divided by average adjusted AHL common shareholders' equity. 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 the cumulative change in fair value of funds withheld and modco reinsurance assets are useful in analyzing trends in our operating results. To enhance the ability to analyze these measures across periods, interim periods are annualized. Adjusted operating ROE should not be used as a substitute for ROE. However, we believe the adjustments to net income (loss) available to AHL common shareholders and equity are significant to gaining an understanding of our overall financial performance.

Adjusted operating earnings (loss) per common share, weighted average common shares outstanding – adjusted operating and adjusted book value per common 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 represent an economic view of our share counts and provide a simplified and consistent view of our outstanding shares. Adjusted operating earnings (loss) per common share is calculated as the adjusted operating income (loss) available to common shareholders, over the weighted average common shares outstanding – adjusted operating. Adjusted book value per common share is calculated as the adjusted AHL common shareholders' equity divided by the adjusted operating common shares outstanding. Effective February 28, 2020, all Class B common shares were converted into Class A common shares and all Class M common shares were converted into warrants and Class A common shares. Our Class B common shares were economically equivalent to Class A common shares and could have been converted to Class A common shares on a one-for-one basis at any time. Our Class M common shares were in the legal form of shares but economically functioned as options as they were convertible into Class A common 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 were not dilutive, after considering the dilutive effects of the more dilutive securities in the sequence, they were excluded. Weighted average common 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 (loss) per common share, weighted average common shares outstanding – adjusted operating and adjusted book value per common share should not be used as a substitute for basic earnings (loss) per share – Class A common shares, basic weighted average common shares outstanding – Class A or book value per common 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 the cumulative change in fair value of funds withheld and modco reinsurance assets, net of DAC, DSI, rider reserve and tax offsets. Adjusted debt to capital ratio is calculated as total debt divided by adjusted AHL 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.

Net investment spread is a key measurement of the profitability of our Retirement Services segment. Net investment spread measures our investment performance less the total cost of our liabilities. Net investment earned rate is a key measure of our investment performance, while cost of funds is a key measure of the cost of our policyholder benefits and liabilities. Investment margin on our deferred annuities measures our investment performance less the cost of crediting for our deferred annuities, which make up a significant portion of our net reserve liabilities.

- Net investment earned rate is a non-GAAP measure we use to evaluate the performance of our net invested assets that does not correspond to GAAP net investment income. Net investment earned rate is computed as the income from our net invested assets divided by the average net invested assets, excluding the impacts of our investment in Apollo, 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 (a) alternative investment gains and losses, (b) gains and losses related to trading securities for CLOs, (c) net VIE impacts (revenues, expenses and noncontrolling interest), (d) forward points gains and losses on foreign exchange derivative hedges and (e) the change in fair value of reinsurance assets, and removes the proportionate share of the ACRA net investment income associated with the ACRA noncontrolling interest as well as the gain or loss on our investment in Apollo. We include the income and assets supporting our change in fair value of reinsurance assets 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 change in fair value of reinsurance assets. 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 funds includes liability costs related to cost of crediting on both deferred annuities and institutional products as well as other liability costs, but does not include the proportionate share of the ACRA cost of funds associated with the noncontrolling interest. Cost of funds is computed as the total liability costs divided by the average net invested assets, excluding our investment in Apollo, for the relevant period. To enhance the ability to analyze these measures across periods, interim periods are annualized.
 - Cost of crediting includes the costs for both deferred annuities and institutional products. Cost of crediting on deferred annuities 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. Cost of crediting on institutional products is comprised of PRT costs including interest credited, benefit payments and other reserve changes, net of premiums received when issued, as well as funding agreement costs including the interest payments and other reserve changes. Cost of crediting is computed as the cost of crediting for deferred annuities and

institutional products divided by the average net invested assets, excluding the investment in Apollo, for the relevant periods. Cost of crediting on deferred annuities is computed as the net interest credited on fixed strategies and option costs on indexed annuity strategies divided by the average net account value of our deferred annuities. Cost of crediting on institutional products is computed as the PRT and funding agreement costs divided by the average net institutional reserve liabilities. Our average net invested assets, excluding our investment in Apollo, net account values and net institutional reserve liabilities are averaged over the number of quarters in the relevant period to obtain our associated 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, change in rider reserves, the cost of liabilities on products other than deferred annuities and institutional products, excise taxes, premiums, product charges and other revenues. 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.

Net investment earned rate, cost of funds, net investment spread and investment margin on deferred annuities are non-GAAP measures we use to evaluate the profitability of our business. We believe these metrics are useful in analyzing the trends of our business operations, profitability and pricing discipline. While we believe each of these metrics 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, interest sensitive contract benefits or 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 net invested assets, which does not correspond to total investments, including investments in related parties, as disclosed in our consolidated financial statements and notes thereto. Net invested assets represents the investments that directly back our net reserve liabilities as well as surplus assets. Net invested assets, excluding our investment in Apollo, is used in the computation of net investment earned rate, which allows us to analyze the profitability of our investment portfolio. Net 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) VIE assets, liabilities and noncontrolling interest adjustments, (f) net investment payables and receivables, (g) policy loans ceded (which offset the direct policy loans in total investments) and (h) an allowance for credit losses. Net 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 net 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. Net invested assets includes our proportionate share of ACRA investments, based on our economic ownership, but does not include the proportionate share of investments associated with the noncontrolling interest. Net invested assets also includes our investment in Apollo. Our net invested assets, excluding our investment in Apollo, are averaged over the number of quarters in the relevant period to compute our net investment earned rate for such period. While we believe net invested assets is a meaningful financial metric and enhances our understanding of the underlying drivers of our investment portfolio, it should not be used as a substitute for total investments, including related parties, presented under GAAP.

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). While we believe sales is a meaningful metric and enhances our understanding of our business performance, it should not be used as a substitute for premiums presented under GAAP.

Safe Harbor for Forward-Looking Statements

This press release contains, and certain oral statements made by Athene's 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. Forward-looking statements within this press release include, but are not limited to, discussions related to the issuance and exchange of common equity interests of Athene and Apollo and the results to be derived therefrom; potential inclusion of Athene's common shares in certain specified indices; the future outcome of Athene's capital allocation determinations; and future financial performance. Factors that could cause actual results, events and developments to differ include, without limitation: Athene's failure to recognize the benefits expected to be derived from the transaction with Apollo; failure to achieve the benefits expected to be derived from the ACRA capital raise; the accuracy of Athene's assumptions and estimates; Athene's ability to maintain or improve financial strength ratings; Athene's ability to manage its business in a highly regulated industry; regulatory changes or actions; the impact of Athene's reinsurers failing to meet their assumed obligations; the impact of interest rate fluctuations; changes in the federal income tax laws and regulations; the accuracy of Athene's interpretation of the Tax Cuts and Jobs Act; litigation (including class action litigation), enforcement investigations or regulatory scrutiny; the performance of third parties; the loss of key personnel; telecommunication, information technology and other operational systems failures; the continued availability of capital; new accounting rules or changes to existing accounting rules; general economic conditions; Athene's ability to protect its 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 Athene's operations; and other factors discussed from time to time in Athene's filings with the SEC, including its annual report on Form 10-K for the year ended December 31, 2019, its current report on Form 8-K filed with the SEC on March 31, 2020 and its other SEC filings, 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. Athene does 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.

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

	December 31, 2019	March 31, 2020
Assets		
Investments		
Available-for-sale securities, at fair value	\$ 71,374	\$ 65,671
Trading securities, at fair value	2,070	1,979
Equity securities, at fair value	247	206
Mortgage loans, net of allowances	14,306	14,395
Investment funds	750	740
Policy loans	417	403
Funds withheld at interest	15,181	13,716
Derivative assets	2,888	1,610
Short-term investments	596	583
Other investments	158	172
Total investments	107,987	99,475
Cash and cash equivalents	4,240	5,419
Restricted cash	402	564
Investments in related parties		
Available-for-sale securities, at fair value	3,804	3,546
Trading securities, at fair value	785	718
Equity securities, at fair value	64	49
Mortgage loans, net of allowances	653	623
Investment funds	3,550	4,631
Funds withheld at interest	13,220	12,452
Other investments, net of allowances	487	475
Accrued investment income	807	802
Reinsurance recoverable	4,863	5,087
Deferred acquisition costs, deferred sales inducements and value of business acquired	5,008	6,392
Other assets	1,005	1,946
Total assets	\$ 146,875	\$ 142,179

(Continued)

Condensed Consolidated Balance Sheets (unaudited, in millions)

	December 31, 2019	March 31, 2020
Liabilities		
Interest sensitive contract liabilities	\$ 102,745	\$ 101,911
Future policy benefits	23,330	23,741
Other policy claims and benefits	138	145
Dividends payable to policyholders	113	112
Short-term debt	475	400
Long-term debt	992	986
Derivative liabilities	97	222
Payables for collateral on derivatives and securities to repurchase	3,255	2,883
Funds withheld liability	408	396
Other liabilities	1,181	853
Total liabilities	132,734	131,649
Equity		
Preferred stock	—	—
Common stock	—	—
Additional paid-in capital	4,171	5,501
Retained earnings	6,939	5,613
Accumulated other comprehensive income (loss)	2,281	(1,174)
Total Athene Holding Ltd. shareholders' equity	13,391	9,940
Noncontrolling interests	750	590
Total equity	14,141	10,530
Total liabilities and equity	\$ 146,875	\$ 142,179

(Concluded)

Condensed Consolidated Statements of Income (Loss) (unaudited, in millions)

	Three months ended March 31,	
	2019	2020
Revenue		
Premiums	\$ 2,000	\$ 1,140
Product charges	125	140
Net investment income	1,082	745
Investment related gains (losses)	1,776	(3,572)
Other revenues	12	(2)
Total revenues	4,995	(1,549)
Benefits and Expenses		
Interest sensitive contract benefits	1,516	(1,319)
Amortization of DSI	5	10
Future policy and other policy benefits	2,329	1,356
Amortization of DAC and VOBA	231	(413)
Dividends to policyholders	9	11
Policy and other operating expenses	165	188
Total benefits and expenses	4,255	(167)
Income (loss) before income taxes	740	(1,382)
Income tax expense (benefit)	32	(166)
Net income (loss)	708	(1,216)
Less: Net loss attributable to noncontrolling interests	—	(169)
Net income (loss) attributable to Athene Holding Ltd. shareholders	708	(1,047)
Less: Preferred stock dividends	—	18
Net income (loss) available to Athene Holding Ltd. common shareholders	\$ 708	\$ (1,065)

Non-GAAP Measure Reconciliations

The reconciliation of net income (loss) available to Athene Holding Ltd. common shareholders to adjusted operating income (loss) available to common shareholders excluding notable items is as follows:

<i>(In millions)</i>	Three months ended	
	March 31,	
	2019	2020
Net income (loss) available to Athene Holding Ltd. common shareholders	\$ 708	\$ (1,065)
Less: Total non-operating adjustments	421	(957)
Adjusted operating income (loss) available to common shareholders	287	(108)
Notable items	—	43
Adjusted operating income (loss) available to common shareholders excluding notable items	\$ 287	\$ (65)
Retirement Services adjusted operating income available to common shareholders	\$ 286	\$ 204
Rider reserve and DAC equity market performance	—	50
Tax impact of notable items	—	(7)
Retirement Services notable items	—	43
Retirement Services adjusted operating income available to common shareholders excluding notable items	286	247
Corporate and Other adjusted operating income (loss) available to common shareholders	1	(312)
Consolidated adjusted operating income (loss) available to common shareholders excluding notable items	\$ 287	\$ (65)

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

	Three months ended	
	March 31,	
	2019	2020
Basic earnings (loss) per share – Class A common shares	\$ 3.65	\$ (5.81)
Non-operating adjustments		
Investment gains (losses), net of offsets	2.38	(6.27)
Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets	(0.14)	0.36
Integration, restructuring and other non-operating expenses	(0.01)	(0.03)
Stock compensation expense	(0.01)	(0.05)
Income tax (expense) benefit – non-operating	(0.03)	0.72
Less: Total non-operating adjustments	2.19	(5.27)
Less: Effect of items convertible to or settled in Class A common shares	(0.04)	0.06
Adjusted operating earnings (loss) per common share	\$ 1.50	\$ (0.60)

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

<i>(In millions)</i>	Three months ended	
	March 31,	
	2019	2020
Basic weighted average common shares outstanding – Class A	161.3	161.4
Conversion of Class B common shares to Class A common shares	25.4	16.9
Conversion of Class M common shares to Class A common shares	5.1	3.2
Effect of other stock compensation plans	0.4	—
Weighted average common shares outstanding – adjusted operating	192.2	181.5

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

<i>(In millions)</i>	March 31,	
	2019	2020
Total AHL shareholders' equity	\$ 10,117	\$ 9,940
Less: Preferred stock	—	1,172
Total AHL common shareholders' equity	10,117	8,768
Less: AOCI	706	(1,174)
Less: Accumulated change in fair value of reinsurance assets	309	(155)
Total adjusted AHL common shareholders' equity	\$ 9,102	\$ 10,097
Retirement Services	\$ 8,201	\$ 8,002
Corporate and Other	901	2,095
Total adjusted AHL common shareholders' equity	\$ 9,102	\$ 10,097

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

<i>(In millions)</i>	Three months ended March 31,	
	2019	2020
Average AHL shareholders' equity	\$ 9,197	\$ 11,666
Less: Average preferred stock	—	1,172
Less: Average AOCI	117	554
Less: Average accumulated change in fair value of reinsurance assets	117	169
Average adjusted AHL common shareholders' equity	\$ 8,963	\$ 9,771
Retirement Services	\$ 8,004	\$ 7,722
Corporate and Other	959	2,049
Average adjusted AHL common shareholders' equity	\$ 8,963	\$ 9,771

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

<i>(In millions)</i>	March 31,	
	2019	2020
Class A common shares outstanding	161.3	193.9
Conversion of Class B common shares to Class A common shares	25.4	—
Conversion of Class M common shares to Class A common shares	5.0	—
Effect of other stock compensation plans	0.7	3.8
Adjusted operating common shares outstanding	192.4	197.7

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

	March 31,	
	2019	2020
Book value per common share	\$ 52.12	\$ 51.28
Preferred stock	—	(6.04)
AOCI	(3.64)	6.06
Accumulated change in fair value of reinsurance assets	(1.59)	0.80
Effect of items convertible to or settled in Class A common shares	0.41	(1.03)
Adjusted book value per common share	\$ 47.30	\$ 51.07

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

	March 31,	
	2019	2020
<i>(In millions, except percentages)</i>		
Total debt	\$ 991	\$ 1,386
Total AHL shareholders' equity	10,117	9,940
Total capitalization	11,108	11,326
Less: AOCI	706	(1,174)
Less: Accumulated change in fair value of reinsurance assets	309	(155)
Total adjusted capitalization	\$ 10,093	\$ 12,655
Debt to capital ratio	8.9%	12.2 %
AOCI	0.6%	(1.1)%
Accumulated change in fair value of reinsurance assets	0.3%	(0.1)%
Adjusted debt to capital ratio	9.8%	11.0 %

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

	Three months ended			
	March 31,			
	2019		2020	
	Dollar	Rate	Dollar	Rate
<i>(In millions)</i>				
GAAP net investment income	\$ 1,082	3.85 %	\$ 745	2.51 %
Change in fair value of reinsurance assets	132	0.47 %	270	0.90 %
Alternative income gain (loss)	(5)	(0.02)%	(101)	(0.34)%
ACRA noncontrolling interest	—	— %	(72)	(0.24)%
Apollo investment (income) loss	—	— %	297	1.00 %
Held for trading amortization and other	(6)	(0.02)%	12	0.04 %
Total adjustments to arrive at net investment earnings/earned rate	121	0.43 %	406	1.36 %
Total net investment earnings/earned rate	\$ 1,203	4.28 %	\$ 1,151	3.87 %
Retirement Services	\$ 1,171	4.21 %	\$ 1,184	4.04 %
Corporate and Other	32	13.19 %	(33)	(8.14)%
Total net investment earnings/earned rate	\$ 1,203	4.28 %	\$ 1,151	3.87 %
Retirement Services	\$ 111,443		\$ 117,295	
Corporate and Other ex. Apollo investment	959		1,624	
Consolidated average net invested assets ex. Apollo investment	\$ 112,402		\$ 118,919	

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

(In millions)	Three months ended			
	March 31,			
	2019		2020	
	Dollar	Rate	Dollar	Rate
GAAP interest sensitive contract benefits	\$ 1,516	5.44 %	\$ (1,319)	(4.50)%
Interest credited other than deferred annuities and institutional products	55	0.20 %	63	0.21 %
FIA option costs	278	1.00 %	266	0.91 %
Product charges (strategy fees)	(28)	(0.10)%	(32)	(0.11)%
Reinsurance embedded derivative impacts	15	0.05 %	14	0.05 %
Change in fair values of embedded derivatives – FIAs	(1,311)	(4.70)%	1,504	5.13 %
Negative VOBA amortization	12	0.04 %	7	0.02 %
ACRA noncontrolling interest	—	— %	38	0.13 %
Other changes in interest sensitive contract liabilities	(2)	(0.01)%	(1)	— %
Total adjustments to arrive at cost of crediting	(981)	(3.52)%	1,859	6.34 %
Retirement Services cost of crediting	\$ 535	1.92 %	\$ 540	1.84 %
Retirement Services cost of crediting on deferred annuities	\$ 444	1.98 %	\$ 422	1.91 %
Retirement Services cost of crediting on institutional products	91	3.69 %	118	3.31 %
Retirement Services cost of crediting	\$ 535	1.92 %	\$ 540	1.84 %
Retirement Services average net invested assets	\$ 111,443		\$ 117,295	
Average net account value on deferred annuities	89,809		88,119	
Average institutional net reserve liabilities	9,809		14,250	

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

(In millions)	Three months ended	
	March 31,	
	2019	2020
GAAP benefits and expenses	\$ 4,255	\$ (167)
Premiums	(2,000)	(1,140)
Product charges	(125)	(140)
Other revenues	(12)	2
Cost of crediting	(242)	(259)
Change in fair value of embedded derivatives – FIA, net of offsets	(1,260)	1,456
DAC, DSI and VOBA amortization related to investment gains and losses	(173)	425
Rider reserves	(28)	76
Policy and other operating expenses, excluding policy acquisition expenses	(103)	(117)
AmerUs closed block fair value liability	(53)	45
ACRA noncontrolling interest	—	165
Other	1	(4)
Total adjustments to arrive at other liability costs	(3,995)	509
Other liability costs	\$ 260	\$ 342
Retirement Services	\$ 260	\$ 342
Corporate and Other	—	—
Consolidated other liability costs	\$ 260	\$ 342

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

<i>(In millions)</i>	Three months ended	
	March 31,	
	2019	2020
Policy and other operating expenses	\$ 165	\$ 188
Interest expense	(17)	(20)
Policy acquisition expenses, net of deferrals	(62)	(71)
Integration, restructuring and other non-operating expenses	(1)	(4)
Stock compensation expenses	(3)	(10)
ACRA noncontrolling interest	—	(4)
Total adjustments to arrive at operating expenses	(83)	(109)
Operating expenses	<u>\$ 82</u>	<u>\$ 79</u>
Retirement Services	\$ 62	\$ 68
Corporate and Other	20	11
Consolidated operating expenses	<u>\$ 82</u>	<u>\$ 79</u>

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

<i>(In millions)</i>	March 31,	
	2019	2020
	Total investments, including related parties	\$ 116,346
Derivative assets	(1,920)	(1,610)
Cash and cash equivalents (including restricted cash)	3,518	5,983
Accrued investment income	751	802
Payables for collateral on derivatives	(1,781)	(1,589)
Reinsurance funds withheld and modified coinsurance	(578)	355
VIE and VOE assets, liabilities and noncontrolling interest	17	23
Unrealized (gains) losses	(1,254)	2,292
Ceded policy loans	(283)	(229)
Net investment receivables (payables)	(1,045)	(238)
Allowance for credit losses	—	505
Total adjustments to arrive at gross invested assets	(2,575)	6,294
Gross invested assets	113,771	128,263
ACRA noncontrolling interest	—	(7,063)
Net invested assets	<u>\$ 113,771</u>	<u>\$ 121,200</u>



Athene Holding Ltd.
1Q'20 Financial Supplement

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Financial Highlights

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



	Quarterly Trends					Δ		Year-to-Date		Δ
	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	Q/Q	Y/Y	2019	2020	Y/Y
SELECTED INCOME STATEMENT DATA										
Net income (loss) available to AHL common shareholders	\$ 708	\$ 720	\$ 276	\$ 432	\$ (1,065)	NM	NM	\$ 708	\$ (1,065)	NM
Adjusted operating income (loss) available to common shareholders	287	370	243	389	(108)	NM	NM	287	(108)	NM
Adjusted operating income (loss) available to common shareholders excluding notables and AOG	287	370	305	346	174	(50)%	(39)%	287	174	(39)%
FINANCIAL RATIOS										
Return on assets (ROA)	2.19%	2.12%	0.78%	1.19%	(2.95)%	NM	NM	2.19%	(2.95)%	NM
Adjusted operating ROA	1.02%	1.28%	0.82%	1.34%	(0.36)%	NM	NM	1.02%	(0.36)%	NM
Adjusted operating ROA, excluding notables and AOG	1.02%	1.28%	1.03%	1.19%	0.59 %	(60)bps	(43)bps	1.02%	0.59 %	(43)bps
Net investment spread – Retirement Services	1.36%	1.68%	1.13%	1.84%	1.03 %	(81)bps	(33)bps	1.36%	1.03 %	(33)bps
Return on equity (ROE)	30.8%	25.6%	8.5%	12.8%	(36.5)%	NM	NM	30.8%	(36.5)%	NM
Adjusted operating ROE	12.8%	16.2%	10.6%	16.7%	(4.4)%	NM	NM	12.8%	(4.4)%	NM
Adjusted operating ROE, excluding notables and AOG	12.8%	16.2%	13.3%	14.9%	7.6 %	NM	NM	12.8%	7.6 %	NM
Adjusted operating ROE – Retirement Services	14.4%	18.9%	13.5%	21.6%	10.6 %	NM	NM	14.4%	10.6 %	NM
EARNINGS AND BOOK VALUE PER COMMON SHARE										
Earnings (loss) per common share – basic class A ¹	\$ 3.65	\$ 3.76	\$ 1.50	\$ 2.43	\$ (5.81)	NM	NM	\$ 3.65	\$ (5.81)	NM
Earnings (loss) per common share – diluted class A ²	3.64	3.75	1.50	2.42	(5.81)	NM	NM	3.64	(5.81)	NM
Adjusted operating earnings (loss) per common share ³	1.50	1.95	1.34	2.21	(0.60)	NM	NM	1.50	(0.60)	NM
Adjusted operating earnings (loss) per common share excluding notables and AOG	1.50	1.95	1.67	1.97	1.00	(49)%	(33)%	1.50	1.00	(33)%
Book value per common share	52.12	66.69	74.20	76.21	51.28	(33)%	(2)%	52.12	51.28	(2)%
Adjusted book value per common share ³	47.30	49.50	50.74	54.02	51.07	(5)%	8 %	47.30	51.07	8 %
SELECTED BALANCE SHEET DATA										
Total assets	\$ 132,857	\$ 138,980	\$ 144,202	\$ 146,875	\$ 142,179	(3)%	7 %	\$ 132,857	\$ 142,179	7 %
Gross invested assets	113,771	116,671	121,140	124,563	128,263	3 %	13 %	113,771	128,263	13 %
Invested assets – ACRA noncontrolling interests	—	—	—	(7,077)	(7,063)	— %	NM	—	(7,063)	NM
Net invested assets	113,771	116,671	121,140	117,486	121,200	3 %	7 %	113,771	121,200	7 %
Total liabilities	122,740	126,615	130,657	132,734	131,649	(1)%	7 %	122,740	131,649	7 %
Net reserve liabilities	111,791	114,680	118,825	114,652	114,273	— %	2 %	111,791	114,273	2 %
Debt	991	991	992	1,467	1,386	(6)%	40 %	991	1,386	40 %
Total AHL shareholders' equity	10,117	12,365	13,545	13,391	9,940	(26)%	(2)%	10,117	9,940	(2)%
Adjusted AHL common shareholders' equity	9,102	9,127	9,204	9,445	10,097	7 %	11 %	9,102	10,097	11 %
DEPOSITS										
Retail	\$ 1,816	\$ 1,909	\$ 1,921	\$ 1,136	\$ 1,246	10 %	(31)%	\$ 1,816	\$ 1,246	(31)%
Flow reinsurance	1,020	1,125	609	1,196	861	(28)%	(16)%	1,020	861	(16)%
Funding agreements	—	299	503	499	823	65 %	NM	—	823	NM
Pension risk transfer	1,923	706	2,604	809	1,017	26 %	(47)%	1,923	1,017	(47)%
Gross organic deposits	4,759	4,039	5,637	3,640	3,947	8 %	(17)%	4,759	3,947	(17)%
Gross inorganic deposits	—	—	—	—	—	NM	NM	—	—	NM
Gross deposits	4,759	4,039	5,637	3,640	3,947	8 %	(17)%	4,759	3,947	(17)%
Deposits attributable to ACRA noncontrolling interest ⁴	—	—	—	(544)	—	NM	NM	—	—	NM
Net deposits	\$ 4,759	\$ 4,039	\$ 5,637	\$ 3,096	\$ 3,947	27 %	(17)%	\$ 4,759	\$ 3,947	(17)%

Note: "NM" represents changes that are not meaningful. Please refer to Notes to the Financial Supplement section and the Non-GAAP Measure Reconciliations for discussion of non-GAAP metrics. ¹ Basic earnings per common share, including basic weighted average common shares outstanding, includes all classes eligible to participate in dividends for each period presented. ² Diluted earnings per common share on a GAAP basis for Class A common shares, including diluted Class A weighted average common 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 Deposits attributable to ACRA noncontrolling interest in 4Q'19 were related to pension risk transfer activity. ACRA noncontrolling interest reserve liabilities at inception on October 1, 2019 were \$6.1 billion.

Condensed Consolidated Statements of Income (GAAP view)

Unaudited (in millions, except percentages)



	Quarterly Trends					Δ		Year-to-Date		
	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	Q/Q	Y/Y	2019	2020	Y/Y
REVENUE										
Premiums	\$ 2,000	\$ 787	\$ 2,688	\$ 907	\$ 1,140	26 %	(43)%	\$ 2,000	\$ 1,140	(43)%
Product charges	125	132	135	132	140	6 %	12 %	125	140	12 %
Net investment income	1,082	1,182	1,090	1,242	745	(40)%	(31)%	1,082	745	(31)%
Investment related gains (losses)	1,776	1,313	665	965	(3,572)	NM	NM	1,776	(3,572)	NM
Other revenues	12	9	6	10	(2)	NM	NM	12	(2)	NM
Total revenues	\$ 4,995	\$ 3,423	\$ 4,584	\$ 3,256	\$ (1,549)	NM	NM	\$ 4,995	\$ (1,549)	NM
BENEFITS AND EXPENSES										
Interest sensitive contract benefits	\$ 1,516	\$ 1,094	\$ 801	\$ 1,146	\$ (1,319)	NM	NM	\$ 1,516	\$ (1,319)	NM
Amortization of deferred sales inducements	5	13	20	36	10	(72)%	100 %	5	10	100 %
Future policy and other policy benefits	2,329	1,111	2,955	1,192	1,356	14 %	(42)%	2,329	1,356	(42)%
Amortization of deferred acquisition costs and value of business acquired	231	261	323	143	(413)	NM	NM	231	(413)	NM
Dividends to policyholders	9	9	12	6	11	83 %	22 %	9	11	22 %
Policy and other operating expenses	165	185	194	200	188	(6)%	14 %	165	188	14 %
Total benefits and expenses	4,255	2,673	4,305	2,723	(167)	NM	NM	4,255	(167)	NM
Income (loss) before income taxes	740	750	279	533	(1,382)	NM	NM	740	(1,382)	NM
Income tax expense (benefit)	32	30	(14)	69	(166)	NM	NM	32	(166)	NM
Net income (loss)	708	720	293	464	(1,216)	NM	NM	708	(1,216)	NM
Less: Net income (loss) attributable to noncontrolling interests	—	—	—	13	(169)	NM	NM	—	(169)	NM
Net income (loss) attributable to Athene Holding Ltd. shareholders	708	720	293	451	(1,047)	NM	NM	708	(1,047)	NM
Less: Preferred stock dividends	—	—	17	19	18	(5)%	NM	—	18	NM
Net income (loss) available to Athene Holding Ltd. common shareholders	\$ 708	\$ 720	\$ 276	\$ 432	\$ (1,065)	NM	NM	\$ 708	\$ (1,065)	NM

Segment Results of Operations (Management view)

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



	Quarterly Trends					Δ		Year-to-Date		Δ
	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	Q/Q	Y/Y	2019	2020	Y/Y
CONSOLIDATED										
Fixed income and other investment income	\$ 1,154	\$ 1,175	\$ 1,168	\$ 1,185	\$ 1,188	—%	3%	\$ 1,154	\$ 1,188	3%
Alternative investment income	49	170	124	154	(37)	NM	NM	49	(37)	NM
Net investment earnings	1,203	1,345	1,292	1,339	1,151	(14)%	(4)%	1,203	1,151	(4)%
Cost of crediting	(535)	(547)	(576)	(521)	(540)	(4)%	(1)%	(535)	(540)	(1)%
Other liability costs ¹	(260)	(295)	(358)	(259)	(342)	(32)%	(32)%	(260)	(342)	(32)%
Cost of funds	(795)	(842)	(934)	(780)	(882)	(13)%	(11)%	(795)	(882)	(11)%
Operating expenses	(82)	(87)	(79)	(86)	(79)	8%	4%	(82)	(79)	4%
Interest expense	(13)	(12)	(12)	(17)	(19)	(12)%	(46)%	(13)	(19)	(46)%
Management fees from ACRA	—	—	—	2	2	—%	NM	—	2	NM
Pre-tax adjusted operating income	313	404	267	458	173	(62)%	(45)%	313	173	(45)%
Income tax expense – operating ²	(26)	(34)	(7)	(50)	(24)	52%	8%	(26)	(24)	8%
Adjusted operating income	287	370	260	408	149	(63)%	(48)%	287	149	(48)%
Preferred stock dividends	—	—	(17)	(19)	(18)	5%	NM	—	(18)	NM
Adjusted operating income available to common shareholders excluding Apollo	287	370	243	389	131	(66)%	(54)%	287	131	(54)%
Change in fair value of Apollo investment, net of tax ³	—	—	—	—	(239)	NM	NM	—	(239)	NM
Adjusted operating income (loss) available to common shareholders	\$ 287	\$ 370	\$ 243	\$ 389	\$ (108)	NM	NM	\$ 287	\$ (108)	NM
Adjusted operating earnings (loss) per common share	\$ 1.50	\$ 1.95	\$ 1.34	\$ 2.21	\$ (0.60)	NM	NM	\$ 1.50	\$ (0.60)	NM
RETIREMENT SERVICES										
Fixed income and other investment income	\$ 1,151	\$ 1,170	\$ 1,159	\$ 1,172	\$ 1,177	—%	2%	\$ 1,151	\$ 1,177	2%
Alternative investment income	20	151	105	134	7	(95)%	(65)%	20	7	(65)%
Net investment earnings	1,171	1,321	1,264	1,306	1,184	(9)%	1%	1,171	1,184	1%
Cost of crediting	(535)	(547)	(576)	(521)	(540)	(4)%	(1)%	(535)	(540)	(1)%
Other liability costs ¹	(260)	(295)	(358)	(259)	(342)	(32)%	(32)%	(260)	(342)	(32)%
Cost of funds	(795)	(842)	(934)	(780)	(882)	(13)%	(11)%	(795)	(882)	(11)%
Operating expenses	(62)	(68)	(67)	(69)	(68)	1%	(10)%	(62)	(68)	(10)%
Interest expense	(2)	(1)	—	(5)	(8)	(60)%	NM	(2)	(8)	NM
Management fees from ACRA	—	—	—	2	2	—%	NM	—	2	NM
Pre-tax adjusted operating income	312	410	263	454	228	(50)%	(27)%	312	228	(27)%
Income tax expense – operating	(26)	(34)	(7)	(50)	(24)	52%	8%	(26)	(24)	8%
Adjusted operating income available to common shareholders	\$ 286	\$ 376	\$ 256	\$ 404	\$ 204	(50)%	(29)%	\$ 286	\$ 204	(29)%
CORPORATE & OTHER										
Fixed income and other investment income	\$ 3	\$ 5	\$ 9	\$ 13	\$ 11	(15)%	267%	\$ 3	\$ 11	267%
Alternative investment income (loss)	29	19	19	20	(44)	NM	NM	29	(44)	NM
Net investment earnings (loss)	32	24	28	33	(33)	NM	NM	32	(33)	NM
Operating expenses	(20)	(19)	(12)	(17)	(11)	35%	45%	(20)	(11)	45%
Interest expense	(11)	(11)	(12)	(12)	(11)	8%	—%	(11)	(11)	—%
Adjusted operating income (loss)	1	(6)	4	4	(55)	NM	NM	1	(55)	NM
Preferred stock dividends	—	—	(17)	(19)	(18)	5%	NM	—	(18)	NM
Adjusted operating income (loss) available to common shareholders excluding Apollo	1	(6)	(13)	(15)	(73)	NM	NM	1	(73)	NM
Change in fair value of Apollo investment, net of tax ³	—	—	—	—	(239)	NM	NM	—	(239)	NM
Adjusted operating income (loss) available to common shareholders	\$ 1	\$ (6)	\$ (13)	\$ (15)	\$ (312)	NM	NM	\$ 1	\$ (312)	NM

Note: Please refer to Notes to the Financial Supplement section and the Non-GAAP Measure Reconciliations for discussion on adjusted operating income available to common shareholders and adjusted operating earnings per common share. 1 Other liability costs primarily includes DAC, DSI and VOBA amortization and rider reserve changes for all products, the cost of liabilities on products other than deferred annuities and institutional costs including offsets for premiums, product charges and other revenues. 2 Income tax expense - operating excludes the income tax expense/benefit on the earnings from our investment in Apollo. 3 Change in fair value of Apollo investment, net of tax, including both the change in our investment in Apollo and the tax expense or benefit associated with the income or loss.

Reconciliation of Earnings Measures

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



	Quarterly Trends					Δ		Year-to-Date		Δ
	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	Q/Q	Y/Y	2019	2020	Y/Y
RECONCILIATION OF NET INCOME (LOSS) AVAILABLE TO ATHENE HOLDING LTD. COMMON SHAREHOLDERS TO ADJUSTED OPERATING INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS										
Net income (loss) available to Athene Holding Ltd. common shareholders	\$ 708	\$ 720	\$ 276	\$ 432	\$ (1,065)	NM	NM	\$ 708	\$ (1,065)	NM
Non-operating adjustments										
Realized gains (losses) on sale of AFS securities	12	41	46	26	12	(54)%	—%	12	12	—%
Unrealized, allowances and other investment gains (losses)	29	10	(31)	(12)	(369)	NM	NM	29	(369)	NM
Change in fair value of reinsurance assets	616	570	314	(89)	(1,277)	NM	NM	616	(1,277)	NM
Offsets to investment gains (losses)	(199)	(204)	(163)	28	495	NM	NM	(199)	495	NM
Investment gains (losses), net of offsets	458	417	166	(47)	(1,139)	NM	NM	458	(1,139)	NM
Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets	(27)	(57)	(117)	136	65	(52)%	NM	(27)	65	NM
Integration, restructuring and other non-operating expenses	(1)	(11)	(34)	(24)	(4)	83 %	NM	(1)	(4)	NM
Stock compensation expense	(3)	(3)	(3)	(3)	(10)	NM	NM	(3)	(10)	NM
Income tax (expense) benefit – non-operating	(6)	4	21	(19)	131	NM	NM	(6)	131	NM
Less: Total non-operating adjustments	421	350	33	43	(957)	NM	NM	421	(957)	NM
Adjusted operating income (loss) available to common shareholders	\$ 287	\$ 370	\$ 243	\$ 389	\$ (108)	NM	NM	\$ 287	\$ (108)	NM
RECONCILIATION OF BASIC EARNINGS (LOSS) PER CLASS A COMMON SHARES TO ADJUSTED OPERATING EARNINGS (LOSS) PER COMMON SHARE										
Basic earnings (loss) per share – Class A common shares	\$ 3.65	\$ 3.76	\$ 1.50	\$ 2.43	\$ (5.81)	NM	NM	\$ 3.65	\$ (5.81)	NM
Non-operating adjustments										
Realized gains (losses) on sale of AFS securities	0.06	0.21	0.25	0.15	0.07	(53)%	17%	0.06	0.07	17%
Unrealized, allowances and other investment gains (losses)	0.16	0.05	(0.17)	(0.07)	(2.03)	NM	NM	0.16	(2.03)	NM
Change in fair value of reinsurance assets	3.20	3.01	1.72	(0.50)	(7.04)	NM	NM	3.20	(7.04)	NM
Offsets to investment gains (losses)	(1.04)	(1.07)	(0.89)	0.16	2.73	NM	NM	(1.04)	2.73	NM
Investment gains (losses), net of offsets	2.38	2.20	0.91	(0.26)	(6.27)	NM	NM	2.38	(6.27)	NM
Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets	(0.14)	(0.30)	(0.65)	0.77	0.36	(53)%	NM	(0.14)	0.36	NM
Integration, restructuring and other non-operating expenses	(0.01)	(0.06)	(0.18)	(0.13)	(0.03)	77 %	NM	(0.01)	(0.03)	NM
Stock compensation expense	(0.01)	(0.02)	(0.02)	(0.02)	(0.05)	NM	NM	(0.01)	(0.05)	NM
Income tax (expense) benefit – non-operating	(0.03)	0.02	0.12	(0.11)	0.72	NM	NM	(0.03)	0.72	NM
Less: Total non-operating adjustments	2.19	1.84	0.18	0.25	(5.27)	NM	NM	2.19	(5.27)	NM
Effect of items convertible to or settled in Class A common shares	(0.04)	(0.03)	(0.02)	(0.03)	0.06	NM	NM	(0.04)	0.06	NM
Adjusted operating earnings (loss) per common share	\$ 1.50	\$ 1.95	\$ 1.34	\$ 2.21	\$ (0.60)	NM	NM	\$ 1.50	\$ (0.60)	NM

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

Retirement Services Segment Highlights

Unaudited (in millions, except percentages)



	Quarterly Trends					Δ		Year-to-Date		Δ
	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	Q/Q	Y/Y	2019	2020	Y/Y
NET INVESTMENT SPREAD – RETIREMENT SERVICES										
Net investment earned rate	4.21%	4.63%	4.31%	4.57%	4.04%	(53)bps	(17)bps	4.21%	4.04%	(17)bps
Cost of crediting	1.92%	1.92%	1.96%	1.83%	1.84%	1bps	(8)bps	1.92%	1.84%	(8)bps
Other liability costs	0.93%	1.03%	1.22%	0.90%	1.17%	27bps	24bps	0.93%	1.17%	24bps
Cost of funds	2.85%	2.95%	3.18%	2.73%	3.01%	28bps	16bps	2.85%	3.01%	16bps
Net investment spread	1.36%	1.68%	1.13%	1.84%	1.03%	(81)bps	(33)bps	1.36%	1.03%	(33)bps
Average net invested assets	\$ 111,443	\$ 114,059	\$ 117,338	\$ 114,149	\$ 117,295	3 %	5 %	\$ 111,443	\$ 117,295	5 %
COST OF CREDITING – RETIREMENT SERVICES										
FIA option costs	\$ 265	\$ 265	\$ 265	\$ 252	\$ 248	(2)%	(6)%	\$ 265	\$ 248	(6)%
Fixed interest credited to policyholders	179	183	188	177	174	(2)%	(3)%	179	174	(3)%
Cost of crediting on deferred annuities	444	448	453	429	422	(2)%	(5)%	444	422	(5)%
Average account value on deferred annuities	89,809	90,675	91,467	87,660	88,119	1 %	(2)%	89,809	88,119	(2)%
Cost of crediting on deferred annuities rate	1.98%	1.98%	1.98%	1.95%	1.91%	(4)bps	(7)bps	1.98%	1.91%	(7)bps
Cost of crediting on institutional products	\$ 91	\$ 99	\$ 123	\$ 92	\$ 118	28 %	30 %	\$ 91	\$ 118	30 %
Average institutional reserve liabilities	9,809	10,470	13,320	12,931	14,250	10 %	45 %	9,809	14,250	45 %
Cost of crediting on institutional products rate	3.69%	3.76%	3.68%	2.85%	3.31%	46bps	(38)bps	3.69%	3.31%	(38)bps
Cost of crediting	\$ 535	\$ 547	\$ 576	\$ 521	\$ 540	4 %	1 %	\$ 535	\$ 540	1 %
OTHER LIABILITY COSTS – RETIREMENT SERVICES										
Change in rider reserve	\$ 154	\$ 138	\$ 114	\$ 124	\$ 183	48 %	19 %	\$ 154	\$ 183	19 %
DAC, DSI and VOBA amortization	91	125	226	131	127	(3)%	40 %	91	127	40 %
Other ¹	15	32	18	4	32	NM	113 %	15	32	113 %
Other liability costs	\$ 260	\$ 295	\$ 358	\$ 259	\$ 342	32 %	32 %	\$ 260	\$ 342	32 %
INVESTMENT MARGIN ON DEFERRED ANNUITIES – RETIREMENT SERVICES										
Net investment earned rate	4.21%	4.63%	4.31%	4.57%	4.04%	(53)bps	(17)bps	4.21%	4.04%	(17)bps
Cost of crediting on deferred annuities	1.98%	1.98%	1.98%	1.95%	1.91%	(4)bps	(7)bps	1.98%	1.91%	(7)bps
Investment margin on deferred annuities	2.23%	2.65%	2.33%	2.62%	2.13%	(49)bps	(10)bps	2.23%	2.13%	(10)bps

Note: Please refer to Notes to the Financial Supplement section and the Non-GAAP Reconciliations for discussion on net investment spread, investment margin on deferred annuities, net investment earned rate, cost of crediting on deferred annuities and other liability costs. 1 Other primarily includes payout annuities, policy maintenance costs, reinsurance expense allowances, excise taxes and non-deferred acquisition costs, net of product charges.

Condensed Consolidated Balance Sheets

Unaudited (in millions, except percentages)



	December 31, 2019	March 31, 2020	Δ
ASSETS			
Investments			
Available-for-sale securities, at fair value	\$ 71,374	\$ 65,671	(8)%
Trading securities, at fair value	2,070	1,979	(4)%
Equity securities, at fair value	247	206	(17)%
Mortgage loans, net of allowances	14,306	14,395	1 %
Investment funds	750	740	(1)%
Policy loans	417	403	(3)%
Funds withheld at interest	15,181	13,716	(10)%
Derivative assets	2,888	1,610	(44)%
Short-term investments	596	583	(2)%
Other investments	158	172	9 %
Total investments	107,987	99,475	(8)%
Cash and cash equivalents	4,240	5,419	28 %
Restricted cash	402	564	40 %
Investments in related parties			
Available-for-sale securities, at fair value	3,804	3,546	(7)%
Trading securities, at fair value	785	718	(9)%
Equity securities, at fair value	64	49	(23)%
Mortgage loans, net of allowances	653	623	(5)%
Investment funds	3,550	4,631	30 %
Funds withheld at interest	13,220	12,452	(6)%
Other investments, net of allowances	487	475	(2)%
Accrued investment income	807	802	(1)%
Reinsurance recoverable	4,863	5,087	5 %
Deferred acquisition costs, deferred sales inducements and value of business acquired	5,008	6,392	28 %
Other assets	1,005	1,946	94 %
Total assets	\$ 146,875	\$ 142,179	(3)%

Condensed Consolidated Balance Sheets, continued

Unaudited (in millions, except percentages)



	December 31, 2019	March 31, 2020	Δ
LIABILITIES			
Interest sensitive contract liabilities	\$ 102,745	\$ 101,911	(1)%
Future policy benefits	23,330	23,741	2 %
Other policy claims and benefits	138	145	5 %
Dividends payable to policyholders	113	112	(1)%
Short-term debt	475	400	(16)%
Long-term debt	992	986	(1)%
Derivative liabilities	97	222	129 %
Payables for collateral on derivatives and securities to repurchase	3,255	2,883	(11)%
Funds withheld liability	408	396	(3)%
Other liabilities	1,181	853	(28)%
Total liabilities	132,734	131,649	(1)%
EQUITY			
Preferred stock	—	—	NM
Common stock	—	—	NM
Additional paid-in-capital	4,171	5,501	32 %
Retained earnings	6,939	5,613	(19)%
Accumulated other comprehensive income (loss)	2,281	(1,174)	NM
Total Athene Holding Ltd. shareholders' equity	13,391	9,940	(26)%
Noncontrolling interests	750	590	(21)%
Total equity	14,141	10,530	(26)%
Total liabilities and equity	\$ 146,875	\$ 142,179	(3)%

Investments (GAAP view)

Unaudited (in millions, except percentages)



	December 31, 2019		March 31, 2020	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
INVESTMENTS AND INVESTMENTS IN RELATED PARTIES SUMMARY				
Investments				
Available-for-sale securities, at fair value				
U.S. government and agencies	\$ 36	—%	\$ 40	—%
U.S. state, municipal and political subdivisions	1,541	1.2%	909	0.7%
Foreign governments	327	0.3%	291	0.2%
Corporate	47,228	36.2%	44,468	36.5%
CLO	7,349	5.6%	6,641	5.5%
ABS	5,118	3.9%	4,563	3.8%
CMBS	2,400	1.8%	2,291	1.9%
RMBS	7,375	5.7%	6,468	5.3%
Total available-for-sale securities, at fair value	71,374	54.7%	65,671	53.9%
Trading securities, at fair value	2,070	1.6%	1,979	1.6%
Equity securities, at fair value	247	0.2%	206	0.2%
Mortgage loans, net of allowances	14,306	11.0%	14,395	11.8%
Investment funds	750	0.6%	740	0.6%
Policy loans	417	0.3%	403	0.3%
Funds withheld at interest	15,181	11.6%	13,716	11.3%
Derivative assets	2,888	2.2%	1,610	1.3%
Short-term investments	596	0.5%	583	0.5%
Other investments	158	0.1%	172	0.1%
Total investments	107,987	82.8%	99,475	81.6%
Investments in related parties				
Available-for-sale securities, at fair value				
Corporate	19	—%	19	—%
CLO	936	0.7%	1,040	0.9%
ABS	2,849	2.2%	2,487	2.0%
Total available-for-sale securities, at fair value	3,804	2.9%	3,546	2.9%
Trading securities, at fair value	785	0.6%	718	0.6%
Equity securities, at fair value	64	—%	49	—%
Mortgage loans	653	0.5%	623	0.5%
Investment funds	3,550	2.7%	4,631	3.8%
Funds withheld at interest	13,220	10.1%	12,452	10.2%
Other investments	487	0.4%	475	0.4%
Total investments in related parties	22,563	17.2%	22,494	18.4%
Total investments including related parties	\$ 130,550	100.0%	\$ 121,969	100.0%

Net Invested Assets (Management view)

Unaudited (in millions, except percentages)



	December 31, 2019		March 31, 2020	
	Invested Asset Value ¹	Percent of Total	Invested Asset Value ¹	Percent of Total
NET INVESTED ASSETS				
Corporate	\$ 55,077	46.9%	\$ 54,666	45.1%
CLO	10,223	8.7%	11,118	9.2%
Credit	65,300	55.6%	65,784	54.3%
RMBS	8,394	7.1%	8,123	6.7%
CML	14,038	12.0%	14,954	12.3%
RML	4,490	3.8%	4,112	3.4%
CMBS	2,930	2.5%	2,846	2.3%
Real estate	29,852	25.4%	30,035	24.7%
ABS	10,317	8.8%	10,292	8.5%
Alternative investments	5,586	4.8%	5,787	4.8%
State, municipal, political subdivisions and foreign government	2,260	1.9%	1,557	1.3%
Equity securities	365	0.3%	369	0.3%
Short-term investments	624	0.5%	604	0.5%
U.S. government and agencies	49	—%	51	—%
Other investments	19,201	16.3%	18,660	15.4%
Cash and equivalents	1,958	1.7%	4,718	3.9%
Policy loans and other	1,175	1.0%	1,153	1.0%
Net invested assets excluding investment in Apollo	117,486	100.0%	120,350	99.3%
Investment in Apollo	—	—%	850	0.7%
Net invested assets	\$ 117,486	100.0%	\$ 121,200	100.0%

¹ Net invested assets includes our economic ownership of ACRA investments but does not include the investments associated with the noncontrolling interest. Please refer to Notes to the Financial Supplement for discussion on net invested assets including net alternative investments and Non-GAAP Measure Reconciliations for the reconciliation of investments including related parties to net invested assets.

Investment Funds (GAAP view)

Unaudited (in millions, except percentages)



	December 31, 2019		March 31, 2020	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
INVESTMENT FUNDS INCLUDING RELATED PARTIES¹				
Investment funds				
Real estate	\$ 277	6.4%	\$ 284	5.3%
Credit funds	153	3.6%	122	2.3%
Private equity	236	5.5%	244	4.5%
Real assets	83	2.0%	89	1.7%
Natural resources	1	—%	1	—%
Total investment funds	750	17.5%	740	13.8%
Investment funds – related parties				
Differentiated investments				
MidCap	547	12.7%	508	9.5%
AmeriHome	487	11.3%	508	9.5%
Catalina	271	6.3%	296	5.5%
Athora	132	3.1%	130	2.4%
Venerable	99	2.3%	110	2.1%
Other	222	5.2%	281	5.2%
Total differentiated investments	1,758	40.9%	1,833	34.2%
Real estate	853	19.8%	775	14.4%
Credit funds	370	8.6%	446	8.3%
Private equity	105	2.4%	227	4.2%
Real assets	182	4.2%	256	4.8%
Natural resources	163	3.8%	200	3.7%
Public equities	119	2.8%	44	0.8%
Investment in Apollo	—	—%	850	15.8%
Total investment funds – related parties	3,550	82.5%	4,631	86.2%
Total investment funds including related parties	\$ 4,300	100.0%	\$ 5,371	100.0%

Note: The investment funds balances include the entire investment fund balance attributable to ACRA as ACRA is 100% consolidated. ¹ Investment funds, including related parties, 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, a nonredeemable preferred stock viewed as an alternative investment for management view but included in equity securities for GAAP view, investment funds included in our funds withheld at interest reinsurance portfolios, royalties and other investments. Please refer to Notes to the Financial Supplement section for discussion on net invested assets including net alternative investments and the Non-GAAP Measure Reconciliations section for the reconciliation of investment funds, including related parties, to net alternative investments.

Net Alternative Investments (Management view)

Unaudited (in millions, except percentages)



	December 31, 2019		March 31, 2020	
	Invested Asset Value ¹	Percent of Total	Invested Asset Value ¹	Percent of Total
NET ALTERNATIVE INVESTMENTS				
Retirement Services				
Differentiated investments				
AmeriHome	\$ 595	10.7%	\$ 621	10.7%
MidCap	547	9.8%	508	8.8%
Catalina	271	4.9%	296	5.1%
Venerable	99	1.8%	110	1.9%
Other	208	3.7%	332	5.7%
Total differentiated investments	1,720	30.9%	1,867	32.2%
Real estate	1,430	25.6%	1,410	24.4%
Credit	968	17.3%	950	16.4%
Private equity	378	6.8%	495	8.6%
Real assets	349	6.2%	385	6.6%
Natural resources	51	0.9%	61	1.1%
Other	58	1.0%	58	1.0%
Total Retirement Services	4,954	88.7%	5,226	90.3%
Corporate & Other				
Athora	140	2.5%	140	2.4%
Credit	128	2.3%	88	1.5%
Natural resources	245	4.4%	289	5.0%
Public equities ²	119	2.1%	44	0.8%
Total Corporate & Other	632	11.3%	561	9.7%
Net alternative investments ¹	\$ 5,586	100.0%	\$ 5,787	100.0%

Note: Net invested assets includes our economic ownership of ACRA investments but does not include the investments associated with the noncontrolling interest.

¹ Net alternative investments does not correspond to the total investment funds, including related parties, on our condensed consolidated balance sheets. Net alternative investments adjusts the GAAP presentation to include CLO equity tranche securities that are included in trading securities in the GAAP view, a nonredeemable preferred stock viewed as an alternative investment for management view but included in equity securities for GAAP view, investment funds included in our funds withheld at interest reinsurance portfolios, royalties and other investments. Please refer to Notes to the Financial Supplement section for discussion on net invested assets including net alternative investments and the Non-GAAP Measure Reconciliations section for the reconciliation of investment funds, including related parties, to net alternative investments.

² Public Equities include: OneMain Financial (OMF) - 2.8 million of shares as of March 31, 2020 and December 31, 2019.

Funds Withheld at Interest (GAAP view)

Unaudited (in millions, except percentages)



	December 31, 2019		March 31, 2020	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
FUNDS WITHHELD AT INTEREST INCLUDING RELATED PARTIES				
Fixed maturity securities				
U.S. government and agencies	\$ 15	0.1 %	\$ 15	0.1 %
U.S. state, municipal and political subdivisions	482	1.7 %	324	1.2 %
Foreign governments	143	0.5 %	134	0.5 %
Corporate	14,590	51.4 %	13,156	50.3 %
CLO	2,586	9.1 %	2,283	8.7 %
ABS	2,510	8.8 %	2,149	8.2 %
CMBS	756	2.7 %	475	1.8 %
RMBS	1,482	5.2 %	1,302	5.0 %
Total fixed maturity securities	22,564	79.5 %	19,838	75.8 %
Equity securities	74	0.3 %	61	0.2 %
Mortgage loans	4,357	15.3 %	4,411	16.9 %
Investment funds	807	2.8 %	927	3.6 %
Derivative assets	224	0.8 %	65	0.2 %
Short-term investments	157	0.6 %	127	0.5 %
Cash and cash equivalents	239	0.8 %	807	3.1 %
Other assets and liabilities	(21)	(0.1)%	(68)	(0.3)%
Total funds withheld at interest including related parties ¹	\$ 28,401	100.0 %	\$ 26,168	100.0 %

¹ Funds withheld at interest represents a receivable for amounts contractually withheld by ceding companies in accordance with modco and funds withheld reinsurance agreements in which we act as the reinsurer. In managing our business we utilize invested assets, where we adjust the presentation for funds withheld and modco transactions to include or exclude the underlying investments based upon the contractual transfer of economic exposure to such underlying investments.

Segment Net Investment Earned Rates (NIER)

Unaudited (In millions, except percentages)



	Quarterly Trends					Δ		Year-to-Date		
	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	Q/Q	Y/Y	2019	2020	Y/Y
NIER – CONSOLIDATED										
Fixed income and other investments	4.28%	4.26%	4.11%	4.29%	4.20 %	(9)bps	(8)bps	4.28%	4.20 %	(8)bps
Alternative investments	4.36%	14.13%	9.26%	11.15%	(2.58)%	NM	NM	4.36%	(2.58)%	NM
Total net investment earned rate	4.28%	4.67%	4.35%	4.62%	3.87 %	(75)bps	(41)bps	4.28%	3.87 %	(41)bps
NIER SUMMARY – RETIREMENT SERVICES										
Fixed income and other investments	4.28%	4.26%	4.11%	4.29%	4.20 %	(9)bps	(8)bps	4.28%	4.20 %	(8)bps
Alternative investments	2.13%	14.46%	8.90%	10.94%	0.56 %	NM	NM	2.13%	0.56 %	NM
Total net investment earned rate	4.21%	4.63%	4.31%	4.57%	4.04 %	(53)bps	(17)bps	4.21%	4.04 %	(17)bps
Fixed income and other investment income	\$ 1,151	\$ 1,170	\$ 1,159	\$ 1,172	\$ 1,177	— %	2 %	\$ 1,151	\$ 1,177	2 %
Alternatives investment income	20	151	105	134	7	(95)%	(65)%	20	7	(65)%
Total net investment earnings	\$ 1,171	\$ 1,321	\$ 1,264	\$ 1,306	\$ 1,184	(9)%	1 %	\$ 1,171	\$ 1,184	1 %
Fixed income and other investments	\$ 107,641	\$ 109,888	\$ 112,611	\$ 109,250	\$ 112,205	3 %	4 %	\$ 107,641	\$ 112,205	4 %
Alternatives investments	3,802	4,171	4,727	4,899	5,090	4 %	34 %	3,802	5,090	34 %
Total average net invested assets	\$ 111,443	\$ 114,059	\$ 117,338	\$ 114,149	\$ 117,295	3 %	5 %	\$ 111,443	\$ 117,295	5 %
NIER SUMMARY – CORPORATE & OTHER										
Fixed income and other investments	4.28%	4.26%	4.12%	4.29%	4.18 %	(11)bps	(10)bps	4.28%	4.18 %	(10)bps
Alternative investments	17.66%	11.96%	11.95%	12.82%	(29.33)%	NM	NM	17.66%	(29.33)%	NM
Total net investment earned rate	13.19%	8.39%	7.28%	7.16%	(8.14)%	NM	NM	13.19%	(8.14)%	NM
Fixed income and other investment income	\$ 3	\$ 5	\$ 9	\$ 13	\$ 11	(15)%	267 %	\$ 3	\$ 11	267 %
Alternatives investment income	29	19	19	20	(44)	NM	NM	29	(44)	NM
Total net investment earnings	\$ 32	\$ 24	\$ 28	\$ 33	\$ (33)	NM	NM	\$ 32	\$ (33)	NM
Fixed income and other investments	\$ 320	\$ 539	\$ 935	\$ 1,218	\$ 1,027	(16)%	221 %	\$ 320	\$ 1,027	221 %
Alternatives investments	639	623	632	619	597	(4)%	(7)%	639	597	(7)%
Total average net invested assets ex. Apollo investment	\$ 959	\$ 1,162	\$ 1,567	\$ 1,837	\$ 1,624	(12)%	69 %	\$ 959	\$ 1,624	69 %

Note: Please refer to Notes to the Financial Supplement section and the Non-GAAP Measure Reconciliations for discussion on net investment earned rate and net invested assets. The investment results above are presented net of investment management fees as well as the proportionate share of income/(loss) and investments associated with the ACRA noncontrolling interest. Consolidated and Corporate & Other average net invested assets exclude the assets related to our investment in Apollo when used in the calculation of our net investment earned rate.

NIEs by Asset Class and Apollo Investment
Unaudited (in millions, except percentages)



	Quarterly Trends					Δ		Year-to-Date		Δ
	1Q'19	2Q'19 ¹	3Q'19	4Q'19	1Q'20	Q/Q	Y/Y	2019	2020	Y/Y
NIER BY ASSET CLASS										
Corporate securities	3.93%	4.12%	3.94%	4.15%	4.02 %	(13)bps	9bps	3.93%	4.02 %	9bps
Structured securities										
RMBS	6.03%	5.07%	4.39%	5.03%	5.53 %	50bps	(50)bps	6.03%	5.53 %	(50)bps
CLO	4.76%	4.73%	4.57%	4.45%	4.38 %	(7)bps	(38)bps	4.76%	4.38 %	(38)bps
ABS	3.95%	4.34%	4.14%	3.88%	4.48 %	60bps	53bps	3.95%	4.48 %	53bps
CMBS	4.16%	3.93%	3.96%	5.27%	4.23 %	NM	7bps	4.16%	4.23 %	7bps
Total structured securities	4.90%	4.64%	4.33%	4.52%	4.69 %	17bps	(21)bps	4.90%	4.69 %	(21)bps
State, municipal, political subdivisions and U.S. and foreign government	4.27%	3.80%	3.88%	4.07%	4.80 %	73bps	53bps	4.27%	4.80 %	53bps
Mortgage loans	4.91%	4.54%	4.66%	4.58%	4.36 %	(22)bps	(55)bps	4.91%	4.36 %	(55)bps
Alternative investments	4.36%	14.13%	9.26%	11.15%	(2.58)%	NM	NM	4.36%	(2.58)%	NM
Other U.S. and Bermuda net invested assets	2.70%	2.84%	2.94%	3.33%	2.32 %	NM	(38)bps	2.70%	2.32 %	(38)bps
Consolidated net investment earned rate	4.28%	4.67%	4.35%	4.62%	3.87 %	(75)bps	(41)bps	4.28%	3.87 %	(41)bps

APOLLO INVESTMENT DETAILS

Change in fair value of Apollo investment	\$ —	\$ —	\$ —	\$ —	\$ (297)	NM	NM	\$ —	\$ (297)	NM
Income tax (expense) benefit on Apollo investment	—	—	—	—	58	NM	NM	—	58	NM
Change in fair value of Apollo investment, net of tax	\$ —	\$ —	\$ —	\$ —	\$ (239)	NM	NM	\$ —	\$ (239)	NM
Return on Apollo investment, net of tax	—%	—%	—%	—%	(224.9)%	NM	NM	—%	(224.9)%	NM
Change in fair value of Apollo investment impact on adjusted operating EPS ²	\$ —	\$ —	\$ —	\$ —	\$ (1.36)	NM	NM	\$ —	\$ (1.36)	NM
Adjusted operating EPS, excluding AOG	\$ 1.50	\$ 1.95	\$ 1.34	\$ 2.21	\$ 0.76	NM	NM	\$ 1.50	\$ 0.76	NM

Note: Please refer to Notes to the Financial Supplement section and the Non-GAAP Measure Reconciliations for discussion on net investment earned rate. The investment results above are presented net of investment management fees as well as the proportionate share of income/(loss) and investments associated with the ACRA noncontrolling interest. 1 In the second quarter of 2019, we implemented a new management fee structure which changed the allocation of fees by asset class. Although the implementation of the new management fee structure had impacts on the allocation of fees by asset class, on a consolidated basis the impact was immaterial. 2 The impact of the Apollo investment on adjusted operating EPS includes removing the loss on the investment, net of tax, as well as the Athene shares issued in exchange for the AOG units. It does not include an adjustment for the shares issued in exchange for \$350 million. For Q1 2020, the calculation also includes the dilution of other stock compensation plans as a result of the exclusion of the loss on the Apollo investment creating adjusted operating income available to common shareholders instead of a loss.

Credit Quality of Securities

Unaudited (in millions, except percentages)



	December 31, 2019		March 31, 2020	
	Fair Value	Percent of Total	Fair Value	Percent of Total
CREDIT QUALITY OF AFS SECURITIES (GAAP VIEW)				
NAIC designation				
1	\$ 38,667	51.4%	\$ 35,844	51.8%
2	32,336	43.0%	29,432	42.5%
Total investment grade	71,003	94.4%	65,276	94.3%
3	3,300	4.4%	3,117	4.5%
4	740	1.0%	710	1.0%
5	94	0.1%	72	0.1%
6	41	0.1%	42	0.1%
Total below investment grade	4,175	5.6%	3,941	5.7%
Total AFS securities including related parties	\$ 75,178	100.0%	\$ 69,217	100.0%
NRSRO designation				
AAA/AA/A	\$ 28,299	37.7%	\$ 26,515	38.3%
BBB	29,032	38.6%	25,198	36.4%
Non-rated ¹	10,014	13.3%	10,268	14.8%
Total investment grade ²	67,345	89.6%	61,981	89.5%
BB	3,403	4.5%	3,193	4.6%
B	813	1.1%	810	1.2%
CCC	1,981	2.6%	1,722	2.5%
CC and lower	1,076	1.4%	918	1.3%
Non-rated ¹	560	0.8%	593	0.9%
Total below investment grade	7,833	10.4%	7,236	10.5%
Total AFS securities including related parties	\$ 75,178	100.0%	\$ 69,217	100.0%
	Invested Asset Value³	% NAIC 1 or 2	Invested Asset Value³	% NAIC 1 or 2
SUMMARY OF NAIC 1 & 2 DESIGNATIONS BY ASSET CLASS (MANAGEMENT VIEW)				
Corporate securities	\$ 51,175	92.9%	\$ 50,348	92.1%
RMBS	8,001	95.3%	7,708	94.9%
CLO	10,053	98.3%	11,035	99.3%
ABS	9,476	91.8%	9,559	92.9%
CMBS	2,634	89.9%	2,551	89.7%
Total structured securities	30,164	94.7%	30,853	95.3%
State, municipal, political subdivisions and U.S. and foreign government	2,291	99.2%	1,601	99.6%
Short-term investments	597	95.5%	574	95.0%
Total NAIC 1 & 2 Designations	\$ 84,227		\$ 83,376	

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. With respect to modeled LBaSS, and prior to January 1, 2019, non-modeled LBaSS, the NAIC designation methodology differs in significant respects from the NRSRO ratings methodology. 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. With respect to loan-backed and structured securities, the NAIC designation methodology differs in significant respects from the NRSRO rating methodology. 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 at amortized cost, and the likelihood of recovery of that book value as opposed to the likelihood of the recovery of all contractual payments. ³ Please refer to Notes to the Financial Supplement section for discussion on net invested assets and Non-GAAP Measure Reconciliations section for the reconciliation of total investments including related parties to net invested assets.

Credit Quality of Net Invested Assets (Management view)

Unaudited (In millions, except percentages)



	December 31, 2019		March 31, 2020	
	Invested Asset Value ¹	% of Total	Invested Asset Value ¹	% of Total
CREDIT QUALITY OF NET INVESTED ASSETS				
NAIC designation				
1	\$ 45,836	51.0%	\$ 45,289	50.7%
2	38,391	42.7%	38,087	42.7%
Non-rated ³	—	—%	—	—%
Total investment grade	84,227	93.7%	83,376	93.4%
3	4,056	4.5%	4,586	5.1%
4	1,246	1.4%	968	1.1%
5	289	0.3%	268	0.3%
6	56	0.1%	59	0.1%
Non-rated ³	—	—%	—	—%
Total below investment grade	5,647	6.3%	5,881	6.6%
Total NAIC designated assets ²	89,874	100.0%	89,257	100.0%

Assets without NAIC designation

Commercial mortgage loans				
CM1	4,102	29.2%	3,778	25.3%
CM2	6,050	43.1%	7,168	47.9%
CM3	3,481	24.8%	3,643	24.4%
CM4	365	2.6%	365	2.4%
CM5	40	0.3%	—	—%
CM6	—	—%	—	—%
CM7	—	—%	—	—%
Total CMLs	14,038	100.0%	14,954	100.0%
Residential mortgage loans				
In good standing	4,423	98.5%	4,037	98.2%
90 days late	34	0.8%	33	0.8%
In foreclosure	33	0.7%	42	1.0%
Total RMLs	4,490	100.0%	4,112	100.0%
Alternative investments				
Investment in Apollo	—		850	
Cash and equivalents	1,958		4,718	
Equity securities	365		369	
Other ⁴	1,175		1,153	
Net invested assets	\$ 117,486		\$ 121,200	

	December 31, 2019		March 31, 2020	
	Invested Asset Value ¹	% of Total	Invested Asset Value ¹	% of Total
CREDIT QUALITY OF NET INVESTED ASSETS				
NRSRO designation				
AAA/AA/A	\$ 33,918	37.7%	\$ 32,968	37.0%
BBB	33,902	37.7%	32,334	36.2%
Non-rated ³	12,448	13.9%	13,764	15.4%
Total investment grade	80,268	89.3%	79,066	88.6%
BB	3,984	4.4%	4,502	5.0%
B	1,300	1.5%	1,423	1.6%
CCC	2,177	2.4%	2,106	2.4%
CC and lower	1,138	1.3%	1,071	1.2%
Non-rated ³	1,007	1.1%	1,089	1.2%
Total below investment grade	9,606	10.7%	10,191	11.4%
Total NRSRO designated assets ²	89,874	100.0%	89,257	100.0%

Assets without NRSRO designation

Commercial mortgage loans				
CM1	4,102	29.2%	3,778	25.3%
CM2	6,050	43.1%	7,168	47.9%
CM3	3,481	24.8%	3,643	24.4%
CM4	365	2.6%	365	2.4%
CM5	40	0.3%	—	—%
CM6	—	—%	—	—%
CM7	—	—%	—	—%
Total CMLs	14,038	100.0%	14,954	100.0%
Residential mortgage loans				
In good standing	4,423	98.5%	4,037	98.2%
90 days late	34	0.8%	33	0.8%
In foreclosure	33	0.7%	42	1.0%
Total RMLs	4,490	100.0%	4,112	100.0%
Alternative investments				
Investment in Apollo	—		850	
Cash and equivalents	1,958		4,718	
Equity securities	365		369	
Other ⁴	1,175		1,153	
Net invested assets	\$ 117,486		\$ 121,200	

¹ Please refer to Notes to the Financial Supplement section for discussion on net invested assets and Non-GAAP Measure Reconciliations section for the reconciliation of total investments, including related parties, to net invested assets. ² NAIC and NRSRO designations include corporates, CLO, RMBS, CMBS, ABS, state, municipal, political subdivisions and foreign government securities, short-term investments and U.S. government and agencies securities. ³ Securities denoted as non-rated by the NRSRO were classified as investment or non-investment grade according to the security's respective NAIC designation. With respect to modeled LBaSS, and prior to January 1, 2019, non-modeled LBaSS, the NAIC designation methodology differs in significant respects from the NRSRO ratings methodology. ⁴ Other includes policy loans, accrued interest, and other net invested assets.

Credit Quality of Net Invested Assets – RMBS, CLOs, ABS (Management view)

Unaudited (In millions, except percentages)



	December 31, 2019		March 31, 2020	
	Invested Asset Value ¹	% of Total	Invested Asset Value ¹	% of Total
CREDIT QUALITY OF RMBS – NAIC DESIGNATION				
1	\$ 7,610	90.7%	\$ 7,408	91.2%
2	391	4.6%	300	3.7%
Non-rated ²	—	—%	—	—%
Total investment grade	8,001	95.3%	7,708	94.9%
3	311	3.7%	328	4.0%
4	58	0.7%	64	0.8%
5	10	0.1%	8	0.1%
6	14	0.2%	15	0.2%
Non-rated ²	—	—%	—	—%
Total below investment grade	393	4.7%	415	5.1%
RMBS net invested assets	\$ 8,394	100.0%	\$ 8,123	100.0%

	December 31, 2019		March 31, 2020	
	Invested Asset Value ¹	% of Total	Invested Asset Value ¹	% of Total
CREDIT QUALITY OF CLOs – NAIC DESIGNATION				
1	\$ 5,796	56.7%	\$ 6,680	60.1%
2	4,257	41.6%	4,355	39.2%
Non-rated ²	—	—%	—	—%
Total investment grade	10,053	98.3%	11,035	99.3%
3	141	1.4%	74	0.6%
4	22	0.2%	9	0.1%
5	7	0.1%	—	—%
6	—	—%	—	—%
Total below investment grade	170	1.7%	83	0.7%
CLOs net invested assets	\$ 10,223	100.0%	\$ 11,118	100.0%

	December 31, 2019		March 31, 2020	
	Invested Asset Value ¹	% of Total	Invested Asset Value ¹	% of Total
CREDIT QUALITY OF ABS – NAIC DESIGNATION				
1	\$ 6,518	63.1%	\$ 6,579	63.9%
2	2,958	28.7%	2,980	29.0%
Non-rated ²	—	—%	—	—%
Total investment grade	9,476	91.8%	9,559	92.9%
3	565	5.5%	543	5.3%
4	126	1.2%	44	0.4%
5	150	1.5%	146	1.4%
6	—	—%	—	—%
Non-rated ²	—	—%	—	—%
Total below investment grade	841	8.2%	733	7.1%
ABS net invested assets	\$ 10,317	100.0%	\$ 10,292	100.0%

	December 31, 2019		March 31, 2020	
	Invested Asset Value ¹	% of Total	Invested Asset Value ¹	% of Total
CREDIT QUALITY OF RMBS – NRSRO DESIGNATION				
AAA/AA/A	\$ 1,068	12.7%	\$ 1,113	13.7%
BBB	717	8.5%	591	7.3%
Non-rated ²	2,702	32.2%	2,585	31.8%
Total investment grade	4,487	53.4%	4,289	52.8%
BB	288	3.4%	313	3.8%
B	251	3.0%	259	3.2%
CCC	2,061	24.6%	2,006	24.7%
CC and lower	1,134	13.5%	1,071	13.2%
Non-rated ²	173	2.1%	185	2.3%
Total below investment grade	3,907	46.6%	3,834	47.2%
RMBS net invested assets	\$ 8,394	100.0%	\$ 8,123	100.0%

	December 31, 2019		March 31, 2020	
	Invested Asset Value ¹	% of Total	Invested Asset Value ¹	% of Total
CREDIT QUALITY OF CLOs – NRSRO DESIGNATION				
AAA/AA/A	\$ 5,796	56.7%	\$ 6,680	60.1%
BBB	4,257	41.6%	4,355	39.2%
Non-rated ²	—	—%	—	—%
Total investment grade	10,053	98.3%	11,035	99.3%
BB	141	1.4%	74	0.6%
B	22	0.2%	9	0.1%
CCC	7	0.1%	—	—%
CC and lower	—	—%	—	—%
Total below investment grade	170	1.7%	83	0.7%
CLOs net invested assets	\$ 10,223	100.0%	\$ 11,118	100.0%

	December 31, 2019		March 31, 2020	
	Invested Asset Value ¹	% of Total	Invested Asset Value ¹	% of Total
CREDIT QUALITY OF ABS – NRSRO DESIGNATION				
AAA/AA/A	\$ 5,297	51.3%	\$ 5,217	50.7%
BBB	2,268	22.0%	2,247	21.8%
Non-rated ²	1,911	18.5%	2,063	20.1%
Total investment grade	9,476	91.8%	9,527	92.6%
BB	545	5.3%	571	5.5%
B	126	1.2%	44	0.4%
CCC	6	0.1%	6	0.1%
CC and lower	—	—%	—	—%
Non-rated ²	164	1.6%	144	1.4%
Total below investment grade	841	8.2%	765	7.4%
ABS net invested assets	\$ 10,317	100.0%	\$ 10,292	100.0%

¹ Please refer to Notes to the Financial Supplement section for discussion on net invested assets and Non-GAAP Measure Reconciliations section for the reconciliation of total investments including related parties to net invested assets. 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. With respect to modeled LBaSS, and prior to January 1, 2019, non-modeled LBaSS, the NAIC designation methodology differs in significant respects from the NRSRO ratings methodology.

Net Reserve Liabilities & Rollforwards

Unaudited (in millions, except percentages)



	December 31, 2019		March 31, 2020	
	Dollars	Percent of Total	Dollars	Percent of Total
NET RESERVE LIABILITIES				
Fixed indexed annuities	\$ 73,346	64.0%	\$ 70,868	62.0%
Fixed rate annuities	19,481	17.0%	19,886	17.4%
Total deferred annuities	92,827	81.0%	90,754	79.4%
Pension risk transfer annuities	8,230	7.2%	9,143	8.0%
Payout annuities	6,383	5.6%	6,504	5.7%
Funding agreements	5,107	4.4%	5,893	5.2%
Life and other	2,105	1.8%	1,979	1.7%
Total net reserve liabilities	\$ 114,652	100.0%	\$ 114,273	100.0%

	Quarterly Trends					Δ		Year-to-Date		Δ
	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	Q/Q	Y/Y	2019	2020	Y/Y
NET RESERVE LIABILITY ROLLFORWARD										
Net reserve liabilities – beginning	\$ 107,732	\$ 111,791	\$ 114,680	\$ 118,825	\$ 114,652	(4)%	6%	\$ 107,732	\$ 114,652	6%
Gross deposits ¹	4,860	4,153	5,759	3,735	4,084	9%	(16)%	4,860	4,084	(16)%
Deposits attributable to ACRA noncontrolling interest	—	—	—	(544)	—	NM	NM	—	—	NM
Net deposits	4,860	4,153	5,759	3,191	4,084	28%	(16)%	4,860	4,084	(16)%
Net withdrawals	(2,780)	(2,907)	(2,807)	(2,497)	(2,740)	(10)%	1%	(2,780)	(2,740)	1%
Sale of ACRA noncontrolling interest to ADIP ²	—	—	—	(6,141)	—	NM	NM	—	—	NM
Other reserve changes	1,979	1,643	1,193	1,274	(1,723)	NM	NM	1,979	(1,723)	NM
Net reserve liabilities – ending	\$ 111,791	\$ 114,680	\$ 118,825	\$ 114,652	\$ 114,273	—%	2%	\$ 111,791	\$ 114,273	2%

ACRA NONCONTROLLING INTEREST RESERVE LIABILITY ROLLFORWARD³

Reserve liabilities – beginning	\$ —	\$ —	\$ —	\$ —	\$ 6,574	NM	NM	\$ —	\$ 6,574	NM
Deposits	—	—	—	544	—	NM	NM	—	—	NM
Withdrawals	—	—	—	(169)	(197)	(17)%	NM	—	(197)	NM
Sale of ACRA noncontrolling interest to ADIP ²	—	—	—	6,141	—	NM	NM	—	—	NM
Other reserve changes	—	—	—	58	(55)	NM	NM	—	(55)	NM
Reserve liabilities – ending	\$ —	\$ —	\$ —	\$ 6,574	\$ 6,322	(4)%	NM	\$ —	\$ 6,322	NM

Note: Please refer to Notes to the Financial Supplement section and the Non-GAAP Measure Reconciliations for discussion on net reserve liabilities. Net reserve liabilities include our economic ownership of ACRA investments but do not include the reserve liabilities associated with the noncontrolling interest. 1 Gross 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, annuitizations and foreign currency translation adjustments between the transaction date of large transactions and the translation period. Gross deposits include all deposits sourced by Athene, including all of the deposits reinsured to ACRA. 2 ACRA noncontrolling interest reserve liabilities at inception on October 1, 2019 were \$6.1 billion. 3 The ACRA reserve liability rollforward is a rollforward of the GAAP reserve liabilities associated with the noncontrolling interest.

Net Reserve Liabilities & Rollforwards, continued

Unaudited (in millions, except percentages)



	Quarterly Trends					Δ		Year-to-Date		Δ
	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	Q/Q	Y/Y	2019	2020	Y/Y
NET DEFERRED ANNUITY ACCOUNT VALUE ROLLFORWARD¹										
Net account value – beginning	\$ 89,435	\$ 90,184	\$ 91,165	\$ 91,768	\$ 88,000	(4)%	(2)%	\$ 89,435	\$ 88,000	(2)%
Gross deposits ²	2,800	2,976	2,483	2,237	2,013	(10)%	(28)%	2,800	2,013	(28)%
Deposits attributable to ACRA noncontrolling interest	—	—	—	4	—	NM	NM	—	—	NM
Net deposits	2,800	2,976	2,483	2,241	2,013	(10)%	(28)%	2,800	2,013	(28)%
Premium and interest bonuses	58	68	55	34	37	9%	(36)%	58	37	(36)%
Fixed and index credits to policyholders	423	591	560	611	589	(4)%	39%	423	589	39%
Surrenders and benefits paid	(2,431)	(2,548)	(2,382)	(2,091)	(2,288)	(9)%	6%	(2,431)	(2,288)	6%
Sale of ACRA noncontrolling interest to ADIP ³	—	—	—	(4,450)	—	NM	NM	—	—	NM
Fee and product charges	(101)	(106)	(113)	(113)	(113)	—%	(12)%	(101)	(113)	(12)%
Net account value – ending	\$ 90,184	\$ 91,165	\$ 91,768	\$ 88,000	\$ 88,238	—%	(2)%	\$ 90,184	\$ 88,238	(2)%
NET INSTITUTIONAL RESERVE LIABILITY ROLLFORWARD (PENSION RISK TRANSFER AND FUNDING AGREEMENTS)										
Net reserve liabilities – beginning	\$ 8,536	\$ 10,404	\$ 11,354	\$ 14,371	\$ 13,337	(7)%	56%	\$ 8,536	\$ 13,337	56%
Gross deposits ²	1,922	1,008	3,106	1,314	1,840	40%	(4)%	1,922	1,840	(4)%
Deposits attributable to ACRA noncontrolling interest	—	—	—	(548)	—	NM	NM	—	—	NM
Net deposits	1,922	1,008	3,106	766	1,840	140%	(4)%	1,922	1,840	(4)%
Net withdrawals	(143)	(158)	(205)	(204)	(240)	(18)%	(68)%	(143)	(240)	(68)%
Sale of ACRA noncontrolling interest to ADIP ³	—	—	—	(1,698)	—	NM	NM	—	—	NM
Other reserve changes	89	100	116	102	99	(3)%	11%	89	99	11%
Net reserve liabilities – ending	\$ 10,404	\$ 11,354	\$ 14,371	\$ 13,337	\$ 15,036	13%	45%	\$ 10,404	\$ 15,036	45%

Note: Please refer to Notes to the Financial Supplement section and the Non-GAAP Measure Reconciliations for discussion on net reserve liabilities. Net reserve liabilities include our economic ownership of ACRA investments but do not include the reserve liabilities associated with the noncontrolling interest. 1 The account value rollforwards on deferred annuities include our fixed rate and fixed indexed annuities and are net of ceded reinsurance activity. 2 Gross 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, annuitizations and foreign currency translation adjustments between the transaction date of large transactions and the translation period. Gross deposits include all deposits sourced by Athene, including all of the deposits reinsured to ACRA. 3 ACRA noncontrolling interest reserve liabilities at inception on October 1, 2019 were \$6.1 billion.

Deferred Annuity Liability Characteristics

Unaudited (in millions, except percentages)



	Surrender charge (gross)	Percent of total	Surrender charge (net of MVA)	Percent of total
SURRENDER CHARGE PERCENTAGES ON DEFERRED ANNUITIES NET ACCOUNT VALUE				
No Surrender Charge	\$ 19,141	21.7%	\$ 19,141	21.7%
0.0% < 2.0%	806	0.9%	9,550	10.8%
2.0% < 4.0%	2,850	3.2%	13,882	15.7%
4.0% < 6.0%	8,905	10.1%	17,840	20.2%
6.0% or greater	56,536	64.1%	27,825	31.6%
	<u>\$ 88,238</u>	<u>100.0%</u>	<u>\$ 88,238</u>	<u>100.0%</u>

	Surrender charge (gross)	MVA benefit	Surrender charge (net)
Aggregate surrender charge protection	6.3%	(2.2)%	4.1%

	Deferred annuities	Percent of total	Average surrender charge (gross)
YEARS OF SURRENDER CHARGE REMAINING ON DEFERRED ANNUITIES NET ACCOUNT VALUE			
No Surrender Charge	\$ 19,141	21.7%	—%
Less than 2	16,484	18.7%	5.4%
2 to less than 4	16,927	19.2%	6.9%
4 to less than 6	10,591	12.0%	8.2%
6 to less than 8	10,770	12.2%	9.4%
8 to less than 10	10,725	12.1%	10.3%
10 or greater	3,600	4.1%	14.2%
	<u>\$ 88,238</u>	<u>100.0%</u>	

	At minimum guarantees	Total account value	Percent of total account value at minimum guarantees
MINIMUM GUARANTEES ON DEFERRED ANNUITIES			
Fixed indexed annuities	\$ 14,802	\$ 68,620	22%
Fixed rate annuities	7,724	19,618	39%
Total net deferred annuities	<u>\$ 22,526</u>	<u>\$ 88,238</u>	<u>26%</u>

	March 31, 2020
Distance to guarantees ¹	> 100

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.

	December 31, 2019	March 31, 2020	Δ
DEFERRED ANNUITY RIDER RESERVE SUMMARY			
Net rider reserve	\$ 4,091	\$ 3,649	(11)%
Net account value with rider reserves	37,377	37,243	—%
Rider reserve as a percentage of account value with rider reserves	10.9%	9.8%	NM

Capitalization & Regulatory Capital Ratios

Unaudited (in millions, except percentages)



	Quarterly Trends					Δ	
	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	Q/Q	Y/Y
CAPITALIZATION							
Total debt	\$ 991	\$ 991	\$ 992	\$ 1,467	\$ 1,386	(6)%	40 %
Total AHL shareholders' equity	10,117	12,365	13,545	13,391	9,940	(26)%	(2)%
Total capitalization	11,108	13,356	14,537	14,858	11,326	(24)%	2 %
Less: Accumulated other comprehensive income (loss) (AOCI)	706	1,760	2,442	2,281	(1,174)	NM	NM
Less: Accumulated change in fair value of reinsurance assets	309	639	727	493	(155)	NM	NM
Total adjusted capitalization	<u>\$ 10,093</u>	<u>\$ 10,957</u>	<u>\$ 11,368</u>	<u>\$ 12,084</u>	<u>\$ 12,655</u>	5 %	25 %
EQUITY							
Total AHL shareholders' equity	\$ 10,117	\$ 12,365	\$ 13,545	\$ 13,391	\$ 9,940	(26)%	(2)%
Less: Preferred stock	—	839	1,172	1,172	1,172	— %	NM
Total AHL common shareholders' equity	10,117	11,526	12,373	12,219	8,768	(28)%	(13)%
Less: AOCI	706	1,760	2,442	2,281	(1,174)	NM	NM
Less: Accumulated change in fair value of reinsurance assets	309	639	727	493	(155)	NM	NM
Total adjusted AHL common shareholders' equity	<u>\$ 9,102</u>	<u>\$ 9,127</u>	<u>\$ 9,204</u>	<u>\$ 9,445</u>	<u>\$ 10,097</u>	7 %	11 %
EQUITY BY SEGMENT							
Retirement Services	\$ 8,201	\$ 7,704	\$ 7,494	\$ 7,443	\$ 8,002	8 %	(2)%
Corporate and Other	901	1,423	1,710	2,002	2,095	5 %	133 %
Total adjusted AHL common shareholders' equity	<u>\$ 9,102</u>	<u>\$ 9,127</u>	<u>\$ 9,204</u>	<u>\$ 9,445</u>	<u>\$ 10,097</u>	7 %	11 %
FINANCIAL LEVERAGE							
Debt to capital ratio	8.9%	7.4%	6.8%	9.9%	12.2 %	230bps	NM
AOCI	0.6%	1.2%	1.5%	1.8%	(1.1)%	NM	NM
Accumulated change in fair value of reinsurance assets	0.3%	0.4%	0.4%	0.4%	(0.1)%	(50)bps	(40)bps
Adjusted debt to capital ratio	<u>9.8%</u>	<u>9.0%</u>	<u>8.7%</u>	<u>12.1%</u>	<u>11.0 %</u>	NM	120bps
REGULATORY CAPITAL RATIOS							
	December 31, 2018		December 31, 2019		Δ		
U.S. RBC ratio – Athene Annuity & Life Assurance Company			421%	429%	NM		
BSCR – Athene Life Re Ltd.			340%	310%	NM		
Athene Life Re Ltd. RBC ratio ¹			405%	443%	NM		

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 to the statutory financial statements of AHL's non-U.S. reinsurance subsidiaries, on an aggregate basis.

Financial Strength, Credit Ratings & Share Data

Unaudited (in millions, except percentages)



	A.M. Best	Standard & Poor's	Fitch
FINANCIAL STRENGTH RATINGS			
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
Athene Life Re International Ltd.	A	A	A
Athene Co-Invest Reinsurance Affiliate 1A Ltd. and Athene Co-Invest Reinsurance Affiliate 1B Ltd.	A	A	A
Athene Co-Invest Reinsurance Affiliate International Ltd.	A	A	A

CREDIT RATINGS

Athene Holding Ltd.	bbb	BBB+	BBB+
Senior notes	bbb	BBB+	BBB

	Quarterly Trends					Δ		Year-to-Date		Δ
	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	Q/Q	Y/Y	2019	2020	Y/Y
SHARE DATA										
Weighted average common shares outstanding – basic ¹	194.0	191.2	184.3	177.3	194.3	10 %	— %	194.0	194.3	— %
Weighted average shares outstanding – diluted – Class A common shares ²	161.7	158.8	152.0	145.1	161.4	11 %	— %	161.7	161.4	— %
Weighted average common shares outstanding – adjusted operating ³	192.2	189.4	182.3	175.7	181.5	3 %	(6)%	192.2	181.5	(6)%
Weighted average common shares outstanding - adjusted operating excluding Apollo ⁴	192.2	189.4	182.3	175.7	173.3	(1)%	(10)%	192.2	173.3	(10)%
Common shares outstanding ⁵	194.1	185.4	182.5	175.7	193.9	10 %	— %	194.1	193.9	— %
Adjusted operating common shares outstanding ³	192.4	184.4	181.4	174.9	197.7	13 %	3 %	192.4	197.7	3 %

¹ Basic earnings per common share, including basic weighted average common shares outstanding, includes all classes eligible to participate in dividends for each period presented. In Q1 2020, the Class B and Class M common shares were eliminated. The Class A basic weighted average common shares outstanding for the period were 161,400,055. ² Diluted earnings per common share on a GAAP basis for Class A common shares, including diluted Class A weighted average common 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 Weighted average common shares outstanding - adjusted operating excluding Apollo is adjusted to exclude the Athene shares issued in exchange for the AOG units as part of the Apollo transaction, but does not include an adjustment for the shares issued in exchange for \$350 million cash. For Q1 2020, the calculation also includes the dilution of other stock compensation plans as a result of the exclusion of the loss on the AOG units creating adjusted operating income available to common shareholders instead of a loss. ⁵ Represents common shares vested and outstanding for all classes eligible to participate in dividends for each period presented.

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.

ADJUSTED OPERATING INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS AND ADJUSTED OPERATING RETURN ON ASSETS (ROA)

Adjusted operating income (loss) available to common shareholders 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 (loss) available to common shareholders equals net income (loss) available to AHL common shareholders adjusted to eliminate the impact of the following (collectively, the non-operating adjustments):

- **Investment Gains (Losses), Net of Offsets**—Consists of the realized gains and losses on the sale of AFS securities, the change in fair value of reinsurance assets, unrealized gains and losses, allowances, and other investment gains and losses. Unrealized, allowances 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 change in credit loss allowances 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**—Consists of 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 term 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**—Consists of restructuring and integration expenses related to acquisitions and block reinsurance costs as well as certain other expenses, which are not predictable or related to our underlying profitability drivers.
- **Stock Compensation Expense**—Consists of stock compensation expenses associated with our share incentive plans, excluding our long-term incentive plan, which are not related to our underlying profitability drivers and fluctuate from time to time due to the structure of our plans.
- **Bargain Purchase Gain**—Consists of adjustments to net income (loss) available to AHL common shareholders as they are not related to our underlying profitability drivers.
- **Income Tax (Expense) Benefit – Non-operating**—Consists of 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 (loss) available to AHL common shareholders 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 (loss) available to AHL common shareholders, we believe adjusted operating income (loss) available to common shareholders provides a meaningful financial metric that helps investors understand our underlying results and profitability. Adjusted operating income (loss) available to common shareholders should not be used as a substitute for net income (loss) available to AHL common shareholders.

Adjusted operating ROA is a non-GAAP measure used to evaluate our financial performance and profitability. Adjusted operating ROA is computed using our adjusted operating income (loss) available to common shareholders divided by average net invested assets for the relevant period. To enhance the ability to analyze these measures across periods, interim periods are annualized. While we believe each of these metrics 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 ROA presented under GAAP.

ADJUSTED OPERATING ROE

Adjusted operating ROE is a non-GAAP measure used to evaluate our financial performance excluding the impacts of AOCI and the cumulative change in fair value of funds withheld and modco reinsurance assets, net of DAC, DSI, rider reserve and tax offsets. Adjusted AHL common shareholders' equity is calculated as the ending AHL shareholders' equity excluding AOCI, the cumulative change in fair value of funds withheld and modco reinsurance assets and preferred stock. Adjusted operating ROE is calculated as the adjusted operating income (loss) available to common shareholders, divided by average adjusted AHL common shareholders' equity. 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 the cumulative change in fair value of funds withheld and modco reinsurance assets are useful in analyzing trends in our operating results. To enhance the ability to analyze these measures across periods, interim periods are annualized. Adjusted operating ROE should not be used as a substitute for ROE. However, we believe the adjustments to net income (loss) available to AHL common shareholders and equity are significant to gaining an understanding of our overall financial performance.

ADJUSTED OPERATING EARNINGS (LOSS) PER COMMON SHARE, WEIGHTED AVERAGE COMMON SHARES OUTSTANDING – ADJUSTED OPERATING, AND ADJUSTED BOOK VALUE PER COMMON SHARE

Adjusted operating earnings (loss) per common share, weighted average common shares outstanding – adjusted operating and adjusted book value per common 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 represent an economic view of our share counts and provide a simplified and consistent view of our outstanding shares. Adjusted operating earnings (loss) per common share is calculated as the adjusted operating income (loss) available to common shareholders, over the weighted average common shares outstanding – adjusted operating. Adjusted book value per common share is calculated as the adjusted AHL common shareholders' equity divided by the adjusted operating common shares outstanding. Effective February 28, 2020, all Class B common shares were converted into Class A common shares and all Class M common shares were converted into warrants and Class A common shares. Our Class B common shares were economically equivalent to Class A common shares and could have been converted to Class A common shares on a one-for-one basis at any time. Our Class M common shares were in the legal form of shares but economically functioned as options as they were convertible into Class A common 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 were not dilutive, after considering the dilutive effects of the more dilutive securities in the sequence, they were excluded. Weighted average common 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 (loss) per common share, weighted average common shares outstanding – adjusted operating and adjusted book value per common share should not be used as a substitute for basic earnings (loss) per share – Class A common shares, basic weighted average common shares outstanding – Class A or book value per common 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 the cumulative change in fair value of funds withheld and modco reinsurance assets, net of DAC, DSI, rider reserve and tax offsets. Adjusted debt to capital ratio is calculated as total debt divided by adjusted AHL 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 SPREAD, INVESTMENT MARGIN ON DEFERRED ANNUITIES, AND OPERATING EXPENSES

Net investment spread is a key measurement of the profitability of our Retirement Services segment. Net investment spread measures our investment performance less the total cost of our liabilities. Net investment earned rate is a key measure of our investment performance, while cost of funds is a key measure of the cost of our policyholder benefits and liabilities. Investment margin on our deferred annuities measures our investment performance less the cost of crediting for our deferred annuities, which make up a significant portion of our net reserve liabilities.

- Net investment earned rate is a non-GAAP measure we use to evaluate the performance of our net invested assets that does not correspond to GAAP net investment income. Net investment earned rate is computed as the income from our net invested assets divided by the average net invested assets, excluding the impacts of our investment in Apollo, 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 (a) alternative investment gains and losses, (b) gains and losses related to trading securities for CLOs, (c) net VIE impacts (revenues, expenses and noncontrolling interest), (d) forward points gains and losses on foreign exchange derivative hedges and (e) the change in fair value of reinsurance assets, and removes the proportionate share of the ACRA net investment income associated with the ACRA noncontrolling interest as well as the gain or loss on our investment in Apollo. We include the income and assets supporting our change in fair value of reinsurance assets 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 change in fair value of reinsurance assets. 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 funds includes liability costs related to cost of crediting on both deferred annuities and institutional products as well as other liability costs, but does not include the proportionate share of the ACRA cost of funds associated with the noncontrolling interest. Cost of funds is computed as the total liability costs divided by the average net invested assets, excluding our investment in Apollo, for the relevant period. To enhance the ability to analyze these measures across periods, interim periods are annualized.
 - Cost of crediting includes the costs for both deferred annuities and institutional products. Cost of crediting on deferred annuities 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. Cost of crediting on institutional products is comprised of PRT costs including interest credited, benefit payments and other reserve changes, net of premiums received when issued, as well as funding agreement costs including the interest payments and other reserve changes. Cost of crediting is computed as the cost of crediting for deferred annuities and institutional products divided by the average net invested assets, excluding the investment in Apollo, for the relevant periods. Cost of crediting on deferred annuities is computed as the net interest credited on fixed strategies and option costs on indexed annuity strategies divided by the average net account value of our deferred annuities. Cost of crediting on institutional products is computed as the PRT and funding agreement costs divided by the average net institutional reserve liabilities. Our average net invested assets, excluding our investment in Apollo, net account values and net institutional reserve liabilities are averaged over the number of quarters in the relevant period to obtain our associated 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, change in rider reserves, the cost of liabilities on products other than deferred annuities and institutional products, excise taxes, premiums, product charges and other revenues. 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.
- Net investment earned rate, cost of funds, net investment spread and investment margin on deferred annuities are non-GAAP measures we use to evaluate the profitability of our business. We believe these metrics are useful in analyzing the trends of our business operations, profitability and pricing discipline. While we believe each of these metrics 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, interest sensitive contract benefits or 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.

NET INVESTED ASSETS

In managing our business, we analyze net invested assets, which does not correspond to total investments, including investments in related parties, as disclosed in our consolidated financial statements and notes thereto. Net invested assets represents the investments that directly back our net reserve liabilities as well as surplus assets. Net invested assets, excluding our investment in Apollo, is used in the computation of net investment earned rate, which allows us to analyze the profitability of our investment portfolio. Net 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) VIE assets, liabilities and noncontrolling interest adjustments, (f) net investment payables and receivables, (g) policy loans ceded (which offset the direct policy loans in total investments) and (h) an allowance for credit losses. Net 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 net 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. Net invested assets includes our proportionate share of ACRA investments, based on our economic ownership, but does not include the proportionate share of investments associated with the noncontrolling interest. Net invested assets also includes our investment in Apollo. Our net invested assets, excluding our investment in Apollo, are averaged over the number of quarters in the relevant period to compute our net investment earned rate for such period. While we believe net invested assets is a meaningful financial metric and enhances our understanding of the underlying drivers of our investment portfolio, it should not be used as a substitute for total investments, including related parties, presented under GAAP.

NET RESERVE LIABILITIES

In managing our business, we also analyze net reserve liabilities, which does not correspond to total liabilities as disclosed in our consolidated financial statements and notes thereto. Net reserve liabilities represent our policyholder liability obligations net of reinsurance and is used to analyze the costs of our liabilities. Net reserve liabilities include (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. Net reserve liabilities include our proportionate share of ACRA reserve liabilities, based on our economic ownership, but does not include the proportionate share of reserve liabilities associated with the noncontrolling interest. Net reserve liabilities is net of the ceded liabilities to third-party reinsurers as the costs of the liabilities are passed to such reinsurers and, therefore, we have no net economic exposure to such liabilities, assuming our reinsurance counterparties perform under our agreements. The majority of our ceded reinsurance is a result of reinsuring large blocks of life business following acquisitions. For such transactions, GAAP requires the ceded liabilities and related reinsurance recoverables to continue to be recorded in our consolidated financial statements despite the transfer of economic risk to the counterparty in connection with the reinsurance transaction. While we believe net reserve liabilities 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 liabilities presented under GAAP.

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). While we believe sales is a meaningful metric and enhances our understanding of our business performance, it should not be used as a substitute for premiums presented under GAAP.

Non-GAAP Reconciliations

Unaudited (in millions, except per share data)



	Quarterly Trends					Year-to-Date	
	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	2019	2020
RECONCILIATION OF BOOK VALUE PER COMMON SHARE TO ADJUSTED BOOK VALUE PER COMMON SHARE							
Book value per common share	\$ 52.12	\$ 66.69	\$ 74.20	\$ 76.21	\$ 51.28		
Preferred stock	—	(4.53)	(6.42)	(6.67)	(6.04)		
AOCI	(3.64)	(9.49)	(13.38)	(12.98)	6.06		
Accumulated change in fair value of reinsurance assets	(1.59)	(3.45)	(3.98)	(2.80)	0.80		
Effect of items convertible to or settled in Class A common shares	0.41	0.28	0.32	0.26	(1.03)		
Adjusted book value per common share	<u>\$ 47.30</u>	<u>\$ 49.50</u>	<u>\$ 50.74</u>	<u>\$ 54.02</u>	<u>\$ 51.07</u>		
RECONCILIATION OF AVERAGE AHL SHAREHOLDERS' EQUITY TO AVERAGE ADJUSTED AHL COMMON SHAREHOLDERS' EQUITY							
Average AHL shareholders' equity	\$ 9,197	\$ 11,241	\$ 12,955	\$ 13,468	\$ 11,666	\$ 9,197	\$ 11,666
Less: Average preferred stock	—	420	1,006	1,172	1,172	—	1,172
Less: Average AOCI	117	1,233	2,101	2,362	554	117	554
Less: Average accumulated change in fair value of reinsurance assets	117	474	683	610	169	117	169
Average adjusted AHL common shareholders' equity	<u>\$ 8,963</u>	<u>\$ 9,114</u>	<u>\$ 9,165</u>	<u>\$ 9,324</u>	<u>\$ 9,771</u>	<u>\$ 8,963</u>	<u>\$ 9,771</u>
Retirement Services	\$ 8,004	\$ 7,952	\$ 7,598	\$ 7,468	\$ 7,722	\$ 8,004	\$ 7,722
Corporate and Other	959	1,162	1,567	1,856	2,049	959	2,049
Average adjusted AHL common shareholders' equity	<u>\$ 8,963</u>	<u>\$ 9,114</u>	<u>\$ 9,165</u>	<u>\$ 9,324</u>	<u>\$ 9,771</u>	<u>\$ 8,963</u>	<u>\$ 9,771</u>
RECONCILIATION OF BASIC WEIGHTED AVERAGE COMMON SHARES OUTSTANDING – CLASS A TO WEIGHTED AVERAGE COMMON SHARES OUTSTANDING – ADJUSTED OPERATING							
Basic weighted average common shares outstanding – Class A	161.3	158.5	151.6	144.5	161.4	161.3	161.4
Conversion of Class B common shares to Class A common shares	25.4	25.4	25.4	25.4	16.9	25.4	16.9
Conversion of Class M common shares to Class A common shares	5.1	5.1	4.9	5.2	3.2	5.1	3.2
Effect of other stock compensation plans	0.4	0.4	0.4	0.6	—	0.4	—
Weighted average common shares outstanding – adjusted operating	<u>192.2</u>	<u>189.4</u>	<u>182.3</u>	<u>175.7</u>	<u>181.5</u>	<u>192.2</u>	<u>181.5</u>
RECONCILIATION OF CLASS A COMMON SHARES OUTSTANDING TO ADJUSTED OPERATING COMMON SHARES OUTSTANDING							
Class A common shares outstanding	161.3	152.6	149.8	142.8	193.9		
Conversion of Class B common shares to Class A common shares	25.4	25.4	25.4	25.4	—		
Conversion of Class M common shares to Class A common shares	5.0	5.3	5.1	5.5	—		
Effect of other stock compensation plans	0.7	1.1	1.1	1.2	3.8		
Adjusted operating common shares outstanding	<u>192.4</u>	<u>184.4</u>	<u>181.4</u>	<u>174.9</u>	<u>197.7</u>		

Non-GAAP Reconciliations

Unaudited (in millions, except percentages)



	Quarterly Trends					Year-to-Date	
	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	2019	2020
RECONCILIATION OF NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS TO ADJUSTED OPERATING INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS EXCLUDING NOTABLES AND AOG							
Net income (loss) available to Athene Holding Ltd. common shareholders	\$ 708	\$ 720	\$ 276	\$ 432	\$ (1,065)	\$ 708	\$ (1,065)
Less: Total non-operating adjustments	421	350	33	43	(957)	421	(957)
Adjusted operating income (loss) available to common shareholders	287	370	243	389	(108)	287	(108)
Notable items	—	—	62	(43)	43	—	43
Adjusted operating income (loss) available to common shareholders excluding notable items	\$ 287	\$ 370	\$ 305	\$ 346	\$ (65)	\$ 287	\$ (65)
Retirement Services adjusted operating income available to common shareholders	\$ 286	\$ 376	\$ 256	\$ 404	\$ 204	\$ 286	\$ 204
Rider reserve and DAC equity market performance	—	—	5	(25)	50	—	50
Actuarial updates	—	—	—	(22)	—	—	—
Out of period actuarial adjustments	—	—	13	—	—	—	—
Unlocking	—	—	48	—	—	—	—
Tax impact of notable items	—	—	(4)	4	(7)	—	(7)
Retirement Services notable items	—	—	62	(43)	43	—	43
Retirement Services adjusted operating income available to common shareholders excluding notable items	286	376	318	361	247	286	247
Corporate and Other adjusted operating income (loss) available to common shareholders	1	(6)	(13)	(15)	(312)	1	(312)
Adjusted operating income (loss) available to common shareholders excluding notable items	287	370	305	346	(65)	287	(65)
Less: Change in fair value of Apollo investment, net of tax	—	—	—	—	(239)	—	(239)
Adjusted operating income available to common shareholders excluding notables and AOG	\$ 287	\$ 370	\$ 305	\$ 346	\$ 174	\$ 287	\$ 174

Non-GAAP Reconciliations

Unaudited (in millions, except percentages)



	Quarterly Trends					Year-to-Date	
	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	2019	2020
RECONCILIATION OF NET INVESTMENT INCOME TO NET INVESTMENT EARNINGS							
GAAP net investment income	\$ 1,082	\$ 1,182	\$ 1,090	\$ 1,242	\$ 745	\$ 1,082	\$ 745
Change in fair value of reinsurance assets	132	161	199	188	270	132	270
Alternative income gain (loss)	(5)	12	6	(12)	(101)	(5)	(101)
ACRA noncontrolling interest	—	—	—	(61)	(72)	—	(72)
Apollo investment (income) loss	—	—	—	—	297	—	297
Held for trading amortization and other	(6)	(10)	(3)	(18)	12	(6)	12
Total adjustments to arrive at net investment earnings	121	163	202	97	406	121	406
Total net investment earnings	\$ 1,203	\$ 1,345	\$ 1,292	\$ 1,339	\$ 1,151	\$ 1,203	\$ 1,151
Retirement Services	\$ 1,171	\$ 1,321	\$ 1,264	\$ 1,306	\$ 1,184	\$ 1,171	\$ 1,184
Corporate and Other	32	24	28	33	(33)	32	(33)
Total net investment earnings	\$ 1,203	\$ 1,345	\$ 1,292	\$ 1,339	\$ 1,151	\$ 1,203	\$ 1,151
RECONCILIATION OF NET INVESTMENT INCOME RATE TO NET INVESTMENT EARNED RATE							
GAAP net investment income rate	3.85 %	4.10 %	3.67 %	4.28 %	2.51 %	3.85 %	2.51 %
Change in fair value of reinsurance assets	0.47 %	0.56 %	0.67 %	0.65 %	0.90 %	0.47 %	0.90 %
Alternative income gain (loss)	(0.02)%	0.04 %	0.02 %	(0.04)%	(0.34)%	(0.02)%	(0.34)%
ACRA noncontrolling interest	— %	— %	— %	(0.21)%	(0.24)%	— %	(0.24)%
Apollo investment (income) loss	— %	— %	— %	— %	1.00 %	— %	1.00 %
Held for trading amortization and other	(0.02)%	(0.03)%	(0.01)%	(0.06)%	0.04 %	(0.02)%	0.04 %
Total adjustments to arrive at net investment earned rate	0.43 %	0.57 %	0.68 %	0.34 %	1.36 %	0.43 %	1.36 %
Consolidated net investment earned rate	4.28 %	4.67 %	4.35 %	4.62 %	3.87 %	4.28 %	3.87 %
Retirement Services	4.21 %	4.63 %	4.31 %	4.57 %	4.04 %	4.21 %	4.04 %
Corporate and Other	13.19 %	8.39 %	7.28 %	7.16 %	(8.14)%	13.19 %	(8.14)%
Consolidated net investment earned rate	4.28 %	4.67 %	4.35 %	4.62 %	3.87 %	4.28 %	3.87 %
Retirement Services	\$ 111,443	\$ 114,059	\$ 117,338	\$ 114,149	\$ 117,295	\$ 111,443	\$ 117,295
Corporate and Other ex. Apollo investment	959	1,162	1,567	1,837	1,624	959	1,624
Consolidated average net invested assets ex. Apollo investment	\$ 112,402	\$ 115,221	\$ 118,905	\$ 115,986	\$ 118,919	\$ 112,402	\$ 118,919

Non-GAAP Reconciliations

Unaudited (in millions, except percentages)



	Quarterly Trends					Year-to-Date	
	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	2019	2020
RECONCILIATION OF INTEREST SENSITIVE CONTRACT BENEFITS TO COST OF CREDITING							
GAAP interest sensitive contract benefits	\$ 1,516	\$ 1,094	\$ 801	\$ 1,146	\$ (1,319)	\$ 1,516	\$ (1,319)
Interest credited other than deferred annuities and institutional products	55	50	63	64	63	55	63
FIA option costs	278	280	282	269	266	278	266
Product charges (strategy fees)	(28)	(29)	(31)	(31)	(32)	(28)	(32)
Reinsurance embedded derivative impacts	15	14	14	14	14	15	14
Change in fair values of embedded derivatives – FIAs	(1,311)	(868)	(560)	(905)	1,504	(1,311)	1,504
Negative VOBA amortization	12	7	9	8	7	12	7
ACRA noncontrolling interest	—	—	—	(42)	38	—	38
Other changes in interest sensitive contract liabilities	(2)	(1)	(2)	(2)	(1)	(2)	(1)
Total adjustments to arrive at cost of crediting	(981)	(547)	(225)	(625)	1,859	(981)	1,859
Retirement Services cost of crediting	\$ 535	\$ 547	\$ 576	\$ 521	\$ 540	\$ 535	\$ 540
GAAP interest sensitive contract benefits	5.44 %	3.84 %	2.73 %	4.02 %	(4.50)%	5.44 %	(4.50)%
Interest credited other than deferred annuities and institutional products	0.20 %	0.18 %	0.21 %	0.23 %	0.21 %	0.20 %	0.21 %
FIA option costs	1.00 %	0.98 %	0.96 %	0.94 %	0.91 %	1.00 %	0.91 %
Product charges (strategy fees)	(0.10)%	(0.10)%	(0.10)%	(0.11)%	(0.11)%	(0.10)%	(0.11)%
Reinsurance embedded derivative impacts	0.05 %	0.05 %	0.05 %	0.05 %	0.05 %	0.05 %	0.05 %
Change in fair values of embedded derivatives – FIAs	(4.70)%	(3.05)%	(1.91)%	(3.17)%	5.13 %	(4.70)%	5.13 %
Negative VOBA amortization	0.04 %	0.02 %	0.03 %	0.03 %	0.02 %	0.04 %	0.02 %
ACRA noncontrolling interest	— %	— %	— %	(0.15)%	0.13 %	— %	0.13 %
Other changes in interest sensitive contract liabilities	(0.01)%	— %	(0.01)%	(0.01)%	— %	(0.01)%	— %
Total adjustments to arrive at cost of crediting	(3.52)%	(1.92)%	(0.77)%	(2.19)%	6.34 %	(3.52)%	6.34 %
Retirement Services cost of crediting	1.92 %	1.92 %	1.96 %	1.83 %	1.84 %	1.92 %	1.84 %
Retirement Services cost of crediting on deferred annuities	1.98 %	1.98 %	1.98 %	1.95 %	1.91 %	1.98 %	1.91 %
Retirement Services cost of crediting on institutional products	3.69 %	3.76 %	3.68 %	2.85 %	3.31 %	3.69 %	3.31 %
Retirement Services cost of crediting	1.92 %	1.92 %	1.96 %	1.83 %	1.84 %	1.92 %	1.84 %
Retirement Services average net invested assets	\$ 111,443	\$ 114,059	\$ 117,338	\$ 114,149	\$ 117,295	\$ 111,443	\$ 117,295
Average net account value on deferred annuities	89,809	90,675	91,467	87,660	88,119	89,809	88,119
Average institutional net reserve liabilities	9,809	10,470	13,320	12,931	14,250	9,809	14,250

Non-GAAP Reconciliations

Unaudited (in millions)



	Quarterly Trends					Year-to-Date	
	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	2019	2020
RECONCILIATION OF BENEFITS AND EXPENSES TO OTHER LIABILITY COSTS							
GAAP benefits and expenses	\$ 4,255	\$ 2,673	\$ 4,305	\$ 2,723	\$ (167)	\$ 4,255	\$ (167)
Premiums	(2,000)	(787)	(2,688)	(907)	(1,140)	(2,000)	(1,140)
Product charges	(125)	(132)	(135)	(132)	(140)	(125)	(140)
Other revenues	(12)	(9)	(6)	(10)	2	(12)	2
Cost of crediting	(242)	(253)	(280)	(238)	(259)	(242)	(259)
Change in fair value of embedded derivatives - FIA, net of offsets	(1,260)	(817)	(497)	(1,003)	1,456	(1,260)	1,456
DAC, DSI and VOBA amortization related to investment gains and losses	(173)	(181)	(151)	28	425	(173)	425
Rider reserves	(28)	(24)	(9)	3	76	(28)	76
Policy and other operating expenses, excluding policy acquisition expenses	(103)	(117)	(130)	(138)	(117)	(103)	(117)
AmerUs closed block fair value liability	(53)	(59)	(46)	6	45	(53)	45
ACRA noncontrolling interest	—	—	—	(74)	165	—	165
Other	1	1	(5)	1	(4)	1	(4)
Total adjustments to arrive at other liability costs	(3,995)	(2,378)	(3,947)	(2,464)	509	(3,995)	509
Other liability costs	\$ 260	\$ 295	\$ 358	\$ 259	\$ 342	\$ 260	\$ 342
Retirement Services	\$ 260	\$ 295	\$ 358	\$ 259	\$ 342	\$ 260	\$ 342
Corporate and Other	—	—	—	—	—	—	—
Consolidated other liability costs	\$ 260	\$ 295	\$ 358	\$ 259	\$ 342	\$ 260	\$ 342
RECONCILIATION OF POLICY AND OTHER OPERATING EXPENSES TO OPERATING EXPENSES							
Policy and other operating expenses	\$ 165	\$ 185	\$ 194	\$ 200	\$ 188	\$ 165	\$ 188
Interest expense	(17)	(15)	(15)	(20)	(20)	(17)	(20)
Policy acquisition expenses, net of deferrals	(62)	(69)	(63)	(62)	(71)	(62)	(71)
Integration, restructuring and other non-operating expenses	(1)	(11)	(34)	(24)	(4)	(1)	(4)
Stock compensation expenses	(3)	(3)	(3)	(3)	(10)	(3)	(10)
ACRA noncontrolling interest	—	—	—	(5)	(4)	—	(4)
Total adjustments to arrive at operating expenses	(83)	(98)	(115)	(114)	(109)	(83)	(109)
Operating expenses	\$ 82	\$ 87	\$ 79	\$ 86	\$ 79	\$ 82	\$ 79
Retirement Services	\$ 62	\$ 68	\$ 67	\$ 69	\$ 68	\$ 62	\$ 68
Corporate and Other	20	19	12	17	11	20	11
Consolidated operating expenses	\$ 82	\$ 87	\$ 79	\$ 86	\$ 79	\$ 82	\$ 79

Non-GAAP Reconciliations

Unaudited (in millions)



	December 31, 2019	March 31, 2020
RECONCILIATION OF TOTAL INVESTMENTS INCLUDING RELATED PARTIES TO NET INVESTED ASSETS		
Total investments, including related parties	\$ 130,550	\$ 121,969
Derivative assets	(2,888)	(1,610)
Cash and cash equivalents (including restricted cash)	4,639	5,983
Accrued investment income	807	802
Payables for collateral on derivatives	(2,743)	(1,589)
Reinsurance funds withheld and modified coinsurance	(1,440)	355
VIE and VOE assets, liabilities and noncontrolling interest	25	23
Unrealized (gains) losses	(4,095)	2,292
Ceded policy loans	(235)	(229)
Net investment receivables (payables)	(57)	(238)
Allowance for credit losses	—	505
Total adjustments to arrive at gross invested assets	(5,987)	6,294
Gross invested assets	124,563	128,263
ACRA noncontrolling interest	(7,077)	(7,063)
Net invested assets	\$ 117,486	\$ 121,200
RECONCILIATION OF INVESTMENT FUNDS INCLUDING RELATED PARTIES TO NET ALTERNATIVE INVESTMENTS		
Investment funds, including related parties	\$ 4,300	\$ 5,371
Nonredeemable preferred stock included in equity securities	78	65
CLO and ABS equities included in trading securities	405	308
Investment in Apollo	—	(850)
Investment funds within funds withheld at interest	807	927
Royalties and other assets included in other investments	67	64
Unrealized (gains) losses and other adjustments	8	14
ACRA noncontrolling interest	(79)	(112)
Total adjustments to arrive at net alternative investments	1,286	416
Net alternative investments	\$ 5,586	\$ 5,787
RECONCILIATION OF TOTAL LIABILITIES TO NET RESERVE LIABILITIES		
Total liabilities	\$ 132,734	\$ 131,649
Short-term debt	(475)	(400)
Long-term debt	(992)	(986)
Derivative liabilities	(97)	(222)
Payables for collateral on derivatives and securities to repurchase	(3,255)	(2,883)
Funds withheld liability	(408)	(396)
Other liabilities	(1,181)	(853)
Reinsurance ceded receivables	(4,863)	(5,087)
Policy loans ceded	(235)	(229)
ACRA noncontrolling interest	(6,574)	(6,322)
Other	(2)	2
Total adjustments to arrive at net reserve liabilities	(18,082)	(17,376)
Net reserve liabilities	\$ 114,652	\$ 114,273