

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): August 5, 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 <sup>th</sup> 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 <sup>th</sup> interest in a 5.625% Fixed Rate Perpetual Non-Cumulative Preference Share, Series B	ATHPrB	New York Stock Exchange
Depository Shares, each representing a 1/1,000 <sup>th</sup> interest in a 6.375% Fixed-Rate Reset Perpetual Non-Cumulative Preference Share, Series C	ATHPrC	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 August 5, 2020, Athene Holding Ltd. (the “Company”) issued a press release to announce its financial results for the second 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 second 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 August 5, 2020 \(furnished and not filed\).](#)
  - 99.2 [Quarterly Financial Supplement for Athene Holding Ltd. for the second quarter 2020 \(furnished and not filed\).](#)
  - 104 Cover Page Interactive Data File (embedded within the Inline XBRL document).
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**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: August 5, 2020

/s/ Martin P. Klein

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Martin P. Klein

Executive Vice President and Chief Financial Officer

## ATHENE HOLDING LTD. REPORTS SECOND QUARTER 2020 RESULTS

### Company Highlights

- Record quarterly organic deposits of \$6.9 billion, increasing 75% sequentially, and underwritten to returns in excess of targets
- Closed large scale block reinsurance transaction with Jackson National, adding \$29 billion of gross inorganic deposits
- Execution across organic and inorganic funding channels drove strong net invested asset growth of 18% year-over-year, while maintaining high credit quality across the portfolio
- Strong core profitability, normalizing for the impact of 1Q'20 market volatility on lagged alternative investments
- Expect forward net investment earned rate to benefit from combination of normalizing alternative returns, investing of excess portfolio liquidity, and ongoing redeployment of Jackson investments
- Robust capitalization with \$3.0 billion of excess capital and \$7.3 billion of total deployable capital<sup>1</sup>

PEMBROKE, Bermuda – August 5, 2020 – Athene Holding Ltd. ("Athene") (NYSE: ATH), a leading provider of retirement savings products, announced financial results for the second quarter 2020.

"Our second quarter results demonstrate the resilience of Athene's business and our ability to serve as a source of strength for our policyholders and business partners during periods of market disruption," said Jim Belardi, CEO of Athene. "We generated nearly \$7 billion of organic deposits at exceptional returns, a quarterly record, with strength exhibited across all our channels during a period when others were forced to pull back. At the same time, we closed a large-scale block reinsurance transaction with Jackson National that added nearly \$30 billion of growth to our balance sheet with predictable, persistent fixed annuity liabilities we know very well. Following this strong growth, Athene remains one of the best capitalized businesses in the industry, with \$3 billion of excess equity capital and more than \$7 billion of total deployable capital, which can be used for more than \$85 billion of opportunistic growth."

Mr. Belardi continued, "In the quarter, we generated strong normalized profitability in our core spread-based business. As we continue to invest our cash balances and redeploy the inherited Jackson portfolio, our earnings power and our capital base will continue to grow at attractive rates."

### Second Quarter 2020 Financial Results

**Net income available to AHL common shareholders** for the second quarter 2020 was \$824 million, or \$4.19 per diluted Class A common share ("diluted share"), compared to \$720 million, or \$3.75 per diluted share for the second quarter 2019. The increase from the prior year quarter was driven by higher adjusted operating income and favorable changes in the fair value of reinsurance assets due to tightening credit spreads, partially offset by a net decrease in the fair value of fixed indexed annuity ("FIA") derivatives due to a lower discount rate resulting from declining interest rates.

**Adjusted operating income available to common shareholders** for the second quarter 2020 was \$490 million, or \$2.49 per adjusted operating common share, compared to \$370 million, or \$1.95 per adjusted operating common share for the second quarter 2019. The increase from the prior year quarter was primarily driven by an increase in the fair value of the Apollo Operating Group ("AOG") investment which was not held in the prior year quarter.

**Adjusted operating income available to common shareholders excluding notables and AOG** for the second quarter 2020 was \$98 million, or \$0.58 per adjusted operating common share, compared to \$370 million, or \$1.95 per adjusted operating common share for the second quarter 2019. The decrease from the prior year quarter was primarily driven by a net investment loss from alternatives, more than half of which are valued on a lagged basis and were impacted by significant capital markets depreciation in the first quarter of 2020 being reflected in the current period.

### Continued Strong Capital Position

- Book value per common share of \$75.87 for the period ended June 30, 2020, an increase of 14% year-over-year. Adjusted book value per common share of \$51.15, an increase of 3% year-over-year
- Total deployable capital of \$7.3 billion, including excess equity capital of \$3.0 billion, \$2.5 billion of untapped debt capacity<sup>2</sup>, and \$1.8 billion of undrawn third-party commitments to ACRA
- Total cash and cash equivalents of \$6.2 billion, and a liquid bond portfolio of approximately \$36 billion<sup>3</sup>
- Available liquidity of \$8.5 billion<sup>4</sup> as of June 30, 2020, including \$2.25 billion undrawn credit facilities
- ALRe RBC of 449%<sup>5</sup> and U.S. RBC of 430% as of June 30, 2020

<sup>1</sup> Excess capital and undrawn third-party commitments to ACRA are presented net of future expected deployment to fund Jackson transaction announced in June 2020. <sup>2</sup> Untapped debt capacity assumes capacity of 25% debt to capitalization and is subject to general availability and market conditions. <sup>3</sup> As of June 30, 2020. Includes \$34.4 billion of public corporates, and \$1.8 billion of municipal, political subdivisions, and US and foreign government bonds. <sup>4</sup> Includes cash and cash equivalents, undrawn revolver of \$1.25 billion, and undrawn FHLB capacity of \$1 billion as of June 30, 2020. <sup>5</sup> 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 NAIC RBC factors to the statutory financial statements of AHL's non-U.S. reinsurance subsidiaries on an aggregate basis with certain adjustments made by management.

## Selected Results

	As of and for the three months ended June 30,	
	2019	2020
<i>(In millions, except percentages and per share data)</i>		
Book value per common share	\$ 66.69	\$ 75.87
Adjusted book value per common share	\$ 49.50	\$ 51.15
Common shares outstanding	185.4	193.9
Adjusted operating common shares outstanding <sup>1</sup>	184.4	198.6
Return on equity (ROE)	25.6%	26.8%
Adjusted operating ROE	16.2%	19.4%
Adjusted operating ROE ex notables and AOG	16.2%	4.5%
Adjusted operating ROE – Retirement Services	18.9%	11.1%
Return on assets (ROA)	2.12%	2.03%
Adjusted operating ROA	1.28%	1.54%
Adjusted operating ROA ex notables and AOG	1.28%	0.31%
Net investment spread – Retirement Services	1.68%	0.96%
Investments, including related parties	\$ 120,106	\$ 163,039
Net invested assets	\$ 116,671	\$ 137,269
Debt to capital ratio	7.4%	9.2%
Adjusted debt to capital ratio	9.0%	11.1%
Total AHL shareholders' equity	\$ 12,365	\$ 14,711
Adjusted AHL common shareholders' equity	\$ 9,127	\$ 10,157
Gross organic deposits	\$ 4,039	\$ 6,921
Gross inorganic deposits	—	28,792
Gross deposits	4,039	35,713
Deposits attributable to ACRA noncontrolling interest	—	(18,268)
Net deposits	\$ 4,039	\$ 17,445

<sup>1</sup> 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	
	June 30,	
	2019	2020
<i>(In millions, except per share data)</i>		
<b>Net income available to AHL common shareholders</b>	<b>\$ 720</b>	<b>\$ 824</b>
Non-operating adjustments		
Investment gains (losses), net of offsets	417	775
Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets	(57)	(405)
Integration, restructuring and other non-operating expenses	(11)	(9)
Stock compensation expense	(3)	—
Income tax (expense) benefit – non-operating	4	(27)
Less: Total non-operating adjustments	350	334
<b>Adjusted operating income available to common shareholders</b>	<b>\$ 370</b>	<b>\$ 490</b>
<b>Adjusted operating income available to common shareholders by segment</b>		
Retirement Services	\$ 376	\$ 208
Corporate and Other	(6)	282
<b>Adjusted operating income available to common shareholders</b>	<b>\$ 370</b>	<b>\$ 490</b>
Earnings per common share – basic Class A	\$ 3.76	\$ 4.25
Earnings per common share – diluted Class A <sup>1</sup>	\$ 3.75	\$ 4.19
Adjusted operating earnings per common share <sup>2</sup>	\$ 1.95	\$ 2.49
Weighted average common shares outstanding – basic Class A	158.5	193.9
Weighted average common shares outstanding – diluted Class A <sup>1</sup>	158.8	196.9
Weighted average common shares outstanding – adjusted operating <sup>2</sup>	189.4	196.9
Weighted average common shares outstanding – adjusted operating excluding Apollo <sup>3</sup>	189.4	168.9

	Three months ended	
	June 30,	
	2019	2020
<i>(In millions)</i>		
<b>Notable items</b>		
Retirement Services adjusted operating income available to common shareholders	\$ 376	\$ 208
Rider reserve and DAC equity market performance	—	(22)
Tax impact of notable items	—	2
Retirement Services notable items	—	(20)
Retirement Services adjusted operating income available to common shareholders excluding notable items	376	188
Corporate and Other adjusted operating income (loss) available to common shareholders	(6)	282
<b>Consolidated adjusted operating income available to common shareholders excluding notable items</b>	<b>\$ 370</b>	<b>\$ 470</b>
Adjusted operating earnings per common share excluding notables <sup>2</sup>	\$ 1.95	\$ 2.39

<sup>1</sup> 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. 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 available to AHL common shareholders of \$824 million (100% of net income available to AHL common shareholders) and \$596 million (83% of net income available to AHL common shareholders) for the three months ended June 30, 2020 and 2019, respectively.

<sup>2</sup> 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.

<sup>3</sup> 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.

## Deposit Highlights

In the second quarter 2020, Athene generated gross deposits of \$35.7 billion, driven by record quarterly organic deposits and substantial inorganic deposits, reflecting the closing of the previously announced fixed annuity reinsurance transaction with Jackson National Life Insurance Company ("Jackson"). In closing the Jackson transaction, Athene was supported by its strategic capital solution, ACRA, which provides on-demand third-party capital to support Athene's growth. Athene's proportionate share of these deposits, net of noncontrolling interest in ACRA attributable to third-party investors, resulted in total net deposits of \$17.4 billion.

Athene's record quarterly gross organic deposits of \$6.9 billion, an increase of 71% year-over-year and 75% quarter-over-quarter, reflected strength across the retail, flow reinsurance, and funding agreement<sup>1</sup> channels. Importantly, organic deposits were underwritten to attractive, above-target returns despite the historically low interest rate environment, reflecting the ability to invest in a wider-than-normal spread environment coupled with low funding costs.

**Retail:** In the second quarter 2020, Athene generated \$1.8 billion of new retail deposits, a decrease of 6% year-over-year, but an increase of 44% quarter-over-quarter. Sequentially improving volume was driven by strong sales through bank and broker-dealer intermediaries, including record fixed indexed annuity (FIA) sales in the bank channel. Athene remains a leader in the FIA market, serving as a source of strength for policyholders in committing capital to new policy issuance amid market volatility.

**Flow Reinsurance:** In the second quarter 2020, Athene generated record quarterly flow reinsurance deposits of \$2.3 billion, an increase of 101% year-over-year and 163% quarter-over-quarter, which was driven by strong volumes from existing partnerships who sought to utilize Athene's competitive advantages. Importantly, the record deposits in the quarter were underwritten to attractive returns.

**Institutional:** In the second quarter 2020, Athene generated \$2.9 billion of new deposits from institutional products, primarily driven by a record \$2.6 billion of funding agreement activity<sup>1</sup> underwritten to strong returns. Funding agreement activity was highlighted by two U.S. dollar denominated issuances and an inaugural Euro-denominated funding agreement totaling \$1.4 billion of deposits. Athene also closed one pension risk transfer transaction totaling nearly \$230 million of deposits in the second quarter.

**Inorganic:** On June 18, 2020, Athene entered into a fixed annuity reinsurance agreement with Jackson, whereby Athene assumed \$29 billion of gross fixed and fixed indexed annuity (FIA) reserves, as well as \$29 billion of gross invested assets. The transaction closed upon signing, with an effective date of June 1, 2020. Following redeployment of the inherited investment portfolio, the transaction is expected to be accretive to Athene's adjusted operating income and adjusted operating ROE in 2021 and 2022.

## Segment Results

### Retirement Services

For the second quarter 2020, adjusted operating income available to common shareholders in Retirement Services was \$208 million, a decrease of \$168 million, or 45%, from the second quarter 2019, resulting in an adjusted operating ROE of 11.1%. Excluding notable items, adjusted operating income available to common shareholders in Retirement Services was \$188 million, resulting in an adjusted operating ROE of 10.1%.

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, which were impacted by significant capital markets depreciation from the first quarter of 2020 being reflected in the current period. Approximately 60% of the Company's alternative investments are valued on a lagged basis, which resulted in an associated second quarter net investment loss of \$217 million for the Retirement Services segment for the second quarter 2020.

The net investment spread, which measures net investment earnings less cost of funds, was 0.96% of average net invested assets for the second quarter 2020, a decrease of 72 basis points from the second quarter 2019. The decrease from the prior year quarter was primarily driven by a lower net investment earned rate (NIER) reflecting the lagged alternatives, partially offset by a lower cost of funds.

The NIER was 3.44% for the second quarter 2020, compared to 4.63% in the prior year quarter. The annualized return on fixed income and other investments during the second quarter 2020 was 3.78%, compared to 4.26% in the prior year quarter, a decline of 48 basis points primarily driven by lower income from floating rate investments, below

<sup>1</sup> Funding agreements are comprised of Athene's funding agreement backed note program, Federal Home Loan Bank secured funding agreements, and long-term repurchase agreements.

average levels of bond call income, elevated levels of cash and liquidity amid recent market volatility, as well as a 6 basis point drag from onboarding the Jackson investment portfolio.

The forward net investment earned rate on fixed income and other investments is expected to benefit from investing excess portfolio cash and liquidity as well as executing the ongoing redeployment of the Jackson portfolio. The net annualized return on alternative investments during the second quarter 2020 was (4.38)% compared to 14.46% in the prior year quarter, primarily due to significant capital markets depreciation from the first quarter 2020 impacting approximately 60% of the alternatives portfolio on a lagged basis. Excluding alternative investments marked on a lagged basis, the net annualized return on alternative investments in Retirement Services during the second quarter was 28.63%.

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 2.48% for the second quarter 2020, a decrease of 47 basis points from the second quarter 2019, driven by lower crediting costs and other liability costs.

Total cost of crediting was 1.79% for the second quarter 2020, a decrease of 13 basis points from the prior year quarter, driven by lower crediting costs for both deferred annuities and institutional business. The cost of crediting on institutional business was 2.87%, a decrease of 89 basis points from the second quarter 2019. The year-over-year decline was driven by an increasing mix of lower rate funding agreements, declining rates on floating rate funding agreements, as well as favorable mortality developments within pension risk transfer liabilities. Cost of crediting on deferred annuities was 1.94%, a decrease of 4 basis points from the second quarter 2019 due to favorable crediting rate actions on in-force renewals and lower crediting rates on new deferred annuity issuance amid a declining interest rate environment.

Other liability costs were 0.69% for the second quarter 2020, a decrease of 34 basis points from the prior year quarter primarily due to lower DAC amortization due to a decline in gross profits resulting from a lower NIER, as well as lower rider reserves and DAC amortization due to equity market appreciation.

### ***Corporate & Other***

In the second quarter 2020, the adjusted operating income available to common shareholders was \$282 million in Corporate & Other, an increase of \$288 million from an adjusted operating loss available to common shareholders of \$6 million in the second quarter 2019. The adjusted operating income available to common shareholders in the second quarter 2020 was primarily driven by an increase in the fair value of the Company's AOG investment, partially offset by lower income from alternative investments which reflected significant capital markets depreciation from the first quarter 2020 being reflected in the current period.

The fair value of Athene's AOG investment contributed \$372 million of adjusted operating income, or \$1.79 per common share in the quarter, primarily reflecting the increase in the common stock price of Apollo Global Management (NYSE: APO), as well as dividends received, net of a liquidity discount and associated tax expense. The price of APO common shares appreciated 49% in the second quarter, which primarily drove the sizable rebound in fair value.

Approximately 60% of the Company's alternative investments are valued on a lagged basis, which resulted in an associated second quarter net investment loss of \$69 million in the Corporate & Other segment for the second quarter 2020. Excluding alternative investments marked on a lagged basis, the net annualized return on alternative investments in Corporate & Other during the second quarter was 61.76%.



## Conference Call Information

Athene will host a conference call today, Wednesday, August 5, 2020, at 10:00 a.m. ET. During the call, members of Athene's senior management team will review Athene's financial results for the second quarter ended June 30, 2020. This press release, the second quarter 2020 earnings presentation, and quarterly financial supplement are posted to Athene's website at [ir.athene.com](http://ir.athene.com).

- Live conference call: Toll-free at (866) 901-0811 (domestic) or (346) 354-0810 (international)
- Conference call replay available through August 19, 2020 at (800) 585-8367 (domestic) or (404) 537-3406 (international)
- Conference ID number: 4259196
- Live and archived webcast available at [ir.athene.com](http://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 \$183.2 billion as of June 30, 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](http://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, statements regarding 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: 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 quarterly report on Form 10-Q for the quarterly period ended March 31, 2020 and its other SEC filings, which can be found at the SEC's website [www.sec.gov](http://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.

###

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

	December 31, 2019	June 30, 2020
<b>Assets</b>		
Investments		
Available-for-sale securities, at fair value	\$ 71,374	\$ 74,735
Trading securities, at fair value	2,070	2,075
Equity securities, at fair value	247	237
Mortgage loans, net of allowances	14,306	15,203
Investment funds	750	682
Policy loans	417	393
Funds withheld at interest	15,181	42,269
Derivative assets	2,888	2,379
Short-term investments	596	364
Other investments	158	359
<b>Total investments</b>	<b>107,987</b>	<b>138,696</b>
Cash and cash equivalents	4,240	6,240
Restricted cash	402	1,281
Investments in related parties		
Available-for-sale securities, at fair value	3,804	4,070
Trading securities, at fair value	785	872
Equity securities, at fair value	64	52
Mortgage loans, net of allowances	653	626
Investment funds	3,550	5,278
Funds withheld at interest	13,220	12,971
Other investments, net of allowances	487	474
Accrued investment income	807	836
Reinsurance recoverable	4,863	5,310
Deferred acquisition costs, deferred sales inducements and value of business acquired	5,008	5,468
Other assets	1,005	1,067
<b>Total assets</b>	<b>\$ 146,875</b>	<b>\$ 183,241</b>

*(Continued)*

Condensed Consolidated Balance Sheets *(unaudited, in millions)*

	December 31, 2019	June 30, 2020
<b>Liabilities</b>		
Interest sensitive contract liabilities	\$ 102,745	\$ 135,537
Future policy benefits	23,330	24,596
Other policy claims and benefits	138	124
Dividends payable to policyholders	113	112
Short-term debt	475	—
Long-term debt	992	1,486
Derivative liabilities	97	118
Payables for collateral on derivatives and securities to repurchase	3,255	3,716
Funds withheld liability	408	427
Other liabilities	1,181	1,486
<b>Total liabilities</b>	<b>132,734</b>	<b>167,602</b>
<b>Equity</b>		
Preferred stock	—	—
Common stock	—	—
Additional paid-in capital	4,171	6,090
Retained earnings	6,939	6,437
Accumulated other comprehensive income	2,281	2,184
Total Athene Holding Ltd. shareholders' equity	13,391	14,711
Noncontrolling interests	750	928
<b>Total equity</b>	<b>14,141</b>	<b>15,639</b>
<b>Total liabilities and equity</b>	<b>\$ 146,875</b>	<b>\$ 183,241</b>

*(Concluded)*

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

	Three months ended June 30,	
	2019	2020
<b>Revenue</b>		
Premiums	\$ 787	\$ 355
Product charges	132	141
Net investment income	1,182	1,336
Investment related gains	1,313	2,548
Other revenues	9	18
Total revenues	3,423	4,398
<b>Benefits and Expenses</b>		
Interest sensitive contract benefits	1,094	2,076
Amortization of DSI	13	(21)
Future policy and other policy benefits	1,111	674
Amortization of DAC and VOBA	261	361
Dividends to policyholders	9	9
Policy and other operating expenses	185	218
Total benefits and expenses	2,673	3,317
<b>Income before income taxes</b>	<b>750</b>	<b>1,081</b>
Income tax expense	30	150
<b>Net income</b>	<b>720</b>	<b>931</b>
Less: Net income attributable to noncontrolling interests	—	88
<b>Net income attributable to Athene Holding Ltd. shareholders</b>	<b>720</b>	<b>843</b>
Less: Preferred stock dividends	—	19
<b>Net income available to Athene Holding Ltd. common shareholders</b>	<b>\$ 720</b>	<b>\$ 824</b>

## Non-GAAP Measure Reconciliations

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

<i>(In millions)</i>	Three months ended	
	June 30,	
	2019	2020
Net income available to Athene Holding Ltd. common shareholders	\$ 720	\$ 824
Less: Total non-operating adjustments	350	334
Adjusted operating income available to common shareholders	370	490
Notable items	—	(20)
Adjusted operating income available to common shareholders excluding notable items	\$ 370	\$ 470
Retirement Services adjusted operating income available to common shareholders	\$ 376	\$ 208
Rider reserve and DAC equity market performance	—	(22)
Tax impact of notable items	—	2
Retirement Services notable items	—	(20)
Retirement Services adjusted operating income available to common shareholders excluding notable items	376	188
Corporate and Other adjusted operating income (loss) available to common shareholders	(6)	282
Consolidated adjusted operating income available to common shareholders excluding notable items	\$ 370	\$ 470

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

	Three months ended	
	June 30,	
	2019	2020
Basic earnings per share – Class A common shares	\$ 3.76	\$ 4.25
Non-operating adjustments		
Investment gains (losses), net of offsets	2.20	3.93
Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets	(0.30)	(2.06)
Integration, restructuring and other non-operating expenses	(0.06)	(0.04)
Stock compensation expense	(0.02)	—
Income tax (expense) benefit – non-operating	0.02	(0.14)
Less: Total non-operating adjustments	1.84	1.69
Less: Effect of items convertible to or settled in Class A common shares	(0.03)	0.07
Adjusted operating earnings per common share	\$ 1.95	\$ 2.49

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	
	June 30,	
	2019	2020
Basic weighted average common shares outstanding – Class A	158.5	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	5.1	—
Effect of other stock compensation plans	0.4	3.0
Weighted average common shares outstanding – adjusted operating	189.4	196.9



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>	June 30,	
	2019	2020
Total AHL shareholders' equity	\$ 12,365	\$ 14,711
Less: Preferred stock	839	1,755
Total AHL common shareholders' equity	11,526	12,956
Less: AOCI	1,760	2,184
Less: Accumulated change in fair value of reinsurance assets	639	615
Total adjusted AHL common shareholders' equity	\$ 9,127	\$ 10,157
Retirement Services	\$ 7,704	\$ 6,957
Corporate and Other	1,423	3,200
Total adjusted AHL common shareholders' equity	\$ 9,127	\$ 10,157

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 June 30,	
	2019	2020
Average AHL shareholders' equity	\$ 11,241	\$ 12,326
Less: Average preferred stock	420	1,464
Less: Average AOCI	1,233	505
Less: Average accumulated change in fair value of reinsurance assets	474	230
Average adjusted AHL common shareholders' equity	\$ 9,114	\$ 10,127
Retirement Services	\$ 7,952	\$ 7,480
Corporate and Other	1,162	2,647
Average adjusted AHL common shareholders' equity	\$ 9,114	\$ 10,127

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

<i>(In millions)</i>	June 30,	
	2019	2020
Class A common shares outstanding	152.6	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	5.3	—
Effect of other stock compensation plans	1.1	4.7
Adjusted operating common shares outstanding	184.4	198.6

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

	June 30,	
	2019	2020
Book value per common share	\$ 66.69	\$ 75.87
Preferred stock	(4.53)	(9.05)
AOCI	(9.49)	(11.26)
Accumulated change in fair value of reinsurance assets	(3.45)	(3.17)
Effect of items convertible to or settled in Class A common shares	0.28	(1.24)
Adjusted book value per common share	\$ 49.50	\$ 51.15

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

	June 30,	
	2019	2020
<i>(In millions, except percentages)</i>		
Total debt	\$ 991	\$ 1,486
Total AHL shareholders' equity	12,365	14,711
Total capitalization	13,356	16,197
Less: AOCI	1,760	2,184
Less: Accumulated change in fair value of reinsurance assets	639	615
Total adjusted capitalization	\$ 10,957	\$ 13,398
Debt to capital ratio	7.4%	9.2%
AOCI	1.2%	1.5%
Accumulated change in fair value of reinsurance assets	0.4%	0.4%
Adjusted debt to capital ratio	9.0%	11.1%

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

	Three months ended			
	June 30,			
	2019		2020	
	Dollar	Rate	Dollar	Rate
<i>(In millions)</i>				
GAAP net investment income	\$ 1,182	4.10 %	\$ 1,336	4.22 %
Change in fair value of reinsurance assets	161	0.56 %	218	0.69 %
Alternative income gain (loss)	12	0.04 %	56	0.18 %
ACRA noncontrolling interest	—	— %	(81)	(0.26)%
Apollo investment (income) loss	—	— %	(481)	(1.52)%
Held for trading amortization and other	(10)	(0.03)%	(8)	(0.02)%
Total adjustments to arrive at net investment earnings/earned rate	163	0.57 %	(296)	(0.93)%
Total net investment earnings/earned rate	\$ 1,345	4.67 %	\$ 1,040	3.29 %
Retirement Services	\$ 1,321	4.63 %	\$ 1,075	3.44 %
Corporate and Other	24	8.39 %	(35)	(8.91)%
Total net investment earnings/earned rate	\$ 1,345	4.67 %	\$ 1,040	3.29 %
Retirement Services	\$ 114,059		\$ 124,943	
Corporate and Other ex. Apollo investment	1,162		1,567	
Consolidated average net invested assets ex. Apollo investment	\$ 115,221		\$ 126,510	

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

<i>(In millions)</i>	Three months ended			
	June 30,			
	2019		2020	
	Dollar	Rate	Dollar	Rate
GAAP interest sensitive contract benefits	\$ 1,094	3.84 %	\$ 2,076	6.65 %
Interest credited other than deferred annuities and institutional products	50	0.18 %	75	0.24 %
FIA option costs	280	0.98 %	271	0.86 %
Product charges (strategy fees)	(29)	(0.10)%	(34)	(0.11)%
Reinsurance embedded derivative impacts	14	0.05 %	15	0.05 %
Change in fair values of embedded derivatives – FIAs	(868)	(3.05)%	(1,734)	(5.55)%
Negative VOBA amortization	7	0.02 %	5	0.02 %
ACRA noncontrolling interest	—	— %	(113)	(0.37)%
Other changes in interest sensitive contract liabilities	(1)	— %	(1)	— %
Total adjustments to arrive at cost of crediting	(547)	(1.92)%	(1,516)	(4.86)%
Retirement Services cost of crediting	\$ 547	1.92 %	\$ 560	1.79 %
Retirement Services cost of crediting on deferred annuities	\$ 448	1.98 %	\$ 451	1.94 %
Retirement Services cost of crediting on institutional products	99	3.76 %	109	2.87 %
Retirement Services cost of crediting	\$ 547	1.92 %	\$ 560	1.79 %
Retirement Services average net invested assets	\$ 114,059		\$ 124,943	
Average net account value on deferred annuities	90,675		92,814	
Average institutional net reserve liabilities	10,470		15,233	

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

<i>(In millions)</i>	Three months ended	
	June 30,	
	2019	2020
GAAP benefits and expenses	\$ 2,673	\$ 3,317
Premiums	(787)	(355)
Product charges	(132)	(141)
Other revenues	(9)	(18)
Cost of crediting	(253)	(275)
Change in fair value of embedded derivatives – FIA, net of offsets	(817)	(1,445)
DAC, DSI and VOBA amortization related to investment gains and losses	(181)	(323)
Rider reserves	(24)	(46)
Policy and other operating expenses, excluding policy acquisition expenses	(117)	(145)
AmerUs closed block fair value liability	(59)	(100)
ACRA noncontrolling interest	—	(241)
Other	1	(13)
Total adjustments to arrive at other liability costs	(2,378)	(3,102)
Other liability costs	\$ 295	\$ 215
Retirement Services	\$ 295	\$ 215
Corporate and Other	—	—
Consolidated other liability costs	\$ 295	\$ 215

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

<i>(In millions)</i>	Three months ended	
	June 30,	
	2019	2020
Policy and other operating expenses	\$ 185	\$ 218
Interest expense	(15)	(29)
Policy acquisition expenses, net of deferrals	(69)	(73)
Integration, restructuring and other non-operating expenses	(11)	(9)
Stock compensation expenses	(3)	—
ACRA noncontrolling interest	—	(19)
Total adjustments to arrive at operating expenses	(98)	(130)
Operating expenses	\$ 87	\$ 88
Retirement Services	\$ 68	\$ 71
Corporate and Other	19	17
Consolidated operating expenses	\$ 87	\$ 88

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

<i>(In millions)</i>	June 30,	
	2019	2020
Total investments, including related parties	\$ 120,106	\$ 163,039
Derivative assets	(2,299)	(2,379)
Cash and cash equivalents (including restricted cash)	5,238	7,521
Accrued investment income	758	836
Payables for collateral on derivatives	(2,183)	(2,117)
Reinsurance funds withheld and modified coinsurance	(1,236)	(203)
VIE and VOE assets, liabilities and noncontrolling interest	656	(18)
Unrealized (gains) losses	(3,084)	(3,782)
Ceded policy loans	(280)	(225)
Net investment receivables (payables)	(1,005)	(1,281)
Allowance for credit losses	—	574
Total adjustments to arrive at gross invested assets	(3,435)	(1,074)
Gross invested assets	116,671	161,965
ACRA noncontrolling interest	—	(24,696)
Net invested assets	\$ 116,671	\$ 137,269



Athene Holding Ltd.  
2Q'20 Financial Supplement

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## Table of Contents



### FINANCIAL RESULTS

Financial Highlights	3
Condensed Consolidated Statements of Income (GAAP view)	4
Segment Results of Operations (Management view)	5
Reconciliation of Earnings Measures	6
Retirement Services Segment Highlights	7
Condensed Consolidated Balance Sheets	8

### ASSETS

Investments (GAAP view)	10
Net Invested Assets (Management view)	11
Investment Funds (GAAP view)	12
Net Alternative Investments (Management view)	13
Funds Withheld at Interest (GAAP view)	14
Segment Net Investment Earned Rates (NIER)	15
NIERs by Asset Class & Apollo Investment	16
Credit Quality of Securities & Net Invested Assets	17

### LIABILITIES

Net Reserve Liabilities & Rollforwards	20
Deferred Annuity Liability Characteristics	22

### CAPITAL

Capitalization & Regulatory Capital Ratios	23
Financial Strength, Credit Ratings & Share Data	24

### ADDITIONAL INFORMATION

Notes to the Financial Supplement	25
Non-GAAP Reconciliations	27

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## Financial Highlights

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



	Quarterly Trends					Δ		Year-to-Date		Δ
	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20	Q/Q	Y/Y	2019	2020	Y/Y
<b>SELECTED INCOME STATEMENT DATA</b>										
Net income (loss) available to AHL common shareholders	\$ 720	\$ 276	\$ 432	\$ (1,065)	\$ 824	NM	14 %	\$ 1,428	\$ (241)	NM
Adjusted operating income (loss) available to common shareholders	370	243	389	(108)	490	NM	32 %	657	382	(42)%
Adjusted operating income available to common shareholders excluding notables and AOG	370	305	346	174	98	(44)%	(74)%	657	274	(58)%
<b>FINANCIAL RATIOS</b>										
Return on assets (ROA)	2.12%	0.78%	1.19%	(2.95)%	2.03%	NM	(9)bps	2.16%	(0.31)%	NM
Adjusted operating ROA	1.28%	0.82%	1.34%	(0.36)%	1.54%	NM	26bps	1.15%	0.62 %	(53)bps
Adjusted operating ROA, excluding notables and AOG	1.28%	1.03%	1.19%	0.59 %	0.31%	(28)bps	(97)bps	1.15%	0.45 %	(70)bps
Net investment spread – Retirement Services	1.68%	1.13%	1.84%	1.03 %	0.96%	(7)bps	(72)bps	1.52%	1.00 %	(52)bps
Return on equity (ROE)	25.6%	8.5%	12.8%	(36.5)%	26.8%	NM	120bps	27.7%	(3.4)%	NM
Adjusted operating ROE	16.2%	10.6%	16.7%	(4.4)%	19.4%	NM	NM	14.6%	7.8 %	NM
Adjusted operating ROE, excluding notables and AOG	16.2%	13.3%	14.9%	7.6 %	4.5%	NM	NM	14.6%	6.1 %	NM
Adjusted operating ROE – Retirement Services	18.9%	13.5%	21.6%	10.6 %	11.1%	50bps	NM	17.1%	11.4 %	NM
<b>EARNINGS AND BOOK VALUE PER COMMON SHARE</b>										
Earnings (loss) per common share – basic class A	\$ 3.76	\$ 1.50	\$ 2.43	\$ (5.81)	\$ 4.25	NM	13 %	\$ 7.43	\$ (0.64)	NM
Earnings (loss) per common share – diluted class A <sup>1</sup>	3.75	1.50	2.42	(5.81)	4.19	NM	12 %	7.41	(0.64)	NM
Adjusted operating earnings (loss) per common share <sup>2</sup>	1.95	1.34	2.21	(0.60)	2.49	NM	28 %	3.45	2.01	(42)%
Adjusted operating earnings per common share excluding notables and AOG	1.95	1.67	1.97	1.00	0.58	(42)%	(70)%	3.45	1.60	(54)%
Book value per common share	66.69	74.20	76.21	51.28	75.87	48 %	14 %	66.69	75.87	14 %
Adjusted book value per common share <sup>2</sup>	49.50	50.74	54.02	51.07	51.15	— %	3 %	49.50	51.15	3 %
<b>SELECTED BALANCE SHEET DATA</b>										
Total assets	\$ 138,980	\$ 144,202	\$ 146,875	\$ 142,179	\$ 183,241	29 %	32 %	\$ 138,980	\$ 183,241	32 %
Gross invested assets	116,671	121,140	124,563	128,263	161,965	26 %	39 %	116,671	161,965	39 %
Invested assets – ACRA noncontrolling interests	—	—	(7,077)	(7,063)	(24,696)	NM	NM	—	(24,696)	NM
Net invested assets	116,671	121,140	117,486	121,200	137,269	13 %	18 %	116,671	137,269	18 %
Total liabilities	126,615	130,657	132,734	131,649	167,602	27 %	32 %	126,615	167,602	32 %
Net reserve liabilities	114,680	118,825	114,652	114,273	131,333	15 %	15 %	114,680	131,333	15 %
Debt	991	992	1,467	1,386	1,486	7 %	50 %	991	1,486	50 %
Total AHL shareholders' equity	12,365	13,545	13,391	9,940	14,711	48 %	19 %	12,365	14,711	19 %
Adjusted AHL common shareholders' equity	9,127	9,204	9,445	10,097	10,157	1 %	11 %	9,127	10,157	11 %
<b>DEPOSITS</b>										
Retail	\$ 1,909	\$ 1,921	\$ 1,136	\$ 1,246	\$ 1,791	44 %	(6)%	\$ 3,725	\$ 3,037	(18)%
Flow reinsurance	1,125	609	1,196	861	2,265	163 %	101 %	2,145	3,126	46 %
Funding agreements <sup>3</sup>	299	503	499	823	2,636	220 %	NM	299	3,459	NM
Pension risk transfer	706	2,604	809	1,017	229	(77)%	(68)%	2,629	1,246	(53)%
Gross organic deposits	4,039	5,637	3,640	3,947	6,921	75 %	71 %	8,798	10,868	24 %
Gross inorganic deposits	—	—	—	—	28,792	NM	NM	—	28,792	NM
Gross deposits	4,039	5,637	3,640	3,947	35,713	NM	NM	8,798	39,660	NM
Deposits attributable to ACRA noncontrolling interest <sup>4</sup>	—	—	(544)	—	(18,268)	NM	NM	—	(18,268)	NM
Net deposits	\$ 4,039	\$ 5,637	\$ 3,096	\$ 3,947	\$ 17,445	NM	NM	\$ 8,798	\$ 21,392	143 %

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. <sup>1</sup> 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. <sup>2</sup> 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. <sup>3</sup> Funding agreements are comprised of our funding agreement backed note program, Federal Home Loan Bank secured funding agreements and long-term repurchase agreements. <sup>4</sup> 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		Δ
	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20	Q/Q	Y/Y	2019	2020	Y/Y
<b>REVENUE</b>										
Premiums	\$ 787	\$ 2,688	\$ 907	\$ 1,140	\$ 355	(69)%	(55)%	\$ 2,787	\$ 1,495	(46)%
Product charges	132	135	132	140	141	1 %	7 %	257	281	9 %
Net investment income	1,182	1,090	1,242	745	1,336	79 %	13 %	2,264	2,081	(8)%
Investment related gains (losses)	1,313	665	965	(3,572)	2,548	NM	94 %	3,089	(1,024)	NM
Other revenues	9	6	10	(2)	18	NM	100 %	21	16	(24)%
Total revenues	\$ 3,423	\$ 4,584	\$ 3,256	\$ (1,549)	\$ 4,398	NM	28 %	\$ 8,418	\$ 2,849	(66)%
<b>BENEFITS AND EXPENSES</b>										
Interest sensitive contract benefits	\$ 1,094	\$ 801	\$ 1,146	\$ (1,319)	\$ 2,076	NM	90 %	\$ 2,610	\$ 757	(71)%
Amortization of deferred sales inducements	13	20	36	10	(21)	NM	NM	18	(11)	NM
Future policy and other policy benefits	1,111	2,955	1,192	1,356	674	(50)%	(39)%	3,440	2,030	(41)%
Amortization of deferred acquisition costs and value of business acquired	261	323	143	(413)	361	NM	38 %	492	(52)	NM
Dividends to policyholders	9	12	6	11	9	(18)%	— %	18	20	11 %
Policy and other operating expenses	185	194	200	188	218	16 %	18 %	350	406	16 %
Total benefits and expenses	2,673	4,305	2,723	(167)	3,317	NM	24 %	6,928	3,150	(55)%
Income (loss) before income taxes	750	279	533	(1,382)	1,081	NM	44 %	1,490	(301)	NM
Income tax expense (benefit)	30	(14)	69	(166)	150	NM	NM	62	(16)	NM
Net income (loss)	720	293	464	(1,216)	931	NM	29 %	1,428	(285)	NM
Less: Net income (loss) attributable to noncontrolling interests	—	—	13	(169)	88	NM	NM	—	(81)	NM
Net income (loss) attributable to Athene Holding Ltd. shareholders	720	293	451	(1,047)	843	NM	17 %	1,428	(204)	NM
Less: Preferred stock dividends	—	17	19	18	19	6 %	NM	—	37	NM
Net income (loss) available to Athene Holding Ltd. common shareholders	\$ 720	\$ 276	\$ 432	\$ (1,065)	\$ 824	NM	14 %	\$ 1,428	\$ (241)	NM



## Segment Results of Operations (Management view)

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



	Quarterly Trends					Δ		Year-to-Date		Δ
	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20	Q/Q	Y/Y	2019	2020	Y/Y
<b>CONSOLIDATED</b>										
Fixed income and other investment income	\$ 1,175	\$ 1,168	\$ 1,185	\$ 1,188	\$ 1,140	(4)%	(3)%	\$ 2,329	\$ 2,328	— %
Alternative investment income (loss)	170	124	154	(37)	(100)	NM	NM	219	(137)	NM
Net investment earnings	1,345	1,292	1,339	1,151	1,040	(10)%	(23)%	2,548	2,191	(14)%
Cost of crediting	(547)	(576)	(521)	(540)	(560)	(4)%	(2)%	(1,082)	(1,100)	(2)%
Other liability costs <sup>1</sup>	(295)	(358)	(259)	(342)	(215)	37 %	27 %	(555)	(557)	— %
Cost of funds	(842)	(934)	(780)	(882)	(775)	12 %	8 %	(1,637)	(1,657)	(1)%
Operating expenses	(87)	(79)	(86)	(79)	(88)	(11)%	(1)%	(169)	(167)	1 %
Interest expense	(12)	(12)	(17)	(19)	(28)	(47)%	NM	(25)	(47)	(88)%
Management fees from ACRA	—	—	2	2	3	50 %	NM	—	5	NM
Pre-tax adjusted operating income	404	267	458	173	152	(12)%	(62)%	717	325	(55)%
Income tax expense – operating <sup>2</sup>	(34)	(7)	(50)	(24)	(15)	38 %	56 %	(60)	(39)	35 %
Adjusted operating income	370	260	408	149	137	(8)%	(63)%	657	286	(56)%
Preferred stock dividends	—	(17)	(19)	(18)	(19)	(6)%	NM	—	(37)	NM
Adjusted operating income available to common shareholders excluding Apollo	370	243	389	131	118	(10)%	(68)%	657	249	(62)%
Change in fair value of Apollo investment, net of tax <sup>3</sup>	—	—	—	(239)	372	NM	NM	—	133	NM
Adjusted operating income (loss) available to common shareholders	\$ 370	\$ 243	\$ 389	\$ (108)	\$ 490	NM	32 %	\$ 657	\$ 382	(42)%
Adjusted operating earnings (loss) per common share	\$ 1.95	\$ 1.34	\$ 2.21	\$ (0.60)	\$ 2.49	NM	28 %	\$ 3.45	\$ 2.01	(42)%
<b>RETIREMENT SERVICES</b>										
Fixed income and other investment income	\$ 1,170	\$ 1,159	\$ 1,172	\$ 1,177	\$ 1,132	(4)%	(3)%	\$ 2,321	\$ 2,309	(1)%
Alternative investment income (loss)	151	105	134	7	(57)	NM	NM	171	(50)	NM
Net investment earnings	1,321	1,264	1,306	1,184	1,075	(9)%	(19)%	2,492	2,259	(9)%
Cost of crediting	(547)	(576)	(521)	(540)	(560)	(4)%	(2)%	(1,082)	(1,100)	(2)%
Other liability costs <sup>1</sup>	(295)	(358)	(259)	(342)	(215)	37 %	27 %	(555)	(557)	— %
Cost of funds	(842)	(934)	(780)	(882)	(775)	12 %	8 %	(1,637)	(1,657)	(1)%
Operating expenses	(68)	(67)	(69)	(68)	(71)	(4)%	(4)%	(130)	(139)	(7)%
Interest expense	(1)	—	(5)	(8)	(9)	(13)%	NM	(3)	(17)	NM
Management fees from ACRA	—	—	2	2	3	50 %	NM	—	5	NM
Pre-tax adjusted operating income	410	263	454	228	223	(2)%	(46)%	722	451	(38)%
Income tax expense – operating	(34)	(7)	(50)	(24)	(15)	38 %	56 %	(60)	(39)	35 %
Adjusted operating income available to common shareholders	\$ 376	\$ 256	\$ 404	\$ 204	\$ 208	2 %	(45)%	\$ 662	\$ 412	(38)%
<b>CORPORATE &amp; OTHER</b>										
Fixed income and other investment income	\$ 5	\$ 9	\$ 13	\$ 11	\$ 8	(27)%	60 %	\$ 8	\$ 19	138 %
Alternative investment income (loss)	19	19	20	(44)	(43)	2 %	NM	48	(87)	NM
Net investment earnings (loss)	24	28	33	(33)	(35)	(6)%	NM	56	(68)	NM
Operating expenses	(19)	(12)	(17)	(11)	(17)	(55)%	11 %	(39)	(28)	28 %
Interest expense	(11)	(12)	(12)	(11)	(19)	(73)%	(73)%	(22)	(30)	(36)%
Adjusted operating income (loss)	(6)	4	4	(55)	(71)	(29)%	NM	(5)	(126)	NM
Preferred stock dividends	—	(17)	(19)	(18)	(19)	(6)%	NM	—	(37)	NM
Adjusted operating loss available to common shareholders excluding Apollo	(6)	(13)	(15)	(73)	(90)	(23)%	NM	(5)	(163)	NM
Change in fair value of Apollo investment, net of tax <sup>3</sup>	—	—	—	(239)	372	NM	NM	—	133	NM
Adjusted operating income (loss) available to common shareholders	\$ (6)	\$ (13)	\$ (15)	\$ (312)	\$ 282	NM	NM	\$ (5)	\$ (30)	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
	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20	Q/Q	Y/Y	2019	2020	Y/Y
<b>RECONCILIATION OF NET INCOME (LOSS) AVAILABLE TO ATHENE HOLDING LTD. COMMON SHAREHOLDERS TO ADJUSTED OPERATING INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS</b>										
Net income (loss) available to Athene Holding Ltd. common shareholders	\$ 720	\$ 276	\$ 432	\$ (1,065)	\$ 824	NM	14 %	\$ 1,428	\$ (241)	NM
Non-operating adjustments										
Realized gains (losses) on sale of AFS securities	41	46	26	12	(11)	NM	NM	53	1	(98)%
Unrealized, allowances and other investment gains (losses)	10	(31)	(12)	(369)	52	NM	NM	39	(317)	NM
Change in fair value of reinsurance assets	570	314	(89)	(1,277)	1,113	NM	95 %	1,186	(164)	NM
Offsets to investment gains (losses)	(204)	(163)	28	495	(379)	NM	(86)%	(403)	116	NM
Investment gains (losses), net of offsets	417	166	(47)	(1,139)	775	NM	86 %	875	(364)	NM
Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets	(57)	(117)	136	65	(405)	NM	NM	(84)	(340)	NM
Integration, restructuring and other non-operating expenses	(11)	(34)	(24)	(4)	(9)	NM	18 %	(12)	(13)	(8)%
Stock compensation expense	(3)	(3)	(3)	(10)	—	NM	NM	(6)	(10)	(67)%
Income tax (expense) benefit – non-operating	4	21	(19)	131	(27)	NM	NM	(2)	104	NM
Less: Total non-operating adjustments	350	33	43	(957)	334	NM	(5)%	771	(623)	NM
Adjusted operating income (loss) available to common shareholders	\$ 370	\$ 243	\$ 389	\$ (108)	\$ 490	NM	32 %	\$ 657	\$ 382	(42)%
<b>RECONCILIATION OF BASIC EARNINGS (LOSS) PER CLASS A COMMON SHARES TO ADJUSTED OPERATING EARNINGS (LOSS) PER COMMON SHARE</b>										
Basic earnings (loss) per share – Class A common shares	\$ 3.76	\$ 1.50	\$ 2.43	\$ (5.81)	\$ 4.25	NM	13 %	\$ 7.43	\$ (0.64)	NM
Non-operating adjustments										
Realized gains (losses) on sale of AFS securities	0.21	0.25	0.15	0.07	(0.06)	NM	NM	0.28	—	NM
Unrealized, allowances and other investment gains (losses)	0.05	(0.17)	(0.07)	(2.03)	0.26	NM	NM	0.21	(1.67)	NM
Change in fair value of reinsurance assets	3.01	1.72	(0.50)	(7.04)	5.66	NM	88 %	6.24	(0.86)	NM
Offsets to investment gains (losses)	(1.07)	(0.89)	0.16	2.73	(1.93)	NM	(80)%	(2.12)	0.61	NM
Investment gains (losses), net of offsets	2.20	0.91	(0.26)	(6.27)	3.93	NM	79 %	4.61	(1.92)	NM
Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets	(0.30)	(0.65)	0.77	0.36	(2.06)	NM	NM	(0.44)	(1.79)	NM
Integration, restructuring and other non-operating expenses	(0.06)	(0.18)	(0.13)	(0.03)	(0.04)	(33)%	33 %	(0.06)	(0.06)	— %
Stock compensation expense	(0.02)	(0.02)	(0.02)	(0.05)	—	NM	NM	(0.03)	(0.05)	(67)%
Income tax (expense) benefit – non-operating	0.02	0.12	(0.11)	0.72	(0.14)	NM	NM	(0.01)	0.55	NM
Less: Total non-operating adjustments	1.84	0.18	0.25	(5.27)	1.69	NM	(8)%	4.07	(3.27)	NM
Effect of items convertible to or settled in Class A common shares	(0.03)	(0.02)	(0.03)	0.06	0.07	17 %	NM	(0.09)	0.62	NM
Adjusted operating earnings (loss) per common share	\$ 1.95	\$ 1.34	\$ 2.21	\$ (0.60)	\$ 2.49	NM	28 %	\$ 3.45	\$ 2.01	(42)%

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
	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20	Q/Q	Y/Y	2019	2020	Y/Y
<b>NET INVESTMENT SPREAD – RETIREMENT SERVICES</b>										
Net investment earned rate	4.63%	4.31%	4.57%	4.04%	3.44%	(60)bps	NM	4.42%	3.73%	(69)bps
Cost of crediting	1.92%	1.96%	1.83%	1.84%	1.79%	(5)bps	(13)bps	1.92%	1.81%	(11)bps
Other liability costs	1.03%	1.22%	0.90%	1.17%	0.69%	(48)bps	(34)bps	0.98%	0.92%	(6)bps
Cost of funds	2.95%	3.18%	2.73%	3.01%	2.48%	(53)bps	(47)bps	2.90%	2.73%	(17)bps
Net investment spread	<u>1.68%</u>	<u>1.13%</u>	<u>1.84%</u>	<u>1.03%</u>	<u>0.96%</u>	<u>(7)bps</u>	<u>(72)bps</u>	<u>1.52%</u>	<u>1.00%</u>	<u>(52)bps</u>
Average net invested assets	\$ 114,059	\$ 117,338	\$ 114,149	\$ 117,295	\$ 124,943	7 %	10 %	\$ 112,711	\$ 121,213	8 %
<b>COST OF CREDITING – RETIREMENT SERVICES</b>										
FIA option costs	\$ 265	\$ 265	\$ 252	\$ 248	\$ 252	2 %	(5)%	\$ 530	\$ 500	(6)%
Fixed interest credited to policyholders	183	188	177	174	199	14 %	9 %	362	373	3 %
Cost of crediting on deferred annuities	448	453	429	422	451	7 %	1 %	892	873	(2)%
Average account value on deferred annuities	90,675	91,467	87,660	88,119	92,814	5 %	2 %	90,261	90,654	— %
Cost of crediting on deferred annuities rate	1.98%	1.98%	1.95%	1.91%	1.94%	3bps	(4)bps	1.98%	1.92%	(6)bps
Cost of crediting on institutional products	\$ 99	\$ 123	\$ 92	\$ 118	\$ 109	(8)%	10 %	\$ 190	\$ 227	19 %
Average institutional reserve liabilities	10,470	13,320	12,931	14,250	15,233	7 %	45 %	10,140	14,742	45 %
Cost of crediting on institutional products rate	3.76%	3.68%	2.85%	3.31%	2.87%	(44)bps	(89)bps	3.73%	3.08%	(65)bps
Cost of crediting	<u>\$ 547</u>	<u>\$ 576</u>	<u>\$ 521</u>	<u>\$ 540</u>	<u>\$ 560</u>	4 %	2 %	<u>\$ 1,082</u>	<u>\$ 1,100</u>	2 %
<b>OTHER LIABILITY COSTS – RETIREMENT SERVICES</b>										
Change in rider reserve	\$ 138	\$ 114	\$ 124	\$ 183	\$ 128	(30)%	(7)%	\$ 292	\$ 311	7 %
DAC, DSI and VOBA amortization	125	226	131	127	84	(34)%	(33)%	216	211	(2)%
Other <sup>1</sup>	32	18	4	32	3	(91)%	(91)%	47	35	(26)%
Other liability costs	<u>\$ 295</u>	<u>\$ 358</u>	<u>\$ 259</u>	<u>\$ 342</u>	<u>\$ 215</u>	<u>(37)%</u>	<u>(27)%</u>	<u>\$ 555</u>	<u>\$ 557</u>	— %
<b>INVESTMENT MARGIN ON DEFERRED ANNUITIES – RETIREMENT SERVICES</b>										
Net investment earned rate	4.63%	4.31%	4.57%	4.04%	3.44%	(60)bps	NM	4.42%	3.73%	(69)bps
Cost of crediting on deferred annuities	1.98%	1.98%	1.95%	1.91%	1.94%	3bps	(4)bps	1.98%	1.92%	(6)bps
Investment margin on deferred annuities	<u>2.65%</u>	<u>2.33%</u>	<u>2.62%</u>	<u>2.13%</u>	<u>1.50%</u>	<u>(63)bps</u>	<u>NM</u>	<u>2.44%</u>	<u>1.81%</u>	<u>(63)bps</u>

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	June 30, 2020	Δ
<b>ASSETS</b>			
Investments			
Available-for-sale securities, at fair value	\$ 71,374	\$ 74,735	5 %
Trading securities, at fair value	2,070	2,075	— %
Equity securities, at fair value	247	237	(4)%
Mortgage loans, net of allowances	14,306	15,203	6 %
Investment funds	750	682	(9)%
Policy loans	417	393	(6)%
Funds withheld at interest	15,181	42,269	178 %
Derivative assets	2,888	2,379	(18)%
Short-term investments	596	364	(39)%
Other investments, net of allowances	158	359	127 %
<b>Total investments</b>	<b>107,987</b>	<b>138,696</b>	<b>28 %</b>
Cash and cash equivalents	4,240	6,240	47 %
Restricted cash	402	1,281	219 %
Investments in related parties			
Available-for-sale securities, at fair value	3,804	4,070	7 %
Trading securities, at fair value	785	872	11 %
Equity securities, at fair value	64	52	(19)%
Mortgage loans, net of allowances	653	626	(4)%
Investment funds	3,550	5,278	49 %
Funds withheld at interest	13,220	12,971	(2)%
Other investments, net of allowances	487	474	(3)%
Accrued investment income	807	836	4 %
Reinsurance recoverable	4,863	5,310	9 %
Deferred acquisition costs, deferred sales inducements and value of business acquired	5,008	5,468	9 %
Other assets	1,005	1,067	6 %
<b>Total assets</b>	<b>\$ 146,875</b>	<b>\$ 183,241</b>	<b>25 %</b>

## Condensed Consolidated Balance Sheets, continued

Unaudited (in millions, except percentages)



	December 31, 2019	June 30, 2020	Δ
<b>LIABILITIES</b>			
Interest sensitive contract liabilities	\$ 102,745	\$ 135,537	32 %
Future policy benefits	23,330	24,596	5 %
Other policy claims and benefits	138	124	(10)%
Dividends payable to policyholders	113	112	(1)%
Short-term debt	475	—	NM
Long-term debt	992	1,486	50 %
Derivative liabilities	97	118	22 %
Payables for collateral on derivatives and securities to repurchase	3,255	3,716	14 %
Funds withheld liability	408	427	5 %
Other liabilities	1,181	1,486	26 %
<b>Total liabilities</b>	<b>132,734</b>	<b>167,602</b>	<b>26 %</b>
<b>EQUITY</b>			
Preferred stock	—	—	NM
Common stock	—	—	NM
Additional paid-in-capital	4,171	6,090	46 %
Retained earnings	6,939	6,437	(7)%
Accumulated other comprehensive income	2,281	2,184	(4)%
<b>Total Athene Holding Ltd. shareholders' equity</b>	<b>13,391</b>	<b>14,711</b>	<b>10 %</b>
Noncontrolling interests	750	928	24 %
<b>Total equity</b>	<b>14,141</b>	<b>15,639</b>	<b>11 %</b>
<b>Total liabilities and equity</b>	<b>\$ 146,875</b>	<b>\$ 183,241</b>	<b>25 %</b>

**Investments (GAAP view)**

Unaudited (in millions, except percentages)



	December 31, 2019		June 30, 2020	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
<b>INVESTMENTS AND INVESTMENTS IN RELATED PARTIES SUMMARY</b>				
<b>Investments</b>				
Available-for-sale securities, at fair value				
U.S. government and agencies	\$ 36	—%	\$ 74	—%
U.S. state, municipal and political subdivisions	1,541	1.2%	943	0.6%
Foreign governments	327	0.3%	337	0.2%
Corporate	47,228	36.2%	51,199	31.4%
CLO	7,349	5.6%	7,952	4.9%
ABS	5,118	3.9%	4,773	2.9%
CMBS	2,400	1.8%	2,297	1.4%
RMBS	7,375	5.7%	7,160	4.4%
Total available-for-sale securities, at fair value	71,374	54.7%	74,735	45.8%
Trading securities, at fair value	2,070	1.6%	2,075	1.3%
Equity securities, at fair value	247	0.2%	237	0.1%
Mortgage loans, net of allowances	14,306	11.0%	15,203	9.4%
Investment funds	750	0.6%	682	0.4%
Policy loans	417	0.3%	393	0.2%
Funds withheld at interest	15,181	11.6%	42,269	25.9%
Derivative assets	2,888	2.2%	2,379	1.5%
Short-term investments	596	0.5%	364	0.2%
Other investments	158	0.1%	359	0.2%
Total investments	107,987	82.8%	138,696	85.0%
<b>Investments in related parties</b>				
Available-for-sale securities, at fair value				
Corporate	19	—%	20	—%
CLO	936	0.7%	1,239	0.8%
ABS	2,849	2.2%	2,811	1.7%
Total available-for-sale securities, at fair value	3,804	2.9%	4,070	2.5%
Trading securities, at fair value	785	0.6%	872	0.5%
Equity securities, at fair value	64	—%	52	—%
Mortgage loans	653	0.5%	626	0.4%
Investment funds	3,550	2.7%	5,278	3.3%
Funds withheld at interest	13,220	10.1%	12,971	8.0%
Other investments	487	0.4%	474	0.3%
Total investments in related parties	22,563	17.2%	24,343	15.0%
Total investments including related parties	\$ 130,550	100.0%	\$ 163,039	100.0%

## Net Invested Assets (Management view)

Unaudited (in millions, except percentages)



	December 31, 2019		June 30, 2020	
	Invested Asset Value <sup>1</sup>	Percent of Total	Invested Asset Value <sup>1</sup>	Percent of Total
<b>NET INVESTED ASSETS</b>				
Corporate	\$ 55,077	46.9%	\$ 63,171	46.0%
CLO	10,223	8.7%	11,984	8.7%
Credit	65,300	55.6%	75,155	54.7%
RMBS	8,394	7.1%	8,665	6.3%
CML	14,038	12.0%	15,664	11.4%
RML	4,490	3.8%	4,755	3.5%
CMBS	2,930	2.5%	3,417	2.5%
Real estate	29,852	25.4%	32,501	23.7%
ABS	10,317	8.8%	10,507	7.6%
Alternative investments	5,586	4.8%	6,082	4.4%
State, municipal, political subdivisions and foreign government	2,260	1.9%	1,750	1.3%
Equity securities	365	0.3%	392	0.3%
Short-term investments	624	0.5%	699	0.5%
U.S. government and agencies	49	—%	85	0.1%
Other investments	19,201	16.3%	19,515	14.2%
Cash and equivalents	1,958	1.7%	7,541	5.5%
Policy loans and other	1,175	1.0%	1,244	0.9%
Net invested assets excluding investment in Apollo	117,486	100.0%	135,956	99.0%
Investment in Apollo	—	—%	1,313	1.0%
Net invested assets	\$ 117,486	100.0%	\$ 137,269	100.0%

<sup>1</sup> 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		June 30, 2020	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
<b>INVESTMENT FUNDS INCLUDING RELATED PARTIES<sup>1</sup></b>				
Investment funds				
Real estate	\$ 277	6.4%	\$ 274	4.6%
Credit funds	153	3.6%	115	1.9%
Private equity	236	5.5%	232	3.9%
Real assets	83	2.0%	61	1.0%
Natural resources	1	—%	—	—%
<b>Total investment funds</b>	<b>750</b>	<b>17.5%</b>	<b>682</b>	<b>11.4%</b>
Investment funds – related parties				
Differentiated investments				
MidCap	547	12.7%	517	8.7%
AmeriHome	487	11.3%	594	10.0%
Catalina	271	6.3%	295	4.9%
Athora	132	3.1%	497	8.3%
Venerable	99	2.3%	118	2.0%
Other	222	5.2%	246	4.1%
<b>Total differentiated investments</b>	<b>1,758</b>	<b>40.9%</b>	<b>2,267</b>	<b>38.0%</b>
Real estate	853	19.8%	709	11.9%
Credit funds	370	8.6%	363	6.1%
Private equity	105	2.4%	255	4.3%
Real assets	182	4.2%	233	3.9%
Natural resources	163	3.8%	95	1.6%
Public equities	119	2.8%	43	0.8%
Investment in Apollo	—	—%	1,313	22.0%
<b>Total investment funds – related parties</b>	<b>3,550</b>	<b>82.5%</b>	<b>5,278</b>	<b>88.6%</b>
<b>Total investment funds including related parties</b>	<b>\$ 4,300</b>	<b>100.0%</b>	<b>\$ 5,960</b>	<b>100.0%</b>

Note: The investment funds balances include the entire investment fund balance attributable to ACRA as ACRA is 100% consolidated. <sup>1</sup> 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		June 30, 2020	
	Invested Asset Value <sup>1</sup>	Percent of Total	Invested Asset Value <sup>1</sup>	Percent of Total
<b>NET ALTERNATIVE INVESTMENTS</b>				
<b>Retirement Services</b>				
Differentiated investments				
AmeriHome	\$ 595	10.7%	\$ 730	12.0%
MidCap	547	9.8%	594	9.8%
Catalina	271	4.9%	295	4.9%
Venerable	99	1.8%	118	1.9%
Other	208	3.7%	309	5.1%
Total differentiated investments	1,720	30.9%	2,046	33.7%
Real estate	1,430	25.6%	1,260	20.7%
Credit	968	17.3%	911	15.0%
Private equity	378	6.8%	550	9.0%
Real assets	349	6.2%	411	6.8%
Natural resources	51	0.9%	45	0.7%
Other	58	1.0%	—	—%
Total Retirement Services	4,954	88.7%	5,223	85.9%
<b>Corporate &amp; Other</b>				
Athora	140	2.5%	501	8.2%
Credit	128	2.3%	89	1.5%
Natural resources	245	4.4%	226	3.7%
Public equities <sup>2</sup>	119	2.1%	43	0.7%
Total Corporate & Other	632	11.3%	859	14.1%
Net alternative investments <sup>1</sup>	\$ 5,586	100.0%	\$ 6,082	100.0%

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

<sup>1</sup> 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.

<sup>2</sup> Public Equities include: OneMain Financial (OMF) - 2.8 million of shares as of June 30, 2020 and December 31, 2019.

## Funds Withheld at Interest (GAAP view)

Unaudited (in millions, except percentages)



	December 31, 2019		June 30, 2020	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
<b>FUNDS WITHHELD AT INTEREST INCLUDING RELATED PARTIES</b>				
Fixed maturity securities				
U.S. government and agencies	\$ 15	0.1 %	\$ 15	— %
U.S. state, municipal and political subdivisions	482	1.7 %	346	0.6 %
Foreign governments	143	0.5 %	182	0.3 %
Corporate	14,590	51.4 %	30,405	55.1 %
CLO	2,586	9.1 %	3,405	6.2 %
ABS	2,510	8.8 %	2,781	5.0 %
CMBS	756	2.7 %	2,157	3.9 %
RMBS	1,482	5.2 %	2,095	3.8 %
Total fixed maturity securities	22,564	79.5 %	41,386	74.9 %
Equity securities	74	0.3 %	68	0.1 %
Mortgage loans	4,357	15.3 %	5,966	10.8 %
Investment funds	807	2.8 %	916	1.7 %
Derivative assets	224	0.8 %	161	0.3 %
Short-term investments	157	0.6 %	1,012	1.8 %
Cash and cash equivalents	239	0.8 %	6,736	12.2 %
Other assets and liabilities	(21)	(0.1)%	(1,005)	(1.8)%
Total funds withheld at interest including related parties <sup>1</sup>	\$ 28,401	100.0 %	\$ 55,240	100.0 %

<sup>1</sup> 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		Δ
	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20	Q/Q	Y/Y	2019	2020	Y/Y
<b>NIER – CONSOLIDATED</b>										
Fixed income and other investments	4.26%	4.11%	4.29%	4.20 %	3.78 %	(42)bps	(48)bps	4.27%	3.97 %	(30)bps
Alternative investments	14.13%	9.26%	11.15%	(2.58)%	(6.75)%	NM	NM	9.28%	(4.70)%	NM
Total net investment earned rate	<u>4.67%</u>	<u>4.35%</u>	<u>4.62%</u>	<u>3.87 %</u>	<u>3.29 %</u>	(58)bps	NM	<u>4.48%</u>	<u>3.56 %</u>	(92)bps
<b>NIER SUMMARY – RETIREMENT SERVICES</b>										
Fixed income and other investments	4.26%	4.11%	4.29%	4.20 %	3.78 %	(42)bps	(48)bps	4.27%	3.98 %	(29)bps
Alternative investments	14.46%	8.90%	10.94%	0.56 %	(4.38)%	NM	NM	8.42%	(1.95)%	NM
Total net investment earned rate	<u>4.63%</u>	<u>4.31%</u>	<u>4.57%</u>	<u>4.04 %</u>	<u>3.44 %</u>	(60)bps	NM	<u>4.42%</u>	<u>3.73 %</u>	(69)bps
Fixed income and other investment income	\$ 1,170	\$ 1,159	\$ 1,172	\$ 1,177	\$ 1,132	(4)%	(3)%	\$ 2,321	\$ 2,309	(1)%
Alternatives investment income	151	105	134	7	(57)	NM	NM	171	(50)	NM
Total net investment earnings	<u>\$ 1,321</u>	<u>\$ 1,264</u>	<u>\$ 1,306</u>	<u>\$ 1,184</u>	<u>\$ 1,075</u>	(9)%	(19)%	<u>\$ 2,492</u>	<u>\$ 2,259</u>	(9)%
Fixed income and other investments	\$ 109,888	\$ 112,611	\$ 109,250	\$ 112,205	\$ 119,720	7 %	9 %	\$ 108,651	\$ 116,080	7 %
Alternatives investments	4,171	4,727	4,899	5,090	5,223	3 %	25 %	4,060	5,133	26 %
Total average net invested assets	<u>\$ 114,059</u>	<u>\$ 117,338</u>	<u>\$ 114,149</u>	<u>\$ 117,295</u>	<u>\$ 124,943</u>	7 %	10 %	<u>\$ 112,711</u>	<u>\$ 121,213</u>	8 %
<b>NIER SUMMARY – CORPORATE &amp; OTHER</b>										
Fixed income and other investments	4.26%	4.12%	4.29%	4.18 %	3.78 %	(40)bps	(48)bps	3.81%	3.67 %	(14)bps
Alternative investments	11.96%	11.95%	12.82%	(29.33)%	(24.20)%	NM	NM	14.80%	(25.34)%	NM
Total net investment earned rate	<u>8.39%</u>	<u>7.28%</u>	<u>7.16%</u>	<u>(8.14)%</u>	<u>(8.91)%</u>	(77)bps	NM	<u>10.05%</u>	<u>(7.94)%</u>	NM
Fixed income and other investment income	\$ 5	\$ 9	\$ 13	\$ 11	\$ 8	(27)%	60 %	\$ 8	\$ 19	138 %
Alternatives investment income	19	19	20	(44)	(43)	2 %	NM	48	(87)	NM
Total net investment earnings	<u>\$ 24</u>	<u>\$ 28</u>	<u>\$ 33</u>	<u>\$ (33)</u>	<u>\$ (35)</u>	(6)%	NM	<u>\$ 56</u>	<u>\$ (68)</u>	NM
Fixed income and other investments	\$ 539	\$ 935	\$ 1,218	\$ 1,027	\$ 856	(17)%	59 %	\$ 481	\$ 1,027	114 %
Alternatives investments	623	632	619	597	711	19 %	14 %	632	685	8 %
Total average net invested assets ex. Apollo investment	<u>\$ 1,162</u>	<u>\$ 1,567</u>	<u>\$ 1,837</u>	<u>\$ 1,624</u>	<u>\$ 1,567</u>	(4)%	35 %	<u>\$ 1,113</u>	<u>\$ 1,712</u>	54 %

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.

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



NIER BY ASSET CLASS	Quarterly Trends					Δ		Year-to-Date		Δ
	2Q'19 <sup>1</sup>	3Q'19	4Q'19	1Q'20	2Q'20	Q/Q	Y/Y	2019	2020	Y/Y
	Corporate securities	4.12%	3.94%	4.15%	4.02 %	3.80 %	(22)bps	(32)bps	4.02%	3.89 %
Structured securities										
RMBS	5.07%	4.39%	5.03%	5.53 %	4.61 %	(92)bps	(46)bps	5.56%	5.04 %	(52)bps
CLO	4.73%	4.57%	4.45%	4.38 %	3.74 %	(64)bps	(99)bps	4.86%	4.05 %	(81)bps
ABS	4.34%	4.14%	3.88%	4.48 %	3.85 %	(63)bps	(49)bps	4.16%	4.16 %	0bps
CMBS	3.93%	3.96%	5.27%	4.23 %	4.39 %	16bps	46bps	4.03%	4.31 %	28bps
Total structured securities	4.64%	4.33%	4.52%	4.69 %	4.05 %	(64)bps	(59)bps	4.80%	4.36 %	(44)bps
State, municipal, political subdivisions and U.S. and foreign government	3.80%	3.88%	4.07%	4.80 %	3.38 %	NM	(42)bps	4.03%	3.93 %	(10)bps
Mortgage loans	4.54%	4.66%	4.58%	4.36 %	4.29 %	(7)bps	(25)bps	4.72%	4.32 %	(40)bps
Alternative investments	14.13%	9.26%	11.15%	(2.58)%	(6.75)%	NM	NM	9.28%	(4.70)%	NM
Other U.S. and Bermuda net invested assets	2.84%	2.94%	3.33%	2.32 %	1.17 %	NM	NM	2.67%	1.71 %	(96)bps
Consolidated net investment earned rate	4.67%	4.35%	4.62%	3.87 %	3.29 %	(58)bps	NM	4.48%	3.56 %	(92)bps

**APOLLO INVESTMENT DETAILS**

Change in fair value of Apollo investment	\$ —	\$ —	\$ —	\$ (297)	\$ 481	NM	NM	\$ —	\$ 184	NM
Income tax (expense) benefit on Apollo investment	—	—	—	58	(109)	NM	NM	—	(51)	NM
Change in fair value of Apollo investment, net of tax	\$ —	\$ —	\$ —	\$ (239)	\$ 372	NM	NM	\$ —	\$ 133	NM

Return on Apollo investment, net of tax	—%	—%	—%	(224.9)%	137.7 %	NM	NM	—%	36.9 %	NM
Change in fair value of Apollo investment impact on adjusted operating EPS <sup>2</sup>	\$ —	\$ —	\$ —	\$ (1.36)	\$ 1.79	NM	NM	\$ —	\$ 0.56	NM
Adjusted operating EPS, excluding AOG	\$ 1.95	\$ 1.34	\$ 2.21	\$ 0.76	\$ 0.70	NM	NM	\$ 3.45	\$ 1.45	NM

Note: Please refer to Notes to the Financial Supplement section and the Non-GAAP Measures 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 ACRAs 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 income/(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		June 30, 2020	
	Fair Value	Percent of Total	Fair Value	Percent of Total
<b>CREDIT QUALITY OF AFS SECURITIES (GAAP VIEW)</b>				
NAIC designation				
1	\$ 38,667	51.4%	\$ 39,700	50.4%
2	32,336	43.0%	34,124	43.3%
Total investment grade	71,003	94.4%	73,824	93.7%
3	3,300	4.4%	3,916	5.0%
4	740	1.0%	827	1.0%
5	94	0.1%	149	0.2%
6	41	0.1%	89	0.1%
Total below investment grade	4,175	5.6%	4,981	6.3%
Total AFS securities including related parties	\$ 75,178	100.0%	\$ 78,805	100.0%
NRSRO designation				
AAA/AA/A	\$ 28,299	37.7%	\$ 30,238	38.4%
BBB	29,032	38.6%	28,443	36.1%
Non-rated <sup>1</sup>	10,014	13.3%	11,142	14.2%
Total investment grade <sup>2</sup>	67,345	89.6%	69,823	88.7%
BB	3,403	4.5%	4,347	5.5%
B	813	1.1%	1,042	1.3%
CCC	1,981	2.6%	1,845	2.3%
CC and lower	1,076	1.4%	1,080	1.4%
Non-rated <sup>1</sup>	560	0.8%	668	0.8%
Total below investment grade	7,833	10.4%	8,982	11.3%
Total AFS securities including related parties	\$ 75,178	100.0%	\$ 78,805	100.0%
	<b>Invested Asset Value<sup>3</sup></b>	<b>% NAIC 1 or 2</b>	<b>Invested Asset Value<sup>3</sup></b>	<b>% NAIC 1 or 2</b>
<b>SUMMARY OF NAIC 1 &amp; 2 DESIGNATIONS BY ASSET CLASS (MANAGEMENT VIEW)</b>				
Corporate securities	\$ 51,175	92.9%	\$ 57,907	91.7%
RMBS	8,001	95.3%	8,227	95.0%
CLO	10,053	98.3%	11,860	99.0%
ABS	9,476	91.8%	9,587	91.2%
CMBS	2,634	89.9%	3,094	90.5%
Total structured securities	30,164	94.7%	32,768	94.8%
State, municipal, political subdivisions and U.S. and foreign government	2,291	99.2%	1,832	99.8%
Short-term investments	597	95.5%	658	94.1%
Total NAIC 1 & 2 Designations	\$ 84,227		\$ 93,165	

<sup>1</sup> 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, the NAIC designation methodology differs in significant respects from the NRSRO ratings methodology. <sup>2</sup> 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. <sup>3</sup> 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		June 30, 2020	
	Invested Asset Value <sup>1</sup>	% of Total	Invested Asset Value <sup>1</sup>	% of Total
<b>CREDIT QUALITY OF NET INVESTED ASSETS</b>				
<b>NAIC designation</b>				
1	\$ 45,836	51.0%	\$ 50,029	49.9%
2	38,391	42.7%	43,136	43.0%
Non-rated <sup>3</sup>	—	—%	—	—%
Total investment grade	84,227	93.7%	93,165	92.9%
3	4,056	4.5%	5,015	5.0%
4	1,246	1.4%	1,427	1.4%
5	289	0.3%	549	0.6%
6	56	0.1%	122	0.1%
Non-rated <sup>3</sup>	—	—%	—	—%
Total below investment grade	5,647	6.3%	7,113	7.1%
Total NAIC designated assets <sup>2</sup>	89,874	100.0%	100,278	100.0%
<b>Assets without NAIC designation</b>				
<b>Commercial mortgage loans</b>				
CM1	4,102	29.2%	4,295	27.4%
CM2	6,050	43.1%	7,253	46.3%
CM3	3,481	24.8%	3,746	23.9%
CM4	365	2.6%	370	2.4%
CM5	40	0.3%	—	—%
CM6	—	—%	—	—%
CM7	—	—%	—	—%
Total CMLs	14,038	100.0%	15,664	100.0%
<b>Residential mortgage loans</b>				
In good standing	4,423	98.5%	4,624	97.3%
90 days late	34	0.8%	87	1.8%
In foreclosure	33	0.7%	44	0.9%
Total RMLs	4,490	100.0%	4,755	100.0%
<b>Alternative investments</b>				
Investment in Apollo	—		1,313	
Cash and equivalents	1,958		7,541	
Equity securities	365		392	
Other <sup>4</sup>	1,175		1,244	
Net invested assets	\$ 117,486		\$ 137,269	

	December 31, 2019		June 30, 2020	
	Invested Asset Value <sup>1</sup>	% of Total	Invested Asset Value <sup>1</sup>	% of Total
<b>CREDIT QUALITY OF NET INVESTED ASSETS</b>				
<b>NRSRO designation</b>				
AAA/AA/A	\$ 33,918	37.7%	\$ 38,256	38.1%
BBB	33,902	37.7%	36,108	36.0%
Non-rated <sup>3</sup>	12,448	13.9%	14,700	14.7%
Total investment grade	80,268	89.3%	89,064	88.8%
BB	3,984	4.4%	4,923	4.9%
B	1,300	1.5%	1,719	1.7%
CCC	2,177	2.4%	2,181	2.2%
CC and lower	1,138	1.3%	1,223	1.2%
Non-rated <sup>3</sup>	1,007	1.1%	1,168	1.2%
Total below investment grade	9,606	10.7%	11,214	11.2%
Total NRSRO designated assets <sup>2</sup>	89,874	100.0%	100,278	100.0%
<b>Assets without NRSRO designation</b>				
<b>Commercial mortgage loans</b>				
CM1	4,102	29.2%	4,295	27.4%
CM2	6,050	43.1%	7,253	46.3%
CM3	3,481	24.8%	3,746	23.9%
CM4	365	2.6%	370	2.4%
CM5	40	0.3%	—	—%
CM6	—	—%	—	—%
CM7	—	—%	—	—%
Total CMLs	14,038	100.0%	15,664	100.0%
<b>Residential mortgage loans</b>				
In good standing	4,423	98.5%	4,624	97.3%
90 days late	34	0.8%	87	1.8%
In foreclosure	33	0.7%	44	0.9%
Total RMLs	4,490	100.0%	4,755	100.0%
<b>Alternative investments</b>				
Investment in Apollo	—		1,313	
Cash and equivalents	1,958		7,541	
Equity securities	365		392	
Other <sup>4</sup>	1,175		1,244	
Net invested assets	\$ 117,486		\$ 137,269	

<sup>1</sup> 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. <sup>2</sup> 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. <sup>3</sup> 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, the NAIC designation methodology differs in significant respects from the NRSRO ratings methodology. <sup>4</sup> 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		June 30, 2020	
	Invested Asset Value <sup>1</sup>	% of Total	Invested Asset Value <sup>1</sup>	% of Total
<b>CREDIT QUALITY OF RMBS – NAIC DESIGNATION</b>				
1	\$ 7,610	90.7%	\$ 7,933	91.6%
2	391	4.6%	294	3.4%
Non-rated <sup>2</sup>	—	—%	—	—%
Total investment grade	8,001	95.3%	8,227	95.0%
3	311	3.7%	283	3.2%
4	58	0.7%	43	0.5%
5	10	0.1%	51	0.6%
6	14	0.2%	61	0.7%
Non-rated <sup>2</sup>	—	—%	—	—%
Total below investment grade	393	4.7%	438	5.0%
RMBS net invested assets	\$ 8,394	100.0%	\$ 8,665	100.0%

	December 31, 2019		June 30, 2020	
	Invested Asset Value <sup>1</sup>	% of Total	Invested Asset Value <sup>1</sup>	% of Total
<b>CREDIT QUALITY OF CLOs – NAIC DESIGNATION</b>				
1	\$ 5,796	56.7%	\$ 7,312	61.0%
2	4,257	41.6%	4,548	38.0%
Non-rated <sup>2</sup>	—	—%	—	—%
Total investment grade	10,053	98.3%	11,860	99.0%
3	141	1.4%	115	0.9%
4	22	0.2%	9	0.1%
5	7	0.1%	—	—%
6	—	—%	—	—%
Total below investment grade	170	1.7%	124	1.0%
CLOs net invested assets	\$ 10,223	100.0%	\$ 11,984	100.0%

	December 31, 2019		June 30, 2020	
	Invested Asset Value <sup>1</sup>	% of Total	Invested Asset Value <sup>1</sup>	% of Total
<b>CREDIT QUALITY OF ABS – NAIC DESIGNATION</b>				
1	\$ 6,518	63.1%	\$ 6,573	62.6%
2	2,958	28.7%	3,014	28.6%
Non-rated <sup>2</sup>	—	—%	—	—%
Total investment grade	9,476	91.8%	9,587	91.2%
3	565	5.5%	596	5.7%
4	126	1.2%	191	1.8%
5	150	1.5%	133	1.3%
6	—	—%	—	—%
Non-rated <sup>2</sup>	—	—%	—	—%
Total below investment grade	841	8.2%	920	8.8%
ABS net invested assets	\$ 10,317	100.0%	\$ 10,507	100.0%

	December 31, 2019		June 30, 2020	
	Invested Asset Value <sup>1</sup>	% of Total	Invested Asset Value <sup>1</sup>	% of Total
<b>CREDIT QUALITY OF RMBS – NRSRO DESIGNATION</b>				
AAA/AA/A	\$ 1,068	12.7%	\$ 1,286	14.8%
BBB	717	8.5%	592	6.8%
Non-rated <sup>2</sup>	2,702	32.2%	2,826	32.6%
Total investment grade	4,487	53.4%	4,704	54.2%
BB	288	3.4%	279	3.3%
B	251	3.0%	294	3.4%
CCC	2,061	24.6%	2,011	23.2%
CC and lower	1,134	13.5%	1,223	14.1%
Non-rated <sup>2</sup>	173	2.1%	154	1.8%
Total below investment grade	3,907	46.6%	3,961	45.8%
RMBS net invested assets	\$ 8,394	100.0%	\$ 8,665	100.0%

	December 31, 2019		June 30, 2020	
	Invested Asset Value <sup>1</sup>	% of Total	Invested Asset Value <sup>1</sup>	% of Total
<b>CREDIT QUALITY OF CLOs – NRSRO DESIGNATION</b>				
AAA/AA/A	\$ 5,796	56.7%	\$ 7,312	61.0%
BBB	4,257	41.6%	4,548	38.0%
Non-rated <sup>2</sup>	—	—%	—	—%
Total investment grade	10,053	98.3%	11,860	99.0%
BB	141	1.4%	115	0.9%
B	22	0.2%	9	0.1%
CCC	7	0.1%	—	—%
CC and lower	—	—%	—	—%
Total below investment grade	170	1.7%	124	1.0%
CLOs net invested assets	\$ 10,223	100.0%	\$ 11,984	100.0%

	December 31, 2019		June 30, 2020	
	Invested Asset Value <sup>1</sup>	% of Total	Invested Asset Value <sup>1</sup>	% of Total
<b>CREDIT QUALITY OF ABS – NRSRO DESIGNATION</b>				
AAA/AA/A	\$ 5,297	51.3%	\$ 5,219	49.7%
BBB	2,268	22.0%	2,230	21.2%
Non-rated <sup>2</sup>	1,911	18.5%	2,050	19.5%
Total investment grade	9,476	91.8%	9,499	90.4%
BB	545	5.3%	608	5.8%
B	126	1.2%	199	1.9%
CCC	6	0.1%	14	0.1%
CC and lower	—	—%	—	—%
Non-rated <sup>2</sup>	164	1.6%	187	1.8%
Total below investment grade	841	8.2%	1,008	9.6%
ABS net invested assets	\$ 10,317	100.0%	\$ 10,507	100.0%

<sup>1</sup> 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. <sup>2</sup> 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, 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		June 30, 2020	
	Dollars	Percent of Total	Dollars	Percent of Total
<b>NET RESERVE LIABILITIES</b>				
Fixed indexed annuities	\$ 73,346	64.0%	\$ 78,556	59.8%
Fixed rate annuities	19,481	17.0%	27,243	20.8%
Total deferred annuities	92,827	81.0%	105,799	80.6%
Pension risk transfer annuities	8,230	7.2%	9,379	7.1%
Payout annuities	6,383	5.6%	6,609	5.0%
Funding agreements <sup>1</sup>	5,107	4.4%	7,724	5.9%
Life and other	2,105	1.8%	1,822	1.4%
Total net reserve liabilities	\$ 114,652	100.0%	\$ 131,333	100.0%

	Quarterly Trends					Δ		Year-to-Date		Δ
	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20	Q/Q	Y/Y	2019	2020	Y/Y
	<b>NET RESERVE LIABILITY ROLLFORWARD</b>									
Net reserve liabilities – beginning	\$ 111,791	\$ 114,680	\$ 118,825	\$ 114,652	\$ 114,273	—%	2%	\$ 107,732	\$ 114,652	6%
Gross deposits <sup>2</sup>	4,153	5,759	3,735	4,084	7,031	72%	69%	9,013	11,115	23%
Acquisition and block reinsurance <sup>3</sup>	—	—	—	—	28,792	NM	NM	—	28,792	NM
Deposits attributable to ACRA noncontrolling interest	—	—	(544)	—	(18,288)	NM	NM	—	(18,288)	NM
Net deposits	4,153	5,759	3,191	4,084	17,535	NM	NM	9,013	21,619	140%
Net withdrawals	(2,907)	(2,807)	(2,497)	(2,740)	(3,282)	(20)%	(13)%	(5,687)	(6,022)	(6)%
Sale of ACRA noncontrolling interest to ADIP and ownership changes <sup>4</sup>	—	—	(6,141)	—	335	NM	NM	—	335	NM
Other reserve changes	1,643	1,193	1,274	(1,723)	2,472	NM	50%	3,622	749	(79)%
Net reserve liabilities – ending	\$ 114,680	\$ 118,825	\$ 114,652	\$ 114,273	\$ 131,333	15%	15%	\$ 114,680	\$ 131,333	15%

<b>ACRA NONCONTROLLING INTEREST RESERVE LIABILITY ROLLFORWARD<sup>5</sup></b>										
Reserve liabilities – beginning	\$ —	\$ —	\$ —	\$ 6,574	\$ 6,322	(4)%	NM	\$ —	\$ 6,574	NM
Deposits	—	—	544	—	20	NM	NM	—	20	NM
Acquisition and block reinsurance <sup>3</sup>	—	—	—	—	18,268	NM	NM	—	18,268	NM
Withdrawals	—	—	(169)	(197)	(317)	(61)%	NM	—	(514)	NM
Sale of ACRA noncontrolling interest to ADIP and ownership changes <sup>4</sup>	—	—	6,141	—	(335)	NM	NM	—	(335)	NM
Other reserve changes	—	—	58	(55)	136	NM	NM	—	81	NM
Reserve liabilities – ending	\$ —	\$ —	\$ 6,574	\$ 6,322	\$ 24,094	281%	NM	\$ —	\$ 24,094	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. <sup>1</sup> Funding agreements are comprised of our funding agreement backed note program, Federal Home Loan Bank secured funding agreements and long-term repurchase agreements. <sup>2</sup> 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 transition adjustments between the transaction date of large transactions and the transition period. Gross deposits include all deposits sourced by Athene, including all of the deposits reinsured to ACRA. <sup>3</sup> Acquisitions and block reinsurance transactions includes the reserve liabilities acquired in our inorganic channel at inception. Effective June 1, 2020, we entered into an agreement with Jackson National Life pursuant to which we agreed to reinsure a block of fixed and fixed indexed annuities on a funds withheld coinsurance basis providing \$28.8 billion of gross deposits. <sup>4</sup> ACRA noncontrolling interest reserve liabilities at inception on October 1, 2019 were \$6.1 billion. Effective April 1, 2020, ALRe purchased 14,000 newly issued shares in ACRA increasing our ownership from 33% to 36.55% of the economic interests. <sup>5</sup> 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
	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20	Q/Q	Y/Y	2019	2020	Y/Y
<b>NET DEFERRED ANNUITY ACCOUNT VALUE ROLLFORWARD<sup>1</sup></b>										
Net account value – beginning	\$ 90,184	\$ 91,165	\$ 91,768	\$ 88,000	\$ 88,238	— %	(2)%	\$ 89,435	\$ 88,000	(2)%
Gross deposits <sup>2</sup>	2,976	2,483	2,237	2,013	3,913	94 %	31 %	5,776	5,926	3 %
Acquisition and block reinsurance <sup>3</sup>	—	—	—	—	27,404	NM	NM	—	27,404	NM
Deposits attributable to ACRA noncontrolling interest	—	—	4	—	(17,398)	NM	NM	—	(17,398)	NM
Net deposits	2,976	2,483	2,241	2,013	13,919	NM	NM	5,776	15,932	176 %
Premium and interest bonuses	68	55	34	37	45	22 %	(34)%	126	82	(35)%
Fixed and index credits to policyholders	591	560	611	589	443	(25)%	(25)%	1,014	1,032	2 %
Surrenders and benefits paid	(2,548)	(2,382)	(2,091)	(2,288)	(2,054)	10 %	19 %	(4,979)	(4,342)	13 %
Sale of ACRA noncontrolling interest to ADIP and ownership changes <sup>4</sup>	—	—	(4,450)	—	221	NM	NM	—	221	NM
Fee and product charges	(106)	(113)	(113)	(113)	(118)	(4)%	(11)%	(207)	(231)	(12)%
Net account value – ending	\$ 91,165	\$ 91,768	\$ 88,000	\$ 88,238	\$ 100,694	14 %	10 %	\$ 91,165	\$ 100,694	10 %
<b>NET INSTITUTIONAL RESERVE LIABILITY ROLLFORWARD (PENSION RISK TRANSFER AND FUNDING AGREEMENTS)</b>										
Net reserve liabilities – beginning	\$ 10,404	\$ 11,354	\$ 14,371	\$ 13,337	\$ 15,036	13 %	45 %	\$ 8,536	\$ 13,337	56 %
Gross deposits <sup>2</sup>	1,008	3,106	1,314	1,840	2,865	56 %	184 %	2,930	4,705	61 %
Deposits attributable to ACRA noncontrolling interest	—	—	(548)	—	—	NM	NM	—	—	NM
Net deposits	1,008	3,106	766	1,840	2,865	56 %	184 %	2,930	4,705	61 %
Net withdrawals	(158)	(205)	(204)	(240)	(1,024)	NM	NM	(301)	(1,264)	NM
Sale of ACRA noncontrolling interest to ADIP and ownership changes <sup>4</sup>	—	—	(1,698)	—	117	NM	NM	—	117	NM
Other reserve changes	100	116	102	99	109	10 %	9 %	189	208	10 %
Net reserve liabilities – ending	\$ 11,354	\$ 14,371	\$ 13,337	\$ 15,036	\$ 17,103	14 %	51 %	\$ 11,354	\$ 17,103	51 %

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 reserve liabilities 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 Acquisitions and block reinsurance transactions includes the reserve liabilities acquired in our inorganic channel at inception. Effective June 1, 2020, we entered into an agreement with Jackson National Life pursuant to which we agreed to reinsure a block of fixed and fixed indexed annuities on a funds withheld coinsurance basis providing \$28.8 billion of gross deposits. 4 ACRA noncontrolling interest reserve liabilities at inception on October 1, 2019 were \$6.1 billion. Effective April 1, 2020, ALRe purchased 14,000 newly issued shares in ACRA increasing our ownership from 33% to 36.55% of the economic interests.

## Deferred Annuity Liability Characteristics

Unaudited (in millions, except percentages)



	Surrender charge (gross)	Percent of total	Surrender charge (net of MVA)	Percent of total
<b>SURRENDER CHARGE PERCENTAGES ON DEFERRED ANNUITIES NET ACCOUNT VALUE</b>				
No Surrender Charge	\$ 24,750	24.6%	\$ 24,750	24.6%
0.0% < 2.0%	1,056	1.0%	10,546	10.5%
2.0% < 4.0%	3,891	3.9%	15,170	15.1%
4.0% < 6.0%	11,011	10.9%	18,261	18.1%
6.0% or greater	59,986	59.6%	31,967	31.7%
	<u>\$ 100,694</u>	<u>100.0%</u>	<u>\$ 100,694</u>	<u>100.0%</u>

	Surrender charge (gross)	MVA benefit	Surrender charge (net)
Aggregate surrender charge protection	5.9%	(2.1)%	3.8%

	Deferred annuities	Percent of total	Average surrender charge (gross)
<b>YEARS OF SURRENDER CHARGE REMAINING ON DEFERRED ANNUITIES NET ACCOUNT VALUE</b>			
No Surrender Charge	\$ 24,750	24.6%	—%
Less than 2	18,439	18.3%	5.2%
2 to less than 4	19,138	19.0%	6.7%
4 to less than 6	11,686	11.6%	8.0%
6 to less than 8	12,283	12.2%	9.2%
8 to less than 10	10,886	10.8%	10.2%
10 or greater	3,512	3.5%	14.1%
	<u>\$ 100,694</u>	<u>100.0%</u>	

	At minimum guarantees	Total account value	Percent of total account value at minimum guarantees
<b>MINIMUM GUARANTEES ON DEFERRED ANNUITIES</b>			
Fixed indexed annuities	\$ 17,045	\$ 74,075	23%
Fixed rate annuities	11,171	26,619	42%
Total net deferred annuities	<u>\$ 28,216</u>	<u>\$ 100,694</u>	<u>28%</u>

	June 30, 2020
Distance to guarantees <sup>1</sup>	> 100

<sup>1</sup> 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	June 30, 2020	Δ
<b>DEFERRED ANNUITY RIDER RESERVE SUMMARY</b>			
Net rider reserve	\$ 4,091	\$ 4,251	4%
Net account value with rider reserves	37,377	37,807	1%
Rider reserve as a percentage of account value with rider reserves	10.9%	11.2%	30bps

## Capitalization & Regulatory Capital Ratios

Unaudited (in millions, except percentages)



	Quarterly Trends					Δ	
	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20	Q/Q	Y/Y
<b>CAPITALIZATION</b>							
Total debt	\$ 991	\$ 992	\$ 1,467	\$ 1,386	\$ 1,486	7 %	50 %
Total AHL shareholders' equity	12,365	13,545	13,391	9,940	14,711	48 %	19 %
Total capitalization	13,356	14,537	14,858	11,326	16,197	43 %	21 %
Less: Accumulated other comprehensive income (loss) (AOCI)	1,760	2,442	2,281	(1,174)	2,184	NM	24 %
Less: Accumulated change in fair value of reinsurance assets	639	727	493	(155)	615	NM	(4)%
Total adjusted capitalization	<u>\$ 10,957</u>	<u>\$ 11,368</u>	<u>\$ 12,084</u>	<u>\$ 12,655</u>	<u>\$ 13,398</u>	6 %	22 %
<b>EQUITY</b>							
Total AHL shareholders' equity	\$ 12,365	\$ 13,545	\$ 13,391	\$ 9,940	\$ 14,711	48 %	19 %
Less: Preferred stock	839	1,172	1,172	1,172	1,755	50 %	109 %
Total AHL common shareholders' equity	11,526	12,373	12,219	8,768	12,956	48 %	12 %
Less: AOCI	1,760	2,442	2,281	(1,174)	2,184	NM	24 %
Less: Accumulated change in fair value of reinsurance assets	639	727	493	(155)	615	NM	(4)%
Total adjusted AHL common shareholders' equity	<u>\$ 9,127</u>	<u>\$ 9,204</u>	<u>\$ 9,445</u>	<u>\$ 10,097</u>	<u>\$ 10,157</u>	1 %	11 %
<b>EQUITY BY SEGMENT</b>							
Retirement Services	\$ 7,704	\$ 7,494	\$ 7,443	\$ 8,002	\$ 6,957	(13)%	(10)%
Corporate and Other	1,423	1,710	2,002	2,095	3,200	53 %	125 %
Total adjusted AHL common shareholders' equity	<u>\$ 9,127</u>	<u>\$ 9,204</u>	<u>\$ 9,445</u>	<u>\$ 10,097</u>	<u>\$ 10,157</u>	1 %	11 %
<b>FINANCIAL LEVERAGE</b>							
Debt to capital ratio	7.4%	6.8%	9.9%	12.2 %	9.2%	NM	180bps
AOCI	1.2%	1.5%	1.8%	(1.1)%	1.5%	NM	30bps
Accumulated change in fair value of reinsurance assets	0.4%	0.4%	0.4%	(0.1)%	0.4%	NM	0bps
Adjusted debt to capital ratio	<u>9.0%</u>	<u>8.7%</u>	<u>12.1%</u>	<u>11.0 %</u>	<u>11.1%</u>	10bps	210bps
<b>REGULATORY CAPITAL RATIOS</b>							
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 <sup>1</sup>			405%		443%		NM

<sup>1</sup> ALRe RBC ratio, which is used in evaluating our capital position and the amount of capital needed to support our Retirement Services segment, is calculated by applying the NAIC RBC factors to the statutory financial statements of AHL's non-U.S. reinsurance subsidiaries on an aggregate basis with certain adjustments made by management.

## Financial Strength, Credit Ratings & Share Data

Unaudited (in millions, except percentages)



	A.M. Best	Standard & Poor's	Fitch
<b>FINANCIAL STRENGTH RATINGS</b>			
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
	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20	Q/Q	Y/Y	2019	2020	Y/Y
<b>SHARE DATA</b>										
Weighted average common shares outstanding – basic – Class A	158.5	151.6	144.5	161.4	193.9	20 %	22 %	159.4	177.6	11 %
Weighted average common shares outstanding – diluted – Class A <sup>1</sup>	158.8	152.0	145.1	161.4	196.9	22 %	24 %	159.7	177.6	11 %
Weighted average common shares outstanding – adjusted operating <sup>2</sup>	189.4	182.3	175.7	181.5	196.9	8 %	4 %	190.3	190.2	— %
Weighted average common shares outstanding - adjusted operating excluding Apollo <sup>3</sup>	189.4	182.3	175.7	173.3	168.9	(3)%	(11)%	190.3	171.5	(10)%
Common shares outstanding <sup>4</sup>	185.4	182.5	175.7	193.9	193.9	— %	5 %	185.4	193.9	5 %
Adjusted operating common shares outstanding <sup>2</sup>	184.4	181.4	174.9	197.7	198.6	— %	8 %	184.4	198.6	8 %

<sup>1</sup> 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.  
<sup>2</sup> 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. <sup>3</sup> 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. <sup>4</sup> 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	
	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20	2019	2020
<b>RECONCILIATION OF BOOK VALUE PER COMMON SHARE TO ADJUSTED BOOK VALUE PER COMMON SHARE</b>							
Book value per common share	\$ 66.69	\$ 74.20	\$ 76.21	\$ 51.28	\$ 75.87		
Preferred stock	(4.53)	(6.42)	(6.67)	(6.04)	(9.05)		
AOCI	(9.49)	(13.38)	(12.98)	6.06	(11.26)		
Accumulated change in fair value of reinsurance assets	(3.45)	(3.98)	(2.80)	0.80	(3.17)		
Effect of items convertible to or settled in Class A common shares	0.28	0.32	0.26	(1.03)	(1.24)		
Adjusted book value per common share	<u>\$ 49.50</u>	<u>\$ 50.74</u>	<u>\$ 54.02</u>	<u>\$ 51.07</u>	<u>\$ 51.15</u>		
<b>RECONCILIATION OF AVERAGE AHL SHAREHOLDERS' EQUITY TO AVERAGE ADJUSTED AHL COMMON SHAREHOLDERS' EQUITY</b>							
Average AHL shareholders' equity	\$ 11,241	\$ 12,955	\$ 13,468	\$ 11,666	\$ 12,326	\$ 10,321	\$ 14,051
Less: Average preferred stock	420	1,006	1,172	1,172	1,464	420	1,464
Less: Average AOCI	1,233	2,101	2,362	554	505	644	2,233
Less: Average accumulated change in fair value of reinsurance assets	474	683	610	169	230	282	554
Average adjusted AHL common shareholders' equity	<u>\$ 9,114</u>	<u>\$ 9,165</u>	<u>\$ 9,324</u>	<u>\$ 9,771</u>	<u>\$ 10,127</u>	<u>\$ 8,975</u>	<u>\$ 9,800</u>
Retirement Services	\$ 7,952	\$ 7,598	\$ 7,468	\$ 7,722	\$ 7,480	\$ 7,755	\$ 7,199
Corporate and Other	1,162	1,567	1,856	2,049	2,647	1,220	2,601
Average adjusted AHL common shareholders' equity	<u>\$ 9,114</u>	<u>\$ 9,165</u>	<u>\$ 9,324</u>	<u>\$ 9,771</u>	<u>\$ 10,127</u>	<u>\$ 8,975</u>	<u>\$ 9,800</u>
<b>RECONCILIATION OF BASIC WEIGHTED AVERAGE COMMON SHARES OUTSTANDING – CLASS A TO WEIGHTED AVERAGE COMMON SHARES OUTSTANDING – ADJUSTED OPERATING</b>							
Basic weighted average common shares outstanding – Class A	158.5	151.6	144.5	161.4	193.9	159.4	177.6
Conversion of Class B common shares to Class A common shares	25.4	25.4	25.4	16.9	—	25.4	8.5
Conversion of Class M common shares to Class A common shares	5.1	4.9	5.2	3.2	—	5.1	1.3
Effect of other stock compensation plans	0.4	0.4	0.6	—	3.0	0.4	2.8
Weighted average common shares outstanding – adjusted operating	<u>189.4</u>	<u>182.3</u>	<u>175.7</u>	<u>181.5</u>	<u>196.9</u>	<u>190.3</u>	<u>190.2</u>
<b>RECONCILIATION OF CLASS A COMMON SHARES OUTSTANDING TO ADJUSTED OPERATING COMMON SHARES OUTSTANDING</b>							
Class A common shares outstanding	152.6	149.8	142.8	193.9	193.9		
Conversion of Class B common shares to Class A common shares	25.4	25.4	25.4	—	—		
Conversion of Class M common shares to Class A common shares	5.3	5.1	5.5	—	—		
Effect of other stock compensation plans	1.1	1.1	1.2	3.8	4.7		
Adjusted operating common shares outstanding	<u>184.4</u>	<u>181.4</u>	<u>174.9</u>	<u>197.7</u>	<u>198.6</u>		

## Non-GAAP Reconciliations

Unaudited (in millions, except percentages)



	Quarterly Trends					Year-to-Date	
	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20	2019	2020
<b>RECONCILIATION OF NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS TO ADJUSTED OPERATING INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS EXCLUDING NOTABLES AND AOG</b>							
Net income (loss) available to Athene Holding Ltd. common shareholders	\$ 720	\$ 276	\$ 432	\$ (1,065)	\$ 824	\$ 1,428	\$ (241)
Less: Total non-operating adjustments	350	33	43	(957)	334	771	(623)
Adjusted operating income (loss) available to common shareholders	370	243	389	(108)	490	657	382
Notable items	—	62	(43)	43	(20)	—	25
Adjusted operating income (loss) available to common shareholders excluding notable items	\$ 370	\$ 305	\$ 346	\$ (65)	\$ 470	\$ 657	\$ 407
Retirement Services adjusted operating income available to common shareholders	\$ 376	\$ 256	\$ 404	\$ 204	\$ 208	\$ 662	\$ 412
Rider reserve and DAC equity market performance	—	5	(25)	50	(22)	—	28
Actuarial updates	—	—	(22)	—	—	—	—
Out of period actuarial adjustments	—	13	—	—	—	—	—
Unlocking	—	48	—	—	—	—	—
Tax impact of notable items	—	(4)	4	(7)	2	—	(3)
Retirement Services notable items	—	62	(43)	43	(20)	—	25
Retirement Services adjusted operating income available to common shareholders excluding notable items	376	318	361	247	188	662	437
Corporate and Other adjusted operating income (loss) available to common shareholders	(6)	(13)	(15)	(312)	282	(5)	(30)
Adjusted operating income (loss) available to common shareholders excluding notable items	370	305	346	(65)	470	657	407
Less: Change in fair value of Apollo investment, net of tax	—	—	—	(239)	372	—	133
Adjusted operating income available to common shareholders excluding notables and AOG	\$ 370	\$ 305	\$ 346	\$ 174	\$ 98	\$ 657	\$ 274



## Non-GAAP Reconciliations

Unaudited (in millions, except percentages)



	Quarterly Trends					Year-to-Date	
	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20	2019	2020
<b>RECONCILIATION OF NET INVESTMENT INCOME TO NET INVESTMENT EARNINGS</b>							
GAAP net investment income	\$ 1,182	\$ 1,090	\$ 1,242	\$ 745	\$ 1,336	\$ 2,264	\$ 2,081
Change in fair value of reinsurance assets	161	199	188	270	218	293	488
Alternative income gain (loss)	12	6	(12)	(101)	56	7	(45)
ACRA noncontrolling interest	—	—	(61)	(72)	(81)	—	(153)
Apollo investment (income) loss	—	—	—	297	(481)	—	(184)
Held for trading amortization and other	(10)	(3)	(18)	12	(8)	(16)	4
Total adjustments to arrive at net investment earnings	163	202	97	406	(296)	284	110
Total net investment earnings	\$ 1,345	\$ 1,292	\$ 1,339	\$ 1,151	\$ 1,040	\$ 2,548	\$ 2,191
Retirement Services	\$ 1,321	\$ 1,264	\$ 1,306	\$ 1,184	\$ 1,075	\$ 2,492	\$ 2,259
Corporate and Other	24	28	33	(33)	(35)	56	(68)
Total net investment earnings	\$ 1,345	\$ 1,292	\$ 1,339	\$ 1,151	\$ 1,040	\$ 2,548	\$ 2,191
<b>RECONCILIATION OF NET INVESTMENT INCOME RATE TO NET INVESTMENT EARNED RATE</b>							
GAAP net investment income rate	4.10 %	3.67 %	4.28 %	2.51 %	4.22 %	3.98 %	3.39 %
Change in fair value of reinsurance assets	0.56 %	0.67 %	0.65 %	0.90 %	0.69 %	0.52 %	0.79 %
Alternative income gain (loss)	0.04 %	0.02 %	(0.04)%	(0.34)%	0.18 %	0.01 %	(0.08)%
ACRA noncontrolling interest	— %	— %	(0.21)%	(0.24)%	(0.26)%	— %	(0.25)%
Apollo investment (income) loss	— %	— %	— %	1.00 %	(1.52)%	— %	(0.30)%
Held for trading amortization and other	(0.03)%	(0.01)%	(0.06)%	0.04 %	(0.02)%	(0.03)%	0.01 %
Total adjustments to arrive at net investment earned rate	0.57 %	0.68 %	0.34 %	1.36 %	(0.93)%	0.50 %	0.17 %
Consolidated net investment earned rate	4.67 %	4.35 %	4.62 %	3.87 %	3.29 %	4.48 %	3.56 %
Retirement Services	4.63 %	4.31 %	4.57 %	4.04 %	3.44 %	4.42 %	3.73 %
Corporate and Other	8.39 %	7.28 %	7.16 %	(8.14)%	(8.91)%	10.05 %	(7.94)%
Consolidated net investment earned rate	4.67 %	4.35 %	4.62 %	3.87 %	3.29 %	4.48 %	3.56 %
Retirement Services	\$ 114,059	\$ 117,338	\$ 114,149	\$ 117,295	\$ 124,943	\$ 112,711	\$ 121,213
Corporate and Other ex. Apollo investment	1,162	1,567	1,837	1,624	1,567	1,113	1,712
Consolidated average net invested assets ex. Apollo investment	\$ 115,221	\$ 118,905	\$ 115,986	\$ 118,919	\$ 126,510	\$ 113,824	\$ 122,925

## Non-GAAP Reconciliations

Unaudited (in millions, except percentages)



	Quarterly Trends					Year-to-Date	
	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20	2019	2020
<b>RECONCILIATION OF INTEREST SENSITIVE CONTRACT BENEFITS TO COST OF CREDITING</b>							
GAAP interest sensitive contract benefits	\$ 1,094	\$ 801	\$ 1,146	\$ (1,319)	\$ 2,076	\$ 2,610	\$ 757
Interest credited other than deferred annuities and institutional products	50	63	64	63	75	105	138
FIA option costs	280	282	269	266	271	558	537
Product charges (strategy fees)	(29)	(31)	(31)	(32)	(34)	(57)	(66)
Reinsurance embedded derivative impacts	14	14	14	14	15	29	29
Change in fair values of embedded derivatives – FIAs	(868)	(560)	(905)	1,504	(1,734)	(2,179)	(230)
Negative VOBA amortization	7	9	8	7	5	19	12
ACRA noncontrolling interest	—	—	(42)	38	(113)	—	(75)
Other changes in interest sensitive contract liabilities	(1)	(2)	(2)	(1)	(1)	(3)	(2)
Total adjustments to arrive at cost of crediting	(547)	(225)	(625)	1,859	(1,516)	(1,528)	343
Retirement Services cost of crediting	\$ 547	\$ 576	\$ 521	\$ 540	\$ 560	\$ 1,082	\$ 1,100
GAAP interest sensitive contract benefits	3.84 %	2.73 %	4.02 %	(4.50)%	6.65 %	4.63 %	1.25 %
Interest credited other than deferred annuities and institutional products	0.18 %	0.21 %	0.23 %	0.21 %	0.24 %	0.19 %	0.22 %
FIA option costs	0.98 %	0.96 %	0.94 %	0.91 %	0.86 %	0.99 %	0.88 %
Product charges (strategy fees)	(0.10)%	(0.10)%	(0.11)%	(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	(3.05)%	(1.91)%	(3.17)%	5.13 %	(5.55)%	(3.86)%	(0.38)%
Negative VOBA amortization	0.02 %	0.03 %	0.03 %	0.02 %	0.02 %	0.03 %	0.02 %
ACRA noncontrolling interest	— %	— %	(0.15)%	0.13 %	(0.37)%	— %	(0.12)%
Other changes in interest sensitive contract liabilities	— %	(0.01)%	(0.01)%	— %	— %	(0.01)%	— %
Total adjustments to arrive at cost of crediting	(1.92)%	(0.77)%	(2.19)%	6.34 %	(4.86)%	(2.71)%	0.56 %
Retirement Services cost of crediting	1.92 %	1.96 %	1.83 %	1.84 %	1.79 %	1.92 %	1.81 %
Retirement Services cost of crediting on deferred annuities	1.98 %	1.98 %	1.95 %	1.91 %	1.94 %	1.98 %	1.92 %
Retirement Services cost of crediting on institutional products	3.76 %	3.68 %	2.85 %	3.31 %	2.87 %	3.73 %	3.08 %
Retirement Services cost of crediting	1.92 %	1.96 %	1.83 %	1.84 %	1.79 %	1.92 %	1.81 %
Retirement Services average net invested assets	\$ 114,059	\$ 117,338	\$ 114,149	\$ 117,295	\$ 124,943	\$ 112,711	\$ 121,213
Average net account value on deferred annuities	90,675	91,467	87,660	88,119	92,814	90,261	90,654
Average institutional net reserve liabilities	10,470	13,320	12,931	14,250	15,233	10,140	14,742

## Non-GAAP Reconciliations

Unaudited (in millions)



	Quarterly Trends					Year-to-Date	
	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20	2019	2020
<b>RECONCILIATION OF BENEFITS AND EXPENSES TO OTHER LIABILITY COSTS</b>							
GAAP benefits and expenses	\$ 2,673	\$ 4,305	\$ 2,723	\$ (167)	\$ 3,317	\$ 6,928	\$ 3,150
Premiums	(787)	(2,688)	(907)	(1,140)	(355)	(2,787)	(1,495)
Product charges	(132)	(135)	(132)	(140)	(141)	(257)	(281)
Other revenues	(9)	(6)	(10)	2	(18)	(21)	(16)
Cost of crediting	(253)	(280)	(238)	(259)	(275)	(495)	(534)
Change in fair value of embedded derivatives - FIA, net of offsets	(817)	(497)	(1,003)	1,456	(1,445)	(2,077)	11
DAC, DSI and VOBA amortization related to investment gains and losses	(181)	(151)	28	425	(323)	(354)	102
Rider reserves	(24)	(9)	3	76	(46)	(52)	30
Policy and other operating expenses, excluding policy acquisition expenses	(117)	(130)	(138)	(117)	(145)	(220)	(262)
AmerUs closed block fair value liability	(59)	(46)	6	45	(100)	(112)	(55)
ACRA noncontrolling interest	—	—	(74)	165	(241)	—	(76)
Other	1	(5)	1	(4)	(13)	2	(17)
Total adjustments to arrive at other liability costs	(2,378)	(3,947)	(2,464)	509	(3,102)	(6,373)	(2,593)
Other liability costs	\$ 295	\$ 358	\$ 259	\$ 342	\$ 215	\$ 555	\$ 557
Retirement Services	\$ 295	\$ 358	\$ 259	\$ 342	\$ 215	\$ 555	\$ 557
Corporate and Other	—	—	—	—	—	—	—
Consolidated other liability costs	\$ 295	\$ 358	\$ 259	\$ 342	\$ 215	\$ 555	\$ 557
<b>RECONCILIATION OF POLICY AND OTHER OPERATING EXPENSES TO OPERATING EXPENSES</b>							
Policy and other operating expenses	\$ 185	\$ 194	\$ 200	\$ 188	\$ 218	\$ 350	\$ 406
Interest expense	(15)	(15)	(20)	(20)	(29)	(32)	(49)
Policy acquisition expenses, net of deferrals	(69)	(63)	(62)	(71)	(73)	(131)	(144)
Integration, restructuring and other non-operating expenses	(11)	(34)	(24)	(4)	(9)	(12)	(13)
Stock compensation expenses	(3)	(3)	(3)	(10)	—	(6)	(10)
ACRA noncontrolling interest	—	—	(5)	(4)	(19)	—	(23)
Total adjustments to arrive at operating expenses	(98)	(115)	(114)	(109)	(130)	(181)	(239)
Operating expenses	\$ 87	\$ 79	\$ 86	\$ 79	\$ 88	\$ 169	\$ 167
Retirement Services	\$ 68	\$ 67	\$ 69	\$ 68	\$ 71	\$ 130	\$ 139
Corporate and Other	19	12	17	11	17	39	28
Consolidated operating expenses	\$ 87	\$ 79	\$ 86	\$ 79	\$ 88	\$ 169	\$ 167

## Non-GAAP Reconciliations

Unaudited (in millions)



	December 31, 2019	June 30, 2020
<b>RECONCILIATION OF TOTAL INVESTMENTS INCLUDING RELATED PARTIES TO NET INVESTED ASSETS</b>		
Total investments, including related parties	\$ 130,550	\$ 163,039
Derivative assets	(2,888)	(2,379)
Cash and cash equivalents (including restricted cash)	4,639	7,521
Accrued investment income	807	836
Payables for collateral on derivatives	(2,743)	(2,117)
Reinsurance funds withheld and modified coinsurance	(1,440)	(203)
VIE and VOE assets, liabilities and noncontrolling interest	25	(18)
Unrealized (gains) losses	(4,095)	(3,782)
Ceded policy loans	(235)	(225)
Net investment receivables (payables)	(57)	(1,281)
Allowance for credit losses	—	574
Total adjustments to arrive at gross invested assets	(5,987)	(1,074)
Gross invested assets	124,563	161,965
ACRA noncontrolling interest	(7,077)	(24,696)
Net invested assets	\$ 117,486	\$ 137,269
<b>RECONCILIATION OF INVESTMENT FUNDS INCLUDING RELATED PARTIES TO NET ALTERNATIVE INVESTMENTS</b>		
Investment funds, including related parties	\$ 4,300	\$ 5,960
Nonredeemable preferred stock included in equity securities	78	—
CLO and ABS equities included in trading securities	405	504
Investment in Apollo	—	(1,313)
Investment funds within funds withheld at interest	807	916
Royalties and other assets included in other investments	67	85
Unrealized (gains) losses and other adjustments	8	8
ACRA noncontrolling interest	(79)	(78)
Total adjustments to arrive at net alternative investments	1,286	122
Net alternative investments	\$ 5,586	\$ 6,082
<b>RECONCILIATION OF TOTAL LIABILITIES TO NET RESERVE LIABILITIES</b>		
Total liabilities	\$ 132,734	\$ 167,602
Short-term debt	(475)	—
Long-term debt	(992)	(1,486)
Derivative liabilities	(97)	(118)
Payables for collateral on derivatives and securities to repurchase	(3,255)	(3,118)
Funds withheld liability	(408)	(427)
Other liabilities	(1,181)	(1,486)
Reinsurance ceded receivables	(4,863)	(5,310)
Policy loans ceded	(235)	(225)
ACRA noncontrolling interest	(6,574)	(24,094)
Other	(2)	(5)
Total adjustments to arrive at net reserve liabilities	(18,082)	(36,269)
Net reserve liabilities	\$ 114,652	\$ 131,333