

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): November 3, 2020



ATHENE HOLDING LTD.

(Exact name of registrant as specified in its charter)

Bermuda
(State or other jurisdiction of
incorporation or organization)

001-37963
(Commission file number)

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

96 Pitts Bay Road
Pembroke, HM 08, Bermuda
(441) 279-8400

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

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

Title of each class	Trading Symbols	Name of each exchange on which registered
Class A common shares, par value \$0.001 per share	ATH	New York Stock Exchange
Depository Shares, each representing a 1/1,000 th interest in a 6.35% Fixed-to-Floating Rate Perpetual Non-Cumulative Preference Share, Series A	ATHPrA	New York Stock Exchange
Depository Shares, each representing a 1/1,000 th interest in a 5.625% Fixed Rate Perpetual Non-Cumulative Preference Share, Series B	ATHPrB	New York Stock Exchange
Depository Shares, each representing a 1/1,000 th 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 November 3, 2020, Athene Holding Ltd. (the “Company”) issued a press release to announce its financial results for the third 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 third 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 November 3, 2020 \(furnished and not filed\).](#)

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

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

SIGNATURES

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

ATHENE HOLDING LTD.

Date: November 3, 2020

/s/ Martin P. Klein

Martin P. Klein

Executive Vice President and Chief Financial Officer

ATHENE HOLDING LTD. REPORTS THIRD QUARTER 2020 RESULTS

Company Highlights

- Record quarterly organic deposits for the second consecutive quarter of \$7.4 billion, increasing 31% year-over-year, and underwritten to returns in excess of targets
- Strong execution across organic and inorganic funding channels year-to-date drove robust net invested asset growth of 18% year-over-year, while maintaining high credit quality across the portfolio
- Strong return on equity ("ROE") of 16% and adjusted operating ROE in Retirement Services segment of 20%
- Attractive profitability with return on assets ("ROA") of 1.33% and adjusted operating ROA excluding notables and AOG of 1.03%
- Robust capitalization with \$3.2 billion of excess capital and \$7.6 billion of total deployable capital

PEMBROKE, Bermuda – November 3, 2020 – Athene Holding Ltd. ("Athene") (NYSE: ATH), a leading provider of retirement savings products, announced today financial results for the third quarter 2020.

"Amid fragile economic conditions and historically low interest rates, our third quarter results demonstrate the continued resilience of Athene's business and our ability to drive robust, highly profitable growth in any environment," said Jim Belardi, CEO of Athene. "Following consecutive quarters of record organic growth above target returns, we are on pace to exceed \$50 billion of total organic and inorganic volumes in 2020, marking our best year of growth ever. While others have been forced to pull back in the current environment, Athene continues to serve as a source of strength for policyholders and business partners. Our numerous competitive advantages, highlighted by our very strong capitalization, enable our business to continue to thrive. The successful execution of our strategy year-to-date has laid the foundation to significantly increase earnings and drive compelling shareholder value in 2021 and beyond."

Third Quarter 2020 Financial Results

Net income available to AHL common shareholders for the third quarter 2020 was \$622 million, or \$3.16 per diluted Class A common share ("diluted share"), compared to \$276 million, or \$1.50 per diluted share for the third quarter 2019. The increase from the prior year quarter was driven by higher adjusted operating income, favorable changes in the fair value of reinsurance assets due to tightening credit spreads, and favorable changes in the net fair value of fixed indexed annuity ("FIA") derivatives primarily due to unlocking, favorable equity market performance, and a lower discount rate resulting from declining interest rates.

Adjusted operating income available to common shareholders for the third quarter 2020 was \$302 million, or \$1.53 per adjusted operating common share, compared to \$243 million, or \$1.34 per adjusted operating common share for the third quarter 2019. The increase from the prior year quarter was primarily driven by stronger investment income from alternatives, more than half of which are valued on a lagged basis and benefited from capital markets appreciation in the second quarter of 2020 being reflected in the current period.

Adjusted operating income available to common shareholders excluding notables and AOG for the third quarter 2020 was \$356 million, or \$2.10 per adjusted operating common share, compared to \$305 million, or \$1.67 per adjusted operating common share for the third quarter 2019. The increase from the prior year quarter was primarily driven by the aforementioned strength of investment income from alternatives.

Continued Strong Capital Position

- Book value per common share of \$83.39 for the period ended September 30, 2020, an increase of 12% year-over-year. Adjusted book value per common share of \$53.61, an increase of 6% year-over-year.
- Total deployable capital of \$7.6 billion, including excess equity capital of \$3.2 billion, \$2.6 billion of untapped debt capacity¹, and \$1.8 billion of available undrawn third-party commitments to ACRA.
- Total cash and cash equivalents of \$7.5 billion, and a liquid bond portfolio of approximately \$51 billion.²
- Available liquidity of \$10.9 billion³ as of September 30, 2020, including \$3.4 billion undrawn credit facilities.
- ALRe RBC of 449%⁴ and U.S. RBC of 436% as of September 30, 2020.

¹ Untapped debt capacity assumes capacity of 25% debt to capitalization and is subject to general availability and market conditions. Untapped debt capacity has not been adjusted for the \$500 million of senior notes issued on October 8, 2020. ² As of September 30, 2020. Includes \$49.1 billion of public corporates (\$17 billion held in reinsurance portfolios which are available to fund the benefits for the associated obligations but are restricted from other uses), and \$2.1 billion of municipal, political subdivisions, and U.S. and foreign government bonds. ³ Includes cash and cash equivalents, undrawn revolver of \$1.25 billion, undrawn committed repurchase facility of \$1 billion and undrawn FHLB capacity of \$1 billion as of September 30, 2020. ⁴ 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 as described in glossary of Form 10-Q.

Selected Results

	As of and for the three months ended September 30,	
	2019	2020
<i>(In millions, except percentages and per share data)</i>		
Book value per common share	\$ 74.20	\$ 83.39
Adjusted book value per common share	\$ 50.74	\$ 53.61
Common shares outstanding	182.5	191.2
Adjusted operating common shares outstanding ¹	181.4	196.3
Return on equity (ROE)	8.5 %	16.2 %
Adjusted operating ROE	10.6 %	11.7 %
Adjusted operating ROE ex notables and AOG	13.3 %	16.3 %
Adjusted operating ROE – Retirement Services	13.5 %	20.2 %
Return on assets (ROA)	0.78 %	1.33 %
Adjusted operating ROA	0.82 %	0.86 %
Adjusted operating ROA ex notables and AOG	1.03 %	1.03 %
Net investment spread – Retirement Services	1.13 %	1.41 %
Investments, including related parties	\$ 127,101	\$ 170,205
Net invested assets	\$ 121,140	\$ 142,835
Debt to capital ratio	6.8 %	8.5 %
Adjusted debt to capital ratio	8.7 %	10.8 %
Total AHL shareholders' equity	\$ 13,545	\$ 15,943
Adjusted AHL common shareholders' equity	\$ 9,204	\$ 10,522
Gross organic deposits	\$ 5,637	\$ 7,401
Gross inorganic deposits	—	—
Gross deposits	5,637	7,401
Deposits attributable to ACRA noncontrolling interest	—	—
Net deposits	\$ 5,637	\$ 7,401

¹ 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 September 30,	
	2019	2020
<i>(In millions, except per share data)</i>		
Net income available to AHL common shareholders	\$ 276	\$ 622
Non-operating adjustments		
Investment gains, net of offsets	166	346
Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets	(117)	72
Integration, restructuring and other non-operating expenses	(34)	—
Stock compensation expense	(3)	(1)
Income tax (expense) benefit - non-operating	21	(97)
Less: Total non-operating adjustments	33	320
Adjusted operating income available to common shareholders	\$ 243	\$ 302
Adjusted operating income (loss) available to common shareholders by segment		
Retirement Services	\$ 256	\$ 361
Corporate and Other	(13)	(59)
Adjusted operating income available to common shareholders	\$ 243	\$ 302
Earnings per common share – basic Class A	\$ 1.50	\$ 3.22
Earnings per common share – diluted Class A ¹	\$ 1.50	\$ 3.16
Adjusted operating earnings per common share ²	\$ 1.34	\$ 1.53
Weighted average common shares outstanding – basic Class A	151.6	193.1
Weighted average common shares outstanding – diluted Class A ¹	152.0	197.1
Weighted average common shares outstanding – adjusted operating ²	182.3	197.1
Weighted average common shares outstanding – adjusted operating excluding Apollo ³	182.3	169.1

	Three months ended September 30,	
	2019	2020
<i>(In millions)</i>		
Notable items		
Retirement Services adjusted operating income available to common shareholders	\$ 256	\$ 361
Non-recurring adjustment on derivative collateral	—	(25)
Actuarial experience and market impacts	18	—
Unlocking	48	(6)
Tax impact of notable items	(4)	4
Retirement Services notable items	62	(27)
Retirement Services adjusted operating income available to common shareholders excluding notable items	318	334
Corporate and Other adjusted operating loss available to common shareholders	(13)	(59)
Consolidated adjusted operating income available to common shareholders excluding notable items	\$ 305	\$ 275
Adjusted operating earnings per common share excluding notables ²	\$ 1.67	\$ 1.40

1 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 \$622 million (100% of net income available to AHL common shareholders) and \$227 million (82% of net income available to AHL common shareholders) for the three months ended September 30, 2020 and 2019, respectively.

2 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.

3 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 third quarter 2020, Athene generated gross organic deposits of \$7.4 billion — a record for the second consecutive quarter, and an increase of 31% year-over-year and 7% quarter-over-quarter. Record organic deposit activity reflected continued strength across the retail, flow reinsurance, and funding agreement¹ channels. Importantly, organic deposits were underwritten to strong 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 third quarter 2020, Athene generated record new retail deposits of \$2.5 billion, an increase of 28% year-over-year and, 38% quarter-over-quarter. Sequentially improving volume was driven by strong sales through bank and broker-dealer intermediaries, including record fixed indexed annuity sales in the bank channel driven by new and existing distribution partners. Athene remains a leader in the FIA market, serving as a source of strength for policyholders in committing capital to new policy issuance amid fragile economic conditions.

Flow Reinsurance: In the third quarter 2020, Athene generated record quarterly flow reinsurance deposits of \$2.3 billion, an increase of 280% year-over-year and 2% quarter-over-quarter. The increase from the prior year was driven by strong volumes from existing partners that sought to utilize Athene's competitive advantages. As a leader in the flow reinsurance market, Athene remains committed to serving as a source of strength for its reinsurance counterparties in support of their new policy issuance.

Institutional: In the third quarter 2020, Athene generated a near record \$2.6 billion of funding agreement activity¹ underwritten to very strong returns. Funding agreement activity was highlighted by funding agreement issuances across three distinct currencies, as well as two secured funding agreements. While no pension risk transfer transactions were executed in the third quarter 2020, three transactions totaling \$1.6 billion have closed to date in the fourth quarter 2020.

Segment Results

Retirement Services

For the third quarter 2020, adjusted operating income available to common shareholders in Retirement Services was \$361 million, an increase of \$105 million, or 41%, from the third quarter 2019, resulting in an adjusted operating ROE of 20.2%. Excluding notable items, adjusted operating income available to common shareholders in Retirement Services was \$334 million, resulting in an adjusted operating ROE of 18.7%.

The increase in adjusted operating income available to common shareholders over the prior year quarter was primarily driven by higher net investment income from alternatives. Approximately 60% of Athene's alternative investments are valued on a lagged basis and benefited from capital markets appreciation in the second quarter of 2020 being reflected in the current period. In addition, Athene's single largest alternative investment, AmeriHome, generated particularly strong investment income primarily due to strong operating performance.

The net investment spread, which measures net investment earnings less cost of funds, was 1.41% of average net invested assets for the third quarter 2020, an increase of 28 basis points from the third quarter 2019. The increase from the prior year quarter was primarily driven by a lower cost of funds partially offset by a modestly lower net investment earned rate (NIER).

The NIER was 4.22% for the third quarter 2020, compared to 4.31% in the prior year quarter. The annualized return on fixed income and other investments during the third quarter 2020 was 3.70%, compared to 4.11% in the prior year quarter, a decline of 41 basis points primarily driven by lower income from floating rate investments resulting from declining interest rates, elevated levels of cash and liquidity amid recent market volatility, and the onboarding of a lower yielding portfolio from Jackson, partially offset by a non-recurring adjustment on derivative collateral. Excluding the non-recurring benefit, 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 third quarter 2020 was 17.24% compared to 8.90% in the prior year quarter, primarily due to the lagged effect from rebounding markets in the second quarter 2020 impacting approximately 60% of the alternatives portfolio as well as strong performance from Athene's largest alternative investment, AmeriHome.

¹ Funding agreements are comprised of funding agreements issued under our FABN and FABR programs, funding agreements issued to the FHLB and long-term repurchase agreements.

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 2.81% for the third quarter 2020, a decrease of 37 basis points from the third quarter 2019, driven by lower crediting rates and other liability costs.

Total cost of crediting was 1.87% for the third quarter 2020, a decrease of 9 basis points from the prior year quarter, driven by lower crediting rates for the institutional business. The cost of crediting on institutional business was 2.95%, a decrease of 73 basis points from the prior year quarter. The year-over-year decline was driven by an increasing mix of new issue funding agreements at lower rates, declining rates on floating-rate funding agreements, as well as favorable mortality developments within pension risk transfer obligations. The cost of crediting on deferred annuities was 1.98%, in line with the prior year quarter, as the onboarding of the reinsured Jackson block with a higher initial crediting rate offset 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 0.94% for the third quarter 2020, a decrease of 28 basis points from the prior year quarter, primarily due to favorable changes in unlocking and equity market performance relative to the prior year quarter, partially offset by an increase in gross profits impacting rider reserves and DAC amortization. Other liability costs also benefited from the onboarding of the reinsured Jackson block, which carries a more favorable level of other liability costs.

Corporate & Other

In the third quarter 2020, the adjusted operating loss available to common shareholders was \$59 million in Corporate & Other, an increase of \$46 million from an adjusted operating loss available to common shareholders of \$13 million in the third quarter 2019. The increase in adjusted operating loss available to common shareholders from the prior year quarter was primarily driven by depreciation in Athene's investment in the Apollo Operating Group ("AOG") as well as greater preferred stock dividends and higher interest expense, partially offset by higher net investment income from alternatives.

The change in fair value of Athene's AOG investment, net of tax, resulted in an \$81 million loss, or \$0.73 per common share in the quarter, primarily reflecting an 8% decrease in the common stock price of Apollo Global Management (NYSE: APO).

Share Repurchase Activity

In the third quarter 2020, Athene repurchased 2.7 million shares of its common stock for \$97 million under previously announced share repurchase programs. During this period, shares were purchased at an average cost of \$35.64 per share and an average price-to-adjusted book value multiple of 0.70x. As of September 30, 2020, remaining share repurchase authorization totaled \$224 million.

Conference Call Information

Athene will host a conference call today, Tuesday, November 3, 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 third quarter ended September 30, 2020. This press release, the third quarter 2020 earnings presentation, and quarterly financial supplement are posted to Athene's website at ir.athene.com.

- Live conference call: Toll-free at (866) 901-0811 (domestic) or (346) 354-0810 (international)
- Conference call replay available through November 17, 2020 at (800) 585-8367 (domestic) or (404) 537-3406 (international)
- Conference ID number: 2572045
- Live and archived webcast available at ir.athene.com

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About Athene Holding Ltd.

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

- Retail fixed, fixed indexed and index-linked annuity products;
- Reinsurance arrangements with third-party annuity providers; and
- Institutional products, such as funding agreements and the assumption of pension risk transfer obligations.

Athene had total assets of \$191.1 billion as of September 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.

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 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," "should," or "continues" or similar expressions. Forward-looking statements within this press release include, but are not limited to, statements regarding 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; the 2020 presidential and congressional elections in the U.S. resulting in changes in the U.S. political environment that are unfavorable to Athene; 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 June 30, 2020 and its other SEC filings, which can be found at the SEC's website www.sec.gov.

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

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

	December 31, 2019	September 30, 2020
Assets		
Investments		
Available-for-sale securities, at fair value	\$ 71,374	\$ 73,988
Trading securities, at fair value	2,070	2,069
Equity securities	247	697
Mortgage loans, net of allowances	14,306	14,591
Investment funds	750	723
Policy loans	417	387
Funds withheld at interest	15,181	48,593
Derivative assets	2,888	2,771
Short-term investments	596	165
Other investments	158	949
Total investments	107,987	144,933
Cash and cash equivalents	4,240	7,548
Restricted cash	402	1,226
Investments in related parties		
Available-for-sale securities, at fair value	3,804	4,857
Trading securities, at fair value	785	1,397
Equity securities, at fair value	64	50
Mortgage loans, net of allowances	653	640
Investment funds	3,550	4,808
Funds withheld at interest	13,220	13,053
Other investments, net of allowances	487	467
Accrued investment income	807	796
Reinsurance recoverable	4,863	5,104
Deferred acquisition costs, deferred sales inducements and value of business acquired	5,008	5,165
Other assets	1,005	1,044
Total assets	\$ 146,875	\$ 191,088

(Continued)

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

	December 31, 2019	September 30, 2020
Liabilities		
Interest sensitive contract liabilities	\$ 102,745	\$ 141,207
Future policy benefits	23,330	24,823
Other policy claims and benefits	138	118
Dividends payable to policyholders	113	110
Short-term debt	475	—
Long-term debt	992	1,487
Derivative liabilities	97	147
Payables for collateral on derivatives and securities to repurchase	3,255	3,742
Funds withheld liability	408	440
Other liabilities	1,181	1,897
Total liabilities	132,734	173,971
Equity		
Preferred stock	—	—
Common stock	—	—
Additional paid-in capital	4,171	6,045
Retained earnings	6,939	7,010
Accumulated other comprehensive income	2,281	2,888
Total Athene Holding Ltd. shareholders' equity	13,391	15,943
Noncontrolling interests	750	1,174
Total equity	14,141	17,117
Total liabilities and equity	\$ 146,875	\$ 191,088

(Concluded)

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

	Three months ended September 30,	
	2019	2020
Revenue		
Premiums	\$ 2,688	\$ 112
Product charges	135	144
Net investment income	1,090	1,209
Investment related gains	665	1,797
Other revenues	6	13
Total revenues	4,584	3,275
Benefits and Expenses		
Interest sensitive contract benefits	801	1,225
Amortization of DSI	20	48
Future policy and other policy benefits	2,955	439
Amortization of DAC and VOBA	323	299
Dividends to policyholders	12	9
Policy and other operating expenses	194	231
Total benefits and expenses	4,305	2,251
Income before income taxes	279	1,024
Income (expense) benefit	(14)	140
Net income	293	884
Less: Net income attributable to noncontrolling interests	—	232
Net income attributable to Athene Holding Ltd. shareholders	293	652
Less: Preferred stock dividends	17	30
Net income available to Athene Holding Ltd. common shareholders	\$ 276	\$ 622

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 September 30,	
	2019	2020
Net income available to Athene Holding Ltd. common shareholders	\$ 276	\$ 622
Less: Total non-operating adjustments	33	320
Adjusted operating income available to common shareholders	243	302
Notable items	62	(27)
Adjusted operating income available to common shareholders excluding notable items	\$ 305	\$ 275
Retirement Services adjusted operating income available to common shareholders	\$ 256	\$ 361
Non-recurring adjustment on derivative collateral	—	(25)
Actuarial experience and market impacts	18	—
Unlocking	48	(6)
Tax impact of notable items	(4)	4
Retirement Services notable items	62	(27)
Retirement Services adjusted operating income available to common shareholders excluding notable items	318	334
Corporate and Other adjusted operating loss available to common shareholders	(13)	(59)
Consolidated adjusted operating income available to common shareholders excluding notable items	\$ 305	\$ 275

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

	Three months ended September 30,	
	2019	2020
Basic earnings per share – Class A common shares	\$ 1.50	\$ 3.22
Non-operating adjustments		
Investment gains, net of offsets	0.91	1.74
Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets	(0.65)	0.37
Integration, restructuring and other non-operating expenses	(0.18)	—
Stock compensation expense	(0.02)	—
Income tax (expense) benefit – non-operating	0.12	(0.49)
Less: Total non-operating adjustments	0.18	1.62
Less: Effect of items convertible to or settled in Class A common shares	(0.02)	0.07
Adjusted operating earnings per common share	\$ 1.34	\$ 1.53

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 September 30,	
	2019	2020
Basic weighted average common shares outstanding – Class A	151.6	193.1
Conversion of Class B common shares to Class A common shares	25.4	—
Conversion of Class M common shares to Class A common shares	4.9	—
Effect of other stock compensation plans	0.4	4.0
Weighted average common shares outstanding – adjusted operating	182.3	197.1

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>	September 30,	
	2019	2020
Total AHL shareholders' equity	\$ 13,545	\$ 15,943
Less: Preferred stock	1,172	1,755
Total AHL common shareholders' equity	12,373	14,188
Less: AOCI	2,442	2,888
Less: Accumulated change in fair value of reinsurance assets	727	778
Total adjusted AHL common shareholders' equity	\$ 9,204	\$ 10,522
Retirement Services	\$ 7,494	\$ 7,321
Corporate and Other	1,710	3,201
Total adjusted AHL common shareholders' equity	\$ 9,204	\$ 10,522

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 September 30,	
	2019	2020
Average AHL shareholders' equity	\$ 12,955	\$ 15,327
Less: Average preferred stock	1,006	1,755
Less: Average AOCI	2,101	2,536
Less: Average accumulated change in fair value of reinsurance assets	683	697
Average adjusted AHL common shareholders' equity	\$ 9,165	\$ 10,339
Retirement Services	\$ 7,598	\$ 7,139
Corporate and Other	1,567	3,200
Average adjusted AHL common shareholders' equity	\$ 9,165	\$ 10,339

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

<i>(In millions)</i>	September 30,	
	2019	2020
Class A common shares outstanding	149.8	191.2
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	1.1	5.1
Adjusted operating common shares outstanding	181.4	196.3

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

	September 30,	
	2019	2020
Book value per common share	\$ 74.20	\$ 83.39
Preferred stock	(6.42)	(9.18)
AOCI	(13.38)	(15.10)
Accumulated change in fair value of reinsurance assets	(3.98)	(4.07)
Effect of items convertible to or settled in Class A common shares	0.32	(1.43)
Adjusted book value per common share	\$ 50.74	\$ 53.61

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

	September 30,	
	2019	2020
<i>(In millions, except percentages)</i>		
Total debt	\$ 992	\$ 1,487
Total AHL shareholders' equity	13,545	15,943
Total capitalization	14,537	17,430
Less: AOCI	2,442	2,888
Less: Accumulated change in fair value of reinsurance assets	727	778
Total adjusted capitalization	\$ 11,368	\$ 13,764
Debt to capital ratio	6.8 %	8.5 %
AOCI	1.5 %	1.8 %
Accumulated change in fair value of reinsurance assets	0.4 %	0.5 %
Adjusted debt to capital ratio	8.7 %	10.8 %

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

	Three months ended			
	September 30,		September 30,	
	2019	2020	2019	2020
	Dollar	Rate	Dollar	Rate
<i>(In millions)</i>				
GAAP net investment income	\$ 1,090	3.67 %	\$ 1,209	3.48 %
Change in fair value of reinsurance assets	199	0.67 %	444	1.28 %
Alternative income gain	6	0.02 %	23	0.07 %
ACRA noncontrolling interest	—	— %	(196)	(0.56) %
Apollo investment loss	—	— %	101	0.29 %
Held for trading amortization and other	(3)	(0.01) %	(51)	(0.15) %
Total adjustments to arrive at net investment earnings/earned rate	202	0.68 %	321	0.93 %
Total net investment earnings/earned rate	\$ 1,292	4.35 %	\$ 1,530	4.41 %
Retirement Services	\$ 1,264	4.31 %	\$ 1,444	4.22 %
Corporate and Other	28	7.28 %	86	17.59 %
Total net investment earnings/earned rate	\$ 1,292	4.35 %	\$ 1,530	4.41 %
Retirement Services	\$ 117,338		\$ 136,852	
Corporate and Other ex. Apollo investment	1,567		1,945	
Consolidated average net invested assets ex. Apollo investment	\$ 118,905		\$ 138,797	

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 September 30,			
	2019		2020	
	Dollar	Rate	Dollar	Rate
GAAP interest sensitive contract benefits	\$ 801	2.73 %	\$ 1,225	3.58 %
Interest credited other than deferred annuities and institutional products	63	0.21 %	73	0.21 %
FIA option costs	282	0.96 %	284	0.83 %
Product charges (strategy fees)	(31)	(0.10)%	(34)	(0.10)%
Reinsurance embedded derivative impacts	14	0.05 %	14	0.04 %
Change in fair values of embedded derivatives – FIAs	(560)	(1.91)%	(779)	(2.28)%
Negative VOBA amortization	9	0.03 %	3	0.01 %
ACRA noncontrolling interest	—	— %	(151)	(0.44)%
Other changes in interest sensitive contract liabilities	(2)	(0.01)%	5	0.02 %
Total adjustments to arrive at cost of crediting	(225)	(0.77)%	(585)	(1.71)%
Retirement Services cost of crediting	\$ 576	1.96 %	\$ 640	1.87 %
Retirement Services cost of crediting on deferred annuities	\$ 453	1.98 %	\$ 506	1.98 %
Retirement Services cost of crediting on institutional products	123	3.68 %	134	2.95 %
Retirement Services cost of crediting	\$ 576	1.96 %	\$ 640	1.87 %
Retirement Services average net invested assets	\$ 117,338		\$ 136,852	
Average net account value on deferred annuities	91,467		102,144	
Average institutional net reserve liabilities	13,320		18,162	

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

<i>(In millions)</i>	Three months ended September 30,	
	2019	2020
	GAAP benefits and expenses	\$ 4,305
Premiums	(2,688)	(112)
Product charges	(135)	(144)
Other revenues	(6)	(13)
Cost of crediting	(280)	(342)
Change in fair value of embedded derivatives – FIA, net of offsets	(497)	(863)
DAC, DSI and VOBA amortization related to investment gains and losses	(151)	(86)
Rider reserves	(9)	(21)
Policy and other operating expenses, excluding policy acquisition expenses	(130)	(132)
AmerUs closed block fair value liability	(46)	(15)
ACRA noncontrolling interest	—	(193)
Other changes in benefits and expenses	(5)	(10)
Total adjustments to arrive at other liability costs	(3,947)	(1,931)
Other liability costs	\$ 358	\$ 320
Retirement Services	\$ 358	\$ 320
Corporate and Other	—	—
Consolidated other liability costs	\$ 358	\$ 320

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

<i>(In millions)</i>	Three months ended	
	September 30,	
	2019	2020
Policy and other operating expenses	\$ 194	\$ 231
Interest expense	(15)	(34)
Policy acquisition expenses, net of deferrals	(63)	(99)
Integration, restructuring and other non-operating expenses	(34)	—
Stock compensation expenses	(3)	(1)
ACRA noncontrolling interest	—	(16)
Other changes in policy and other operating expenses	—	(3)
Total adjustments to arrive at operating expenses	(115)	(153)
Operating expenses	\$ 79	\$ 78
Retirement Services	\$ 67	\$ 63
Corporate and Other	12	15
Consolidated operating expenses	\$ 79	\$ 78

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

<i>(In millions)</i>	September 30,	
	2019	2020
Total investments, including related parties	\$ 127,101	\$ 170,205
Derivative assets	(2,386)	(2,771)
Cash and cash equivalents (including restricted cash)	4,032	8,774
Accrued investment income	781	796
Payables for collateral on derivatives	(2,323)	(2,644)
Reinsurance funds withheld and modified coinsurance	(1,698)	(1,441)
VIE and VOE assets, liabilities and noncontrolling interest	669	(130)
Unrealized (gains) losses	(4,243)	(5,211)
Ceded policy loans	(277)	(221)
Net investment receivables (payables)	(516)	(705)
Allowance for credit losses	—	484
Total adjustments to arrive at gross invested assets	(5,961)	(3,069)
Gross invested assets	121,140	167,136
ACRA noncontrolling interest	—	(24,301)
Net invested assets	\$ 121,140	\$ 142,835



Athene Holding Ltd.
3Q'20 Financial Supplement

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Financial Highlights

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



	Quarterly Trends					Δ		Year-to-Date		Δ
	3Q'19	4Q'19	1Q'20	2Q'20	3Q'20	Q/Q	Y/Y	2019	2020	Y/Y
SELECTED INCOME STATEMENT DATA										
Net income (loss) available to AHL common shareholders	\$ 276	\$ 432	\$ (1,065)	\$ 824	\$ 622	(25)%	125 %	\$ 1,704	\$ 381	(78)%
Adjusted operating income (loss) available to common shareholders	243	389	(108)	490	302	(38)%	24 %	900	684	(24)%
Adjusted operating income available to common shareholders excluding notables and AOG	305	346	174	98	356	263 %	17 %	948	630	(34)%
FINANCIAL RATIOS										
Return on assets (ROA)	0.78 %	1.19 %	(2.95)%	2.03 %	1.33 %	(70)bps	55bps	1.68 %	0.31 %	NM
Adjusted operating ROA	0.82 %	1.34 %	(0.36)%	1.54 %	0.86 %	(68)bps	4bps	1.04 %	0.71 %	(33)bps
Adjusted operating ROA, excluding notables and AOG	1.03 %	1.19 %	0.59 %	0.31 %	1.03 %	72bps	0bps	1.09 %	0.65 %	(44)bps
Net investment spread – Retirement Services	1.13 %	1.84 %	1.03 %	0.96 %	1.41 %	45bps	28bps	1.38 %	1.14 %	(24)bps
Return on equity (ROE)	8.5 %	12.8 %	(36.5)%	26.8 %	16.2 %	NM	NM	20.8 %	3.5 %	NM
Adjusted operating ROE	10.6 %	16.7 %	(4.4)%	19.4 %	11.7 %	NM	110bps	13.3 %	9.1 %	NM
Adjusted operating ROE, excluding notables and AOG	13.3 %	14.9 %	7.6 %	4.5 %	16.3 %	NM	300bps	14.0 %	9.1 %	NM
Adjusted operating ROE – Retirement Services	13.5 %	21.6 %	10.6 %	11.1 %	20.2 %	NM	NM	16.0 %	14.0 %	NM
EARNINGS AND BOOK VALUE PER COMMON SHARE										
Earnings (loss) per common share – basic class A	\$ 1.50	\$ 2.43	\$ (5.81)	\$ 4.25	\$ 3.22	(24)%	115 %	\$ 8.97	\$ 2.78	(69)%
Earnings (loss) per common share – diluted class A ¹	1.50	2.42	(5.81)	4.19	3.16	(25)%	111 %	8.95	2.73	(69)%
Adjusted operating earnings (loss) per common share ²	1.34	2.21	(0.60)	2.49	1.53	(39)%	14 %	4.79	3.55	(26)%
Adjusted operating earnings per common share excluding notables and AOG	1.67	1.97	1.00	0.58	2.10	262 %	26 %	5.04	3.69	(27)%
Book value per common share	74.20	76.21	51.28	75.87	83.39	10 %	12 %	74.20	83.39	12 %
Adjusted book value per common share ²	50.74	54.02	51.07	51.15	53.61	5 %	6 %	50.74	53.61	6 %
SELECTED BALANCE SHEET DATA										
Total assets	\$ 144,202	\$ 146,875	\$ 142,179	\$ 183,241	\$ 191,088	4 %	33 %	\$ 144,202	\$ 191,088	33 %
Gross invested assets	121,140	124,563	128,263	161,965	167,136	3 %	38 %	121,140	167,136	38 %
Invested assets – ACRA noncontrolling interests	—	(7,077)	(7,063)	(24,696)	(24,301)	2 %	NM	—	(24,301)	NM
Net invested assets	121,140	117,486	121,200	137,269	142,835	4 %	18 %	121,140	142,835	18 %
Total liabilities	130,657	132,734	131,649	167,602	173,971	4 %	33 %	130,657	173,971	33 %
Net reserve liabilities	118,825	114,652	114,273	131,333	137,767	5 %	16 %	118,825	137,767	16 %
Debt	992	1,467	1,386	1,486	1,487	— %	50 %	992	1,487	50 %
Total AHL shareholders' equity	13,545	13,391	9,940	14,711	15,943	8 %	18 %	13,545	15,943	18 %
Adjusted AHL common shareholders' equity	9,204	9,445	10,097	10,157	10,522	4 %	14 %	9,204	10,522	14 %
DEPOSITS										
Retail	\$ 1,921	\$ 1,136	\$ 1,246	\$ 1,791	\$ 2,465	38 %	28 %	\$ 5,646	\$ 5,502	(3)%
Flow reinsurance	609	1,196	861	2,265	2,317	2 %	280 %	2,754	5,443	98 %
Funding agreements ³	503	499	823	2,636	2,619	(1)%	NM	802	6,078	NM
Pension risk transfer	2,604	809	1,017	229	—	NM	NM	5,233	1,246	(76)%
Gross organic deposits	5,637	3,640	3,947	6,921	7,401	7 %	31 %	14,435	18,269	27 %
Gross inorganic deposits	—	—	—	28,792	—	NM	NM	—	28,792	NM
Gross deposits	5,637	3,640	3,947	35,713	7,401	(79)%	31 %	14,435	47,061	226 %
Deposits attributable to ACRA noncontrolling interest ⁴	—	(544)	—	(18,268)	—	NM	NM	—	(18,268)	NM
Net deposits	\$ 5,637	\$ 3,096	\$ 3,947	\$ 17,445	\$ 7,401	(58)%	31 %	\$ 14,435	\$ 28,793	99 %

Note: "NM" represents changes that are not meaningful. Please refer to Notes to the Financial Supplement section and the Non-GAAP Measure Reconciliations for discussion of non-GAAP metrics. 1 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. 2 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. 3 Funding agreements are comprised of funding agreements issued under our FABN and FABR programs, funding agreements issued to the FHLB and long-term repurchase agreements. 4 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
	3Q'19	4Q'19	1Q'20	2Q'20	3Q'20	Q/Q	Y/Y	2019	2020	Y/Y
REVENUE										
Premiums	\$ 2,688	\$ 907	\$ 1,140	\$ 355	\$ 112	(68)%	(96)%	\$ 5,475	\$ 1,607	(71)%
Product charges	135	132	140	141	144	2 %	7 %	392	425	8 %
Net investment income	1,090	1,242	745	1,336	1,209	(10)%	11 %	3,354	3,290	(2)%
Investment related gains (losses)	665	965	(3,572)	2,548	1,797	(29)%	170 %	3,754	773	(79)%
Other revenues	6	10	(2)	18	13	(28)%	117 %	27	29	7 %
Total revenues	\$ 4,584	\$ 3,256	\$ (1,549)	\$ 4,398	\$ 3,275	(26)%	(29)%	\$ 13,002	\$ 6,124	(53)%
BENEFITS AND EXPENSES										
Interest sensitive contract benefits	\$ 801	\$ 1,146	\$ (1,319)	\$ 2,076	\$ 1,225	(41)%	53 %	\$ 3,411	\$ 1,982	(42)%
Amortization of deferred sales inducements	20	36	10	(21)	48	NM	140 %	38	37	(3)%
Future policy and other policy benefits	2,955	1,192	1,356	674	439	(35)%	(85)%	6,395	2,469	(61)%
Amortization of deferred acquisition costs and value of business acquired	323	143	(413)	361	299	(17)%	(7)%	815	247	(70)%
Dividends to policyholders	12	6	11	9	9	— %	(25)%	30	29	(3)%
Policy and other operating expenses	194	200	188	218	231	6 %	19 %	544	637	17 %
Total benefits and expenses	4,305	2,723	(167)	3,317	2,251	(32)%	(48)%	11,233	5,401	(52)%
Income (loss) before income taxes	279	533	(1,382)	1,081	1,024	(5)%	267 %	1,769	723	(59)%
Income tax expense (benefit)	(14)	69	(166)	150	140	(7)%	NM	48	124	158 %
Net income (loss)	293	464	(1,216)	931	884	(5)%	202 %	1,721	599	(65)%
Less: Net income (loss) attributable to noncontrolling interests	—	13	(169)	88	232	164 %	NM	—	151	NM
Net income (loss) attributable to Athene Holding Ltd. shareholders	293	451	(1,047)	843	652	(23)%	123 %	1,721	448	(74)%
Less: Preferred stock dividends	17	19	18	19	30	58 %	76 %	17	67	294 %
Net income (loss) available to Athene Holding Ltd. common shareholders	\$ 276	\$ 432	\$ (1,065)	\$ 824	\$ 622	(25)%	125 %	\$ 1,704	\$ 381	(78)%

Segment Results of Operations (Management view)

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



	Quarterly Trends					Δ		Year-to-Date		Δ
	3Q'19	4Q'19	1Q'20	2Q'20	3Q'20	Q/Q	Y/Y	2019	2020	Y/Y
CONSOLIDATED										
Fixed income and other investment income	\$ 1,168	\$ 1,185	\$ 1,188	\$ 1,140	\$ 1,225	7 %	5 %	\$ 3,497	\$ 3,553	2 %
Alternative investment income (loss)	124	154	(37)	(100)	305	NM	146 %	343	168	(51)%
Net investment earnings	1,292	1,339	1,151	1,040	1,530	47 %	18 %	3,840	3,721	(3)%
Cost of crediting	(576)	(521)	(540)	(560)	(640)	(14)%	(11)%	(1,658)	(1,740)	(5)%
Other liability costs ¹	(358)	(259)	(342)	(215)	(320)	(49)%	11 %	(913)	(877)	4 %
Cost of funds	(934)	(780)	(882)	(775)	(960)	(24)%	(3)%	(2,571)	(2,617)	(2)%
Operating expenses	(79)	(86)	(79)	(88)	(78)	11 %	1 %	(248)	(245)	1 %
Interest expense	(12)	(17)	(19)	(28)	(27)	4 %	NM	(37)	(74)	(100)%
Management fees from ACRA	—	2	2	3	9	200 %	NM	—	14	NM
Pre-tax adjusted operating income	267	458	173	152	474	212 %	78 %	984	799	(19)%
Income tax expense – operating ²	(7)	(50)	(24)	(15)	(61)	NM	NM	(67)	(100)	(49)%
Adjusted operating income	260	408	149	137	413	201 %	59 %	917	699	(24)%
Preferred stock dividends	(17)	(19)	(18)	(19)	(30)	(58)%	(76)%	(17)	(67)	NM
Adjusted operating income available to common shareholders excluding Apollo	243	389	131	118	383	225 %	58 %	900	632	(30)%
Change in fair value of Apollo investment, net of tax ³	—	—	(239)	372	(81)	NM	NM	—	52	NM
Adjusted operating income (loss) available to common shareholders	\$ 243	\$ 389	\$ (108)	\$ 490	\$ 302	(38)%	24 %	\$ 900	\$ 684	(24)%
Adjusted operating earnings (loss) per common share	\$ 1.34	\$ 2.21	\$ (0.60)	\$ 2.49	\$ 1.53	(39)%	14 %	\$ 4.79	\$ 3.55	(26)%
RETIREMENT SERVICES										
Fixed income and other investment income	\$ 1,159	\$ 1,172	\$ 1,177	\$ 1,132	\$ 1,216	7 %	5 %	\$ 3,480	\$ 3,525	1 %
Alternative investment income (loss)	105	134	7	(57)	228	NM	117 %	276	178	(36)%
Net investment earnings	1,264	1,306	1,184	1,075	1,444	34 %	14 %	3,756	3,703	(1)%
Cost of crediting	(576)	(521)	(540)	(560)	(640)	(14)%	(11)%	(1,658)	(1,740)	(5)%
Other liability costs ¹	(358)	(259)	(342)	(215)	(320)	(49)%	11 %	(913)	(877)	4 %
Cost of funds	(934)	(780)	(882)	(775)	(960)	(24)%	(3)%	(2,571)	(2,617)	(2)%
Operating expenses	(67)	(69)	(68)	(71)	(63)	11 %	6 %	(197)	(202)	(3)%
Interest expense	—	(5)	(8)	(9)	(8)	11 %	NM	(3)	(25)	NM
Management fees from ACRA	—	2	2	3	9	200 %	NM	—	14	NM
Pre-tax adjusted operating income	263	454	228	223	422	89 %	60 %	985	873	(11)%
Income tax expense – operating	(7)	(50)	(24)	(15)	(61)	NM	NM	(67)	(100)	(49)%
Adjusted operating income available to common shareholders	\$ 256	\$ 404	\$ 204	\$ 208	\$ 361	74 %	41 %	\$ 918	\$ 773	(16)%
CORPORATE & OTHER										
Fixed income and other investment income	\$ 9	\$ 13	\$ 11	\$ 8	\$ 9	13 %	— %	\$ 17	\$ 28	65 %
Alternative investment income (loss)	19	20	(44)	(43)	77	NM	NM	67	(10)	NM
Net investment earnings (loss)	28	33	(33)	(35)	86	NM	207 %	84	18	(79)%
Operating expenses	(12)	(17)	(11)	(17)	(15)	12 %	(25)%	(51)	(43)	16 %
Interest expense	(12)	(12)	(11)	(19)	(19)	— %	(58)%	(34)	(49)	(44)%
Adjusted operating income (loss)	4	4	(55)	(71)	52	NM	NM	(1)	(74)	NM
Preferred stock dividends	(17)	(19)	(18)	(19)	(30)	(58)%	(76)%	(17)	(67)	NM
Adjusted operating income (loss) available to common shareholders excluding Apollo	(13)	(15)	(73)	(90)	22	NM	NM	(18)	(141)	NM
Change in fair value of Apollo investment, net of tax ³	—	—	(239)	372	(81)	NM	NM	—	52	NM
Adjusted operating income (loss) available to common shareholders	\$ (13)	\$ (15)	\$ (312)	\$ 282	\$ (59)	NM	NM	\$ (18)	\$ (89)	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 VOBAs 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.

Components of Adjusted Operating Return on Assets (Management View)

Unaudited (in millions, except percentages)



	Quarterly Trends					Δ		Year-to-Date		Δ
	3Q'19	4Q'19	1Q'20	2Q'20	3Q'20	Q/Q	Y/Y	2019	2020	Y/Y
CONSOLIDATED										
Fixed income and other investment income	4.11 %	4.29 %	4.20 %	3.78 %	3.70 %	(8)bps	(41)bps	4.21 %	3.87 %	(34)bps
Alternative investment income (loss)	9.26 %	11.15 %	(2.58)%	(6.75)%	19.44 %	NM	NM	9.30 %	3.74 %	NM
Net investment earnings	4.35 %	4.62 %	3.87 %	3.29 %	4.41 %	112bps	6bps	4.43 %	3.87 %	(56)bps
Cost of crediting	(1.94)%	(1.80)%	(1.82)%	(1.77)%	(1.84)%	(7)bps	10bps	(1.91)%	(1.81)%	10bps
Other liability costs	(1.20)%	(0.89)%	(1.15)%	(0.68)%	(0.93)%	(25)bps	27bps	(1.05)%	(0.91)%	14bps
Cost of funds	(3.14)%	(2.69)%	(2.97)%	(2.45)%	(2.77)%	(32)bps	37bps	(2.96)%	(2.72)%	24bps
Net investment spread	1.21 %	1.93 %	0.90 %	0.84 %	1.64 %	80bps	43bps	1.47 %	1.15 %	(32)bps
Operating expenses	(0.27)%	(0.30)%	(0.27)%	(0.28)%	(0.22)%	6bps	5bps	(0.29)%	(0.25)%	4bps
Interest expense	(0.04)%	(0.06)%	(0.06)%	(0.09)%	(0.08)%	1bps	(4)bps	(0.04)%	(0.08)%	(4)bps
Management fees from ACRA	— %	— %	0.01 %	0.01 %	0.03 %	2bps	NM	— %	0.01 %	NM
Pre-tax adjusted operating income	0.90 %	1.57 %	0.58 %	0.48 %	1.37 %	89bps	47bps	1.14 %	0.83 %	(31)bps
Income tax expense – operating	(0.03)%	(0.17)%	(0.08)%	(0.05)%	(0.18)%	(13)bps	(15)bps	(0.08)%	(0.10)%	(2)bps
Adjusted operating income	0.87 %	1.40 %	0.50 %	0.43 %	1.19 %	76bps	32bps	1.06 %	0.73 %	(33)bps
Preferred stock dividends	(0.05)%	(0.06)%	(0.06)%	(0.06)%	(0.09)%	(3)bps	(4)bps	(0.02)%	(0.07)%	(5)bps
Adjusted operating income available to common shareholders excluding Apollo	0.82 %	1.34 %	0.44 %	0.37 %	1.10 %	73bps	28bps	1.04 %	0.66 %	(38)bps
Change in fair value of Apollo investment, net of tax	— %	— %	(0.80)%	1.17 %	(0.24)%	NM	NM	— %	0.05 %	NM
Adjusted operating income (loss) available to common shareholders	0.82 %	1.34 %	(0.36)%	1.54 %	0.86 %	(68)bps	4bps	1.04 %	0.71 %	(33)bps
Consolidated average net invested assets ex. Apollo investment	\$ 118,905	\$ 115,986	\$ 118,919	\$ 126,510	\$ 138,797	10 %	17 %	\$ 115,653	\$ 128,348	11 %
Consolidated average net invested assets	118,905	115,986	119,344	127,591	140,052	10 %	18 %	115,653	129,188	12 %
RETIREMENT SERVICES										
Fixed income and other investment income	4.11 %	4.29 %	4.20 %	3.78 %	3.70 %	(8)bps	(41)bps	4.21 %	3.87 %	(34)bps
Alternative investment income (loss)	8.90 %	10.94 %	0.56 %	(4.38)%	17.24 %	NM	NM	8.63 %	4.57 %	NM
Net investment earnings	4.31 %	4.57 %	4.04 %	3.44 %	4.22 %	78bps	(9)bps	4.38 %	3.90 %	(48)bps
Cost of crediting	(1.96)%	(1.83)%	(1.84)%	(1.79)%	(1.87)%	(8)bps	9bps	(1.93)%	(1.83)%	10bps
Other liability costs	(1.22)%	(0.90)%	(1.17)%	(0.69)%	(0.94)%	(25)bps	28bps	(1.07)%	(0.93)%	14bps
Cost of funds	(3.18)%	(2.73)%	(3.01)%	(2.48)%	(2.81)%	(33)bps	37bps	(3.00)%	(2.76)%	24bps
Net investment spread	1.13 %	1.84 %	1.03 %	0.96 %	1.41 %	45bps	28bps	1.38 %	1.14 %	(24)bps
Operating expenses	(0.23)%	(0.24)%	(0.23)%	(0.23)%	(0.18)%	5bps	5bps	(0.23)%	(0.21)%	2bps
Interest expense	— %	(0.02)%	(0.03)%	(0.03)%	(0.02)%	1bps	NM	— %	(0.03)%	NM
Management fees from ACRA	— %	0.01 %	0.01 %	0.01 %	0.03 %	2bps	NM	— %	0.01 %	NM
Pre-tax adjusted operating income	0.90 %	1.59 %	0.78 %	0.71 %	1.24 %	53bps	34bps	1.15 %	0.91 %	(24)bps
Income tax expense – operating	(0.03)%	(0.17)%	(0.08)%	(0.04)%	(0.18)%	(14)bps	(15)bps	(0.08)%	(0.10)%	(2)bps
Adjusted operating income available to common shareholders	0.87 %	1.42 %	0.70 %	0.67 %	1.06 %	39bps	19bps	1.07 %	0.81 %	(26)bps
Retirement Services average net invested assets	\$ 117,338	\$ 114,149	\$ 117,295	\$ 124,943	\$ 136,852	10 %	17 %	\$ 114,391	\$ 126,563	11 %

Reconciliation of Earnings Measures

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



	Quarterly Trends					Δ		Year-to-Date		Δ
	3Q'19	4Q'19	1Q'20	2Q'20	3Q'20	Q/Q	Y/Y	2019	2020	Y/Y
RECONCILIATION OF NET INCOME (LOSS) AVAILABLE TO ATHENE HOLDING LTD. COMMON SHAREHOLDERS TO ADJUSTED OPERATING INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS										
Net income (loss) available to Athene Holding Ltd. common shareholders	\$ 276	\$ 432	\$ (1,065)	\$ 824	\$ 622	(25)%	125 %	\$ 1,704	\$ 381	(78)%
Non-operating adjustments										
Realized gains (losses) on sale of AFS securities	46	26	12	(11)	(11)	— %	NM	99	(10)	NM
Unrealized, allowances and other investment gains (losses)	(31)	(12)	(369)	52	49	(6)%	NM	8	(268)	NM
Change in fair value of reinsurance assets	314	(89)	(1,277)	1,113	434	(61)%	38 %	1,500	270	(82)%
Offsets to investment gains (losses)	(163)	28	495	(379)	(126)	67 %	23 %	(566)	(10)	98 %
Investment gains (losses), net of offsets	166	(47)	(1,139)	775	346	(55)%	108 %	1,041	(18)	NM
Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets	(117)	136	65	(405)	72	NM	NM	(201)	(268)	(33)%
Integration, restructuring and other non-operating expenses	(34)	(24)	(4)	(9)	—	NM	NM	(46)	(13)	72 %
Stock compensation expense	(3)	(3)	(10)	—	(1)	NM	67 %	(9)	(11)	(22)%
Income tax (expense) benefit – non-operating	21	(19)	131	(27)	(97)	NM	NM	19	7	(63)%
Less: Total non-operating adjustments	33	43	(957)	334	320	(4)%	NM	804	(303)	NM
Adjusted operating income (loss) available to common shareholders	\$ 243	\$ 389	\$ (108)	\$ 490	\$ 302	(38)%	24 %	\$ 900	\$ 684	(24)%
RECONCILIATION OF BASIC EARNINGS (LOSS) PER CLASS A COMMON SHARES TO ADJUSTED OPERATING EARNINGS (LOSS) PER COMMON SHARE										
Basic earnings (loss) per share - Class A common shares	\$ 1.50	\$ 2.43	\$ (5.81)	\$ 4.25	\$ 3.22	(24)%	115 %	\$ 8.97	\$ 2.78	(69)%
Non-operating adjustments										
Realized gains (losses) on sale of AFS securities	0.25	0.15	0.07	(0.06)	(0.06)	— %	NM	0.52	(0.05)	NM
Unrealized, allowances and other investment gains (losses)	(0.17)	(0.07)	(2.03)	0.26	0.24	(8)%	NM	0.04	(1.40)	NM
Change in fair value of reinsurance assets	1.72	(0.50)	(7.04)	5.66	2.20	(61)%	28 %	7.97	1.40	(82)%
Offsets to investment gains (losses)	(0.89)	0.16	2.73	(1.93)	(0.64)	67 %	28 %	(3.01)	(0.05)	98 %
Investment gains (losses), net of offsets	0.91	(0.26)	(6.27)	3.93	1.74	(56)%	91 %	5.52	(0.10)	NM
Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets	(0.65)	0.77	0.36	(2.06)	0.37	NM	NM	(1.07)	(1.39)	(30)%
Integration, restructuring and other non-operating expenses	(0.18)	(0.13)	(0.03)	(0.04)	—	NM	NM	(0.24)	(0.07)	71 %
Stock compensation expense	(0.02)	(0.02)	(0.05)	—	—	NM	NM	(0.05)	(0.06)	(20)%
Income tax (expense) benefit – non-operating	0.12	(0.11)	0.72	(0.14)	(0.49)	NM	NM	0.10	0.04	(60)%
Less: Total non-operating adjustments	0.18	0.25	(5.27)	1.69	1.62	(4)%	NM	4.26	(1.58)	NM
Effect of items convertible to or settled in Class A common shares	(0.02)	(0.03)	0.06	0.07	0.07	— %	NM	(0.08)	0.81	NM
Adjusted operating earnings (loss) per common share	\$ 1.34	\$ 2.21	\$ (0.60)	\$ 2.49	\$ 1.53	(39)%	14 %	\$ 4.79	\$ 3.55	(26)%

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
	3Q'19	4Q'19	1Q'20	2Q'20	3Q'20	Q/Q	Y/Y	2019	2020	Y/Y
NET INVESTMENT SPREAD – RETIREMENT SERVICES										
Net investment earned rate	4.31 %	4.57 %	4.04 %	3.44 %	4.22 %	78bps	(9)bps	4.38 %	3.90 %	(48)bps
Cost of crediting	1.96 %	1.83 %	1.84 %	1.79 %	1.87 %	8bps	(9)bps	1.93 %	1.83 %	(10)bps
Other liability costs	1.22 %	0.90 %	1.17 %	0.69 %	0.94 %	25bps	(28)bps	1.07 %	0.93 %	(14)bps
Cost of funds	3.18 %	2.73 %	3.01 %	2.48 %	2.81 %	33bps	(37)bps	3.00 %	2.76 %	(24)bps
Net investment spread	1.13 %	1.84 %	1.03 %	0.96 %	1.41 %	45bps	28bps	1.38 %	1.14 %	(24)bps
Average net invested assets	\$ 117,338	\$ 114,149	\$ 117,295	\$ 124,943	\$ 136,852	10 %	17 %	\$ 114,391	\$ 126,563	11 %
COST OF CREDITING – RETIREMENT SERVICES										
FIA option costs	\$ 265	\$ 252	\$ 248	\$ 252	\$ 264	5 %	— %	\$ 795	\$ 764	(4)%
Fixed interest credited to policyholders	188	177	174	199	242	22 %	29 %	550	615	12 %
Cost of crediting on deferred annuities	453	429	422	451	506	12 %	12 %	1,345	1,379	3 %
Average account value on deferred annuities	91,467	87,660	88,119	92,814	102,144	10 %	12 %	90,638	94,600	4 %
Cost of crediting on deferred annuities rate	1.98 %	1.95 %	1.91 %	1.94 %	1.98 %	4bps	0bps	1.98 %	1.94 %	(4)bps
Cost of crediting on institutional products	\$ 123	\$ 92	\$ 118	\$ 109	\$ 134	23 %	9 %	\$ 313	\$ 361	15 %
Average institutional reserve liabilities	13,320	12,931	14,250	15,233	18,162	19 %	36 %	11,200	15,882	42 %
Cost of crediting on institutional products rate	3.68 %	2.85 %	3.31 %	2.87 %	2.95 %	8bps	(73)bps	3.71 %	3.03 %	(68)bps
Cost of crediting	\$ 576	\$ 521	\$ 540	\$ 560	\$ 640	14 %	11 %	\$ 1,658	\$ 1,740	5 %
OTHER LIABILITY COSTS – RETIREMENT SERVICES										
Change in rider reserve	\$ 114	\$ 124	\$ 183	\$ 128	\$ 119	(7)%	4 %	\$ 406	\$ 430	6 %
DAC, DSI and VOBA amortization	226	131	127	84	178	112 %	(21)%	442	389	(12)%
Other ¹	18	4	32	3	23	NM	28 %	65	58	(11)%
Other liability costs	\$ 358	\$ 259	\$ 342	\$ 215	\$ 320	49 %	(11)%	\$ 913	\$ 877	(4)%
INVESTMENT MARGIN ON DEFERRED ANNUITIES – RETIREMENT SERVICES										
Net investment earned rate	4.31 %	4.57 %	4.04 %	3.44 %	4.22 %	78bps	(9)bps	4.38 %	3.90 %	(48)bps
Cost of crediting on deferred annuities	1.98 %	1.95 %	1.91 %	1.94 %	1.98 %	4bps	0bps	1.98 %	1.94 %	(4)bps
Investment margin on deferred annuities	2.33 %	2.62 %	2.13 %	1.50 %	2.24 %	74bps	(9)bps	2.40 %	1.96 %	(44)bps

Note: Please refer to Notes to the Financial Supplement section and the Non-GAAP Reconciliations for discussion on net investment spread, investment margin on deferred annuities, net investment earned rate, cost of crediting on deferred annuities and other liability costs.

¹ Other primarily includes payout annuities, policy maintenance costs, reinsurance expense allowances, excise taxes and non-deferred acquisition costs, net of product charges.

Condensed Consolidated Balance Sheets

Unaudited (in millions, except percentages)



	December 31, 2019	September 30, 2020	Δ
ASSETS			
Investments			
Available-for-sale securities, at fair value	\$ 71,374	\$ 73,988	4 %
Trading securities, at fair value	2,070	2,069	— %
Equity securities	247	697	182 %
Mortgage loans, net of allowances	14,306	14,591	2 %
Investment funds	750	723	(4)%
Policy loans	417	387	(7)%
Funds withheld at interest	15,181	48,593	220 %
Derivative assets	2,888	2,771	(4)%
Short-term investments	596	165	(72)%
Other investments, net of allowances	158	949	NM
Total investments	107,987	144,933	34 %
Cash and cash equivalents	4,240	7,548	78 %
Restricted cash	402	1,226	205 %
Investments in related parties			
Available-for-sale securities, at fair value	3,804	4,857	28 %
Trading securities, at fair value	785	1,397	78 %
Equity securities, at fair value	64	50	(22)%
Mortgage loans, net of allowances	653	640	(2)%
Investment funds	3,550	4,808	35 %
Funds withheld at interest	13,220	13,053	(1)%
Other investments, net of allowances	487	467	(4)%
Accrued investment income	807	796	(1)%
Reinsurance recoverable	4,863	5,104	5 %
Deferred acquisition costs, deferred sales inducements and value of business acquired	5,008	5,165	3 %
Other assets	1,005	1,044	4 %
Total assets	\$ 146,875	\$ 191,088	30 %

Condensed Consolidated Balance Sheets, continued

Unaudited (in millions, except percentages)



	December 31, 2019	September 30, 2020	Δ
LIABILITIES			
Interest sensitive contract liabilities	\$ 102,745	\$ 141,207	37 %
Future policy benefits	23,330	24,823	6 %
Other policy claims and benefits	138	118	(14)%
Dividends payable to policyholders	113	110	(3)%
Short-term debt	475	—	NM
Long-term debt	992	1,487	50 %
Derivative liabilities	97	147	52 %
Payables for collateral on derivatives and securities to repurchase	3,255	3,742	15 %
Funds withheld liability	408	440	8 %
Other liabilities	1,181	1,897	61 %
Total liabilities	<u>132,734</u>	<u>173,971</u>	31 %
EQUITY			
Preferred stock	—	—	NM
Common stock	—	—	NM
Additional paid-in-capital	4,171	6,045	45 %
Retained earnings	6,939	7,010	1 %
Accumulated other comprehensive income	2,281	2,888	27 %
Total Athene Holding Ltd. shareholders' equity	<u>13,391</u>	<u>15,943</u>	19 %
Noncontrolling interests	750	1,174	57 %
Total equity	<u>14,141</u>	<u>17,117</u>	21 %
Total liabilities and equity	<u>\$ 146,875</u>	<u>\$ 191,088</u>	30 %

Investments (GAAP view)

Unaudited (in millions, except percentages)



	December 31, 2019		September 30, 2020	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
INVESTMENTS AND INVESTMENTS IN RELATED PARTIES SUMMARY				
Investments				
Available-for-sale securities, at fair value				
U.S. government and agencies	\$ 36	— %	\$ 73	— %
U.S. state, municipal and political subdivisions	1,541	1.2 %	927	0.5 %
Foreign governments	327	0.3 %	340	0.2 %
Corporate	47,228	36.2 %	51,129	30.1 %
CLO	7,349	5.6 %	8,370	4.9 %
ABS	5,118	3.9 %	4,200	2.6 %
CMBS	2,400	1.8 %	2,239	1.3 %
RMBS	7,375	5.7 %	6,710	3.9 %
Total available-for-sale securities, at fair value	71,374	54.7 %	73,988	43.5 %
Trading securities, at fair value	2,070	1.6 %	2,069	1.2 %
Equity securities	247	0.2 %	697	0.4 %
Mortgage loans, net of allowances	14,306	11.0 %	14,591	8.6 %
Investment funds	750	0.6 %	723	0.4 %
Policy loans	417	0.3 %	387	0.2 %
Funds withheld at interest	15,181	11.6 %	48,593	28.5 %
Derivative assets	2,888	2.2 %	2,771	1.6 %
Short-term investments	596	0.5 %	165	0.1 %
Other investments	158	0.1 %	949	0.6 %
Total investments	107,987	82.8 %	144,933	85.1 %
Investments in related parties				
Available-for-sale securities, at fair value				
Corporate	19	— %	784	0.5 %
CLO	936	0.7 %	1,344	0.8 %
ABS	2,849	2.2 %	2,729	1.6 %
Total available-for-sale securities, at fair value	3,804	2.9 %	4,857	2.9 %
Trading securities, at fair value	785	0.6 %	1,397	0.8 %
Equity securities, at fair value	64	— %	50	— %
Mortgage loans	653	0.5 %	640	0.4 %
Investment funds	3,550	2.7 %	4,808	2.8 %
Funds withheld at interest	13,220	10.1 %	13,053	7.7 %
Other investments	487	0.4 %	467	0.3 %
Total investments in related parties	22,563	17.2 %	25,272	14.9 %
Total investments including related parties	\$ 130,550	100.0 %	\$ 170,205	100.0 %

Net Invested Assets (Management view)

Unaudited (in millions, except percentages)



	December 31, 2019		September 30, 2020	
	Invested Asset Value ¹	Percent of Total	Invested Asset Value ¹	Percent of Total
NET INVESTED ASSETS				
Corporate	\$ 55,077	46.9 %	\$ 68,479	47.9 %
CLO	10,223	8.7 %	12,958	9.1 %
Credit	65,300	55.6 %	81,437	57.0 %
RMBS	8,394	7.1 %	8,278	5.8 %
CML	14,038	12.0 %	16,210	11.3 %
RML	4,490	3.8 %	4,243	3.0 %
CMBS	2,930	2.5 %	3,379	2.4 %
Real estate	29,852	25.4 %	32,110	22.5 %
ABS	10,317	8.8 %	10,423	7.3 %
Alternative investments	5,586	4.8 %	6,448	4.5 %
State, municipal, political subdivisions and foreign government	2,260	1.9 %	2,057	1.4 %
Equity securities	365	0.3 %	406	0.3 %
Short-term investments	624	0.5 %	685	0.5 %
U.S. government and agencies	49	— %	85	0.1 %
Other investments	19,201	16.3 %	20,104	14.1 %
Cash and equivalents	1,958	1.7 %	6,682	4.7 %
Policy loans and other	1,175	1.0 %	1,304	0.9 %
Net invested assets excluding investment in Apollo	117,486	100.0 %	141,637	99.2 %
Investment in Apollo	—	— %	1,198	0.8 %
Net invested assets	\$ 117,486	100.0 %	\$ 142,835	100.0 %

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

Investment Funds (GAAP view)

Unaudited (in millions, except percentages)



	December 31, 2019		September 30, 2020	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
INVESTMENT FUNDS INCLUDING RELATED PARTIES¹				
Investment funds				
Real estate	\$ 277	6.4 %	\$ 290	5.3 %
Credit funds	153	3.6 %	110	2.0 %
Private equity	236	5.5 %	257	4.6 %
Real assets	83	2.0 %	66	1.2 %
Natural resources	1	— %	—	— %
Total investment funds	750	17.5 %	723	13.1 %
Investment funds – related parties				
Differentiated investments				
MidCap ²	547	12.7 %	—	— %
AmeriHome	487	11.3 %	666	12.1 %
Catalina	271	6.3 %	317	5.7 %
Athora	132	3.1 %	572	10.3 %
Venerable	99	2.3 %	108	2.0 %
Other	222	5.2 %	272	4.9 %
Total differentiated investments	1,758	40.9 %	1,935	35.0 %
Real estate	853	19.8 %	686	12.4 %
Credit funds	370	8.6 %	373	6.8 %
Private equity	105	2.4 %	257	4.6 %
Real assets	182	4.2 %	196	3.5 %
Natural resources	163	3.8 %	101	1.8 %
Public equities	119	2.8 %	62	1.1 %
Investment in Apollo	—	— %	1,198	21.7 %
Total investment funds – related parties	3,550	82.5 %	4,808	86.9 %
Total investment funds including related parties	\$ 4,300	100.0 %	\$ 5,531	100.0 %

Note: The investment funds balances include the entire investment fund balance attributable to ACRA as ACRA is 100% consolidated. ¹ Investment funds, including related parties, is the GAAP measure which does not include investments that we view as alternative investments. Alternative investments include CLO equity tranche securities that are included in trading securities in the GAAP view, a nonredeemable preferred stock viewed as an alternative investment for management view but included in equity securities for GAAP view, investment funds included in our funds withheld at interest reinsurance portfolios, royalties and other investments. Please refer to Notes to the Financial Supplement section for discussion on net invested assets including net alternative investments and the Non-GAAP Measure Reconciliations section for the reconciliation of investment funds, including related parties, to net alternative investments. ² The dissolution of CoInvest VII resulted in MidCap being held directly as a trading security in 3Q'20 rather than as an investment fund.

Net Alternative Investments (Management view)

Unaudited (in millions, except percentages)



	December 31, 2019		September 30, 2020	
	Invested Asset Value ¹	Percent of Total	Invested Asset Value ¹	Percent of Total
NET ALTERNATIVE INVESTMENTS				
Retirement Services				
Differentiated investments				
AmeriHome	\$ 595	10.7 %	\$ 818	12.7 %
MidCap	547	9.8 %	609	9.4 %
Catalina	271	4.9 %	317	4.9 %
Venerable	99	1.8 %	108	1.7 %
Other	208	3.7 %	318	4.9 %
Total differentiated investments	1,720	30.9 %	2,170	33.6 %
Real estate	1,430	25.6 %	1,268	19.7 %
Credit	968	17.3 %	917	14.2 %
Private equity	378	6.8 %	570	8.8 %
Real assets	349	6.2 %	378	5.9 %
Natural resources	51	0.9 %	48	0.7 %
Other	58	1.0 %	—	— %
Total Retirement Services	4,954	88.7 %	5,351	82.9 %
Corporate & Other				
Athora	140	2.5 %	553	8.6 %
Credit	128	2.3 %	94	1.5 %
Natural resources	245	4.4 %	230	3.6 %
Equities ²	119	2.1 %	220	3.4 %
Total Corporate & Other	632	11.3 %	1,097	17.1 %
Net alternative investments ¹	\$ 5,586	100.0 %	\$ 6,448	100.0 %

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

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

² Equities includes our private equity investment in Jackson and a public equity position of 2.8 million shares in OneMain Holdings, Inc. (ticker: OMF) as of September 30, 2020. Equities includes a public equity position of 2.8 million shares in OMF as of December 31, 2019.

Funds Withheld at Interest (GAAP view)

Unaudited (in millions, except percentages)



	December 31, 2019		September 30, 2020	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
FUNDS WITHHELD AT INTEREST INCLUDING RELATED PARTIES				
Fixed maturity securities				
U.S. government and agencies	\$ 15	0.1 %	\$ 15	— %
U.S. state, municipal and political subdivisions	482	1.7 %	524	0.8 %
Foreign governments	143	0.5 %	291	0.5 %
Corporate	14,590	51.4 %	37,939	61.5 %
CLO	2,586	9.1 %	4,610	7.5 %
ABS	2,510	8.8 %	3,851	6.2 %
CMBS	756	2.7 %	2,398	3.9 %
RMBS	1,482	5.2 %	2,289	3.7 %
Total fixed maturity securities	22,564	79.5 %	51,917	84.1 %
Equity securities	74	0.3 %	96	0.2 %
Mortgage loans	4,357	15.3 %	7,003	11.4 %
Investment funds	807	2.8 %	974	1.6 %
Derivative assets	224	0.8 %	183	0.3 %
Short-term investments	157	0.6 %	1,024	1.7 %
Other investments	—	— %	15	— %
Cash and cash equivalents	239	0.8 %	809	1.3 %
Other assets and liabilities	(21)	(0.1)%	(375)	(0.6)%
Total funds withheld at interest including related parties ¹	\$ 28,401	100.0 %	\$ 61,646	100.0 %

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

Segment Net Investment Earned Rates (NIER)

Unaudited (In millions, except percentages)



	Quarterly Trends					Δ		Year-to-Date		Δ
	3Q'19	4Q'19	1Q'20	2Q'20	3Q'20	Q/Q	Y/Y	2019	2020	Y/Y
NIER – CONSOLIDATED										
Fixed income and other investments	4.11 %	4.29 %	4.20 %	3.78 %	3.70 %	(8)bps	(41)bps	4.21 %	3.87 %	(34)bps
Alternative investments	9.26 %	11.15 %	(2.58)%	(6.75)%	19.44 %	NM	NM	9.30 %	3.74 %	NM
Total net investment earned rate	4.35 %	4.62 %	3.87 %	3.29 %	4.41 %	112bps	6bps	4.43 %	3.87 %	(56)bps
NIER SUMMARY – RETIREMENT SERVICES										
Fixed income and other investments	4.11 %	4.29 %	4.20 %	3.78 %	3.70 %	(8)bps	(41)bps	4.21 %	3.87 %	(34)bps
Alternative investments	8.90 %	10.94 %	0.56 %	(4.38)%	17.24 %	NM	NM	8.63 %	4.57 %	NM
Total net investment earned rate	4.31 %	4.57 %	4.04 %	3.44 %	4.22 %	78bps	(9)bps	4.38 %	3.90 %	(48)bps
Fixed income and other investment income	\$ 1,159	\$ 1,172	\$ 1,177	\$ 1,132	\$ 1,216	7 %	5 %	\$ 3,480	\$ 3,525	1 %
Alternatives investment income (loss)	105	134	7	(57)	228	NM	117 %	276	178	(36)%
Total net investment earnings	\$ 1,264	\$ 1,306	\$ 1,184	\$ 1,075	\$ 1,444	34 %	14 %	\$ 3,756	\$ 3,703	(1)%
Fixed income and other investments	\$ 112,611	\$ 109,250	\$ 112,205	\$ 119,720	\$ 131,565	10 %	17 %	\$ 110,126	\$ 121,376	10 %
Alternatives investments	4,727	4,899	5,090	5,223	5,287	1 %	12 %	4,265	5,187	22 %
Total average net invested assets	\$ 117,338	\$ 114,149	\$ 117,295	\$ 124,943	\$ 136,852	10 %	17 %	\$ 114,391	\$ 126,563	11 %
NIER SUMMARY – CORPORATE & OTHER										
Fixed income and other investments	4.12 %	4.29 %	4.18 %	3.78 %	3.68 %	(10)bps	(44)bps	3.99 %	3.71 %	(28)bps
Alternative investments	11.95 %	12.82 %	(29.33)%	(24.20)%	31.35 %	NM	NM	13.79 %	(1.71)%	NM
Total net investment earned rate	7.28 %	7.16 %	(8.14)%	(8.91)%	17.59 %	NM	NM	8.92 %	1.32 %	NM
Fixed income and other investment income	\$ 9	\$ 13	\$ 11	\$ 8	\$ 9	13 %	— %	\$ 17	\$ 28	65 %
Alternatives investment income (loss)	19	20	(44)	(43)	77	NM	NM	67	(10)	NM
Total net investment earnings (loss)	\$ 28	\$ 33	\$ (33)	\$ (35)	\$ 86	NM	207 %	\$ 84	\$ 18	(79)%
Fixed income and other investments	\$ 935	\$ 1,218	\$ 1,027	\$ 856	\$ 967	13 %	3 %	\$ 627	\$ 997	59 %
Alternatives investments	632	619	597	711	978	38 %	55 %	635	788	24 %
Total average net invested assets ex. Apollo investment	\$ 1,567	\$ 1,837	\$ 1,624	\$ 1,567	\$ 1,945	24 %	24 %	\$ 1,262	\$ 1,785	41 %

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)



	Quarterly Trends					Δ		Year-to-Date		Δ
	3Q'19	4Q'19	1Q'20	2Q'20	3Q'20	Q/Q	Y/Y	2019	2020	Y/Y
NIER BY ASSET CLASS										
Corporate securities	3.94 %	4.15 %	4.02 %	3.80 %	3.77 %	(3)bps	(17)bps	3.99 %	3.84 %	(15)bps
Structured securities										
RMBS	4.39 %	5.03 %	5.53 %	4.61 %	4.72 %	11bps	33bps	5.21 %	4.95 %	(26)bps
CLO	4.57 %	4.45 %	4.38 %	3.74 %	2.88 %	(86)bps	NM	4.69 %	3.63 %	NM
ABS	4.14 %	3.88 %	4.48 %	3.85 %	3.78 %	(7)bps	(36)bps	4.15 %	4.04 %	(11)bps
CMBS	3.96 %	5.27 %	4.23 %	4.39 %	4.23 %	(16)bps	27bps	4.02 %	4.28 %	26bps
Total structured securities	4.33 %	4.52 %	4.69 %	4.05 %	3.73 %	(32)bps	(60)bps	4.63 %	4.15 %	(48)bps
State, municipal, political subdivisions and U.S. and foreign government	3.88 %	4.07 %	4.80 %	3.38 %	3.56 %	18bps	(32)bps	4.00 %	3.39 %	(61)bps
Mortgage loans	4.66 %	4.58 %	4.36 %	4.29 %	4.17 %	(12)bps	(49)bps	4.67 %	4.28 %	(39)bps
Alternative investments	9.26 %	11.15 %	(2.58)%	(6.75)%	19.44 %	NM	NM	9.30 %	3.74 %	NM
Other U.S. and Bermuda net invested assets	2.94 %	3.33 %	2.32 %	1.17 %	2.13 %	96bps	(81)bps	2.85 %	1.92 %	(93)bps
Consolidated net investment earned rate	4.35 %	4.62 %	3.87 %	3.29 %	4.41 %	112bps	6bps	4.43 %	3.87 %	(56)bps
APOLLO INVESTMENT DETAILS										
Change in fair value of Apollo investment	\$ —	\$ —	\$ (297)	\$ 481	\$ (101)	NM	NM	\$ —	\$ 83	NM
Income tax (expense) benefit on Apollo investment	—	—	58	(109)	20	NM	NM	—	(31)	NM
Change in fair value of Apollo investment, net of tax	\$ —	\$ —	\$ (239)	\$ 372	\$ (81)	NM	NM	\$ —	\$ 52	NM
Return on Apollo investment, net of tax	— %	— %	(224.9)%	137.7 %	(25.8)%	NM	NM	— %	8.2 %	NM
Change in fair value of Apollo investment impact on adjusted operating EPS ¹	\$ —	\$ —	\$ (1.36)	\$ 1.79	\$ (0.73)	NM	NM	\$ —	\$ (0.15)	NM
Adjusted operating EPS, excluding AOG	\$ 1.34	\$ 2.21	\$ 0.76	\$ 0.70	\$ 2.26	NM	NM	\$ 4.79	\$ 3.70	NM

Note: Please refer to Notes to the Financial Supplement section and the Non-GAAP Measure Reconciliations for discussion on net investment earned rate. The investment results above are presented net of investment management fees as well as the proportionate share of income/(loss) and investments associated with the ACRA noncontrolling interest. ¹ 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 Q1'20, 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)



CREDIT QUALITY OF AFS SECURITIES (GAAP VIEW)	December 31, 2019		September 30, 2020	
	Fair Value	Percent of Total	Fair Value	Percent of Total
NAIC designation				
1	\$ 38,667	51.4 %	\$ 39,246	49.8 %
2	32,336	43.0 %	34,614	43.9 %
Total investment grade	71,003	94.4 %	73,860	93.7 %
3	3,300	4.4 %	4,021	5.1 %
4	740	1.0 %	845	1.1 %
5	94	0.1 %	86	0.1 %
6	41	0.1 %	33	0.0 %
Total below investment grade	4,175	5.6 %	4,985	6.3 %
Total AFS securities including related parties	\$ 75,178	100.0 %	\$ 78,845	100.0 %
NRSRO designation				
AAA/AA/A	\$ 28,299	37.7 %	\$ 30,541	38.7 %
BBB	29,032	38.6 %	29,268	37.1 %
Non-rated ¹	10,014	13.3 %	10,798	13.7 %
Total investment grade ²	67,345	89.6 %	70,607	89.5 %
BB	3,403	4.5 %	3,920	5.0 %
B	813	1.1 %	1,009	1.3 %
CCC	1,981	2.6 %	1,698	2.2 %
CC and lower	1,076	1.4 %	988	1.2 %
Non-rated ¹	560	0.8 %	623	0.8 %
Total below investment grade	7,833	10.4 %	8,238	10.5 %
Total AFS securities including related parties	\$ 75,178	100.0 %	\$ 78,845	100.0 %
	Invested Asset Value ³	% NAIC 1 or 2	Invested Asset Value ³	% NAIC 1 or 2
SUMMARY OF NAIC 1 & 2 DESIGNATIONS BY ASSET CLASS (MANAGEMENT VIEW)				
Corporate securities	\$ 51,175	92.9 %	\$ 63,012	92.0 %
RMBS	8,001	95.3 %	7,911	95.6 %
CLO	10,053	98.3 %	12,493	96.4 %
ABS	9,476	91.8 %	9,392	90.1 %
CMBS	2,634	89.9 %	3,059	90.5 %
Total structured securities	30,164	94.7 %	32,855	93.8 %
State, municipal, political subdivisions and U.S. and foreign government	2,291	99.2 %	2,068	96.6 %
Short-term investments	597	95.5 %	669	97.7 %
Total NAIC 1 & 2 Designations	\$ 84,227		\$ 98,604	

¹ Securities denoted as non-rated by the NRSRO were classified as investment or non-investment grade according to the security's respective NAIC designation. With respect to modeled LBaSS, the NAIC designation methodology differs in significant respects from the NRSRO ratings methodology. ² We view the NAIC designation methodology as the most appropriate way to view our AFS portfolio when evaluating credit risk since a large portion of our holdings were purchased at a significant discount to par. With respect to loan-backed and structured securities, the NAIC designation methodology differs in significant respects from the NRSRO rating methodology. NRSRO ratings methodology is focused on the likelihood of recovery of all contractual payments, including principal at par regardless of entry price, while the NAIC designation methodology considers our investment at amortized cost, and the likelihood of recovery of that book value as opposed to the likelihood of the recovery of all contractual payments. ³ Please refer to Notes to the Financial Supplement section for discussion on net invested assets and Non-GAAP Measure Reconciliations section for the reconciliation of total investments including related parties to net invested assets.

Credit Quality of Net Invested Assets (Management view)

Unaudited (In millions, except percentages)



	December 31, 2019		September 30, 2020		December 31, 2019		September 30, 2020		
	Invested Asset Value ¹	% of Total	Invested Asset Value ¹	% of Total	Invested Asset Value ¹	% of Total	Invested Asset Value ¹	% of Total	
CREDIT QUALITY OF NET INVESTED ASSETS									
NAIC designation									
1	\$ 45,836	51.0 %	\$ 52,586	49.4 %	AAA/AA/A	\$ 33,918	37.7 %	\$ 40,764	38.4 %
2	38,391	42.7 %	46,018	43.3 %	BBB	33,902	37.7 %	38,838	36.5 %
Non-rated ³	—	— %	—	— %	Non-rated ³	12,448	13.9 %	15,108	14.2 %
Total investment grade	84,227	93.7 %	98,604	92.7 %	Total investment grade	80,268	89.3 %	94,710	89.1 %
3	4,056	4.5 %	5,648	5.3 %	BB	3,984	4.4 %	5,476	5.1 %
4	1,246	1.4 %	1,569	1.5 %	B	1,300	1.5 %	1,789	1.7 %
5	289	0.3 %	480	0.5 %	CCC	2,177	2.4 %	2,065	1.9 %
6	56	0.1 %	43	0.0 %	CC and lower	1,138	1.3 %	1,162	1.1 %
Non-rated ³	—	— %	—	— %	Non-rated ³	1,007	1.1 %	1,142	1.1 %
Total below investment grade	5,647	6.3 %	7,740	7.3 %	Total below investment grade	9,606	10.7 %	11,634	10.9 %
Total NAIC designated assets ²	89,874	100.0 %	106,344	100.0 %	Total NRSRO designated assets ²	89,874	100.0 %	106,344	100.0 %
Assets without NAIC designation									
Commercial mortgage loans									
CM1	4,102	29.2 %	4,328	26.7 %	CM1	4,102	29.2 %	4,328	26.7 %
CM2	6,050	43.1 %	7,455	46.0 %	CM2	6,050	43.1 %	7,455	46.0 %
CM3	3,481	24.8 %	4,049	25.0 %	CM3	3,481	24.8 %	4,049	25.0 %
CM4	365	2.6 %	378	2.3 %	CM4	365	2.6 %	378	2.3 %
CM5	40	0.3 %	—	— %	CM5	40	0.3 %	—	— %
CM6	—	— %	—	— %	CM6	—	— %	—	— %
CM7	—	— %	—	— %	CM7	—	— %	—	— %
Total CMLs	14,038	100.0 %	16,210	100.0 %	Total CMLs	14,038	100.0 %	16,210	100.0 %
Residential mortgage loans									
In good standing	4,423	98.5 %	4,163	98.1 %	In good standing	4,423	98.5 %	4,163	98.1 %
90 days late	34	0.8 %	41	1.0 %	90 days late	34	0.8 %	41	1.0 %
In foreclosure	33	0.7 %	39	0.9 %	In foreclosure	33	0.7 %	39	0.9 %
Total RMLs	4,490	100.0 %	4,243	100.0 %	Total RMLs	4,490	100.0 %	4,243	100.0 %
Alternative investments									
Investment in Apollo	—	— %	1,198	— %	Investment in Apollo	—	— %	1,198	— %
Cash and equivalents	1,958	— %	6,682	— %	Cash and equivalents	1,958	— %	6,682	— %
Equity securities	365	— %	406	— %	Equity securities	365	— %	406	— %
Other ⁴	1,175	— %	1,304	— %	Other ⁴	1,175	— %	1,304	— %
Net invested assets	\$ 117,486		\$ 142,835		Net invested assets	\$ 117,486		\$ 142,835	

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

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

Unaudited (In millions, except percentages)



	December 31, 2019		September 30, 2020		December 31, 2019		September 30, 2020		
	Invested Asset Value ¹	% of Total	Invested Asset Value ¹	% of Total	Invested Asset Value ¹	% of Total	Invested Asset Value ¹	% of Total	
CREDIT QUALITY OF RMBS – NAIC DESIGNATION									
1	\$ 7,610	90.7 %	\$ 7,659	92.5 %	AAA/AA/A	\$ 1,068	12.7 %	\$ 1,169	14.1 %
2	391	4.6 %	252	3.1 %	BBB	717	8.5 %	561	6.8 %
Non-rated ²	—	— %	—	— %	Non-rated ²	2,702	32.2 %	2,721	32.9 %
Total investment grade	8,001	95.3 %	7,911	95.6 %	Total investment grade	4,487	53.4 %	4,451	53.8 %
3	311	3.7 %	288	3.5 %	BB	288	3.4 %	277	3.3 %
4	58	0.7 %	60	0.7 %	B	251	3.0 %	318	3.8 %
5	10	0.1 %	7	0.1 %	CCC	2,061	24.6 %	1,924	23.3 %
6	14	0.2 %	12	0.1 %	CC and lower	1,134	13.5 %	1,162	14.0 %
Non-rated ²	—	— %	—	— %	Non-rated ²	173	2.1 %	146	1.8 %
Total below investment grade	393	4.7 %	367	4.4 %	Total below investment grade	3,907	46.6 %	3,827	46.2 %
RMBS net invested assets	\$ 8,394	100.0 %	\$ 8,278	100.0 %	RMBS net invested assets	\$ 8,394	100.0 %	\$ 8,278	100.0 %
CREDIT QUALITY OF CLOs – NAIC DESIGNATION									
1	\$ 5,796	56.7 %	\$ 7,885	60.8 %	AAA/AA/A	\$ 5,796	56.7 %	\$ 7,885	60.8 %
2	4,257	41.6 %	4,608	35.6 %	BBB	4,257	41.6 %	4,608	35.6 %
Non-rated ²	—	— %	—	— %	Non-rated ²	—	— %	—	— %
Total investment grade	10,053	98.3 %	12,493	96.4 %	Total investment grade	10,053	98.3 %	12,493	96.4 %
3	141	1.4 %	452	3.5 %	BB	141	1.4 %	452	3.5 %
4	22	0.2 %	9	0.1 %	B	22	0.2 %	9	0.1 %
5	7	0.1 %	4	— %	CCC	7	0.1 %	4	— %
6	—	— %	—	— %	CC and lower	—	— %	—	— %
Total below investment grade	170	1.7 %	465	3.6 %	Total below investment grade	170	1.7 %	465	3.6 %
CLOs net invested assets	\$ 10,223	100.0 %	\$ 12,958	100.0 %	CLOs net invested assets	\$ 10,223	100.0 %	\$ 12,958	100.0 %
CREDIT QUALITY OF ABS – NAIC DESIGNATION									
1	\$ 6,518	63.1 %	\$ 6,348	60.9 %	AAA/AA/A	\$ 5,297	51.3 %	\$ 5,001	48.0 %
2	2,958	28.7 %	3,044	29.2 %	BBB	2,268	22.0 %	2,278	21.9 %
Non-rated ²	—	— %	—	— %	Non-rated ²	1,911	18.5 %	2,038	19.6 %
Total investment grade	9,476	91.8 %	9,392	90.1 %	Total investment grade	9,476	91.8 %	9,317	89.5 %
3	565	5.5 %	643	6.2 %	BB	545	5.3 %	640	6.1 %
4	126	1.2 %	230	2.2 %	B	126	1.2 %	265	2.5 %
5	150	1.5 %	157	1.5 %	CCC	6	0.1 %	13	0.1 %
6	—	— %	1	— %	CC and lower	—	— %	—	— %
Non-rated ²	—	— %	—	— %	Non-rated ²	164	1.6 %	188	1.8 %
Total below investment grade	841	8.2 %	1,031	9.9 %	Total below investment grade	841	8.2 %	1,106	10.5 %
ABS net invested assets	\$ 10,317	100.0 %	\$ 10,423	100.0 %	ABS net invested assets	\$ 10,317	100.0 %	\$ 10,423	100.0 %
CREDIT QUALITY OF ABS – NRSRO DESIGNATION									
AAA/AA/A	\$ 5,297	51.3 %	\$ 5,001	48.0 %	AAA/AA/A	\$ 5,297	51.3 %	\$ 5,001	48.0 %
BBB	2,268	22.0 %	2,278	21.9 %	BBB	2,268	22.0 %	2,278	21.9 %
Non-rated ²	1,911	18.5 %	2,038	19.6 %	Non-rated ²	1,911	18.5 %	2,038	19.6 %
Total investment grade	9,476	91.8 %	9,317	89.5 %	Total investment grade	9,476	91.8 %	9,317	89.5 %
BB	545	5.3 %	640	6.1 %	BB	545	5.3 %	640	6.1 %
B	126	1.2 %	265	2.5 %	B	126	1.2 %	265	2.5 %
CCC	6	0.1 %	13	0.1 %	CCC	6	0.1 %	13	0.1 %
CC and lower	—	— %	—	— %	CC and lower	—	— %	—	— %
Non-rated ²	164	1.6 %	188	1.8 %	Non-rated ²	164	1.6 %	188	1.8 %
Total below investment grade	841	8.2 %	1,106	10.5 %	Total below investment grade	841	8.2 %	1,106	10.5 %
ABS net invested assets	\$ 10,317	100.0 %	\$ 10,423	100.0 %	ABS net invested assets	\$ 10,317	100.0 %	\$ 10,423	100.0 %

¹ Please refer to Notes to the Financial Supplement section for discussion on net invested assets and Non-GAAP Measure Reconciliations section for the reconciliation of total investments including related parties to net invested assets. ² Securities denoted as non-rated by the NRSRO were classified as investment or non-investment grade according to the security's respective NAIC designation. With respect to modeled LBaSS, 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		September 30, 2020	
	Dollars	Percent of Total	Dollars	Percent of Total
NET RESERVE LIABILITIES				
Fixed indexed annuities	\$ 73,346	64.0 %	\$ 79,467	57.7 %
Fixed rate annuities	19,481	17.0 %	29,854	21.7 %
Total deferred annuities	92,827	81.0 %	109,321	79.4 %
Pension risk transfer annuities	8,230	7.2 %	9,278	6.7 %
Payout annuities	6,383	5.6 %	6,711	4.9 %
Funding agreements ¹	5,107	4.4 %	10,369	7.5 %
Life and other	2,105	1.8 %	2,088	1.5 %
Total net reserve liabilities	\$ 114,652	100.0 %	\$ 137,767	100.0 %

	Quarterly Trends					Δ		Year-to-Date		Δ
	3Q'19	4Q'19	1Q'20	2Q'20	3Q'20	Q/Q	Y/Y	2019	2020	Y/Y
NET RESERVE LIABILITY ROLLFORWARD										
Net reserve liabilities – beginning	\$ 114,680	\$ 118,825	\$ 114,652	\$ 114,273	\$ 131,333	15 %	15 %	\$ 107,732	\$ 114,652	6 %
Gross deposits ²	5,759	3,735	4,084	7,031	7,487	6 %	30 %	14,772	18,602	26 %
Acquisition and block reinsurance ³	—	—	—	28,792	—	NM	NM	—	28,792	NM
Deposits attributable to ACRA noncontrolling interest	—	(544)	—	(18,288)	(53)	100 %	NM	—	(18,341)	NM
Net deposits	5,759	3,191	4,084	17,535	7,434	(58)%	29 %	14,772	29,053	97 %
Net withdrawals	(2,807)	(2,497)	(2,740)	(3,282)	(2,695)	18 %	4 %	(8,494)	(8,717)	(3)%
Sale of ACRA noncontrolling interest to ADIP and ownership changes ⁴	—	(6,141)	—	335	—	NM	NM	—	335	NM
Other reserve changes	1,193	1,274	(1,723)	2,472	1,695	(31)%	42 %	4,815	2,444	(49)%
Net reserve liabilities – ending	\$ 118,825	\$ 114,652	\$ 114,273	\$ 131,333	\$ 137,767	5 %	16 %	\$ 118,825	\$ 137,767	16 %

ACRA NONCONTROLLING INTEREST RESERVE LIABILITY ROLLFORWARD⁵										
Reserve liabilities – beginning	\$ —	\$ —	\$ 6,574	\$ 6,322	\$ 24,094	281 %	NM	\$ —	\$ 6,574	NM
Deposits	—	544	—	20	53	165 %	NM	—	73	NM
Acquisition and block reinsurance ³	—	—	—	18,268	—	NM	NM	—	18,268	NM
Withdrawals	—	(169)	(197)	(317)	(574)	(81)%	NM	—	(1,088)	NM
Sale of ACRA noncontrolling interest to ADIP and ownership changes ⁴	—	6,141	—	(335)	—	NM	NM	—	(335)	NM
Other reserve changes	—	58	(55)	136	189	39 %	NM	—	270	NM
Reserve liabilities – ending	\$ —	\$ 6,574	\$ 6,322	\$ 24,094	\$ 23,762	(1)%	NM	\$ —	\$ 23,762	NM

Note: Please refer to Notes to the Financial Supplement section and the Non-GAAP Measure Reconciliations for discussion on net reserve liabilities. Net reserve liabilities include our economic ownership of ACRA investments but do not include the reserve liabilities associated with the noncontrolling interest. ¹ Funding agreements are comprised of funding agreements issued under our FABN and FABR programs, funding agreements issued to the FHLB and long-term repurchase agreements. 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 transition 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. ⁵ 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
	3Q'19	4Q'19	1Q'20	2Q'20	3Q'20	Q/Q	Y/Y	2019	2020	Y/Y
NET DEFERRED ANNUITY ACCOUNT VALUE ROLLFORWARD¹										
Net account value – beginning	\$ 91,165	\$ 91,768	\$ 88,000	\$ 88,238	\$ 100,694	14 %	10 %	\$ 89,435	\$ 88,000	(2)%
Gross deposits ²	2,483	2,237	2,013	3,913	4,604	18 %	85 %	8,259	10,530	27 %
Acquisition and block reinsurance ³	—	—	—	27,404	—	NM	NM	—	27,404	NM
Deposits attributable to ACRA noncontrolling interest	—	4	—	(17,398)	(30)	100 %	NM	—	(17,428)	NM
Net deposits	2,483	2,241	2,013	13,919	4,574	(67)%	84 %	8,259	20,506	148 %
Premium and interest bonuses	55	34	37	45	40	(11)%	(27)%	181	122	(33)%
Fixed and index credits to policyholders	560	611	589	443	656	48 %	17 %	1,574	1,688	7 %
Surrenders and benefits paid	(2,382)	(2,091)	(2,288)	(2,054)	(2,248)	(9)%	6 %	(7,361)	(6,590)	10 %
Sale of ACRA noncontrolling interest to ADIP and ownership changes ⁴	—	(4,450)	—	221	—	NM	NM	—	221	NM
Fee and product charges	(113)	(113)	(113)	(118)	(122)	(3)%	(8)%	(320)	(353)	(10)%
Net account value – ending	\$ 91,768	\$ 88,000	\$ 88,238	\$ 100,694	\$ 103,594	3 %	13 %	\$ 91,768	\$ 103,594	13 %
NET INSTITUTIONAL RESERVE LIABILITY ROLLFORWARD (PENSION RISK TRANSFER AND FUNDING AGREEMENTS)										
Net reserve liabilities – beginning	\$ 11,354	\$ 14,371	\$ 13,337	\$ 15,036	\$ 17,103	14 %	51 %	\$ 8,536	\$ 13,337	56 %
Gross deposits ²	3,106	1,314	1,840	2,865	2,619	(9)%	(16)%	6,036	7,324	21 %
Deposits attributable to ACRA noncontrolling interest	—	(548)	—	—	—	NM	NM	—	—	NM
Net deposits	3,106	766	1,840	2,865	2,619	(9)%	(16)%	6,036	7,324	21 %
Net withdrawals	(205)	(204)	(240)	(1,024)	(239)	77 %	(17)%	(506)	(1,503)	NM
Sale of ACRA noncontrolling interest to ADIP and ownership changes ⁴	—	(1,698)	—	117	—	NM	NM	—	117	NM
Other reserve changes	116	102	99	109	164	50 %	41 %	305	372	22 %
Net reserve liabilities – ending	\$ 14,371	\$ 13,337	\$ 15,036	\$ 17,103	\$ 19,647	15 %	37 %	\$ 14,371	\$ 19,647	37 %

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 include 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
SURRENDER CHARGE PERCENTAGES ON DEFERRED ANNUITIES NET ACCOUNT VALUE				
No Surrender Charge	\$ 25,632	24.7 %	\$ 25,632	24.7 %
0.0% < 2.0%	969	0.9 %	10,500	10.1 %
2.0% < 4.0%	3,987	3.9 %	14,777	14.3 %
4.0% < 6.0%	11,514	11.1 %	17,977	17.4 %
6.0% or greater	61,492	59.4 %	34,708	33.5 %
	<u>\$ 103,594</u>	<u>100.0 %</u>	<u>\$ 103,594</u>	<u>100.0 %</u>

	Surrender charge (gross)	MVA benefit	Surrender charge (net)
Aggregate surrender charge protection	5.8 %	(1.9)%	3.9 %

YEARS OF SURRENDER CHARGE REMAINING ON DEFERRED ANNUITIES NET ACCOUNT VALUE

	Deferred annuities	Percent of total	Average surrender charge (gross)
No Surrender Charge	\$ 25,632	24.7 %	— %
Less than 2	18,362	17.7 %	5.3 %
2 to less than 4	20,845	20.1 %	6.7 %
4 to less than 6	13,250	12.8 %	7.9 %
6 to less than 8	11,724	11.3 %	9.3 %
8 to less than 10	10,407	10.1 %	10.3 %
10 or greater	3,374	3.3 %	14.1 %
	<u>\$ 103,594</u>	<u>100.0 %</u>	

	At minimum guarantees	Total account value	Percent of total account value at minimum guarantees
MINIMUM GUARANTEES ON DEFERRED ANNUITIES			
Fixed indexed annuities	\$ 17,085	\$ 74,349	23 %
Fixed rate annuities	11,120	29,245	38 %
Total net deferred annuities	<u>\$ 28,205</u>	<u>\$ 103,594</u>	<u>27 %</u>

	September 30, 2020
Distance to guarantees ¹	> 100

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

	December 31, 2019	September 30, 2020	Δ
DEFERRED ANNUITY RIDER RESERVE SUMMARY			
Net rider reserve	\$ 4,091	\$ 4,512	10 %
Net account value with rider reserves	37,377	37,765	1 %
Rider reserve as a percentage of account value with rider reserves	10.9 %	11.9 %	100bps

Capitalization & Regulatory Capital Ratios

Unaudited (in millions, except percentages)



	Quarterly Trends					Δ	
	3Q'19	4Q'19	1Q'20	2Q'20	3Q'20	Q/Q	Y/Y
CAPITALIZATION							
Total debt	\$ 992	\$ 1,467	\$ 1,386	\$ 1,486	\$ 1,487	— %	50 %
Total AHL shareholders' equity	13,545	13,391	9,940	14,711	15,943	8 %	18 %
Total capitalization	14,537	14,858	11,326	16,197	17,430	8 %	20 %
Less: Accumulated other comprehensive income (loss) (AOCI)	2,442	2,281	(1,174)	2,184	2,888	32 %	18 %
Less: Accumulated change in fair value of reinsurance assets	727	493	(155)	615	778	27 %	7 %
Total adjusted capitalization	\$ 11,368	\$ 12,084	\$ 12,655	\$ 13,398	\$ 13,764	3 %	21 %
EQUITY							
Total AHL shareholders' equity	\$ 13,545	\$ 13,391	\$ 9,940	\$ 14,711	\$ 15,943	8 %	18 %
Less: Preferred stock	1,172	1,172	1,172	1,755	1,755	— %	50 %
Total AHL common shareholders' equity	12,373	12,219	8,768	12,956	14,188	10 %	15 %
Less: AOCI	2,442	2,281	(1,174)	2,184	2,888	32 %	18 %
Less: Accumulated change in fair value of reinsurance assets	727	493	(155)	615	778	27 %	7 %
Total adjusted AHL common shareholders' equity	\$ 9,204	\$ 9,445	\$ 10,097	\$ 10,157	\$ 10,522	4 %	14 %
EQUITY BY SEGMENT							
Retirement Services	\$ 7,494	\$ 7,443	\$ 8,002	\$ 6,957	\$ 7,321	5 %	(2)%
Corporate and Other	1,710	2,002	2,095	3,200	3,201	— %	87 %
Total adjusted AHL common shareholders' equity	\$ 9,204	\$ 9,445	\$ 10,097	\$ 10,157	\$ 10,522	4 %	14 %
FINANCIAL LEVERAGE							
Debt to capital ratio	6.8 %	9.9 %	12.2 %	9.2 %	8.5 %	(70)bps	170bps
AOCI	1.5 %	1.8 %	(1.1)%	1.5 %	1.8 %	30bps	30bps
Accumulated change in fair value of reinsurance assets	0.4 %	0.4 %	(0.1)%	0.4 %	0.5 %	10bps	10bps
Adjusted debt to capital ratio	8.7 %	12.1 %	11.0 %	11.1 %	10.8 %	(30)bps	210bps
REGULATORY CAPITAL RATIOS							
U.S. RBC ratio – Athene Annuity & Life Assurance Company				421 %	429 %		NM
BSCR – Athene Life Re Ltd.				340 %	310 %		NM
Athene Life Re Ltd. RBC ratio ¹				405 %	443 %		NM

¹ ALRe RBC ratio, which is used in evaluating our capital position and the amount of capital needed to support our 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
FINANCIAL STRENGTH RATINGS			
Athene Annuity & Life Assurance Company	A	A	A
Athene Annuity and Life Company	A	A	A
Athene Annuity & Life Assurance Company of New York	A	A	A
Athene Life Insurance Company of New York	A	Not Rated	Not Rated
Athene Life Re Ltd.	A	A	A
Athene Life Re International Ltd.	A	A	A
Athene Co-Invest Reinsurance Affiliate 1A Ltd. and Athene Co-Invest Reinsurance Affiliate 1B Ltd.	A	A	A
Athene Co-Invest Reinsurance Affiliate International Ltd.	A	A	A

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

	Quarterly Trends					Δ		Year-to-Date		Δ
	3Q'19	4Q'19	1Q'20	2Q'20	3Q'20	Q/Q	Y/Y	2019	2020	Y/Y
SHARE DATA										
Weighted average common shares outstanding – basic – Class A	151.6	144.5	161.4	193.9	193.1	— %	27 %	157.2	182.8	16 %
Weighted average common shares outstanding – diluted – Class A ¹	152.0	145.1	161.4	196.9	197.1	— %	30 %	157.6	185.9	18 %
Weighted average common shares outstanding – adjusted operating ²	182.3	175.7	181.5	196.9	197.1	— %	8 %	188.1	192.5	2 %
Weighted average common shares outstanding – adjusted operating excluding Apollo ³	182.3	175.7	173.3	168.9	169.1	— %	(7)%	188.1	170.7	(9)%
Common shares outstanding ⁴	182.5	175.7	193.9	193.9	191.2	(1)%	5 %	182.5	191.2	5 %
Adjusted operating common shares outstanding ²	181.4	174.9	197.7	198.6	196.3	(1)%	8 %	181.4	196.3	8 %

¹ 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. ² 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. ³ 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. ⁴ 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 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	
	3Q'19	4Q'19	1Q'20	2Q'20	3Q'20	2019	2020
RECONCILIATION OF BOOK VALUE PER COMMON SHARE TO ADJUSTED BOOK VALUE PER COMMON SHARE							
Book value per common share	\$ 74.20	\$ 76.21	\$ 51.28	\$ 75.87	\$ 83.39		
Preferred stock	(6.42)	(6.67)	(6.04)	(9.05)	(9.18)		
AOCI	(13.38)	(12.98)	6.06	(11.26)	(15.10)		
Accumulated change in fair value of reinsurance assets	(3.98)	(2.80)	0.80	(3.17)	(4.07)		
Effect of items convertible to or settled in Class A common shares	0.32	0.26	(1.03)	(1.24)	(1.43)		
Adjusted book value per common share	<u>\$ 50.74</u>	<u>\$ 54.02</u>	<u>\$ 51.07</u>	<u>\$ 51.15</u>	<u>\$ 53.61</u>		
RECONCILIATION OF AVERAGE AHL SHAREHOLDERS' EQUITY TO AVERAGE ADJUSTED AHL COMMON SHAREHOLDERS' EQUITY							
Average AHL shareholders' equity	\$ 12,955	\$ 13,468	\$ 11,666	\$ 12,326	\$ 15,327	\$ 10,911	\$ 14,667
Less: Average preferred stock	1,006	1,172	1,172	1,464	1,755	586	1,464
Less: Average AOCI	2,101	2,362	554	505	2,536	985	2,585
Less: Average accumulated change in fair value of reinsurance assets	683	610	169	230	697	326	636
Average adjusted AHL common shareholders' equity	<u>\$ 9,165</u>	<u>\$ 9,324</u>	<u>\$ 9,771</u>	<u>\$ 10,127</u>	<u>\$ 10,339</u>	<u>\$ 9,014</u>	<u>\$ 9,982</u>
Retirement Services	\$ 7,598	\$ 7,468	\$ 7,722	\$ 7,480	\$ 7,139	\$ 7,651	\$ 7,381
Corporate and Other	1,567	1,856	2,049	2,647	3,200	1,363	2,601
Average adjusted AHL common shareholders' equity	<u>\$ 9,165</u>	<u>\$ 9,324</u>	<u>\$ 9,771</u>	<u>\$ 10,127</u>	<u>\$ 10,339</u>	<u>\$ 9,014</u>	<u>\$ 9,982</u>
RECONCILIATION OF BASIC WEIGHTED AVERAGE COMMON SHARES OUTSTANDING – CLASS A TO WEIGHTED AVERAGE COMMON SHARES OUTSTANDING – ADJUSTED OPERATING							
Basic weighted average common shares outstanding – Class A	151.6	144.5	161.4	193.9	193.1	157.2	182.8
Conversion of Class B common shares to Class A common shares	25.4	25.4	16.9	—	—	25.4	5.6
Conversion of Class M common shares to Class A common shares	4.9	5.2	3.2	—	—	5.1	0.9
Effect of other stock compensation plans	0.4	0.6	—	3.0	4.0	0.4	3.2
Weighted average common shares outstanding – adjusted operating	<u>182.3</u>	<u>175.7</u>	<u>181.5</u>	<u>196.9</u>	<u>197.1</u>	<u>188.1</u>	<u>192.5</u>
RECONCILIATION OF CLASS A COMMON SHARES OUTSTANDING TO ADJUSTED OPERATING COMMON SHARES OUTSTANDING							
Class A common shares outstanding	149.8	142.8	193.9	193.9	191.2		
Conversion of Class B common shares to Class A common shares	25.4	25.4	—	—	—		
Conversion of Class M common shares to Class A common shares	5.1	5.5	—	—	—		
Effect of other stock compensation plans	1.1	1.2	3.8	4.7	5.1		
Adjusted operating common shares outstanding	<u>181.4</u>	<u>174.9</u>	<u>197.7</u>	<u>198.6</u>	<u>196.3</u>		

Non-GAAP Reconciliations

Unaudited (in millions, except percentages)



	Quarterly Trends					Year-to-Date	
	3Q'19	4Q'19	1Q'20	2Q'20	3Q'20	2019	2020
RECONCILIATION OF NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS TO ADJUSTED OPERATING INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS EXCLUDING NOTABLES AND AOG							
Net income (loss) available to Athene Holding Ltd. common shareholders	\$ 276	\$ 432	\$ (1,065)	\$ 824	\$ 622	\$ 1,704	\$ 381
Less: Total non-operating adjustments	33	43	(957)	334	320	804	(303)
Adjusted operating income (loss) available to common shareholders	243	389	(108)	490	302	900	684
Notable items	62	(43)	43	(20)	(27)	48	(2)
Adjusted operating income (loss) available to common shareholders excluding notable items	\$ 305	\$ 346	\$ (65)	\$ 470	\$ 275	\$ 948	\$ 682
Retirement Services adjusted operating income available to common shareholders	\$ 256	\$ 404	\$ 204	\$ 208	\$ 361	\$ 918	\$ 773
Non-recurring adjustment on derivative collateral	—	—	—	—	(25)	—	(25)
Actuarial experience and market impacts	18	(47)	50	(22)	—	4	29
Unlocking	48	—	—	—	(6)	48	(6)
Tax impact of notable items	(4)	4	(7)	2	4	(4)	—
Retirement Services notable items	62	(43)	43	(20)	(27)	48	(2)
Retirement Services adjusted operating income available to common shareholders excluding notable items	318	361	247	188	334	966	771
Corporate and Other adjusted operating income (loss) available to common shareholders	(13)	(15)	(312)	282	(59)	(18)	(89)
Adjusted operating income (loss) available to common shareholders excluding notable items	305	346	(65)	470	275	948	682
Less: Change in fair value of Apollo investment, net of tax	—	—	(239)	372	(81)	—	52
Adjusted operating income available to common shareholders excluding notables and AOG	\$ 305	\$ 346	\$ 174	\$ 98	\$ 356	\$ 948	\$ 630

Non-GAAP Reconciliations

Unaudited (in millions, except percentages)



	Quarterly Trends					Year-to-Date	
	3Q'19	4Q'19	1Q'20	2Q'20	3Q'20	2019	2020
RECONCILIATION OF NET INVESTMENT INCOME TO NET INVESTMENT EARNINGS							
GAAP net investment income	\$ 1,090	\$ 1,242	\$ 745	\$ 1,336	\$ 1,209	\$ 3,354	\$ 3,290
Change in fair value of reinsurance assets	199	188	270	218	444	492	932
Alternative income gain (loss)	6	(12)	(101)	56	23	13	(22)
ACRA noncontrolling interest	—	(61)	(72)	(81)	(196)	—	(349)
Apollo investment (income) loss	—	—	297	(481)	101	—	(83)
Held for trading amortization and other	(3)	(18)	12	(8)	(51)	(19)	(47)
Total adjustments to arrive at net investment earnings	202	97	406	(296)	321	486	431
Total net investment earnings	\$ 1,292	\$ 1,339	\$ 1,151	\$ 1,040	\$ 1,530	\$ 3,840	\$ 3,721
Retirement Services	\$ 1,264	\$ 1,306	\$ 1,184	\$ 1,075	\$ 1,444	\$ 3,756	\$ 3,703
Corporate and Other	28	33	(33)	(35)	86	84	18
Total net investment earnings	\$ 1,292	\$ 1,339	\$ 1,151	\$ 1,040	\$ 1,530	\$ 3,840	\$ 3,721
RECONCILIATION OF NET INVESTMENT INCOME RATE TO NET INVESTMENT EARNED RATE							
GAAP net investment income rate	3.67 %	4.28 %	2.51 %	4.22 %	3.48 %	3.87 %	3.42 %
Change in fair value of reinsurance assets	0.67 %	0.65 %	0.90 %	0.69 %	1.28 %	0.57 %	0.97 %
Alternative income gain (loss)	0.02 %	(0.04)%	(0.34)%	0.18 %	0.07 %	0.01 %	(0.02)%
ACRA noncontrolling interest	— %	(0.21)%	(0.24)%	(0.26)%	(0.56)%	— %	(0.36)%
Apollo investment (income) loss	— %	— %	1.00 %	(1.52)%	0.29 %	— %	(0.09)%
Held for trading amortization and other	(0.01)%	(0.06)%	0.04 %	(0.02)%	(0.15)%	(0.02)%	(0.05)%
Total adjustments to arrive at net investment earned rate	0.68 %	0.34 %	1.36 %	(0.93)%	0.93 %	0.56 %	0.45 %
Consolidated net investment earned rate	4.35 %	4.62 %	3.87 %	3.29 %	4.41 %	4.43 %	3.87 %
Retirement Services	4.31 %	4.57 %	4.04 %	3.44 %	4.22 %	4.38 %	3.90 %
Corporate and Other	7.28 %	7.16 %	(8.14)%	(8.91)%	17.59 %	8.92 %	1.32 %
Consolidated net investment earned rate	4.35 %	4.62 %	3.87 %	3.29 %	4.41 %	4.43 %	3.87 %
Retirement Services	\$ 117,338	\$ 114,149	\$ 117,295	\$ 124,943	\$ 136,852	\$ 114,391	\$ 126,563
Corporate and Other ex. Apollo investment	1,567	1,837	1,624	1,567	1,945	1,262	1,785
Consolidated average net invested assets ex. Apollo investment	\$ 118,905	\$ 115,986	\$ 118,919	\$ 126,510	\$ 138,797	\$ 115,653	\$ 128,348

Non-GAAP Reconciliations

Unaudited (in millions, except percentages)



	Quarterly Trends					Year-to-Date	
	3Q'19	4Q'19	1Q'20	2Q'20	3Q'20	2019	2020
RECONCILIATION OF INTEREST SENSITIVE CONTRACT BENEFITS TO COST OF CREDITING							
GAAP interest sensitive contract benefits	\$ 801	\$ 1,146	\$ (1,319)	\$ 2,076	\$ 1,225	\$ 3,411	\$ 1,982
Interest credited other than deferred annuities and institutional products	63	64	63	75	73	168	211
FIA option costs	282	269	266	271	284	840	821
Product charges (strategy fees)	(31)	(31)	(32)	(34)	(34)	(88)	(100)
Reinsurance embedded derivative impacts	14	14	14	15	14	43	43
Change in fair values of embedded derivatives – FIAs	(560)	(905)	1,504	(1,734)	(779)	(2,739)	(1,009)
Negative VOBA amortization	9	8	7	5	3	28	15
ACRA noncontrolling interest	—	(42)	38	(113)	(151)	—	(226)
Other changes in interest sensitive contract liabilities	(2)	(2)	(1)	(1)	5	(5)	3
Total adjustments to arrive at cost of crediting	(225)	(625)	1,859	(1,516)	(585)	(1,753)	(242)
Retirement Services cost of crediting	\$ 576	\$ 521	\$ 540	\$ 560	\$ 640	\$ 1,658	\$ 1,740
GAAP interest sensitive contract benefits	2.73 %	4.02 %	(4.50)%	6.65 %	3.58 %	3.98 %	2.09 %
Interest credited other than deferred annuities and institutional products	0.21 %	0.23 %	0.21 %	0.24 %	0.21 %	0.19 %	0.22 %
FIA option costs	0.96 %	0.94 %	0.91 %	0.86 %	0.83 %	0.98 %	0.86 %
Product charges (strategy fees)	(0.10)%	(0.11)%	(0.11)%	(0.11)%	(0.10)%	(0.10)%	(0.11)%
Reinsurance embedded derivative impacts	0.05 %	0.05 %	0.05 %	0.05 %	0.04 %	0.05 %	0.05 %
Change in fair values of embedded derivatives – FIAs	(1.91)%	(3.17)%	5.13 %	(5.55)%	(2.28)%	(3.19)%	(1.06)%
Negative VOBA amortization	0.03 %	0.03 %	0.02 %	0.02 %	0.01 %	0.03 %	0.02 %
ACRA noncontrolling interest	— %	(0.15)%	0.13 %	(0.37)%	(0.44)%	— %	(0.24)%
Other changes in interest sensitive contract liabilities	(0.01)%	(0.01)%	— %	— %	0.02 %	(0.01)%	— %
Total adjustments to arrive at cost of crediting	(0.77)%	(2.19)%	6.34 %	(4.86)%	(1.71)%	(2.05)%	(0.26)%
Retirement Services cost of crediting	1.96 %	1.83 %	1.84 %	1.79 %	1.87 %	1.93 %	1.83 %
Retirement Services cost of crediting on deferred annuities	1.98 %	1.95 %	1.91 %	1.94 %	1.98 %	1.98 %	1.94 %
Retirement Services cost of crediting on institutional products	3.68 %	2.85 %	3.31 %	2.87 %	2.95 %	3.71 %	3.03 %
Retirement Services cost of crediting	1.96 %	1.83 %	1.84 %	1.79 %	1.87 %	1.93 %	1.83 %
Retirement Services average net invested assets	\$ 117,338	\$ 114,149	\$ 117,295	\$ 124,943	\$ 136,852	\$ 114,391	\$ 126,563
Average net account value on deferred annuities	91,467	87,660	88,119	92,814	102,144	90,638	94,600
Average institutional net reserve liabilities	13,320	12,931	14,250	15,233	18,162	11,200	15,882

Non-GAAP Reconciliations

Unaudited (in millions)



	Quarterly Trends					Year-to-Date	
	3Q'19	4Q'19	1Q'20	2Q'20	3Q'20	2019	2020
RECONCILIATION OF BENEFITS AND EXPENSES TO OTHER LIABILITY COSTS							
GAAP benefits and expenses	\$ 4,305	\$ 2,723	\$ (167)	\$ 3,317	\$ 2,251	\$ 11,233	\$ 5,401
Premiums	(2,688)	(907)	(1,140)	(355)	(112)	(5,475)	(1,607)
Product charges	(135)	(132)	(140)	(141)	(144)	(392)	(425)
Other revenues	(6)	(10)	2	(18)	(13)	(27)	(29)
Cost of crediting	(280)	(238)	(259)	(275)	(342)	(775)	(876)
Change in fair value of embedded derivatives - FIA, net of offsets	(497)	(1,003)	1,456	(1,445)	(863)	(2,574)	(852)
DAC, DSI and VOBA amortization related to investment gains and losses	(151)	28	425	(323)	(86)	(505)	16
Rider reserves	(9)	3	76	(46)	(21)	(61)	9
Policy and other operating expenses, excluding policy acquisition expenses	(130)	(138)	(117)	(145)	(132)	(350)	(394)
AmerUs closed block fair value liability	(46)	6	45	(100)	(15)	(158)	(70)
ACRA noncontrolling interest	—	(74)	165	(241)	(193)	—	(269)
Other changes in benefits and expenses	(5)	1	(4)	(13)	(10)	(3)	(27)
Total adjustments to arrive at other liability costs	(3,947)	(2,464)	509	(3,102)	(1,931)	(10,320)	(4,524)
Other liability costs	\$ 358	\$ 259	\$ 342	\$ 215	\$ 320	\$ 913	\$ 877
Retirement Services	\$ 358	\$ 259	\$ 342	\$ 215	\$ 320	\$ 913	\$ 877
Corporate and Other	—	—	—	—	—	—	—
Consolidated other liability costs	\$ 358	\$ 259	\$ 342	\$ 215	\$ 320	\$ 913	\$ 877
RECONCILIATION OF POLICY AND OTHER OPERATING EXPENSES TO OPERATING EXPENSES							
Policy and other operating expenses	\$ 194	\$ 200	\$ 188	\$ 218	\$ 231	\$ 544	\$ 637
Interest expense	(15)	(20)	(20)	(29)	(34)	(47)	(83)
Policy acquisition expenses, net of deferrals	(63)	(62)	(71)	(73)	(99)	(194)	(243)
Integration, restructuring and other non-operating expenses	(34)	(24)	(4)	(9)	—	(46)	(13)
Stock compensation expenses	(3)	(3)	(10)	—	(1)	(9)	(11)
ACRA noncontrolling interest	—	(5)	(4)	(19)	(16)	—	(39)
Other changes in policy and other operating expenses	—	—	—	—	(3)	—	(3)
Total adjustments to arrive at operating expenses	(115)	(114)	(109)	(130)	(153)	(296)	(392)
Operating expenses	\$ 79	\$ 86	\$ 79	\$ 88	\$ 78	\$ 248	\$ 245
Retirement Services	\$ 67	\$ 69	\$ 68	\$ 71	\$ 63	\$ 197	\$ 202
Corporate and Other	12	17	11	17	15	51	43
Consolidated operating expenses	\$ 79	\$ 86	\$ 79	\$ 88	\$ 78	\$ 248	\$ 245

Non-GAAP Reconciliations

Unaudited (in millions)



	December 31, 2019	September 30, 2020
RECONCILIATION OF TOTAL INVESTMENTS INCLUDING RELATED PARTIES TO NET INVESTED ASSETS		
Total investments, including related parties	\$ 130,550	\$ 170,205
Derivative assets	(2,888)	(2,771)
Cash and cash equivalents (including restricted cash)	4,639	8,774
Accrued investment income	807	796
Payables for collateral on derivatives	(2,743)	(2,644)
Reinsurance funds withheld and modified coinsurance	(1,440)	(1,441)
VIE and VOE assets, liabilities and noncontrolling interest	25	(130)
Unrealized (gains) losses	(4,095)	(5,211)
Ceded policy loans	(235)	(221)
Net investment receivables (payables)	(57)	(705)
Allowance for credit losses	—	484
Total adjustments to arrive at gross invested assets	(5,987)	(3,069)
Gross invested assets	124,563	167,136
ACRA noncontrolling interest	(7,077)	(24,301)
Net invested assets	\$ 117,486	\$ 142,835
RECONCILIATION OF INVESTMENT FUNDS INCLUDING RELATED PARTIES TO NET ALTERNATIVE INVESTMENTS		
Investment funds, including related parties	\$ 4,300	\$ 5,531
Equity securities	78	222
CLO and ABS equities included in trading securities	405	973
Investment in Apollo	—	(1,198)
Investment funds within funds withheld at interest	807	974
Royalties and other assets included in other investments	67	59
Unrealized (gains) losses and other adjustments	8	(10)
ACRA noncontrolling interest	(79)	(103)
Total adjustments to arrive at net alternative investments	1,286	917
Net alternative investments	\$ 5,586	\$ 6,448
RECONCILIATION OF TOTAL LIABILITIES TO NET RESERVE LIABILITIES		
Total liabilities	\$ 132,734	\$ 173,971
Short-term debt	(475)	—
Long-term debt	(992)	(1,487)
Derivative liabilities	(97)	(147)
Payables for collateral on derivatives and securities to repurchase	(3,255)	(3,144)
Funds withheld liability	(408)	(440)
Other liabilities	(1,181)	(1,897)
Reinsurance ceded receivables	(4,863)	(5,104)
Policy loans ceded	(235)	(221)
ACRA noncontrolling interest	(6,574)	(23,762)
Other	(2)	(2)
Total adjustments to arrive at net reserve liabilities	(18,082)	(36,204)
Net reserve liabilities	\$ 114,652	\$ 137,767