

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of report (Date of earliest event reported): February 17, 2021



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)

**Second Floor, Washington House
16 Church Street
Hamilton, HM 11, 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
Depository Shares, each representing a 1/1,000 th interest in a 4.875% Fixed-Rate Perpetual Non-Cumulative Preference Share, Series D	ATHPrD	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 February 17, 2021, Athene Holding Ltd. (the “Company”) issued a press release to announce its financial results for the fourth 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 fourth 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 February 17, 2021 \(furnished and not filed\).](#)

99.2 [Quarterly Financial Supplement for Athene Holding Ltd. for the fourth 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: February 17, 2021

/s/ Martin P. Klein

Martin P. Klein

Executive Vice President and Chief Financial Officer

ATHENE HOLDING LTD. REPORTS FOURTH QUARTER AND FULL YEAR 2020 RESULTS

HAMILTON, Bermuda – February 17, 2021 – Athene Holding Ltd. ("Athene") (NYSE: ATH), a leading financial services company specializing in retirement solutions, today announced financial results for the fourth quarter and full year 2020.

- **Strong execution across organic and inorganic funding channels** drove robust net invested asset growth of 28% year-over-year at attractive spreads, while maintaining high credit quality across the portfolio
- **Record quarterly and annual gross organic inflows** totaling \$9.3 billion and \$27.5 billion, respectively, underwritten to returns in excess of targets
- **Strong earnings** with fourth quarter diluted EPS of \$5.44 and adjusted operating EPS of \$2.85
- **Attractive profitability** during the fourth quarter with very strong ROA and ROE
- **Strong Alternative investment performance** during the fourth quarter was driven by broad-based portfolio strength and benefited from market tailwinds
- **Robust capitalization** with \$3.5 billion of excess equity capital and \$7.7 billion of total deployable capital

"Our robust fourth quarter results capped a year of record growth in which we generated \$56 billion of gross inflows across our diversified funding channels, underwritten to very attractive returns above our historical average. A primary driver of this activity was record net organic growth of 27% for the year. Despite the pandemic, our focus and discipline to execute Athene's business strategy never wavered – originate low cost, persistent funding and employ alpha-generating investing capabilities to drive compelling net spread.

"Our strong financial results demonstrate both the resilience of our model and our ability to drive consistent excellence even through periods of volatility. The significant profitable growth we generated in 2020 will increase our earnings power in 2021 and beyond. Importantly, we continue to see an abundance of organic and inorganic opportunities in front of us. As one of the best capitalized businesses in the industry, we will use our position of strength to build upon our compelling track record of delivering long-term shareholder value – 16% compound annual growth in adjusted book value per share over the past 11 years."

- Jim Belardi, CEO

Financial Results

(in millions, except percentages and per share data)	Quarterly		Full Year	
	4Q'19	4Q'20	2019	2020
GAAP:				
Net income	\$ 432	\$ 1,065	\$ 2,136	\$ 1,446
Diluted EPS	\$ 2.42	\$ 5.44	\$ 11.41	\$ 8.34
Book value per common share	\$ 69.54	\$ 85.51	\$ 69.54	\$ 85.51
Return on equity (ROE)	12.8 %	24.6 %	19.7 %	10.0 %
Return on assets (ROA)	1.19 %	2.16 %	1.55 %	0.83 %
Operating:				
Adj. op. income	\$ 389	\$ 558	\$ 1,289	\$ 1,242
Adj. op. EPS ¹	\$ 2.21	\$ 2.85	\$ 6.97	\$ 6.42
Adj. op. EPS ex notables & AOG	\$ 1.97	\$ 2.06	\$ 7.00	\$ 5.39
Adj. book value per common share ¹	\$ 54.02	\$ 56.95	\$ 54.02	\$ 56.95
Adj. op. ROE	16.7 %	20.5 %	14.1 %	12.1 %
Adj. op. ROE ex notables & AOG	14.9 %	15.0 %	14.2 %	10.2 %
Adj. op. ROA	1.34 %	1.52 %	1.11 %	0.93 %
Adj. op. ROA ex notables & AOG	1.19 %	1.11 %	1.12 %	0.78 %
Net inv. spread - Ret. Svcs	1.84 %	1.75 %	1.50 %	1.31 %

Invested Assets & Flows

(in millions, except percentages)	Quarterly		Full Year	
	4Q'19	4Q'20	2019	2020
Invested Assets:				
Gross invested assets ²	\$ 124,563	\$ 175,424	\$ 124,563	\$ 175,424
Net invested assets ²	\$ 117,486	\$ 150,190	\$ 117,486	\$ 150,190
Avg. net invested assets	\$ 115,986	\$ 146,512	\$ 115,719	\$ 133,687
Avg. organic net inv. assets ³	\$ 64,138	\$ 87,929	\$ 58,413	\$ 78,095
Flows:				
Retail	\$ 1,136	\$ 2,299	\$ 6,782	\$ 7,801
Flow reinsurance	1,196	559	3,950	6,002
Funding agreements	499	2,199	1,301	8,277
Pension risk transfer	809	4,221	6,042	5,467
Gross organic inflows	3,640	9,278	18,075	27,547
Organic inflows attributable to ACRA NCI	(544)	(1,180)	(544)	(1,180)
Organic outflows ⁴	(812)	(1,412)	(2,984)	(5,236)
Net organic flows	\$ 2,284	\$ 6,686	\$ 14,547	\$ 21,131
Net organic growth rate ⁵	14.2 %	30.4 %	24.9 %	27.1 %
Gross inorganic inflows	\$ —	\$ —	\$ —	\$ 28,792
Inorganic inflows attributable to ACRA NCI	—	—	—	(18,268)
Net inorganic inflows	\$ —	\$ —	\$ —	\$ 10,524

¹ See the non-GAAP measures section on pages 7 through 10 for further discussion of these measures. ² Net invested assets include our economic ownership of ACRA investments but do not include the investments associated with the ACRA NCI. Gross invested assets includes all ACRA investments. ³ Average organic net invested assets exclude the invested assets related to inorganic acquisitions and block reinsurance transactions as well as the investments associated with ACRA NCI. ⁴ Organic outflows consist of full and partial policyholder withdrawals, death benefits, pension risk transfer benefit payments and funding agreement maturities, net of ACRA NCI and exclude the outflows related to inorganic acquisitions and block reinsurance transactions. ⁵ Net organic growth rate is calculated as net organic flows divided by average organic net invested assets, on an annualized basis.

	Three months ended December 31,		Years ended December 31,	
	2019	2020	2019	2020
<i>(In millions, except per share data)</i>				
Net income available to AHL common shareholders	\$ 432	\$ 1,065	\$ 2,136	\$ 1,446
Non-operating adjustments				
Investment gains (losses), net of offsets	(47)	526	994	508
Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets	136	33	(65)	(235)
Integration, restructuring and other non-operating expenses	(24)	3	(70)	(10)
Stock compensation expense	(3)	—	(12)	(11)
Income tax expense - non-operating	(19)	(55)	—	(48)
Less: Total non-operating adjustments	43	507	847	204
Adjusted operating income available to common shareholders	\$ 389	\$ 558	\$ 1,289	\$ 1,242
Adjusted operating income (loss) available to common shareholders by segment				
Retirement Services	\$ 404	\$ 493	\$ 1,322	\$ 1,266
Corporate and Other	(15)	65	(33)	(24)
Adjusted operating income available to common shareholders	\$ 389	\$ 558	\$ 1,289	\$ 1,242
Earnings per common share – basic Class A	\$ 2.43	\$ 5.57	\$ 11.44	\$ 8.51
Earnings per common share – diluted Class A ¹	\$ 2.42	\$ 5.44	\$ 11.41	\$ 8.34
Adjusted operating earnings per common share ²	\$ 2.21	\$ 2.85	\$ 6.97	\$ 6.42
Weighted average common shares outstanding – basic Class A	144.5	191.1	153.9	184.9
Weighted average common shares outstanding – diluted Class A ¹	145.1	195.9	154.3	188.6
Weighted average common shares outstanding – adjusted operating ²	175.7	195.9	184.8	193.5

	Three months ended December 31,		Years ended December 31,	
	2019	2020	2019	2020
<i>(In millions)</i>				
Notable items				
Retirement Services adjusted operating income available to common shareholders	\$ 404	\$ 493	\$ 1,322	\$ 1,266
Non-recurring adjustment on derivative collateral	—	—	—	(18)
Actuarial experience and market impacts	(47)	(46)	(43)	(16)
Unlocking	—	—	48	(6)
Tax impact of notable items	4	5	—	5
Retirement Services notable items	(43)	(41)	5	(35)
Retirement Services adjusted operating income available to common shareholders excluding notable items	361	452	1,327	1,231
Corporate and Other adjusted operating income (loss) available to common shareholders	(15)	65	(33)	(24)
Consolidated adjusted operating income available to common shareholders excluding notable items	\$ 346	\$ 517	\$ 1,294	\$ 1,207
Adjusted operating earnings per common share excluding notables ²	\$ 1.97	\$ 2.64	\$ 7.00	\$ 6.24

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 \$1.1 billion (100% of net income available to AHL common shareholders) and \$351 million (81% of net income available to AHL common shareholders) for the three months ended December 31, 2020 and 2019, respectively. 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 \$1.6 billion (109% of net income available to AHL common shareholders) and \$1.8 billion (82% of net income available to AHL common shareholders) for the years ended December 31, 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.

Fourth Quarter and Full Year 2020 Financial Results

Net income available to AHL common shareholders for the fourth quarter 2020 was \$1.1 billion, or \$5.44 per diluted Class A common share ("diluted share"), compared to \$432 million, or \$2.42 per diluted share for the fourth 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 a favorable change in the provision for credit losses, partially offset by an unfavorable change in the net fair value of fixed indexed annuity ("FIA") derivatives, primarily due to a lower discount rate resulting from declining interest rates.

Net income available to AHL common shareholders for the full year 2020 was \$1.4 billion, or \$8.34 per diluted share, compared to \$2.1 billion, or \$11.41 per diluted share for the full year 2019. The decrease from the prior year was driven by an unfavorable change in the fair value of reinsurance assets due to less favorable credit spread tightening, partially offset by a decrease in U.S. Treasury rates, as well as an unfavorable change in the net fair value of FIA derivatives due to less favorable equity market performance.

Adjusted operating income available to common shareholders for the fourth quarter 2020 was \$558 million, or \$2.85 per adjusted operating common share, compared to \$389 million, or \$2.21 per adjusted operating common share for the fourth quarter 2019. The increase from the prior year quarter was primarily driven by strong growth in average net invested assets, increased investment income from alternatives, and appreciation in Athene's Apollo Operating Group ("AOG") investment.

Adjusted operating income available to common shareholders for the full year 2020 was \$1.2 billion, or \$6.42 per adjusted operating common share, compared to \$1.3 billion, or \$6.97 per adjusted operating common share for the full year 2019. The decrease from the prior year was driven primarily by a lower net investment spread, due to lower income from floating rate investments resulting from declining interest rates, elevated levels of cash, and lower investment income from alternatives resulting from macro volatility, partially offset by appreciation in Athene's AOG investment.

Adjusted operating income available to common shareholders excluding notables and AOG for the fourth quarter 2020 was \$404 million, or \$2.06 per adjusted operating common share, compared to \$346 million, or \$1.97 per adjusted operating common share for the fourth quarter 2019. The increase from the prior year quarter was primarily driven by the aforementioned strength of investment income from alternatives.

Adjusted operating income available to common shareholders excluding notables and AOG for the full year 2020 was \$1.0 billion, or \$5.39 per adjusted operating common share, compared to \$1.3 billion, or \$7.00 per adjusted operating common share for the full year 2019. The decrease from the prior year was driven primarily by a lower net investment spread, due to lower income from floating rate investments resulting from declining interest rates, as well as elevated levels of cash, and lower investment income from alternatives resulting from macro volatility.

Growth Highlights

Organic Growth

In the fourth quarter 2020, Athene generated gross organic inflows of \$9.3 billion, representing an increase of 155% year-over-year and 25% quarter-over-quarter. For the full year 2020, Athene generated record annual gross organic inflows of \$27.5 billion, representing an increase of 52% compared to full year 2019.

Organic inflow activity reflected continued strength across Athene's diversified funding channels including retail, flow reinsurance, pension risk transfer, and funding agreements. Importantly, organic inflows for the fourth quarter and full year 2020 were underwritten to strong returns despite the historically low interest rate environment, reflecting Athene's ability to originate new business with low funding costs and generate alpha within its investment portfolio.

Retail:

In the fourth quarter 2020, Athene generated retail inflows of \$2.3 billion, an increase of 102% year-over-year and a slight decrease of 7% versus record levels achieved in the prior quarter. Fourth quarter inflows were highlighted by record quarterly FIA sales, helped by increasing distribution through bank and broker-dealer intermediaries.

For the full year 2020, Athene generated retail inflows of \$7.8 billion, an increase of 15% from the prior year, despite pandemic-related headwinds facing the broader fixed annuity industry. Athene remains a leader in the fixed annuity marketplace, committing capital to new insurance amid still fragile economic conditions and serving as a source of strength for consumers seeking savings products that can increase their financial security.

Flow Reinsurance:

In the fourth quarter 2020, Athene generated flow reinsurance inflows of \$559 million, a decrease of 53% year-over-year and 76% quarter-over-quarter. The decrease was attributable to an expected decline in volume from existing partnerships who sought to internalize more business amid improving economic conditions and underwrite new business below Athene's target return thresholds.

For the full year 2020, flow reinsurance inflows were \$6.0 billion, an annual record and increase of 52% from the prior year as many flow reinsurance partners utilized Athene's competitive advantages amid volatile market conditions.

Pension Risk Transfer:

In the fourth quarter 2020, Athene completed a record six pension risk transfer (PRT) transactions totaling \$4.2 billion. The activity included a notable \$1.7 billion transaction with GE to serve the needs of approximately 70,000 retired employees, highlighting Athene's strong market position as a solutions provider for plan sponsors.

For the full year 2020, PRT inflows totaled \$5.5 billion. While decreasing 10% from the prior year record level, Athene's transaction execution comprised an estimated 20% of the U.S. PRT market in 2020.

Funding Agreements¹:

In the fourth quarter 2020, Athene generated \$2.2 billion of funding agreement activity. Strong funding agreement activity was driven by four funding-agreement backed note (FABN) issuances across three distinct currencies including Athene's first GBP denominated transaction.

For the full year 2020, funding agreement activity totaled \$8.3 billion, an annual record and a six-fold increase from the prior year, highlighting Athene's expanding presence in the marketplace, reflecting global issuance activity across various currencies.

Net Organic Flows

In the fourth quarter 2020, Athene generated net organic flows of \$6.7 billion. This was driven by the aforementioned record gross organic inflows of \$9.3 billion, less \$1.2 billion of inflows attributable to third party investors in ACRA related to PRT activity, as well as normal course organic outflows of \$1.4 billion. Athene's net annualized organic growth rate for the fourth quarter 2020 was 30.4% versus 14.2% in the prior year quarter.

For the full year 2020, net organic flows were \$21.1 billion, an annual record and an increase of 45% from the prior year. Athene's net organic growth rate for the full year 2020 was 27.1% versus 24.9% in the prior year.

Inorganic Growth

For the full year 2020, gross inorganic inflows were \$28.8 billion, reflecting the completion of a fixed annuity block reinsurance transaction with Jackson National Life Insurance Company ("Jackson") during the second quarter.

In closing the Jackson transaction, Athene was supported by its strategic capital solution, ACRA, which provides on-demand third-party capital to support Athene's growth. Athene's proportionate share of these inflows, net of noncontrolling interest in ACRA attributable to third-party investors ("ACRA NCI"), was \$10.5 billion.

Segment Results

Retirement Services

Fourth Quarter 2020 Results

For the fourth quarter 2020, adjusted operating income available to common shareholders in Retirement Services was \$493 million, an increase of \$89 million, or 22%, from the fourth quarter 2019, resulting in an adjusted operating ROE

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.

of 26.2%. Excluding notable items, adjusted operating income available to common shareholders in Retirement Services was \$452 million, resulting in an adjusted operating ROE of 24.1%.

The increase in adjusted operating income available to common shareholders over the prior year quarter was primarily driven by strong growth in average net invested assets of more than \$29 billion or 25%; as well as elevated net investment income from alternatives, which comprise approximately 4% of Athene's net invested assets.

The net investment spread, which measures net investment earnings less cost of funds, was 1.75% of average net invested assets for the fourth quarter 2020, a decrease of 9 basis points from the fourth quarter 2019. The decrease from the prior year quarter was primarily driven by a lower net investment earned rate (NIER) partially offset by a modestly lower cost of funds.

The NIER was 4.43% for the fourth quarter 2020, compared to 4.57% in the prior year quarter. The annualized return on fixed income and other investments during the fourth quarter 2020 was 3.70%, compared to 4.29% in the prior year quarter, the year-over-year decline of 59 basis points was driven by lower income from floating rate investments resulting from declining interest rates, elevated levels of cash and liquidity amid the pandemic and record organic growth, as well as the onboarding of a lower yielding portfolio from Jackson, which is being redeployed into higher-returning assets. The net annualized return on alternative investments during the fourth quarter 2020 was 22.59% compared to 10.94% in the prior year quarter, primarily due to broad-based appreciation in the alternatives portfolio which benefited from favorable market tailwinds during the period. In particular, Athene's larger differentiated alternative investments performed well, including AmeriHome, Catalina, and Venerable, among others.

Cost of funds, which is comprised of cost of crediting on deferred annuities and institutional products as well as other liability costs, was 2.68% for the fourth quarter 2020, a decrease of 5 basis points from the fourth quarter 2019, driven by lower other liability costs as well as the onboarding of the reinsured Jackson block, which has a lower cost of funds.

Total cost of crediting was 1.89% for the fourth quarter 2020, an increase of 6 basis points from the prior year quarter, driven by an increasing mix of institutional business, which carries its full cost of funds burden within cost of crediting, as well as the absence of favorability from the prior year quarter. The cost of crediting on institutional business was 3.08%, an increase of 23 basis points from the prior year quarter. The year-over-year increase was primarily due to the absence of favorable mortality developments within the pension risk transfer business from the prior year period, partially offset by declining rates on floating-rate funding agreements, as well as lower rates on new funding agreement issuances and new pension risk transfer business.

The cost of crediting on deferred annuities was 1.94%, a decrease of 1 basis point from the prior year quarter, as the onboarding of the reinsured Jackson block with a higher initial crediting rate largely offset favorable crediting rate actions, lower option costs, and lower crediting rates on new deferred annuity issuances.

Other liability costs, which are primarily applicable to deferred annuities, were 0.79% for the fourth quarter 2020. The decrease of 11 basis points from the prior year quarter, was driven by favorable changes in equity market performance relative to the prior year quarter, partially offset by an increase in gross profits impacting rider reserves and DAC amortization. Relative to the prior year quarter, other liability costs also benefited from the onboarding of the reinsured Jackson block during the year, which carries a more favorable level of other liability costs.

Full Year 2020 Results

For the full year 2020, adjusted operating income available to common shareholders in Retirement Services was \$1.3 billion, a decrease of \$56 million, or 4%, from the full year 2019, resulting in an adjusted operating ROE of 16.9%. The decrease in adjusted operating income available to common shareholders over the prior year was primarily driven by a lower net investment spread and a higher tax rate. Excluding notable items, adjusted operating income available to common shareholders in Retirement Services was \$1.2 billion, resulting in an adjusted operating ROE of 16.5%.

The net investment spread, which measures net investment earnings less cost of funds, was 1.31% of average net invested assets for full year 2020, a decrease of 19 basis points from the full year 2019. The decrease from the prior year was primarily driven by a decrease in the NIER, partially offset by a lower cost of funds.

The NIER was 4.04% for the full year 2020, a decrease of 39 basis points from the prior year, mostly due to a lower fixed income and other NIER. The annualized return on fixed income and other investments during the full year 2020

was 3.82%, compared to 4.23% in the prior year, a decline of 41 basis points driven by lower income from floating rate investments resulting from declining interest rates, elevated levels of cash and liquidity amid the pandemic and record organic growth, as well as the onboarding of the portfolio from Jackson, which is being redeployed into higher-returning assets. The return on alternative investments during the full year 2020 was 9.25%, compared to 9.32% in the prior year.

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 2.73% for the full year 2020, a decrease of 20 basis points from the full year 2019.

Total cost of crediting was 1.85% for the full year 2020, a decrease of 6 basis points from the prior year. This was due to declining rates on floating-rate funding agreements, an increasing mix of new issue funding agreements at lower rates, lower rates on new pension risk transfer business, and favorable rate actions on retail in-force renewals, partially offset by an increasing overall mix of institutional business, which carries a higher cost of crediting compared to deferred annuities since the full cost of funds burden of institutional business is reflected within cost of crediting. Cost of crediting on deferred annuities was 1.95% and the cost of crediting on institutional business was 3.05%.

Other liability costs, which are primarily applicable to deferred annuities, were 0.88% for the full year 2020. The decrease of 14 basis points from the prior year was driven by a favorable variance from unlocking as well as the onboarding of the lower cost reinsured Jackson block, partially offset by less favorable equity market performance.

Corporate & Other

Fourth Quarter 2020 Results

In the fourth quarter 2020, the adjusted operating income available to common shareholders was \$65 million in Corporate & Other, an increase of \$80 million from an adjusted operating loss available to common shareholders of \$15 million in the fourth quarter 2019. The increase in adjusted operating income available to common shareholders from the prior year quarter was driven by an increase in the fair value of Athene's AOG investment, partially offset by additional preferred stock dividends and interest expense, as well as lower net investment income from alternatives.

The change in fair value of Athene's AOG investment, net of tax, resulted in a \$113 million gain, or \$0.58 per common share in the quarter, primarily reflecting a 9% increase in the common stock price of Apollo Global Management (NYSE: APO).

Full Year 2020 Results

For the full year 2020, the adjusted operating loss available to common shareholders was \$24 million in Corporate & Other, a decrease of \$9 million from the adjusted operating loss available to common shareholders of \$33 million for the full year 2019. The lower operating loss was driven by an increase in the fair value Athene's AOG investment and lower operating expenses, partially offset by lower net investment income from alternatives as well as additional preferred stock dividends and interest expense.

Conference Call Information

Athene will host a conference call today, Wednesday, February 17, 2021, at 10:00 a.m. ET. During the call, members of Athene's senior management team will review Athene's financial results for the fourth quarter and full year ended December 31, 2020. This press release, the fourth 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: 1145498
- Live and archived webcast available at ir.athene.com

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About Athene

Athene, through its subsidiaries, is a leading retirement services company with total assets of \$202.8 billion as of December 31, 2020 and operations in the United States, Bermuda, and Canada. Athene specializes in helping its customers achieve financial security and is a solutions provider to institutions. Founded in 2009, Athene is *Driven to Do More* for our policyholders, business partners, shareholders, and the communities in which we work and live. For more information, please visit www.athene.com.

Non-GAAP Measures

In addition to our results presented in accordance with GAAP, we present certain financial information that includes non-GAAP measures. Management believes the use of these non-GAAP measures, together with the relevant GAAP measures, provides information that may enhance an investor's understanding of our results of operations and the underlying profitability drivers of our business. The majority of these non-GAAP measures are intended to remove from the results of operations the impact of market volatility (other than with respect to alternative investments) as well as integration, restructuring and certain other expenses which are not part of our underlying profitability drivers, as such items fluctuate from period to period in a manner inconsistent with these drivers. These measures should be considered supplementary to our results in accordance with GAAP and should not be viewed as a substitute for the corresponding GAAP measures.

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

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

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

Adjusted operating ROA is a non-GAAP measure used to evaluate our financial performance and profitability. Adjusted operating ROA is computed using our adjusted operating income (loss) available to common shareholders divided by average net invested assets for the relevant period. To enhance the ability to analyze these measures across periods, interim periods are annualized. While we believe each of these metrics are meaningful financial metrics and enhance our understanding of the underlying profitability drivers of our business, they should not be used as a substitute for ROA presented under GAAP.

Adjusted operating ROE is a non-GAAP measure used to evaluate our financial performance excluding the impacts of AOCI and the cumulative change in fair value of funds withheld and modco reinsurance assets, net of DAC, DSI, rider reserve and tax offsets. Adjusted AHL common shareholders' equity is calculated as the ending AHL shareholders' equity excluding AOCI, the cumulative change in fair value of funds withheld and modco reinsurance assets and

preferred stock. Adjusted operating ROE is calculated as the adjusted operating income (loss) available to common shareholders, divided by average adjusted AHL common shareholders' equity. These adjustments fluctuate period to period in a manner inconsistent with our underlying profitability drivers as the majority of such fluctuation is related to the market volatility of the unrealized gains and losses associated with our AFS securities. Except with respect to reinvestment activity relating to acquired blocks of businesses, we typically buy and hold AFS investments to maturity throughout the duration of market fluctuations, therefore, the period-over-period impacts in unrealized gains and losses are not necessarily indicative of current operating fundamentals or future performance. Accordingly, we believe using measures which exclude AOCI and the cumulative change in fair value of funds withheld and modco reinsurance assets are useful in analyzing trends in our operating results. To enhance the ability to analyze these measures across periods, interim periods are annualized. Adjusted operating ROE should not be used as a substitute for ROE. However, we believe the adjustments to net income (loss) available to AHL common shareholders and 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 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 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 payment of the conversion price. In calculating Class A diluted earnings per share on a GAAP basis, we are required to apply sequencing rules to determine the dilutive impacts, if any, of our Class B common shares, Class M common shares and any other stock-based awards. To the extent our Class B common shares, Class M common shares and/or any other stock-based awards 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 shareholders' equity are significant to gaining an understanding of our capitalization, debt utilization and debt capacity.

Net investment spread is a key measure 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 net investment income 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 (i) PRT costs, including interest credited, benefit payments and other reserve changes, net of premiums received when issued, and (ii) 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 inflows generated during a specific period of time. Our sales statistics include inflows 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 growth prospects and financial performance. Factors that could cause actual results, events and developments to differ include, without limitation: the accuracy of Athene's assumptions and estimates; Athene's ability to maintain or improve financial strength ratings; Athene's ability to manage its business in a highly regulated industry; regulatory changes or actions; the impact of Athene's reinsurers failing to meet their assumed obligations; the impact of interest rate fluctuations; changes in the federal income tax laws and regulations; the accuracy of Athene's interpretation of the Tax Cuts and Jobs Act; litigation (including class action litigation), enforcement investigations or regulatory scrutiny; the performance of third parties; the loss of key personnel; telecommunication, information technology and other operational systems failures; the continued availability of capital; new accounting rules or changes to existing accounting rules; general economic conditions; Athene's ability to protect its intellectual property; the ability to maintain or obtain approval of the Delaware Department of Insurance, the Iowa Insurance Division and other regulatory authorities as required for Athene's operations; and other factors discussed from time to time in Athene's filings with the SEC, including its annual report on Form 10-K for the year ended December 31, 2019, its quarterly report on Form 10-Q for the quarterly period ended September 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.

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

	December 31, 2019	December 31, 2020
Assets		
Investments		
Available-for-sale securities, at fair value	\$ 71,374	\$ 82,853
Trading securities, at fair value	2,070	2,093
Equity securities	247	532
Mortgage loans, net of allowances	14,306	15,264
Investment funds	750	803
Policy loans	417	369
Funds withheld at interest	15,181	48,612
Derivative assets	2,888	3,523
Short-term investments	596	222
Other investments, net of allowances	158	572
Total investments	107,987	154,843
Cash and cash equivalents	4,240	7,704
Restricted cash	402	738
Investments in related parties		
Available-for-sale securities, at fair value	3,804	6,520
Trading securities, at fair value	785	1,529
Equity securities, at fair value	64	72
Mortgage loans, net of allowances	653	674
Investment funds	3,550	5,284
Funds withheld at interest	13,220	13,030
Other investments, net of allowances	487	469
Accrued investment income	807	905
Reinsurance recoverable	4,863	4,848
Deferred acquisition costs, deferred sales inducements and value of business acquired	5,008	4,906
Other assets	1,005	1,249
Total assets	\$ 146,875	\$ 202,771

(Continued)

Condensed Consolidated Balance Sheets (unaudited, in millions)

	December 31, 2019	December 31, 2020
Liabilities		
Interest sensitive contract liabilities	\$ 102,745	144,566
Future policy benefits	23,330	29,258
Other policy claims and benefits	138	130
Dividends payable to policyholders	113	110
Short-term debt	475	—
Long-term debt	992	1,976
Derivative liabilities	97	298
Payables for collateral on derivatives and securities to repurchase	3,255	3,801
Funds withheld liability	408	452
Other liabilities	1,181	2,040
Total liabilities	132,734	182,631
Equity		
Preferred stock	—	—
Common stock	—	—
Additional paid-in capital	4,171	6,613
Retained earnings	6,939	8,073
Accumulated other comprehensive income	2,281	3,971
Total Athene Holding Ltd. shareholders' equity	13,391	18,657
Noncontrolling interests	750	1,483
Total equity	14,141	20,140
Total liabilities and equity	\$ 146,875	\$ 202,771

(Concluded)

Condensed Consolidated Statements of Income (unaudited, in millions)

	Three months ended December 31,		Years ended December 31,	
	2019	2020	2019	2020
Revenue				
Premiums	\$ 907	\$ 4,356	\$ 6,382	\$ 5,963
Product charges	132	146	524	571
Net investment income	1,242	1,595	4,596	4,885
Investment related gains	965	2,536	4,719	3,309
Other revenues	10	7	37	36
Total revenues	3,256	8,640	16,258	14,764
Benefits and Expenses				
Interest sensitive contract benefits	1,146	1,909	4,557	3,891
Amortization of DSI	36	29	74	66
Future policy and other policy benefits	1,192	4,718	7,587	7,187
Amortization of DAC and VOBA	143	274	958	521
Dividends to policyholders	6	9	36	38
Policy and other operating expenses	200	218	744	855
Total benefits and expenses	2,723	7,157	13,956	12,558
Income before income taxes	533	1,483	2,302	2,206
Income tax expense	69	161	117	285
Net income	464	1,322	2,185	1,921
Less: Net income attributable to noncontrolling interests	13	229	13	380
Net income attributable to Athene Holding Ltd. shareholders	451	1,093	2,172	1,541
Less: Preferred stock dividends	19	28	36	95
Net income available to Athene Holding Ltd. common shareholders	\$ 432	\$ 1,065	\$ 2,136	\$ 1,446

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 notables and AOG is as follows:

(In millions)	Three months ended December 31,		Years ended December 31,	
	2019	2020	2019	2020
Net income available to Athene Holding Ltd. common shareholders	\$ 432	\$ 1,065	\$ 2,136	\$ 1,446
Less: Total non-operating adjustments	43	507	847	204
Adjusted operating income available to common shareholders	389	558	1,289	1,242
Notable items	(43)	(41)	5	(35)
Adjusted operating income available to common shareholders excluding notable items	\$ 346	\$ 517	\$ 1,294	\$ 1,207
Retirement Services adjusted operating income available to common shareholders	\$ 404	\$ 493	\$ 1,322	\$ 1,266
Non-recurring adjustment on derivative collateral	—	—	—	(18)
Actuarial experience and market impacts	(47)	(46)	(43)	(16)
Unlocking	—	—	48	(6)
Tax impact of notable items	4	5	—	5
Retirement Services notable items	(43)	(41)	5	(35)
Retirement Services adjusted operating income available to common shareholders excluding notable items	361	452	1,327	1,231
Corporate and Other adjusted operating income (loss) available to common shareholders	(15)	65	(33)	(24)
Consolidated adjusted operating income available to common shareholders excluding notable items	346	517	1,294	1,207
Less: Change in fair value of Apollo investment, net of tax	—	113	—	165
Adjusted operating income available to common shareholders excluding notables and AOG	\$ 346	\$ 404	\$ 1,294	\$ 1,042

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

	Three months ended December 31,		Years ended December 31,	
	2019	2020	2019	2020
Basic earnings per share – Class A common shares	\$ 2.43	\$ 5.57	\$ 11.44	\$ 8.51
Non-operating adjustments				
Investment gains (losses), net of offsets	(0.26)	2.68	5.39	2.62
Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets	0.77	0.17	(0.36)	(1.22)
Integration, restructuring and other non-operating expenses	(0.13)	0.01	(0.37)	(0.05)
Stock compensation expense	(0.02)	—	(0.07)	(0.06)
Income tax expense – non-operating	(0.11)	(0.28)	—	(0.25)
Less: Total non-operating adjustments	0.25	2.58	4.59	1.04
Less: Effect of items convertible to or settled in Class A common shares	(0.03)	0.14	(0.12)	1.05
Adjusted operating earnings per common share	\$ 2.21	\$ 2.85	\$ 6.97	\$ 6.42

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 December 31,		Years ended December 31,	
	2019	2020	2019	2020
Basic weighted average common shares outstanding – Class A	144.5	191.1	153.9	184.9
Conversion of Class B common shares to Class A common shares	25.4	—	25.4	4.2
Conversion of Class M common shares to Class A common shares	5.2	—	5.1	0.7
Effect of other stock compensation plans	0.6	4.8	0.4	3.7
Weighted average common shares outstanding – adjusted operating	<u>175.7</u>	<u>195.9</u>	<u>184.8</u>	<u>193.5</u>

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>	December 31,	
	2019	2020
Total AHL shareholders' equity	\$ 13,391	\$ 18,657
Less: Preferred stock	1,172	2,312
Total AHL common shareholders' equity	12,219	16,345
Less: AOCI	2,281	3,971
Less: Accumulated change in fair value of reinsurance assets	493	1,142
Total adjusted AHL common shareholders' equity	<u>\$ 9,445</u>	<u>\$ 11,232</u>
Retirement Services	\$ 7,443	\$ 7,732
Corporate and Other	2,002	3,500
Total adjusted AHL common shareholders' equity	<u>\$ 9,445</u>	<u>\$ 11,232</u>

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 December 31,		Years ended December 31,	
	2019	2020	2019	2020
Average AHL shareholders' equity	\$ 13,468	\$ 17,300	\$ 10,834	\$ 14,528
Less: Average preferred stock	1,172	2,034	586	1,633
Less: Average AOCI	2,362	3,430	905	2,030
Less: Average accumulated change in fair value of reinsurance assets	610	960	209	575
Average adjusted AHL common shareholders' equity	<u>\$ 9,324</u>	<u>\$ 10,876</u>	<u>\$ 9,134</u>	<u>\$ 10,290</u>
Retirement Services	\$ 7,468	\$ 7,526	\$ 7,625	\$ 7,491
Corporate and Other	1,856	3,350	1,509	2,799
Average adjusted AHL common shareholders' equity	<u>\$ 9,324</u>	<u>\$ 10,876</u>	<u>\$ 9,134</u>	<u>\$ 10,290</u>

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

<i>(In millions)</i>	December 31,		
	2009	2019	2020
Class A common shares outstanding	0.1	142.8	191.2
Conversion of Class B common shares to Class A common shares	9.7	25.4	—
Conversion of Class M common shares to Class A common shares	—	5.5	—
Effect of other stock compensation plans	—	1.2	6.0
Adjusted operating common shares outstanding	<u>9.8</u>	<u>174.9</u>	<u>197.2</u>

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

	December 31,		
	2009	2019	2020
Book value per common share	\$ 11.62	\$ 69.54	\$ 85.51
AOCI	(0.13)	(12.98)	(20.77)
Accumulated change in fair value of reinsurance assets	—	(2.80)	(5.98)
Effect of items convertible to or settled in Class A common shares	—	0.26	(1.81)
Adjusted book value per common share	\$ 11.49	\$ 54.02	\$ 56.95

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

(In millions)	Three months ended December 31,				Years ended December 31,			
	2019		2020		2019		2020	
	Dollar	Rate	Dollar	Rate	Dollar	Rate	Dollar	Rate
GAAP net investment income	\$ 1,242	4.28 %	\$ 1,595	4.39 %	\$ 4,596	3.97 %	\$ 4,885	3.68 %
Change in fair value of reinsurance assets	188	0.65 %	476	1.31 %	680	0.59 %	1,408	1.06 %
Alternative gains (losses)	(12)	(0.04)%	(80)	(0.22)%	1	— %	(102)	(0.08)%
ACRA noncontrolling interest	(61)	(0.21)%	(210)	(0.58)%	(61)	(0.05)%	(559)	(0.42)%
Apollo investment (gain)	—	— %	(142)	(0.38)%	—	— %	(225)	(0.17)%
Held for trading amortization and other	(18)	(0.06)%	(32)	(0.09)%	(37)	(0.03)%	(79)	(0.06)%
Total adjustments to arrive at net investment earnings/earned rate	97	0.34 %	12	0.04 %	583	0.51 %	443	0.33 %
Total net investment earnings/earned rate	\$ 1,339	4.62 %	\$ 1,607	4.43 %	\$ 5,179	4.48 %	\$ 5,328	4.01 %
Retirement Services	\$ 1,306	4.57 %	\$ 1,584	4.43 %	\$ 5,062	4.43 %	\$ 5,287	4.04 %
Corporate and Other	33	7.16 %	23	4.38 %	117	8.33 %	41	2.17 %
Total net investment earnings/earned rate	\$ 1,339	4.62 %	\$ 1,607	4.43 %	\$ 5,179	4.48 %	\$ 5,328	4.01 %
Retirement Services	\$ 114,149		\$ 143,162		\$ 114,310		\$ 130,887	
Corporate and Other ex. Apollo investment	1,837		2,089		1,409		1,863	
Consolidated average net invested assets ex. Apollo investment	\$ 115,986		\$ 145,251		\$ 115,719		\$ 132,750	

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

(In millions)	Three months ended December 31,				Years ended December 31,			
	2019		2020		2019		2020	
	Dollar	Rate	Dollar	Rate	Dollar	Rate	Dollar	Rate
GAAP interest sensitive contract benefits	\$ 1,146	4.02 %	\$ 1,909	5.33 %	\$ 4,557	3.99 %	\$ 3,891	2.97 %
Interest credited other than deferred annuities and institutional products	64	0.23 %	101	0.28 %	232	0.20 %	312	0.24 %
FIA option costs	269	0.94 %	280	0.78 %	1,109	0.97 %	1,101	0.84 %
Product charges (strategy fees)	(31)	(0.11)%	(36)	(0.10)%	(119)	(0.10)%	(136)	(0.10)%
Reinsurance embedded derivative impacts	14	0.05 %	14	0.04 %	57	0.05 %	57	0.04 %
Change in fair values of embedded derivatives – FIAs	(905)	(3.17)%	(1,395)	(3.90)%	(3,644)	(3.19)%	(2,404)	(1.84)%
Negative VOBA amortization	8	0.03 %	6	0.02 %	36	0.03 %	21	0.02 %
ACRA noncontrolling interest	(42)	(0.15)%	(207)	(0.58)%	(42)	(0.03)%	(433)	(0.33)%
Other changes in interest sensitive contract liabilities	(2)	(0.01)%	5	0.02 %	(7)	(0.01)%	8	0.01 %
Total adjustments to arrive at cost of crediting	(625)	(2.19)%	(1,232)	(3.44)%	(2,378)	(2.08)%	(1,474)	(1.12)%
Retirement Services cost of crediting	\$ 521	1.83 %	\$ 677	1.89 %	\$ 2,179	1.91 %	\$ 2,417	1.85 %
Retirement Services cost of crediting on deferred annuities	\$ 429	1.95 %	\$ 505	1.94 %	\$ 1,774	1.97 %	\$ 1,884	1.95 %
Retirement Services cost of crediting on institutional products	92	2.85 %	172	3.08 %	405	3.47 %	533	3.05 %
Retirement Services cost of crediting	\$ 521	1.83 %	\$ 677	1.89 %	\$ 2,179	1.91 %	\$ 2,417	1.85 %
Retirement Services average net invested assets	\$ 114,149		\$ 143,162		\$ 114,310		\$ 130,887	
Average net account value on deferred annuities	87,660		103,990		89,878		96,848	
Average institutional net reserve liabilities	12,931		22,375		11,632		17,505	

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

(In millions)	Three months ended December 31,		Years ended December 31,	
	2019	2020	2019	2020
	GAAP benefits and expenses	\$ 2,723	\$ 7,157	\$ 13,956
Premiums	(907)	(4,356)	(6,382)	(5,963)
Product charges	(132)	(146)	(524)	(571)
Other revenues	(10)	(7)	(37)	(36)
Cost of crediting	(238)	(383)	(1,013)	(1,259)
Change in fair value of embedded derivatives – FIA, net of offsets	(1,003)	(1,409)	(3,577)	(2,261)
DAC, DSI and VOBA amortization related to investment gains and losses	28	(111)	(477)	(95)
Rider reserves	3	(19)	(58)	(10)
Policy and other operating expenses, excluding policy acquisition expenses	(138)	(139)	(488)	(533)
AmerUs closed block fair value liability	6	(34)	(152)	(104)
ACRA noncontrolling interest	(74)	(258)	(74)	(527)
Other changes in benefits and expenses	1	(14)	(2)	(41)
Total adjustments to arrive at other liability costs	(2,464)	(6,876)	(12,784)	(11,400)
Other liability costs	\$ 259	\$ 281	\$ 1,172	\$ 1,158
Retirement Services	\$ 259	\$ 281	\$ 1,172	\$ 1,158
Corporate and Other	—	—	—	—
Consolidated other liability costs	\$ 259	\$ 281	\$ 1,172	\$ 1,158

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

<i>(In millions)</i>	Three months ended		Years ended	
	December 31,		December 31,	
	2019	2020	2019	2020
Policy and other operating expenses	\$ 200	\$ 218	\$ 744	\$ 855
Interest expense	(20)	(31)	(67)	(114)
Policy acquisition expenses, net of deferrals	(62)	(79)	(256)	(322)
Integration, restructuring and other non-operating expenses	(24)	3	(70)	(10)
Stock compensation expenses	(3)	—	(12)	(11)
ACRA noncontrolling interest	(5)	(19)	(5)	(58)
Other changes in policy and other operating expenses	—	1	—	(2)
Total adjustments to arrive at operating expenses	(114)	(125)	(410)	(517)
Operating expenses	\$ 86	\$ 93	\$ 334	\$ 338
Retirement Services	\$ 69	\$ 73	\$ 266	\$ 275
Corporate and Other	17	20	68	63
Consolidated operating expenses	\$ 86	\$ 93	\$ 334	\$ 338

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

<i>(In millions)</i>	December 31,	
	2019	2020
Total investments, including related parties	\$ 130,550	\$ 182,421
Derivative assets	(2,888)	(3,523)
Cash and cash equivalents (including restricted cash)	4,639	8,442
Accrued investment income	807	905
Payables for collateral on derivatives	(2,743)	(3,203)
Reinsurance funds withheld and modified coinsurance	(1,440)	(2,459)
VIE and VOE assets, liabilities and noncontrolling interest	25	(136)
Unrealized (gains) losses	(4,095)	(7,275)
Ceded policy loans	(235)	(204)
Net investment receivables (payables)	(57)	99
Allowance for credit losses	—	357
Total adjustments to arrive at gross invested assets	(5,987)	(6,997)
Gross invested assets	124,563	175,424
ACRA noncontrolling interest	(7,077)	(25,234)
Net invested assets	\$ 117,486	\$ 150,190



Athene Holding Ltd.
4Q'20 and FY'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
	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20	Q/Q	Y/Y	2019	2020	Y/Y
SELECTED INCOME STATEMENT DATA										
Net income (loss) available to AHL common shareholders \$	432	\$ (1,065)	\$ 824	\$ 622	\$ 1,065	71 %	147 %	\$ 2,136	\$ 1,446	(32)%
Adjusted operating income (loss) available to common shareholders	389	(108)	490	302	558	85 %	43 %	1,289	1,242	(4)%
Adjusted operating income available to common shareholders ex. notables and AOG	346	174	98	356	404	13 %	17 %	1,294	1,042	(19)%
FINANCIAL RATIOS										
Return on assets (ROA)	1.19 %	(2.95)%	2.03 %	1.33 %	2.16 %	83bps	97bps	1.55 %	0.83 %	(72)bps
Adjusted operating ROA	1.34 %	(0.36)%	1.54 %	0.86 %	1.52 %	66bps	18bps	1.11 %	0.93 %	(18)bps
Adjusted operating ROA, excluding notables and AOG	1.19 %	0.59 %	0.31 %	1.03 %	1.11 %	8bps	(8)bps	1.12 %	0.78 %	(34)bps
Net investment spread – Retirement Services	1.84 %	1.03 %	0.96 %	1.41 %	1.75 %	34bps	(9)bps	1.50 %	1.31 %	(19)bps
Return on equity (ROE)	12.8 %	(36.5)%	26.8 %	16.2 %	24.6 %	NM	NM	19.7 %	10.0 %	NM
Adjusted operating ROE	16.7 %	(4.4)%	19.4 %	11.7 %	20.5 %	NM	NM	14.1 %	12.1 %	NM
Adjusted operating ROE, excluding notables and AOG ¹	14.9 %	7.0 %	3.9 %	13.9 %	15.0 %	110bps	10bps	14.2 %	10.2 %	NM
Adjusted operating ROE – Retirement Services	21.6 %	10.6 %	11.1 %	20.2 %	26.2 %	NM	NM	17.3 %	16.9 %	(40)bps
EARNINGS AND BOOK VALUE PER COMMON SHARE										
Earnings (loss) per common share – basic class A \$	2.43	\$ (5.81)	\$ 4.25	\$ 3.22	\$ 5.57	73 %	129 %	\$ 11.44	\$ 8.51	(26)%
Earnings (loss) per common share – diluted class A ²	2.42	(5.81)	4.19	3.16	5.44	72 %	125 %	11.41	8.34	(27)%
Adjusted operating earnings (loss) per common share ³	2.21	(0.60)	2.49	1.53	2.85	86 %	29 %	6.97	6.42	(8)%
Adjusted operating earnings per common share ex. notables and AOG ¹	1.97	0.96	0.50	1.81	2.06	14 %	5 %	7.00	5.39	(23)%
Book value per common share	69.54	45.23	66.82	74.21	85.51	15 %	23 %	69.54	85.51	23 %
Adjusted book value per common share ³	54.02	51.07	51.15	53.61	56.95	6 %	5 %	54.02	56.95	5 %
SELECTED BALANCE SHEET DATA										
Total assets	\$ 146,875	\$ 142,179	\$ 183,241	\$ 191,088	\$ 202,771	6 %	38 %	\$ 146,875	\$ 202,771	38 %
Gross invested assets	124,563	128,263	161,965	167,136	175,424	5 %	41 %	124,563	175,424	41 %
Invested assets – ACRA noncontrolling interests	(7,077)	(7,063)	(24,696)	(24,301)	(25,234)	(4)%	NM	(7,077)	(25,234)	NM
Net invested assets	117,486	121,200	137,269	142,835	150,190	5 %	28 %	117,486	150,190	28 %
Total liabilities	132,734	131,649	167,602	173,971	182,631	5 %	38 %	132,734	182,631	38 %
Net reserve liabilities	114,652	114,273	131,333	137,767	144,989	5 %	26 %	114,652	144,989	26 %
Debt	1,467	1,386	1,486	1,487	1,976	33 %	35 %	1,467	1,976	35 %
Total AHL shareholders' equity	13,391	9,940	14,711	15,943	18,657	17 %	39 %	13,391	18,657	39 %
Adjusted AHL common shareholders' equity	9,445	10,097	10,157	10,522	11,232	7 %	19 %	9,445	11,232	19 %
FLows DATA										
Net organic flows ⁴	\$ 2,284	\$ 2,924	\$ 5,167	\$ 6,354	\$ 6,686	5 %	193 %	\$ 14,547	\$ 21,131	45 %
Average organic net invested assets ⁵	64,138	68,585	74,192	80,618	87,929	9 %	37 %	58,413	78,095	34 %
Net organic growth rate ⁶	14.2 %	17.1 %	27.9 %	31.5 %	30.4 %	NM	NM	24.9 %	27.1 %	220bps
Net organic growth rate - LTM	24.9 %	21.3 %	22.6 %	23.1 %	27.1 %	NM	220bps	24.9 %	27.1 %	220bps

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 The Q1, Q2, and Q3 adjusted operating ROE, excluding notables and AOG and adjusted operating EPS, excluding notables and AOG were revised to use the adjusted AHL common shareholders' equity and adjusted operating weighted average common shares outstanding with no adjustment for the proceeds or shares issued in exchange for the AOG units. 2 Diluted earnings per common share on a GAAP basis for Class A common shares, including diluted Class A weighted average common shares outstanding, includes the dilutive impacts, if any, of Class B common shares, Class M common shares and any other stock-based awards. 3 Represents Class A common shares outstanding or weighted average common shares outstanding assuming conversion or settlement of all outstanding items that are able to be converted to or settled in Class A common shares, including the impacts of Class B common shares, Class M common shares and any other stock-based awards, but excluding any awards for which the exercise or conversion price exceeds the market value of our Class A common shares on the applicable measurement date. 4 Net organic flows are calculated as organic inflows less organic outflows, net of the ACRA noncontrolling interest, and exclude net flows related to inorganic acquisitions and block reinsurance transactions. 5 Average organic net invested assets exclude the invested assets related to inorganic acquisitions and block reinsurance transactions as well as the investments associated with the ACRA noncontrolling interest. 6 Net organic growth rate is calculated as net organic flows divided by average organic net invested assets, on an annualized basis.

Condensed Consolidated Statements of Income (GAAP view)

Unaudited (in millions, except percentages)



	Quarterly Trends					Δ		Year-to-Date		Δ
	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20	Q/Q	Y/Y	2019	2020	Y/Y
REVENUE										
Premiums	\$ 907	\$ 1,140	\$ 355	\$ 112	\$ 4,356	NM	NM	\$ 6,382	\$ 5,963	(7)%
Product charges	132	140	141	144	146	1%	11%	524	571	9%
Net investment income	1,242	745	1,336	1,209	1,595	32%	28%	4,596	4,885	6%
Investment related gains (losses)	965	(3,572)	2,548	1,797	2,536	41%	163%	4,719	3,309	(30)%
Other revenues	10	(2)	18	13	7	(46)%	(30)%	37	36	(3)%
Total revenues	\$ 3,256	\$ (1,549)	\$ 4,398	\$ 3,275	\$ 8,640	164%	165%	\$ 16,258	\$ 14,764	(9)%
BENEFITS AND EXPENSES										
Interest sensitive contract benefits	\$ 1,146	\$ (1,319)	\$ 2,076	\$ 1,225	\$ 1,909	56%	67%	\$ 4,557	\$ 3,891	(15)%
Amortization of deferred sales inducements	36	10	(21)	48	29	(40)%	(19)%	74	66	(11)%
Future policy and other policy benefits	1,192	1,356	674	439	4,718	NM	296%	7,587	7,187	(5)%
Amortization of deferred acquisition costs and value of business acquired	143	(413)	361	299	274	(8)%	92%	958	521	(46)%
Dividends to policyholders	6	11	9	9	9	—%	50%	36	38	6%
Policy and other operating expenses	200	188	218	231	218	(6)%	9%	744	855	15%
Total benefits and expenses	2,723	(167)	3,317	2,251	7,157	218%	163%	13,956	12,558	(10)%
Income (loss) before income taxes	533	(1,382)	1,081	1,024	1,483	45%	178%	2,302	2,206	(4)%
Income tax expense (benefit)	69	(166)	150	140	161	15%	133%	117	285	144%
Net income (loss)	464	(1,216)	931	884	1,322	50%	185%	2,185	1,921	(12)%
Less: Net income (loss) attributable to noncontrolling interests	13	(169)	88	232	229	(1)%	NM	13	380	NM
Net income (loss) attributable to Athene Holding Ltd. shareholders	451	(1,047)	843	652	1,093	68%	142%	2,172	1,541	(29)%
Less: Preferred stock dividends	19	18	19	30	28	(7)%	47%	36	95	164%
Net income (loss) available to Athene Holding Ltd. common shareholders	\$ 432	\$ (1,065)	\$ 824	\$ 622	\$ 1,065	71%	147%	\$ 2,136	\$ 1,446	(32)%

Segment Results of Operations (Management view)

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



	Quarterly Trends					Δ		Year-to-Date		Δ
	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20	Q/Q	Y/Y	2019	2020	Y/Y
CONSOLIDATED										
Fixed income and other investment income	\$ 1,185	\$ 1,188	\$ 1,140	\$ 1,225	\$ 1,283	5 %	8 %	\$ 4,682	\$ 4,836	3 %
Alternative investment income (loss)	154	(37)	(100)	305	324	6 %	110 %	497	492	(1)%
Net investment earnings	1,339	1,151	1,040	1,530	1,607	5 %	20 %	5,179	5,328	3 %
Cost of crediting	(521)	(540)	(560)	(640)	(677)	(6)%	(30)%	(2,179)	(2,417)	(11)%
Other liability costs ¹	(259)	(342)	(215)	(320)	(281)	12 %	(8)%	(1,172)	(1,158)	1 %
Cost of funds	(780)	(882)	(775)	(960)	(958)	— %	(23)%	(3,351)	(3,575)	(7)%
Operating expenses	(86)	(79)	(88)	(78)	(93)	(19)%	(8)%	(334)	(338)	(1)%
Interest expense	(17)	(19)	(28)	(27)	(27)	— %	(59)%	(54)	(101)	(87)%
Management fees from ACRA	2	2	3	9	8	(11)%	300 %	2	22	NM
Pre-tax adjusted operating income	458	173	152	474	537	13 %	17 %	1,442	1,336	(7)%
Income tax expense – operating ²	(50)	(24)	(15)	(61)	(64)	(5)%	(28)%	(117)	(164)	(40)%
Adjusted operating income	408	149	137	413	473	15 %	16 %	1,325	1,172	(12)%
Preferred stock dividends	(19)	(18)	(19)	(30)	(28)	7 %	(47)%	(36)	(95)	NM
Adjusted operating income available to common shareholders excluding Apollo	389	131	118	383	445	16 %	14 %	1,289	1,077	(16)%
Change in fair value of Apollo investment, net of tax ³	—	(239)	372	(81)	113	NM	NM	—	165	NM
Adjusted operating income (loss) available to common shareholders	\$ 389	\$ (108)	\$ 490	\$ 302	\$ 558	85 %	43 %	\$ 1,289	\$ 1,242	(4)%
Adjusted operating earnings (loss) per common share	\$ 2.21	\$ (0.60)	\$ 2.49	\$ 1.53	\$ 2.85	86 %	29 %	\$ 6.97	\$ 6.42	(8)%
RETIREMENT SERVICES										
Fixed income and other investment income	\$ 1,172	\$ 1,177	\$ 1,132	\$ 1,216	\$ 1,274	5 %	9 %	\$ 4,652	\$ 4,799	3 %
Alternative investment income (loss)	134	7	(57)	228	310	36 %	131 %	410	488	19 %
Net investment earnings	1,306	1,184	1,075	1,444	1,584	10 %	21 %	5,062	5,287	4 %
Cost of crediting	(521)	(540)	(560)	(640)	(677)	(6)%	(30)%	(2,179)	(2,417)	(11)%
Other liability costs ¹	(259)	(342)	(215)	(320)	(281)	12 %	(8)%	(1,172)	(1,158)	1 %
Cost of funds	(780)	(882)	(775)	(960)	(958)	— %	(23)%	(3,351)	(3,575)	(7)%
Operating expenses	(69)	(68)	(71)	(63)	(73)	(16)%	(6)%	(266)	(275)	(3)%
Interest expense	(5)	(8)	(9)	(8)	(4)	50 %	20 %	(8)	(29)	NM
Management fees from ACRA	2	2	3	9	8	(11)%	300 %	2	22	NM
Pre-tax adjusted operating income	454	228	223	422	557	32 %	23 %	1,439	1,430	(1)%
Income tax expense – operating	(50)	(24)	(15)	(61)	(64)	(5)%	(28)%	(117)	(164)	(40)%
Adjusted operating income available to common shareholders	\$ 404	\$ 204	\$ 208	\$ 361	\$ 493	37 %	22 %	\$ 1,322	\$ 1,266	(4)%
CORPORATE & OTHER										
Fixed income and other investment income	\$ 13	\$ 11	\$ 8	\$ 9	\$ 9	— %	(31)%	\$ 30	\$ 37	23 %
Alternative investment income (loss)	20	(44)	(43)	77	14	(82)%	(30)%	87	4	(95)%
Net investment earnings (loss)	33	(33)	(35)	86	23	(73)%	(30)%	117	41	(65)%
Operating expenses	(17)	(11)	(17)	(15)	(20)	(33)%	(18)%	(68)	(63)	7 %
Interest expense	(12)	(11)	(19)	(19)	(23)	(21)%	(92)%	(46)	(72)	(57)%
Adjusted operating income (loss)	4	(55)	(71)	52	(20)	NM	NM	3	(94)	NM
Preferred stock dividends	(19)	(18)	(19)	(30)	(28)	7 %	(47)%	(36)	(95)	NM
Adjusted operating income (loss) available to common shareholders excluding Apollo	(15)	(73)	(90)	22	(48)	NM	NM	(33)	(189)	NM
Change in fair value of Apollo investment, net of tax ³	—	(239)	372	(81)	113	NM	NM	—	165	NM
Adjusted operating income (loss) available to common shareholders	\$ (15)	\$ (312)	\$ 282	\$ (59)	\$ 65	NM	NM	\$ (33)	\$ (24)	27 %

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 VOPA 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, includes 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
	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20	Q/Q	Y/Y	2019	2020	Y/Y
CONSOLIDATED										
Fixed income and other investment income	4.29 %	4.20 %	3.78 %	3.70 %	3.70 %	0bps	(59)bps	4.23 %	3.82 %	(41)bps
Alternative investment income (loss)	11.15 %	(2.58)%	(6.75)%	19.44 %	19.56 %	12bps	NM	9.84 %	8.01 %	NM
Net investment earnings	4.62 %	3.87 %	3.29 %	4.41 %	4.43 %	2bps	(19)bps	4.48 %	4.01 %	(47)bps
Cost of crediting	(1.80)%	(1.82)%	(1.77)%	(1.84)%	(1.86)%	(2)bps	(6)bps	(1.88)%	(1.82)%	6bps
Other liability costs	(0.89)%	(1.15)%	(0.68)%	(0.93)%	(0.78)%	15bps	11bps	(1.02)%	(0.87)%	15bps
Cost of funds	(2.69)%	(2.97)%	(2.45)%	(2.77)%	(2.64)%	13bps	5bps	(2.90)%	(2.69)%	21bps
Net investment spread	1.93 %	0.90 %	0.84 %	1.64 %	1.79 %	15bps	(14)bps	1.58 %	1.32 %	(26)bps
Operating expenses	(0.30)%	(0.27)%	(0.28)%	(0.22)%	(0.26)%	(4)bps	4bps	(0.29)%	(0.25)%	4bps
Interest expense	(0.06)%	(0.06)%	(0.09)%	(0.08)%	(0.07)%	1bps	(1)bps	(0.05)%	(0.08)%	(3)bps
Management fees from ACRA	— %	0.01 %	0.01 %	0.03 %	0.02 %	(1)bps	NM	— %	0.02 %	NM
Pre-tax adjusted operating income	1.57 %	0.58 %	0.48 %	1.37 %	1.48 %	11bps	(9)bps	1.24 %	1.01 %	(23)bps
Income tax expense – operating	(0.17)%	(0.08)%	(0.05)%	(0.18)%	(0.18)%	0bps	(1)bps	(0.09)%	(0.13)%	(4)bps
Adjusted operating income	1.40 %	0.50 %	0.43 %	1.19 %	1.30 %	11bps	(10)bps	1.15 %	0.88 %	(27)bps
Preferred stock dividends	(0.06)%	(0.06)%	(0.06)%	(0.09)%	(0.07)%	2bps	(1)bps	(0.04)%	(0.07)%	(3)bps
Adjusted operating income available to common shareholders excluding Apollo	1.34 %	0.44 %	0.37 %	1.10 %	1.23 %	13bps	(11)bps	1.11 %	0.81 %	(30)bps
Change in fair value of Apollo investment, net of tax	— %	(0.80)%	1.17 %	(0.24)%	0.29 %	NM	NM	— %	0.12 %	NM
Adjusted operating income (loss) available to common shareholders	1.34 %	(0.36)%	1.54 %	0.86 %	1.52 %	66bps	18bps	1.11 %	0.93 %	(18)bps
Consolidated average net invested assets ex. Apollo investment	\$ 115,986	\$ 118,919	\$ 126,510	\$ 138,797	\$ 145,251	5 %	25 %	\$ 115,719	\$ 132,750	15 %
Consolidated average net invested assets	115,986	119,344	127,591	140,052	146,512	5 %	26 %	115,719	133,687	16 %
RETIREMENT SERVICES										
Fixed income and other investment income	4.29 %	4.20 %	3.78 %	3.70 %	3.70 %	0bps	(59)bps	4.23 %	3.82 %	(41)bps
Alternative investment income (loss)	10.94 %	0.56 %	(4.38)%	17.24 %	22.59 %	NM	NM	9.32 %	9.25 %	(7)bps
Net investment earnings	4.57 %	4.04 %	3.44 %	4.22 %	4.43 %	21bps	(14)bps	4.43 %	4.04 %	(39)bps
Cost of crediting	(1.83)%	(1.84)%	(1.79)%	(1.87)%	(1.89)%	(2)bps	(6)bps	(1.91)%	(1.85)%	6bps
Other liability costs	(0.90)%	(1.17)%	(0.69)%	(0.94)%	(0.79)%	15bps	11bps	(1.02)%	(0.88)%	14bps
Cost of funds	(2.73)%	(3.01)%	(2.48)%	(2.81)%	(2.68)%	13bps	5bps	(2.93)%	(2.73)%	20bps
Net investment spread	1.84 %	1.03 %	0.96 %	1.41 %	1.75 %	34bps	(9)bps	1.50 %	1.31 %	(19)bps
Operating expenses	(0.24)%	(0.23)%	(0.23)%	(0.18)%	(0.20)%	(2)bps	4bps	(0.23)%	(0.21)%	2bps
Interest expense	(0.02)%	(0.03)%	(0.03)%	(0.02)%	(0.01)%	1bps	1bps	(0.01)%	(0.02)%	(1)bps
Management fees from ACRA	0.01 %	0.01 %	0.01 %	0.03 %	0.02 %	(1)bps	1bps	— %	0.02 %	NM
Pre-tax adjusted operating income	1.59 %	0.78 %	0.71 %	1.24 %	1.56 %	32bps	(3)bps	1.26 %	1.10 %	(16)bps
Income tax expense – operating	(0.17)%	(0.08)%	(0.04)%	(0.18)%	(0.18)%	0bps	(1)bps	(0.10)%	(0.13)%	(3)bps
Adjusted operating income available to common shareholders	1.42 %	0.70 %	0.67 %	1.06 %	1.38 %	32bps	(4)bps	1.16 %	0.97 %	(19)bps
Retirement Services average net invested assets	\$ 114,149	\$ 117,295	\$ 124,943	\$ 136,852	\$ 143,162	5 %	25 %	\$ 114,310	\$ 130,887	15 %

Reconciliation of Earnings Measures

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



	Quarterly Trends					Δ		Year-to-Date		Δ
	4Q'19	1Q'20	2Q'20	3Q'20	4Q'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	\$ 432	\$ (1,065)	\$ 824	\$ 622	\$ 1,065	71 %	147 %	\$ 2,136	\$ 1,446	(32)%
Non-operating adjustments										
Realized gains (losses) on sale of AFS securities	26	12	(11)	(11)	37	NM	42 %	125	27	(78)%
Unrealized, allowances and other investment gains (losses)	(12)	(369)	52	49	116	137 %	NM	(4)	(152)	NM
Change in fair value of reinsurance assets	(89)	(1,277)	1,113	434	522	20 %	NM	1,411	792	(44)%
Offsets to investment gains (losses)	28	495	(379)	(126)	(149)	(18)%	NM	(538)	(159)	70 %
Investment gains (losses), net of offsets	(47)	(1,139)	775	346	526	52 %	NM	994	508	(49)%
Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets	136	65	(405)	72	33	(54)%	(76)%	(65)	(235)	NM
Integration, restructuring and other non-operating expenses	(24)	(4)	(9)	—	3	NM	NM	(70)	(10)	86 %
Stock compensation expense	(3)	(10)	—	(1)	—	NM	NM	(12)	(11)	8 %
Income tax (expense) benefit – non-operating	(19)	131	(27)	(97)	(55)	43 %	NM	—	(48)	NM
Less: Total non-operating adjustments	43	(957)	334	320	507	58 %	NM	847	204	(76)%
Adjusted operating income (loss) available to common shareholders	\$ 389	\$ (108)	\$ 490	\$ 302	\$ 558	85 %	43 %	\$ 1,289	\$ 1,242	(4)%
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	\$ 2.43	\$ (5.81)	\$ 4.25	\$ 3.22	\$ 5.57	73 %	129 %	\$ 11.44	\$ 8.51	(26)%
Non-operating adjustments										
Realized gains (losses) on sale of AFS securities	0.15	0.07	(0.06)	(0.06)	0.19	NM	27 %	0.68	0.14	(79)%
Unrealized, allowances and other investment gains (losses)	(0.07)	(2.03)	0.26	0.24	0.59	146 %	NM	(0.02)	(0.79)	NM
Change in fair value of reinsurance assets	(0.50)	(7.04)	5.66	2.20	2.66	21 %	NM	7.64	4.09	(46)%
Offsets to investment gains (losses)	0.16	2.73	(1.93)	(0.64)	(0.76)	(19)%	NM	(2.91)	(0.82)	72 %
Investment gains (losses), net of offsets	(0.26)	(6.27)	3.93	1.74	2.68	54 %	NM	5.39	2.62	(51)%
Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets	0.77	0.36	(2.06)	0.37	0.17	(54)%	(78)%	(0.36)	(1.22)	NM
Integration, restructuring and other non-operating expenses	(0.13)	(0.03)	(0.04)	—	0.01	NM	NM	(0.37)	(0.05)	86 %
Stock compensation expense	(0.02)	(0.05)	—	—	—	NM	NM	(0.07)	(0.06)	14 %
Income tax (expense) benefit – non-operating	(0.11)	0.72	(0.14)	(0.49)	(0.28)	43 %	NM	—	(0.25)	NM
Less: Total non-operating adjustments	0.25	(5.27)	1.69	1.62	2.58	59 %	NM	4.59	1.04	(77)%
Less: Effect of items convertible to or settled in Class A common shares	(0.03)	0.06	0.07	0.07	0.14	100 %	NM	(0.12)	1.05	NM
Adjusted operating earnings (loss) per common share	\$ 2.21	\$ (0.60)	\$ 2.49	\$ 1.53	\$ 2.85	86 %	29 %	\$ 6.97	\$ 6.42	(8)%

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
	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20	Q/Q	Y/Y	2019	2020	Y/Y
NET INVESTMENT SPREAD – RETIREMENT SERVICES										
Net investment earned rate	4.57 %	4.04 %	3.44 %	4.22 %	4.43 %	21bps	(14)bps	4.43 %	4.04 %	(39)bps
Cost of crediting	1.83 %	1.84 %	1.79 %	1.87 %	1.89 %	2bps	6bps	1.91 %	1.85 %	(6)bps
Other liability costs	0.90 %	1.17 %	0.69 %	0.94 %	0.79 %	(15)bps	(11)bps	1.02 %	0.88 %	(14)bps
Cost of funds	2.73 %	3.01 %	2.48 %	2.81 %	2.68 %	(13)bps	(5)bps	2.93 %	2.73 %	(20)bps
Net investment spread	1.84 %	1.03 %	0.96 %	1.41 %	1.75 %	34bps	(9)bps	1.50 %	1.31 %	(19)bps
Average net invested assets	\$ 114,149	\$ 117,295	\$ 124,943	\$ 136,852	\$ 143,162	5 %	25 %	\$ 114,310	\$ 130,887	15 %
COST OF CREDITING – RETIREMENT SERVICES										
FIA option costs	\$ 252	\$ 248	\$ 252	\$ 264	\$ 258	(2)%	2 %	\$ 1,047	\$ 1,022	(2)%
Fixed interest credited to policyholders	177	174	199	242	247	2 %	40 %	727	862	19 %
Cost of crediting on deferred annuities	429	422	451	506	505	— %	18 %	1,774	1,884	6 %
Average account value on deferred annuities	87,660	88,119	92,814	102,144	103,990	2 %	19 %	89,878	96,848	8 %
Cost of crediting on deferred annuities rate	1.95 %	1.91 %	1.94 %	1.98 %	1.94 %	(4)bps	(1)bps	1.97 %	1.95 %	(2)bps
Cost of crediting on institutional products	\$ 92	\$ 118	\$ 109	\$ 134	\$ 172	28 %	87 %	\$ 405	\$ 533	32 %
Average institutional reserve liabilities	12,931	14,250	15,233	18,162	22,375	23 %	73 %	11,632	17,505	50 %
Cost of crediting on institutional products rate	2.85 %	3.31 %	2.87 %	2.95 %	3.08 %	13bps	23bps	3.47 %	3.05 %	(42)bps
Cost of crediting	\$ 521	\$ 540	\$ 560	\$ 640	\$ 677	6 %	30 %	\$ 2,179	\$ 2,417	11 %
OTHER LIABILITY COSTS – RETIREMENT SERVICES										
Change in rider reserve	\$ 124	\$ 183	\$ 128	\$ 119	\$ 121	2 %	(2)%	\$ 530	\$ 551	4 %
DAC, DSI and VOBA amortization	131	127	84	178	154	(13)%	18 %	573	543	(5)%
Other ¹	4	32	3	23	6	(74)%	50 %	69	64	(7)%
Other liability costs	\$ 259	\$ 342	\$ 215	\$ 320	\$ 281	(12)%	8 %	\$ 1,172	\$ 1,158	(1)%
INVESTMENT MARGIN ON DEFERRED ANNUITIES – RETIREMENT SERVICES										
Net investment earned rate	4.57 %	4.04 %	3.44 %	4.22 %	4.43 %	21bps	(14)bps	4.43 %	4.04 %	(39)bps
Cost of crediting on deferred annuities	1.95 %	1.91 %	1.94 %	1.98 %	1.94 %	(4)bps	(1)bps	1.97 %	1.95 %	(2)bps
Investment margin on deferred annuities	2.62 %	2.13 %	1.50 %	2.24 %	2.49 %	25bps	(13)bps	2.46 %	2.09 %	(37)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	December 31, 2020	Δ
ASSETS			
Investments			
Available-for-sale securities, at fair value	\$ 71,374	\$ 82,853	16 %
Trading securities, at fair value	2,070	2,093	1 %
Equity securities	247	532	115 %
Mortgage loans, net of allowances	14,306	15,264	7 %
Investment funds	750	803	7 %
Policy loans	417	369	(12)%
Funds withheld at interest	15,181	48,612	220 %
Derivative assets	2,888	3,523	22 %
Short-term investments	596	222	(63)%
Other investments, net of allowances	158	572	262 %
Total investments	107,987	154,843	43 %
Cash and cash equivalents	4,240	7,704	82 %
Restricted cash	402	738	84 %
Investments in related parties			
Available-for-sale securities, at fair value	3,804	6,520	71 %
Trading securities, at fair value	785	1,529	95 %
Equity securities, at fair value	64	72	13 %
Mortgage loans, net of allowances	653	674	3 %
Investment funds	3,550	5,284	49 %
Funds withheld at interest	13,220	13,030	(1)%
Other investments, net of allowances	487	469	(4)%
Accrued investment income	807	905	12 %
Reinsurance recoverable	4,863	4,848	— %
Deferred acquisition costs, deferred sales inducements and value of business acquired	5,008	4,906	(2)%
Other assets	1,005	1,249	24 %
Total assets	<u>\$ 146,875</u>	<u>\$ 202,771</u>	38 %

Condensed Consolidated Balance Sheets, continued

Unaudited (in millions, except percentages)



	December 31, 2019	December 31, 2020	Δ
LIABILITIES			
Interest sensitive contract liabilities	\$ 102,745	\$ 144,566	41 %
Future policy benefits	23,330	29,258	25 %
Other policy claims and benefits	138	130	(6)%
Dividends payable to policyholders	113	110	(3)%
Short-term debt	475	—	NM
Long-term debt	992	1,976	99 %
Derivative liabilities	97	298	207 %
Payables for collateral on derivatives and securities to repurchase	3,255	3,801	17 %
Funds withheld liability	408	452	11 %
Other liabilities	1,181	2,040	73 %
Total liabilities	132,734	182,631	38 %
EQUITY			
Preferred stock	—	—	NM
Common stock	—	—	NM
Additional paid-in-capital	4,171	6,613	59 %
Retained earnings	6,939	8,073	16 %
Accumulated other comprehensive income	2,281	3,971	74 %
Total Athene Holding Ltd. shareholders' equity	13,391	18,657	39 %
Noncontrolling interests	750	1,483	98 %
Total equity	14,141	20,140	42 %
Total liabilities and equity	\$ 146,875	\$ 202,771	38 %

Investments (GAAP view)

Unaudited (in millions, except percentages)



	December 31, 2019		December 31, 2020	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
INVESTMENTS AND INVESTMENTS IN RELATED PARTIES SUMMARY				
Investments				
Available-for-sale securities, at fair value				
U.S. government and agencies	\$ 36	— %	\$ 351	0.2 %
U.S. state, municipal and political subdivisions	1,541	1.2 %	1,033	0.6 %
Foreign governments	327	0.3 %	368	0.2 %
Corporate	47,228	36.2 %	58,180	31.9 %
CLO	7,349	5.6 %	9,569	5.2 %
ABS	5,118	3.9 %	4,270	2.3 %
CMBS	2,400	1.8 %	2,169	1.2 %
RMBS	7,375	5.7 %	6,913	3.8 %
Total available-for-sale securities, at fair value	71,374	54.7 %	82,853	45.4 %
Trading securities, at fair value	2,070	1.6 %	2,093	1.2 %
Equity securities	247	0.2 %	532	0.3 %
Mortgage loans, net of allowances	14,306	11.0 %	15,264	8.4 %
Investment funds	750	0.6 %	803	0.4 %
Policy loans	417	0.3 %	369	0.2 %
Funds withheld at interest	15,181	11.6 %	48,612	26.7 %
Derivative assets	2,888	2.2 %	3,523	1.9 %
Short-term investments	596	0.5 %	222	0.1 %
Other investments	158	0.1 %	572	0.3 %
Total investments	107,987	82.8 %	154,843	84.9 %
Investments in related parties				
Available-for-sale securities, at fair value				
Corporate	19	— %	215	0.1 %
CLO	936	0.7 %	1,520	0.9 %
ABS	2,849	2.2 %	4,785	2.6 %
Total available-for-sale securities, at fair value	3,804	2.9 %	6,520	3.6 %
Trading securities, at fair value	785	0.6 %	1,529	0.8 %
Equity securities, at fair value	64	— %	72	— %
Mortgage loans	653	0.5 %	674	0.4 %
Investment funds	3,550	2.7 %	5,284	2.9 %
Funds withheld at interest	13,220	10.1 %	13,030	7.1 %
Other investments	487	0.4 %	469	0.3 %
Total investments in related parties	22,563	17.2 %	27,578	15.1 %
Total investments including related parties	\$ 130,550	100.0 %	\$ 182,421	100.0 %

Net Invested Assets (Management view) and Flows

Unaudited (in millions, except percentages)



	December 31, 2019		December 31, 2020	
	Invested Asset Value ¹	Percent of Total	Invested Asset Value ¹	Percent of Total
NET INVESTED ASSETS				
Corporate	\$ 55,077	46.9 %	\$ 71,040	47.3 %
CLO	10,223	8.7 %	14,609	9.7 %
Credit	65,300	55.6 %	85,649	57.0 %
RMBS	8,394	7.1 %	8,337	5.6 %
CML	14,038	12.0 %	16,778	11.2 %
RML	4,490	3.8 %	4,774	3.2 %
CMBS	2,930	2.5 %	3,227	2.1 %
Real estate	29,852	25.4 %	33,116	22.1 %
ABS	10,317	8.8 %	13,137	8.7 %
Alternative investments	5,586	4.8 %	6,793	4.5 %
State, municipal, political subdivisions and foreign government	2,260	1.9 %	2,136	1.4 %
Equity securities	365	0.3 %	478	0.3 %
Short-term investments	624	0.5 %	479	0.3 %
U.S. government and agencies	49	— %	206	0.2 %
Other investments	19,201	16.3 %	23,229	15.4 %
Cash and equivalents	1,958	1.7 %	5,417	3.6 %
Policy loans and other	1,175	1.0 %	1,455	1.0 %
Net invested assets excluding investment in Apollo	117,486	100.0 %	148,866	99.1 %
Investment in Apollo	—	— %	1,324	0.9 %
Net invested assets	\$ 117,486	100.0 %	\$ 150,190	100.0 %

FLOWS	Quarterly Trends					Δ		Year-to-Date		Δ
	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20	Q/Q	Y/Y	2019	2020	Y/Y
Retail	\$ 1,136	\$ 1,246	\$ 1,791	\$ 2,465	\$ 2,299	(7)%	102 %	\$ 6,782	\$ 7,801	15 %
Flow reinsurance	1,196	861	2,265	2,317	559	(76)%	(53)%	3,950	6,002	52 %
Funding agreements ²	499	823	2,636	2,619	2,199	(16)%	NM	1,301	8,277	NM
Pension risk transfer	809	1,017	229	—	4,221	NM	NM	6,042	5,467	(10)%
Gross organic inflows	3,640	3,947	6,921	7,401	9,278	25 %	155 %	18,075	27,547	52 %
Organic inflows attributable to ACRA noncontrolling interest	(544)	—	—	—	(1,180)	NM	NM	(544)	(1,180)	NM
Organic outflows ³	(812)	(1,023)	(1,754)	(1,047)	(1,412)	(35)%	(74)%	(2,984)	(5,236)	(75)%
Net organic flows	\$ 2,284	\$ 2,924	\$ 5,167	\$ 6,354	\$ 6,686	5 %	193 %	\$ 14,547	\$ 21,131	45 %
Net organic growth rate ⁴	14.2 %	17.1 %	27.9 %	31.5 %	30.4 %	NM	NM	24.9 %	27.1 %	220bps
Gross inorganic inflows	\$ —	\$ —	\$ 28,792	\$ —	\$ —	NM	NM	\$ —	\$ 28,792	NM
Inorganic inflows attributable to ACRA noncontrolling interest	—	—	(18,268)	—	—	NM	NM	—	(18,268)	NM
Net inorganic inflows	\$ —	\$ —	\$ 10,524	\$ —	\$ —	NM	NM	\$ —	\$ 10,524	NM

¹ 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. Net invested assets includes our economic ownership of ACRA investments but does not include the investments associated with the noncontrolling interest. ² 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. ³ Organic outflows consist of full and partial policyholder withdrawals, death benefits, pension risk transfer benefit payments and funding agreement maturities net of the ACRA noncontrolling interest and exclude the outflows related to inorganic acquisitions and block reinsurance transactions. ⁴ Net organic growth rate is calculated as net organic flows divided by average organic net invested assets, on an annualized basis.

Investment Funds (GAAP view)

Unaudited (in millions, except percentages)



	December 31, 2019		December 31, 2020	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
INVESTMENT FUNDS INCLUDING RELATED PARTIES¹				
Investment funds				
Real estate	\$ 277	6.4 %	\$ 348	5.7 %
Credit funds	153	3.6 %	107	1.8 %
Private equity	236	5.5 %	267	4.4 %
Real assets	83	2.0 %	81	1.3 %
Natural resources	1	— %	—	— %
Total investment funds	750	17.5 %	803	13.2 %
Investment funds – related parties				
Differentiated investments				
MidCap ²	547	12.7 %	—	— %
AmeriHome	487	11.3 %	444	7.3 %
Catalina	271	6.3 %	334	5.5 %
Athora	132	3.1 %	709	11.6 %
Venerable	99	2.3 %	123	2.0 %
Other	222	5.2 %	279	4.6 %
Total differentiated investments	1,758	40.9 %	1,889	31.0 %
Real estate	853	19.8 %	828	13.5 %
Credit funds	370	8.6 %	375	6.2 %
Private equity	105	2.4 %	473	7.8 %
Real assets	182	4.2 %	172	2.8 %
Natural resources	163	3.8 %	113	1.9 %
Public equities	119	2.8 %	110	1.8 %
Investment in Apollo	—	— %	1,324	21.8 %
Total investment funds – related parties	3,550	82.5 %	5,284	86.8 %
Total investment funds including related parties	\$ 4,300	100.0 %	\$ 6,087	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 and ABS 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 ColInvest VII resulted in MidCap being held directly as a trading security in 3Q'20 and forward rather than as an investment fund.

Net Alternative Investments (Management view)

Unaudited (in millions, except percentages)



	December 31, 2019		December 31, 2020	
	Invested Asset Value ¹	Percent of Total	Invested Asset Value ¹	Percent of Total
NET ALTERNATIVE INVESTMENTS				
Retirement Services				
Differentiated investments				
AmeriHome	\$ 595	10.7 %	\$ 546	8.0 %
MidCap	547	9.8 %	611	9.0 %
Catalina	271	4.9 %	334	4.9 %
Venerable	99	1.8 %	123	1.8 %
Other	208	3.7 %	339	5.0 %
Total differentiated investments	1,720	30.9 %	1,953	28.7 %
Real estate	1,430	25.6 %	1,537	22.6 %
Credit	968	17.3 %	941	13.9 %
Private equity	378	6.8 %	831	12.2 %
Real assets	349	6.2 %	296	4.4 %
Natural resources	51	0.9 %	60	0.9 %
Other	58	1.0 %	—	— %
Total Retirement Services	4,954	88.7 %	5,618	82.7 %
Corporate & Other				
Athora	140	2.5 %	661	9.7 %
Credit	128	2.3 %	93	1.4 %
Natural resources	245	4.4 %	238	3.5 %
Equities ²	119	2.1 %	183	2.7 %
Total Corporate & Other	632	11.3 %	1,175	17.3 %
Net alternative investments ³	\$ 5,586	100.0 %	\$ 6,793	100.0 %

¹ Net invested assets includes our economic ownership of ACRA investments but does not include the investments associated with the noncontrolling interest. 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 December 31, 2020 and 2019. ³ 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 and ABS 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.

Funds Withheld at Interest (GAAP view)

Unaudited (in millions, except percentages)



	December 31, 2019		December 31, 2020	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
FUNDS WITHHELD AT INTEREST INCLUDING RELATED PARTIES				
Fixed maturity securities				
U.S. government and agencies	\$ 15	0.1 %	\$ —	— %
U.S. state, municipal and political subdivisions	482	1.7 %	513	0.8 %
Foreign governments	143	0.5 %	301	0.5 %
Corporate	14,590	51.4 %	34,057	55.2 %
CLO	2,586	9.1 %	5,912	9.6 %
ABS	2,510	8.8 %	5,212	8.5 %
CMBS	756	2.7 %	2,374	3.8 %
RMBS	1,482	5.2 %	2,270	3.7 %
Total fixed maturity securities	22,564	79.5 %	50,639	82.1 %
Equity securities	74	0.3 %	119	0.2 %
Mortgage loans	4,357	15.3 %	8,201	13.3 %
Investment funds	807	2.8 %	1,155	1.9 %
Derivative assets	224	0.8 %	200	0.3 %
Short-term investments	157	0.6 %	608	1.0 %
Other investments	—	— %	15	— %
Cash and cash equivalents	239	0.8 %	906	1.5 %
Other assets and liabilities	(21)	(0.1)%	(201)	(0.3)%
Total funds withheld at interest including related parties ¹	\$ 28,401	100.0 %	\$ 61,642	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
	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20	Q/Q	Y/Y	2019	2020	Y/Y
NIER – CONSOLIDATED										
Fixed income and other investments	4.29 %	4.20 %	3.78 %	3.70 %	3.70 %	0bps	(59)bps	4.23 %	3.82 %	(41)bps
Alternative investments	11.15 %	(2.58)%	(6.75)%	19.44 %	19.56 %	12bps	NM	9.84 %	8.01 %	NM
Total net investment earned rate	4.62 %	3.87 %	3.29 %	4.41 %	4.43 %	2bps	(19)bps	4.48 %	4.01 %	(47)bps
NIER SUMMARY – RETIREMENT SERVICES										
Fixed income and other investments	4.29 %	4.20 %	3.78 %	3.70 %	3.70 %	0bps	(59)bps	4.23 %	3.82 %	(41)bps
Alternative investments	10.94 %	0.56 %	(4.38)%	17.24 %	22.59 %	NM	NM	9.32 %	9.25 %	(7)bps
Total net investment earned rate	4.57 %	4.04 %	3.44 %	4.22 %	4.43 %	21bps	(14)bps	4.43 %	4.04 %	(39)bps
Fixed income and other investment income	\$ 1,172	\$ 1,177	\$ 1,132	\$ 1,216	\$ 1,274	5 %	9 %	\$ 4,652	\$ 4,799	3 %
Alternatives investment income (loss)	134	7	(57)	228	310	36 %	131 %	410	488	19 %
Total net investment earnings	\$ 1,306	\$ 1,184	\$ 1,075	\$ 1,444	\$ 1,584	10 %	21 %	\$ 5,062	\$ 5,287	4 %
Fixed income and other investments	\$ 109,250	\$ 112,205	\$ 119,720	\$ 131,565	\$ 137,678	5 %	26 %	\$ 109,909	\$ 125,616	14 %
Alternatives investments	4,899	5,090	5,223	5,287	5,484	4 %	12 %	4,401	5,271	20 %
Total average net invested assets	\$ 114,149	\$ 117,295	\$ 124,943	\$ 136,852	\$ 143,162	5 %	25 %	\$ 114,310	\$ 130,887	15 %
NIER SUMMARY – CORPORATE & OTHER										
Fixed income and other investments	4.29 %	4.18 %	3.78 %	3.68 %	3.70 %	2bps	(59)bps	4.11 %	3.66 %	(45)bps
Alternative investments	12.82 %	(29.33)%	(24.20)%	31.35 %	4.94 %	NM	NM	13.51 %	0.46 %	NM
Total net investment earned rate	7.16 %	(8.14)%	(8.91)%	17.59 %	4.38 %	NM	NM	8.33 %	2.17 %	NM
Fixed income and other investment income	\$ 13	\$ 11	\$ 8	\$ 9	\$ 9	— %	(31)%	\$ 30	\$ 37	23 %
Alternatives investment income (loss)	20	(44)	(43)	77	14	(82)%	(30)%	87	4	(95)%
Total net investment earnings (loss)	\$ 33	\$ (33)	\$ (35)	\$ 86	\$ 23	(73)%	(30)%	\$ 117	\$ 41	(65)%
Fixed income and other investments	\$ 1,218	\$ 1,027	\$ 856	\$ 967	\$ 953	(1)%	(22)%	\$ 776	\$ 998	29 %
Alternatives investments	619	597	711	978	1,136	16 %	84 %	633	865	37 %
Total average net invested assets ex. Apollo investment	\$ 1,837	\$ 1,624	\$ 1,567	\$ 1,945	\$ 2,089	7 %	14 %	\$ 1,409	\$ 1,863	32 %

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

NIERs by Asset Class and Apollo Investment

Unaudited (in millions, except percentages)



NIER BY ASSET CLASS	Quarterly Trends					Δ		Year-to-Date		Δ
	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20	Q/Q	Y/Y	2019	2020	Y/Y
Corporate securities	4.15 %	4.02 %	3.80 %	3.77 %	3.70 %	(7)bps	(45)bps	4.03 %	3.80 %	(23)bps
Structured securities										
RMBS	5.03 %	5.53 %	4.61 %	4.72 %	5.08 %	36bps	5bps	5.15 %	4.98 %	(17)bps
CLO	4.45 %	4.38 %	3.74 %	2.88 %	3.12 %	24bps	NM	4.62 %	3.48 %	NM
ABS	3.88 %	4.48 %	3.85 %	3.78 %	3.91 %	13bps	3bps	4.02 %	3.94 %	(8)bps
CMBS	5.27 %	4.23 %	4.39 %	4.23 %	4.26 %	3bps	NM	4.37 %	4.28 %	(9)bps
Total structured securities	4.52 %	4.69 %	4.05 %	3.73 %	3.91 %	18bps	(61)bps	4.58 %	4.06 %	(52)bps
State, municipal, political subdivisions and U.S. and foreign government	4.07 %	4.80 %	3.38 %	3.56 %	3.35 %	(21)bps	(72)bps	4.01 %	3.25 %	(76)bps
Mortgage loans	4.58 %	4.36 %	4.29 %	4.17 %	4.37 %	20bps	(21)bps	4.66 %	4.30 %	(36)bps
Alternative investments	11.15 %	(2.58)%	(6.75)%	19.44 %	19.56 %	12bps	NM	9.84 %	8.01 %	NM
Other U.S. and Bermuda net invested assets	3.33 %	2.32 %	1.17 %	2.13 %	1.28 %	(85)bps	NM	2.93 %	1.77 %	NM
Consolidated net investment earned rate	4.62 %	3.87 %	3.29 %	4.41 %	4.43 %	2bps	(19)bps	4.48 %	4.01 %	(47)bps
APOLLO INVESTMENT DETAILS										
Change in fair value of Apollo investment	\$ —	\$ (297)	\$ 481	\$ (101)	\$ 142	NM	NM	\$ —	\$ 225	NM
Income tax (expense) benefit on Apollo investment	—	58	(109)	20	(29)	NM	NM	—	(60)	NM
Change in fair value of Apollo investment, net of tax	\$ —	\$ (239)	\$ 372	\$ (81)	\$ 113	NM	NM	\$ —	\$ 165	NM
Annualized return on Apollo investment, net of tax	— %	(224.9)%	137.7 %	(25.8)%	35.8 %	NM	NM	— %	17.6 %	NM
Change in fair value of Apollo investment impact on adjusted operating EPS ¹	\$ —	\$ (1.32)	\$ 1.89	\$ (0.41)	\$ 0.58	NM	NM	\$ —	\$ 0.86	NM
Adjusted operating EPS, excluding AOG ¹	\$ 2.21	\$ 0.72	\$ 0.60	\$ 1.94	\$ 2.27	NM	NM	\$ 6.97	\$ 5.56	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. The Q1, Q2, and Q3 adjusted operating EPS, excluding AOG amounts were revised to use the adjusted operating weighted average common shares outstanding with no adjustment for the shares issued in exchange for the AOG units.

Credit Quality of Securities

Unaudited (in millions, except percentages)



	December 31, 2019		December 31, 2020	
	Fair Value	Percent of Total	Fair Value	Percent of Total
CREDIT QUALITY OF AFS SECURITIES (GAAP VIEW)				
NAIC designation				
1	\$ 38,667	51.4 %	\$ 41,532	46.5 %
2	32,336	43.0 %	41,704	46.7 %
Total investment grade	71,003	94.4 %	83,236	93.2 %
3	3,300	4.4 %	4,853	5.4 %
4	740	1.0 %	1,145	1.3 %
5	94	0.1 %	114	0.1 %
6	41	0.1 %	25	— %
Total below investment grade	4,175	5.6 %	6,137	6.8 %
Total AFS securities including related parties	\$ 75,178	100.0 %	\$ 89,373	100.0 %
NRSRO designation				
AAA/AA/A	\$ 28,299	37.7 %	\$ 33,553	37.5 %
BBB	29,032	38.6 %	34,404	38.5 %
Non-rated ¹	10,014	13.3 %	12,732	14.3 %
Total investment grade ²	67,345	89.6 %	80,689	90.3 %
BB	3,403	4.5 %	4,020	4.5 %
B	813	1.1 %	1,030	1.2 %
CCC	1,981	2.6 %	1,557	1.7 %
CC and lower	1,076	1.4 %	973	1.1 %
Non-rated ¹	560	0.8 %	1,104	1.2 %
Total below investment grade	7,833	10.4 %	8,684	9.7 %
Total AFS securities including related parties	\$ 75,178	100.0 %	\$ 89,373	100.0 %
	Invested Asset Value³	% NAIC 1 or 2	Invested Asset Value³	% NAIC 1 or 2
SUMMARY OF NAIC 1 & 2 DESIGNATIONS BY ASSET CLASS (MANAGEMENT VIEW)				
Corporate securities	\$ 51,175	92.9 %	\$ 65,887	92.7 %
RMBS	8,001	95.3 %	7,721	92.6 %
CLO	10,053	98.3 %	14,139	96.8 %
ABS	9,476	91.8 %	11,722	89.2 %
CMBS	2,634	89.9 %	2,459	76.2 %
Total structured securities	30,164	94.7 %	36,041	91.7 %
State, municipal, political subdivisions and U.S. and foreign government	2,291	99.2 %	2,221	94.9 %
Short-term investments	597	95.5 %	429	89.4 %
Total NAIC 1 & 2 Designations	\$ 84,227		\$ 104,578	

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		December 31, 2020	
	Invested Asset Value ¹	% of Total	Invested Asset Value ¹	% of Total
CREDIT QUALITY OF NET INVESTED ASSETS				
NAIC designation				
1	\$ 45,836	51.0 %	\$ 52,883	46.7 %
2	38,391	42.7 %	51,695	45.7 %
Non-rated ²	—	— %	—	— %
Total investment grade	84,227	93.7 %	104,578	92.4 %
3	4,056	4.5 %	6,256	5.5 %
4	1,246	1.4 %	1,957	1.7 %
5	289	0.3 %	335	0.4 %
6	56	0.1 %	45	— %
Non-rated ²	—	— %	—	— %
Total below investment grade	5,647	6.3 %	8,593	7.6 %
Total NAIC designated assets ³	89,874	100.0 %	113,171	100.0 %
Assets without NAIC designation				
Commercial mortgage loans				
CM1	4,102	29.2 %	4,712	28.0 %
CM2	6,050	43.1 %	7,794	46.5 %
CM3	3,481	24.8 %	3,906	23.3 %
CM4	365	2.6 %	366	2.2 %
CM5	40	0.3 %	—	— %
CM6	—	— %	—	— %
CM7	—	— %	—	— %
Total CMLs	14,038	100.0 %	16,778	100.0 %
Residential mortgage loans				
In good standing	4,423	98.5 %	4,666	97.7 %
90 days late	34	0.8 %	65	1.4 %
In foreclosure	33	0.7 %	43	0.9 %
Total RMLs	4,490	100.0 %	4,774	100.0 %
Alternative investments				
Investment in Apollo	—	— %	1,324	— %
Cash and equivalents	1,958	— %	5,417	— %
Equity securities	365	— %	478	— %
Other ⁴	1,175	— %	1,455	— %
Net invested assets	\$ 117,486		\$ 150,190	

	December 31, 2019		December 31, 2020	
	Invested Asset Value ¹	% of Total	Invested Asset Value ¹	% of Total
CREDIT QUALITY OF NET INVESTED ASSETS				
NRSRO designation				
AAA/AA/A	\$ 33,918	37.7 %	\$ 42,492	37.6 %
BBB	33,902	37.7 %	42,478	37.5 %
Non-rated ²	12,448	13.9 %	16,494	14.6 %
Total investment grade	80,268	89.3 %	101,464	89.7 %
BB	3,984	4.4 %	5,317	4.7 %
B	1,300	1.5 %	1,784	1.5 %
CCC	2,177	2.4 %	1,899	1.7 %
CC and lower	1,138	1.3 %	1,145	1.0 %
Non-rated ²	1,007	1.1 %	1,562	1.4 %
Total below investment grade	9,606	10.7 %	11,707	10.3 %
Total NRSRO designated assets ³	89,874	100.0 %	113,171	100.0 %
Assets without NRSRO designation				
Commercial mortgage loans				
CM1	4,102	29.2 %	4,712	28.0 %
CM2	6,050	43.1 %	7,794	46.5 %
CM3	3,481	24.8 %	3,906	23.3 %
CM4	365	2.6 %	366	2.2 %
CM5	40	0.3 %	—	— %
CM6	—	— %	—	— %
CM7	—	— %	—	— %
Total CMLs	14,038	100.0 %	16,778	100.0 %
Residential mortgage loans				
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In foreclosure	33	0.7 %	43	0.9 %
Total RMLs	4,490	100.0 %	4,774	100.0 %
Alternative investments				
Investment in Apollo	—	— %	1,324	— %
Cash and equivalents	1,958	— %	5,417	— %
Equity securities	365	— %	478	— %
Other ⁴	1,175	— %	1,455	— %
Net invested assets	\$ 117,486		\$ 150,190	

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. ³ 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. 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		December 31, 2020			December 31, 2019		December 31, 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					CREDIT QUALITY OF RMBS – NRSRO DESIGNATION				
1	\$ 7,610	90.7 %	\$ 7,449	89.3 %	AAA/AA/A	\$ 1,068	12.7 %	\$ 1,286	15.4 %
2	391	4.6 %	272	3.3 %	BBB	717	8.5 %	670	8.0 %
Non-rated ²	—	— %	—	— %	Non-rated ²	2,702	32.2 %	2,548	30.6 %
Total investment grade	8,001	95.3 %	7,721	92.6 %	Total investment grade	4,487	53.4 %	4,504	54.0 %
3	311	3.7 %	378	4.5 %	BB	288	3.4 %	276	3.3 %
4	58	0.7 %	171	2.1 %	B	251	3.0 %	309	3.7 %
5	10	0.1 %	49	0.6 %	CCC	2,061	24.6 %	1,795	21.6 %
6	14	0.2 %	18	0.2 %	CC and lower	1,134	13.5 %	1,141	13.7 %
Non-rated ²	—	— %	—	— %	Non-rated ²	173	2.1 %	312	3.7 %
Total below investment grade	393	4.7 %	616	7.4 %	Total below investment grade	3,907	46.6 %	3,833	46.0 %
RMBS net invested assets	\$ 8,394	100.0 %	\$ 8,337	100.0 %	RMBS net invested assets	\$ 8,394	100.0 %	\$ 8,337	100.0 %
CREDIT QUALITY OF CLOs – NAIC DESIGNATION					CREDIT QUALITY OF CLOs – NRSRO DESIGNATION				
1	\$ 5,796	56.7 %	\$ 9,130	62.5 %	AAA/AA/A	\$ 5,796	56.7 %	\$ 9,113	62.4 %
2	4,257	41.6 %	5,009	34.3 %	BBB	4,257	41.6 %	4,995	34.2 %
Non-rated ²	—	— %	—	— %	Non-rated ²	—	— %	31	0.2 %
Total investment grade	10,053	98.3 %	14,139	96.8 %	Total investment grade	10,053	98.3 %	14,139	96.8 %
3	141	1.4 %	457	3.1 %	BB	141	1.4 %	457	3.1 %
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 %	470	3.2 %	Total below investment grade	170	1.7 %	470	3.2 %
CLOs net invested assets	\$ 10,223	100.0 %	\$ 14,609	100.0 %	CLOs net invested assets	\$ 10,223	100.0 %	\$ 14,609	100.0 %
CREDIT QUALITY OF ABS – NAIC DESIGNATION					CREDIT QUALITY OF ABS – NRSRO DESIGNATION				
1	\$ 6,518	63.1 %	\$ 6,789	51.6 %	AAA/AA/A	\$ 5,297	51.3 %	\$ 5,691	43.3 %
2	2,958	28.7 %	4,933	37.6 %	BBB	2,268	22.0 %	2,156	16.4 %
Non-rated ²	—	— %	—	— %	Non-rated ²	1,911	18.5 %	3,794	28.9 %
Total investment grade	9,476	91.8 %	11,722	89.2 %	Total investment grade	9,476	91.8 %	11,641	88.6 %
3	565	5.5 %	862	6.6 %	BB	545	5.3 %	545	4.2 %
4	126	1.2 %	389	3.0 %	B	126	1.2 %	281	2.1 %
5	150	1.5 %	164	1.2 %	CCC	6	0.1 %	13	0.1 %
6	—	— %	—	— %	CC and lower	—	— %	—	— %
Non-rated ²	—	— %	—	— %	Non-rated ²	164	1.6 %	657	5.0 %
Total below investment grade	841	8.2 %	1,415	10.8 %	Total below investment grade	841	8.2 %	1,496	11.4 %
ABS net invested assets	\$ 10,317	100.0 %	\$ 13,137	100.0 %	ABS net invested assets	\$ 10,317	100.0 %	\$ 13,137	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		December 31, 2020	
	Dollars	Percent of Total	Dollars	Percent of Total
NET RESERVE LIABILITIES				
Indexed annuities	\$ 73,346	64.0 %	\$ 81,084	55.9 %
Fixed rate annuities	19,481	17.0 %	30,315	20.9 %
Total deferred annuities	92,827	81.0 %	111,399	76.8 %
Pension risk transfer annuities	8,230	7.2 %	12,262	8.5 %
Payout annuities	6,383	5.6 %	6,859	4.7 %
Funding agreements ¹	5,107	4.4 %	12,591	8.7 %
Life and other	2,105	1.8 %	1,878	1.3 %
Total net reserve liabilities	\$ 114,652	100.0 %	\$ 144,989	100.0 %

	Quarterly Trends					Δ		Year-to-Date		Δ
	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20	Q/Q	Y/Y	2019	2020	Y/Y
NET RESERVE LIABILITY ROLLFORWARD										
Net reserve liabilities – beginning	\$ 118,825	\$ 114,652	\$ 114,273	\$ 131,333	\$ 137,767	5 %	16 %	\$ 107,732	\$ 114,652	6 %
Gross inflows ²	3,735	4,084	7,031	7,487	9,471	26 %	154 %	18,507	28,073	52 %
Acquisition and block reinsurance ³	—	—	28,792	—	—	NM	NM	—	28,792	NM
Inflows attributable to ACRA noncontrolling interest	(544)	—	(18,288)	(53)	(1,230)	NM	NM	(544)	(19,571)	NM
Net inflows	3,191	4,084	17,535	7,434	8,241	11 %	158 %	17,963	37,294	108 %
Net withdrawals	(2,497)	(2,740)	(3,282)	(2,695)	(3,232)	(20)%	(29)%	(10,991)	(11,949)	(9)%
Sale of ACRA noncontrolling interest to ADIP and ownership changes ⁴	(6,141)	—	335	—	—	NM	NM	(6,141)	335	NM
Other reserve changes	1,274	(1,723)	2,472	1,695	2,213	31 %	74 %	6,089	4,657	(24)%
Net reserve liabilities – ending	\$ 114,652	\$ 114,273	\$ 131,333	\$ 137,767	\$ 144,989	5 %	26 %	\$ 114,652	\$ 144,989	26 %

ACRA NONCONTROLLING INTEREST RESERVE LIABILITY ROLLFORWARD⁵										
Reserve liabilities – beginning	\$ —	\$ 6,574	\$ 6,322	\$ 24,094	\$ 23,762	(1)%	NM	\$ —	\$ 6,574	NM
Inflows	544	—	20	53	1,230	NM	126 %	544	1,303	140 %
Acquisition and block reinsurance ³	—	—	18,268	—	—	NM	NM	—	18,268	NM
Withdrawals	(169)	(197)	(317)	(574)	(619)	(8)%	NM	(169)	(1,707)	NM
Sale of ACRA noncontrolling interest to ADIP and ownership changes ⁴	6,141	—	(335)	—	—	NM	NM	6,141	(335)	NM
Other reserve changes	58	(55)	136	189	245	30 %	NM	58	515	NM
Reserve liabilities – ending	\$ 6,574	\$ 6,322	\$ 24,094	\$ 23,762	\$ 24,618	4 %	274 %	\$ 6,574	\$ 24,618	274 %

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 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 inflows equal inflows from our retail, flow reinsurance and institutional channels as well as inflows for life and products other than deferred annuities or our institutional products, renewal inflows on older blocks of business, annuitizations and foreign currency translation adjustments on large transactions between the transaction date and the transition period. Gross inflows include all inflows sourced by Athene, including all of the inflows reinsured to ACRA. 3 Acquisition and block reinsurance transactions include the reserve liabilities acquired in our inorganic channel at inception. On 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 inflows. 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
	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20	Q/Q	Y/Y	2019	2020	Y/Y
NET DEFERRED ANNUITY ACCOUNT VALUE ROLLFORWARD¹										
Net account value – beginning	\$ 91,768	\$ 88,000	\$ 88,238	\$ 100,694	\$ 103,594	3 %	13 %	\$ 89,435	\$ 88,000	(2)%
Gross inflows ²	2,237	2,013	3,913	4,604	2,756	(40)%	23 %	10,496	13,286	27 %
Acquisition and block reinsurance ³	—	—	27,404	—	—	NM	NM	—	27,404	NM
Inflows attributable to ACRA noncontrolling interest	4	—	(17,398)	(30)	(29)	3 %	NM	4	(17,457)	NM
Net inflows	2,241	2,013	13,919	4,574	2,727	(40)%	22 %	10,500	23,233	121 %
Premium and interest bonuses	34	37	45	40	53	33 %	56 %	215	175	(19)%
Fixed and index credits to policyholders	611	589	443	656	821	25 %	34 %	2,185	2,509	15 %
Surrenders and benefits paid	(2,091)	(2,288)	(2,054)	(2,248)	(2,688)	(20)%	(29)%	(9,452)	(9,278)	2 %
Sale of ACRA noncontrolling interest to ADIP and ownership changes ⁴	(4,450)	—	221	—	—	NM	NM	(4,450)	221	NM
Fee and product charges	(113)	(113)	(118)	(122)	(122)	— %	(8)%	(433)	(475)	(10)%
Net account value – ending	<u>\$ 88,000</u>	<u>\$ 88,238</u>	<u>\$ 100,694</u>	<u>\$ 103,594</u>	<u>\$ 104,385</u>	1 %	19 %	<u>\$ 88,000</u>	<u>\$ 104,385</u>	19 %
NET INSTITUTIONAL RESERVE LIABILITY ROLLFORWARD (PENSION RISK TRANSFER AND FUNDING AGREEMENTS)										
Net reserve liabilities – beginning	\$ 14,371	\$ 13,337	\$ 15,036	\$ 17,103	\$ 19,647	15 %	37 %	\$ 8,536	\$ 13,337	56 %
Gross inflows ²	1,314	1,840	2,865	2,619	6,420	145 %	NM	7,350	13,744	87 %
Inflows attributable to ACRA noncontrolling interest	(548)	—	—	—	(1,177)	NM	NM	(548)	(1,177)	NM
Net inflows	766	1,840	2,865	2,619	5,243	100 %	NM	6,802	12,567	85 %
Net withdrawals	(204)	(240)	(1,024)	(239)	(337)	(41)%	(65)%	(710)	(1,840)	NM
Sale of ACRA noncontrolling interest to ADIP and ownership changes ⁴	(1,698)	—	117	—	—	NM	NM	(1,698)	117	NM
Other reserve changes	102	99	109	164	300	83 %	194 %	407	672	65 %
Net reserve liabilities – ending	<u>\$ 13,337</u>	<u>\$ 15,036</u>	<u>\$ 17,103</u>	<u>\$ 19,647</u>	<u>\$ 24,853</u>	26 %	86 %	<u>\$ 13,337</u>	<u>\$ 24,853</u>	86 %

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 indexed annuities and are net of ceded reinsurance activity. 2 Gross inflows equal inflows from our retail, flow reinsurance and institutional channels as well as inflows for life and products other than deferred annuities or our institutional products, renewal inflows on older blocks of business, annuitizations and foreign currency translation adjustments on large transactions between the transaction date and the transition period. Gross inflows include all inflows sourced by Athene, including all of the inflows reinsured to ACRA. 3 Acquisition and block reinsurance transactions include the reserve liabilities acquired in our inorganic channel at inception. On 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 inflows. 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	\$ 25,902	24.8 %	\$ 25,902	24.8 %
0.0% < 2.0%	1,018	1.0 %	9,083	8.7 %
2.0% < 4.0%	4,492	4.3 %	13,153	12.6 %
4.0% < 6.0%	12,116	11.6 %	16,795	16.1 %
6.0% or greater	60,857	58.3 %	39,452	37.8 %
	<u>\$ 104,385</u>	<u>100.0 %</u>	<u>\$ 104,385</u>	<u>100.0 %</u>

	Surrender charge (gross)	MVA benefit	Surrender charge (net)
Aggregate surrender charge protection	5.8 %	(1.5)%	4.3 %

	Deferred annuities	Percent of total	Average surrender charge (gross)
YEARS OF SURRENDER CHARGE REMAINING ON DEFERRED ANNUITIES NET ACCOUNT VALUE			
No Surrender Charge	\$ 25,902	24.8 %	— %
Less than 2	18,897	18.1 %	5.3 %
2 to less than 4	20,241	19.4 %	6.6 %
4 to less than 6	14,263	13.7 %	7.8 %
6 to less than 8	11,881	11.4 %	9.2 %
8 to less than 10	9,941	9.5 %	10.3 %
10 or greater	3,260	3.1 %	14.1 %
	<u>\$ 104,385</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	\$ 16,643	\$ 74,918	22 %
Fixed rate annuities	10,846	29,467	37 %
Total net deferred annuities	<u>\$ 27,489</u>	<u>\$ 104,385</u>	<u>26 %</u>

	December 31, 2020
Distance to guarantees ¹	> 100

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

	December 31, 2019	December 31, 2020	Δ
DEFERRED ANNUITY RIDER RESERVE SUMMARY			
Net rider reserve	\$ 4,091	\$ 4,747	16 %
Net account value with rider reserves	37,377	37,721	1 %
Rider reserve as a percentage of account value with rider reserves	10.9 %	12.6 %	170bps

Capitalization & Regulatory Capital Ratios

Unaudited (in millions, except percentages)



	Quarterly Trends					Δ	
	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20	Q/Q	Y/Y
CAPITALIZATION							
Total debt	\$ 1,467	\$ 1,386	\$ 1,486	\$ 1,487	\$ 1,976	33 %	35 %
Total AHL shareholders' equity	13,391	9,940	14,711	15,943	18,657	17 %	39 %
Total capitalization	14,858	11,326	16,197	17,430	20,633	18 %	39 %
Less: Accumulated other comprehensive income (loss) (AOCI)	2,281	(1,174)	2,184	2,888	3,971	38 %	74 %
Less: Accumulated change in fair value of reinsurance assets	493	(155)	615	778	1,142	47 %	132 %
Total adjusted capitalization	\$ 12,084	\$ 12,655	\$ 13,398	\$ 13,764	\$ 15,520	13 %	28 %
EQUITY							
Total AHL shareholders' equity	\$ 13,391	\$ 9,940	\$ 14,711	\$ 15,943	\$ 18,657	17 %	39 %
Less: Preferred stock	1,172	1,172	1,755	1,755	2,312	32 %	97 %
Total AHL common shareholders' equity	12,219	8,768	12,956	14,188	16,345	15 %	34 %
Less: AOCI	2,281	(1,174)	2,184	2,888	3,971	38 %	74 %
Less: Accumulated change in fair value of reinsurance assets	493	(155)	615	778	1,142	47 %	132 %
Total adjusted AHL common shareholders' equity	\$ 9,445	\$ 10,097	\$ 10,157	\$ 10,522	\$ 11,232	7 %	19 %
EQUITY BY SEGMENT							
Retirement Services	\$ 7,443	\$ 8,002	\$ 6,957	\$ 7,321	\$ 7,732	6 %	4 %
Corporate and Other	2,002	2,095	3,200	3,201	3,500	9 %	75 %
Total adjusted AHL common shareholders' equity	\$ 9,445	\$ 10,097	\$ 10,157	\$ 10,522	\$ 11,232	7 %	19 %
FINANCIAL LEVERAGE							
Debt to capital ratio	9.9 %	12.2 %	9.2 %	8.5 %	9.6 %	110bps	(30)bps
AOCI	1.8 %	(1.1)%	1.5 %	1.8 %	2.4 %	60bps	60bps
Accumulated change in fair value of reinsurance assets	0.4 %	(0.1)%	0.4 %	0.5 %	0.7 %	20bps	30bps
Adjusted debt to capital ratio	12.1 %	11.0 %	11.1 %	10.8 %	12.7 %	190bps	60bps
REGULATORY CAPITAL RATIOS							
	December 31, 2019		December 31, 2020		Δ		
U.S. RBC ratio – Athene Annuity & Life Assurance Company	429 %		425 %		NM		
BSCR – Athene Life Re Ltd.	310 %		254 %		NM		
Athene Life Re Ltd. RBC ratio ¹	443 %		460 %		NM		

¹ ALRe RBC ratio is calculated by applying the NAIC RBC factors to the statutory financial statements of ALRe and ALRe'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							
	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20	Q/Q	Y/Y	2019	2020	Y/Y
SHARE DATA										
Weighted average common shares outstanding – basic – Class A	144.5	161.4	193.9	193.1	191.1	(1)%	32 %	153.9	184.9	20 %
Weighted average common shares outstanding – diluted – Class A ¹	145.1	161.4	196.9	197.1	195.9	(1)%	35 %	154.3	188.6	22 %
Weighted average common shares outstanding – adjusted operating ²	175.7	181.5	196.9	197.1	195.9	(1)%	11 %	184.8	193.5	5 %
Common shares outstanding ³	175.7	193.9	193.9	191.2	191.2	— %	9 %	175.7	191.2	9 %
Adjusted operating common shares outstanding ²	174.9	197.7	198.6	196.3	197.2	— %	13 %	174.9	197.2	13 %

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 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, changes in the credit loss allowance, 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). On an economic basis, we believe this is suitable because policyholder accounts are credited with index performance at the end of each index term. However, because the term of an embedded derivative in an FIA contract is longer-dated, there is a duration mismatch which may lead to mismatches for accounting purposes.
- **Integration, Restructuring, and Other Non-operating Expenses**—Consists of restructuring and integration expenses related to acquisitions and block reinsurance costs as well as certain other expenses, which are not predictable or related to our underlying profitability drivers.
- **Stock Compensation Expense**—Consists of stock compensation expenses associated with our share incentive plans, excluding our long-term incentive plan, which are not related to our underlying profitability drivers and fluctuate from time to time due to the structure of our plans.
- **Bargain Purchase Gain**—Consists of adjustments to net income (loss) available to AHL common shareholders as they are not related to our underlying profitability drivers.
- **Income Tax (Expense) Benefit – Non-operating**—Consists of the income tax effect of non-operating adjustments and is computed by applying the appropriate jurisdiction's tax rate to the non-operating adjustments that are subject to income tax.

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

Adjusted operating ROA is a non-GAAP measure used to evaluate our financial performance and profitability. Adjusted operating ROA is computed using our adjusted operating income (loss) available to common shareholders divided by average net invested assets for the relevant period. To enhance the ability to analyze these measures across periods, interim periods are annualized. While we believe each of these metrics are meaningful financial metrics and enhance our understanding of the underlying profitability drivers of our business, they should not be used as a substitute for ROA presented under GAAP.

ADJUSTED OPERATING ROE

Adjusted operating ROE is a non-GAAP measure used to evaluate our financial performance excluding the impacts of AOCI and the cumulative change in fair value of funds withheld and modco reinsurance assets, net of DAC, DSI, rider reserve and tax offsets. Adjusted AHL common shareholders' equity is calculated as the ending AHL shareholders' equity excluding AOCI, the cumulative change in fair value of funds withheld and modco reinsurance assets and preferred stock. Adjusted operating ROE is calculated as the adjusted operating income (loss) available to common shareholders, divided by average adjusted AHL common shareholders' equity. These adjustments fluctuate period to period in a manner inconsistent with our underlying profitability drivers as the majority of such fluctuation is related to the market volatility of the unrealized gains and losses associated with our AFS securities. Except with respect to reinvestment activity relating to acquired blocks of businesses, we typically buy and hold AFS investments to maturity throughout the duration of market fluctuations, therefore, the period-over-period impacts in unrealized gains and losses are not necessarily indicative of current operating fundamentals or future performance. Accordingly, we believe using measures which exclude AOCI and the cumulative change in fair value of funds withheld and modco reinsurance assets are useful in analyzing trends in our operating results. To enhance the ability to analyze these measures across periods, interim periods are annualized. Adjusted operating ROE should not be used as a substitute for ROE. However, we believe the adjustments to net income (loss) available to AHL common shareholders and 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 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 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 payment of the conversion price. In calculating Class A diluted earnings per share on a GAAP basis, we are required to apply sequencing rules to determine the dilutive impacts, if any, of our Class B common shares, Class M common shares and any other stock-based awards. To the extent our Class B common shares, Class M common shares and/or any other stock-based awards 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 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 measure 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 net investment income 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 (i) PRT costs, including interest credited, benefit payments and other reserve changes, net of premiums received when issued, and (ii) 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 inflows generated during a specific period of time. Our sales statistics include inflows 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	
	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20	2019	2020
RECONCILIATION OF BOOK VALUE PER COMMON SHARE TO ADJUSTED BOOK VALUE PER COMMON SHARE							
Book value per common share	\$ 69.54	\$ 45.23	\$ 66.82	\$ 74.21	\$ 85.51		
AOCI	(12.98)	6.06	(11.26)	(15.10)	(20.77)		
Accumulated change in fair value of reinsurance assets	(2.80)	0.80	(3.17)	(4.07)	(5.98)		
Effect of items convertible to or settled in Class A common shares	0.26	(1.02)	(1.24)	(1.43)	(1.81)		
Adjusted book value per common share	<u>\$ 54.02</u>	<u>\$ 51.07</u>	<u>\$ 51.15</u>	<u>\$ 53.61</u>	<u>\$ 56.95</u>		
RECONCILIATION OF AVERAGE AHL SHAREHOLDERS' EQUITY TO AVERAGE ADJUSTED AHL COMMON SHAREHOLDERS' EQUITY							
Average AHL shareholders' equity	\$ 13,468	\$ 11,666	\$ 12,326	\$ 15,327	\$ 17,300	\$ 10,834	\$ 14,528
Less: Average preferred stock	1,172	1,172	1,464	1,755	2,034	586	1,633
Less: Average AOCI	2,362	554	505	2,536	3,430	905	2,030
Less: Average accumulated change in fair value of reinsurance assets	610	169	230	697	960	209	575
Average adjusted AHL common shareholders' equity	<u>\$ 9,324</u>	<u>\$ 9,771</u>	<u>\$ 10,127</u>	<u>\$ 10,339</u>	<u>\$ 10,876</u>	<u>\$ 9,134</u>	<u>\$ 10,290</u>
Retirement Services	\$ 7,468	\$ 7,722	\$ 7,480	\$ 7,139	\$ 7,526	\$ 7,625	\$ 7,491
Corporate and Other	1,856	2,049	2,647	3,200	3,350	1,509	2,799
Average adjusted AHL common shareholders' equity	<u>\$ 9,324</u>	<u>\$ 9,771</u>	<u>\$ 10,127</u>	<u>\$ 10,339</u>	<u>\$ 10,876</u>	<u>\$ 9,134</u>	<u>\$ 10,290</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	144.5	161.4	193.9	193.1	191.1	153.9	184.9
Conversion of Class B common shares to Class A common shares	25.4	16.9	—	—	—	25.4	4.2
Conversion of Class M common shares to Class A common shares	5.2	3.2	—	—	—	5.1	0.7
Effect of other stock compensation plans	0.6	—	3.0	4.0	4.8	0.4	3.7
Weighted average common shares outstanding – adjusted operating	<u>175.7</u>	<u>181.5</u>	<u>196.9</u>	<u>197.1</u>	<u>195.9</u>	<u>184.8</u>	<u>193.5</u>
RECONCILIATION OF CLASS A COMMON SHARES OUTSTANDING TO ADJUSTED OPERATING COMMON SHARES OUTSTANDING							
Class A common shares outstanding	142.8	193.9	193.9	191.2	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	5.5	—	—	—	—		
Effect of other stock compensation plans	1.2	3.8	4.7	5.1	6.0		
Adjusted operating common shares outstanding	<u>174.9</u>	<u>197.7</u>	<u>198.6</u>	<u>196.3</u>	<u>197.2</u>		

Non-GAAP Reconciliations

Unaudited (in millions, except percentages)



	Quarterly Trends					Year-to-Date	
	4Q'19	1Q'20	2Q'20	3Q'20	4Q'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	\$ 432	\$ (1,065)	\$ 824	\$ 622	\$ 1,065	\$ 2,136	\$ 1,446
Less: Total non-operating adjustments	43	(957)	334	320	507	847	204
Adjusted operating income (loss) available to common shareholders	389	(108)	490	302	558	1,289	1,242
Notable items	(43)	43	(20)	(27)	(41)	5	(35)
Adjusted operating income (loss) available to common shareholders excluding notable items	\$ 346	\$ (65)	\$ 470	\$ 275	\$ 517	\$ 1,294	\$ 1,207
Retirement Services adjusted operating income available to common shareholders	\$ 404	\$ 204	\$ 208	\$ 361	\$ 493	\$ 1,322	\$ 1,266
Non-recurring adjustment on derivative collateral	—	—	—	(25)	—	—	(18)
Actuarial experience and market impacts	(47)	50	(22)	—	(46)	(43)	(16)
Unlocking	—	—	—	(6)	—	48	(6)
Tax impact of notable items	4	(7)	2	4	5	—	5
Retirement Services notable items	(43)	43	(20)	(27)	(41)	5	(35)
Retirement Services adjusted operating income available to common shareholders excluding notable items	361	247	188	334	452	1,327	1,231
Corporate and Other adjusted operating income (loss) available to common shareholders	(15)	(312)	282	(59)	65	(33)	(24)
Adjusted operating income (loss) available to common shareholders excluding notable items	346	(65)	470	275	517	1,294	1,207
Less: Change in fair value of Apollo investment, net of tax	—	(239)	372	(81)	113	—	165
Adjusted operating income available to common shareholders excluding notables and AOG	\$ 346	\$ 174	\$ 98	\$ 356	\$ 404	\$ 1,294	\$ 1,042

Non-GAAP Reconciliations

Unaudited (in millions, except percentages)



	Quarterly Trends					Year-to-Date	
	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20	2019	2020
RECONCILIATION OF NET INVESTMENT INCOME TO NET INVESTMENT EARNINGS							
GAAP net investment income	\$ 1,242	\$ 745	\$ 1,336	\$ 1,209	\$ 1,595	\$ 4,596	\$ 4,885
Change in fair value of reinsurance assets	188	270	218	444	476	680	1,408
Alternative gains (losses)	(12)	(101)	56	23	(80)	1	(102)
ACRA noncontrolling interest	(61)	(72)	(81)	(196)	(210)	(61)	(559)
Apollo investment (gain) loss	—	297	(481)	101	(142)	—	(225)
Held for trading amortization and other	(18)	12	(8)	(51)	(32)	(37)	(79)
Total adjustments to arrive at net investment earnings	97	406	(296)	321	12	583	443
Total net investment earnings	\$ 1,339	\$ 1,151	\$ 1,040	\$ 1,530	\$ 1,607	\$ 5,179	\$ 5,328
Retirement Services	\$ 1,306	\$ 1,184	\$ 1,075	\$ 1,444	\$ 1,584	\$ 5,062	\$ 5,287
Corporate and Other	33	(33)	(35)	86	23	117	41
Total net investment earnings	\$ 1,339	\$ 1,151	\$ 1,040	\$ 1,530	\$ 1,607	\$ 5,179	\$ 5,328
RECONCILIATION OF NET INVESTMENT INCOME RATE TO NET INVESTMENT EARNED RATE							
GAAP net investment income rate	4.28 %	2.51 %	4.22 %	3.48 %	4.39 %	3.97 %	3.68 %
Change in fair value of reinsurance assets	0.65 %	0.90 %	0.69 %	1.28 %	1.31 %	0.59 %	1.06 %
Alternative gains (losses)	(0.04)%	(0.34)%	0.18 %	0.07 %	(0.22)%	— %	(0.08)%
ACRA noncontrolling interest	(0.21)%	(0.24)%	(0.26)%	(0.56)%	(0.58)%	(0.05)%	(0.42)%
Apollo investment (gain) loss	— %	1.00 %	(1.52)%	0.29 %	(0.38)%	— %	(0.17)%
Held for trading amortization and other	(0.06)%	0.04 %	(0.02)%	(0.15)%	(0.09)%	(0.03)%	(0.06)%
Total adjustments to arrive at net investment earned rate	0.34 %	1.36 %	(0.93)%	0.93 %	0.04 %	0.51 %	0.33 %
Consolidated net investment earned rate	4.62 %	3.87 %	3.29 %	4.41 %	4.43 %	4.48 %	4.01 %
Retirement Services	4.57 %	4.04 %	3.44 %	4.22 %	4.43 %	4.43 %	4.04 %
Corporate and Other	7.16 %	(8.14)%	(8.91)%	17.59 %	4.38 %	8.33 %	2.17 %
Consolidated net investment earned rate	4.62 %	3.87 %	3.29 %	4.41 %	4.43 %	4.48 %	4.01 %
Retirement Services	\$ 114,149	\$ 117,295	\$ 124,943	\$ 136,852	\$ 143,162	\$ 114,310	\$ 130,887
Corporate and Other ex. Apollo investment	1,837	1,624	1,567	1,945	2,089	1,409	1,863
Consolidated average net invested assets ex. Apollo investment	\$ 115,986	\$ 118,919	\$ 126,510	\$ 138,797	\$ 145,251	\$ 115,719	\$ 132,750

Non-GAAP Reconciliations

Unaudited (in millions, except percentages)



	Quarterly Trends					Year-to-Date	
	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20	2019	2020
RECONCILIATION OF INTEREST SENSITIVE CONTRACT BENEFITS TO COST OF CREDITING							
GAAP interest sensitive contract benefits	\$ 1,146	\$ (1,319)	\$ 2,076	\$ 1,225	\$ 1,909	\$ 4,557	\$ 3,891
Interest credited other than deferred annuities and institutional products	64	63	75	73	101	232	312
FIA option costs	269	266	271	284	280	1,109	1,101
Product charges (strategy fees)	(31)	(32)	(34)	(34)	(36)	(119)	(136)
Reinsurance embedded derivative impacts	14	14	15	14	14	57	57
Change in fair values of embedded derivatives – FIAs	(905)	1,504	(1,734)	(779)	(1,395)	(3,644)	(2,404)
Negative VOBA amortization	8	7	5	3	6	36	21
ACRA noncontrolling interest	(42)	38	(113)	(151)	(207)	(42)	(433)
Other changes in interest sensitive contract liabilities	(2)	(1)	(1)	5	5	(7)	8
Total adjustments to arrive at cost of crediting	(625)	1,859	(1,516)	(585)	(1,232)	(2,378)	(1,474)
Retirement Services cost of crediting	\$ 521	\$ 540	\$ 560	\$ 640	\$ 677	\$ 2,179	\$ 2,417
GAAP interest sensitive contract benefits	4.02 %	(4.50)%	6.65 %	3.58 %	5.33 %	3.99 %	2.97 %
Interest credited other than deferred annuities and institutional products	0.23 %	0.21 %	0.24 %	0.21 %	0.28 %	0.20 %	0.24 %
FIA option costs	0.94 %	0.91 %	0.86 %	0.83 %	0.78 %	0.97 %	0.84 %
Product charges (strategy fees)	(0.11)%	(0.11)%	(0.11)%	(0.10)%	(0.10)%	(0.10)%	(0.10)%
Reinsurance embedded derivative impacts	0.05 %	0.05 %	0.05 %	0.04 %	0.04 %	0.05 %	0.04 %
Change in fair values of embedded derivatives – FIAs	(3.17)%	5.13 %	(5.55)%	(2.28)%	(3.90)%	(3.19)%	(1.84)%
Negative VOBA amortization	0.03 %	0.02 %	0.02 %	0.01 %	0.02 %	0.03 %	0.02 %
ACRA noncontrolling interest	(0.15)%	0.13 %	(0.37)%	(0.44)%	(0.58)%	(0.03)%	(0.33)%
Other changes in interest sensitive contract liabilities	(0.01)%	— %	— %	0.02 %	0.02 %	(0.01)%	0.01 %
Total adjustments to arrive at cost of crediting	(2.19)%	6.34 %	(4.86)%	(1.71)%	(3.44)%	(2.08)%	(1.12)%
Retirement Services cost of crediting	1.83 %	1.84 %	1.79 %	1.87 %	1.89 %	1.91 %	1.85 %
Retirement Services cost of crediting on deferred annuities	1.95 %	1.91 %	1.94 %	1.98 %	1.94 %	1.97 %	1.95 %
Retirement Services cost of crediting on institutional products	2.85 %	3.31 %	2.87 %	2.95 %	3.08 %	3.47 %	3.05 %
Retirement Services cost of crediting	1.83 %	1.84 %	1.79 %	1.87 %	1.89 %	1.91 %	1.85 %
Retirement Services average net invested assets	\$ 114,149	\$ 117,295	\$ 124,943	\$ 136,852	\$ 143,162	\$ 114,310	\$ 130,887
Average net account value on deferred annuities	87,660	88,119	92,814	102,144	103,990	89,878	96,848
Average institutional net reserve liabilities	12,931	14,250	15,233	18,162	22,375	11,632	17,505

Non-GAAP Reconciliations

Unaudited (in millions)



	Quarterly Trends					Year-to-Date	
	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20	2019	2020
RECONCILIATION OF BENEFITS AND EXPENSES TO OTHER LIABILITY COSTS							
GAAP benefits and expenses	\$ 2,723	\$ (167)	\$ 3,317	\$ 2,251	\$ 7,157	\$ 13,956	\$ 12,558
Premiums	(907)	(1,140)	(355)	(112)	(4,356)	(6,382)	(5,963)
Product charges	(132)	(140)	(141)	(144)	(146)	(524)	(571)
Other revenues	(10)	2	(18)	(13)	(7)	(37)	(36)
Cost of crediting	(238)	(259)	(275)	(342)	(383)	(1,013)	(1,259)
Change in fair value of embedded derivatives - FIA, net of offsets	(1,003)	1,456	(1,445)	(863)	(1,409)	(3,577)	(2,261)
DAC, DSI and VOBA amortization related to investment gains and losses	28	425	(323)	(86)	(111)	(477)	(95)
Rider reserves	3	76	(46)	(21)	(19)	(58)	(10)
Policy and other operating expenses, excluding policy acquisition expenses	(138)	(117)	(145)	(132)	(139)	(488)	(533)
AmerUs closed block fair value liability	6	45	(100)	(15)	(34)	(152)	(104)
ACRA noncontrolling interest	(74)	165	(241)	(193)	(258)	(74)	(527)
Other changes in benefits and expenses	1	(4)	(13)	(10)	(14)	(2)	(41)
Total adjustments to arrive at other liability costs	(2,464)	509	(3,102)	(1,931)	(6,876)	(12,784)	(11,400)
Other liability costs	\$ 259	\$ 342	\$ 215	\$ 320	\$ 281	\$ 1,172	\$ 1,158
Retirement Services	\$ 259	\$ 342	\$ 215	\$ 320	\$ 281	\$ 1,172	\$ 1,158
Corporate and Other	—	—	—	—	—	—	—
Consolidated other liability costs	\$ 259	\$ 342	\$ 215	\$ 320	\$ 281	\$ 1,172	\$ 1,158
RECONCILIATION OF POLICY AND OTHER OPERATING EXPENSES TO OPERATING EXPENSES							
Policy and other operating expenses	\$ 200	\$ 188	\$ 218	\$ 231	\$ 218	\$ 744	\$ 855
Interest expense	(20)	(20)	(29)	(34)	(31)	(67)	(114)
Policy acquisition expenses, net of deferrals	(62)	(71)	(73)	(99)	(79)	(256)	(322)
Integration, restructuring and other non-operating expenses	(24)	(4)	(9)	—	3	(70)	(10)
Stock compensation expenses	(3)	(10)	—	(1)	—	(12)	(11)
ACRA noncontrolling interest	(5)	(4)	(19)	(16)	(19)	(5)	(58)
Other changes in policy and other operating expenses	—	—	—	(3)	1	—	(2)
Total adjustments to arrive at operating expenses	(114)	(109)	(130)	(153)	(125)	(410)	(517)
Operating expenses	\$ 86	\$ 79	\$ 88	\$ 78	\$ 93	\$ 334	\$ 338
Retirement Services	\$ 69	\$ 68	\$ 71	\$ 63	\$ 73	\$ 266	\$ 275
Corporate and Other	17	11	17	15	20	68	63
Consolidated operating expenses	\$ 86	\$ 79	\$ 88	\$ 78	\$ 93	\$ 334	\$ 338

Non-GAAP Reconciliations

Unaudited (in millions)



	December 31, 2019	December 31, 2020
RECONCILIATION OF TOTAL INVESTMENTS INCLUDING RELATED PARTIES TO NET INVESTED ASSETS		
Total investments, including related parties	\$ 130,550	\$ 182,421
Derivative assets	(2,888)	(3,523)
Cash and cash equivalents (including restricted cash)	4,639	8,442
Accrued investment income	807	905
Payables for collateral on derivatives	(2,743)	(3,203)
Reinsurance funds withheld and modified coinsurance	(1,440)	(2,459)
VIE and VOE assets, liabilities and noncontrolling interest	25	(136)
Unrealized (gains) losses	(4,095)	(7,275)
Ceded policy loans	(235)	(204)
Net investment receivables (payables)	(57)	99
Allowance for credit losses	—	357
Total adjustments to arrive at gross invested assets	(5,987)	(6,997)
Gross invested assets	124,563	175,424
ACRA noncontrolling interest	(7,077)	(25,234)
Net invested assets	\$ 117,486	\$ 150,190
RECONCILIATION OF INVESTMENT FUNDS INCLUDING RELATED PARTIES TO NET ALTERNATIVE INVESTMENTS		
Investment funds, including related parties	\$ 4,300	\$ 6,087
Equity securities	78	165
CLO and ABS equities included in trading securities	405	971
Investment in Apollo	—	(1,324)
Investment funds within funds withheld at interest	807	1,155
Royalties and other assets included in other investments	67	66
Unrealized (gains) losses and other adjustments	8	(44)
ACRA noncontrolling interest	(79)	(283)
Total adjustments to arrive at net alternative investments	1,286	706
Net alternative investments	\$ 5,586	\$ 6,793
RECONCILIATION OF TOTAL LIABILITIES TO NET RESERVE LIABILITIES		
Total liabilities	\$ 132,734	\$ 182,631
Short-term debt	(475)	—
Long-term debt	(992)	(1,976)
Derivative liabilities	(97)	(298)
Payables for collateral on derivatives and securities to repurchase	(3,255)	(3,203)
Funds withheld liability	(408)	(452)
Other liabilities	(1,181)	(2,040)
Reinsurance ceded receivables	(4,863)	(4,848)
Policy loans ceded	(235)	(204)
ACRA noncontrolling interest	(6,574)	(24,618)
Other	(2)	(3)
Total adjustments to arrive at net reserve liabilities	(18,082)	(37,642)
Net reserve liabilities	\$ 114,652	\$ 144,989