ANNUAL STATEMENT

OF THE

Athene Annuity & Life Assurance Company

TO THE

Insurance Department

OF THE

STATE OF

FOR THE YEAR ENDED
DECEMBER 31, 2018

LIFE AND ACCIDENT AND HEALTH

2018

ASSETS

		Current Year			Prior Year
		1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1.	Bonds (Schedule D)	10,987,478,024		10,987,478,024	6,076,750,328
2.	Stocks (Schedule D):				
	2.1 Preferred stocks	87,168,478		87,168,478	26,750,000
	2.2 Common stocks	1,240,001,370	37,854	1,239,963,516	1,170,268,691
3.	Mortgage loans on real estate (Schedule B):				
	3.1 First liens	1,754,476,638		1,754,476,638	391,187,905
	3.2 Other than first liens	574,868,675		574,868,675	638,009,525
4.	Real estate (Schedule A):				
	4.1 Properties occupied by the company (less $ encumbrances)				
	4.2 Properties held for the production of income (less $ encumbrances)				
	4.3 Properties held for sale (less $ encumbrances)				
5.	Cash ($ 25,163,866 , Schedule E - Part 1), cash equivalents ($, Schedule E - Part 2) and short-term investments ($ 897,465,059 , Schedule DA)	922,628,925		922,628,925	637,807,683
6.	Contract loans (including $ premium notes)	3,030,136		3,030,136	1,381,815
7.	Derivatives (Schedule DB)	41,745,123		41,745,123	88,236,971
8.	Other invested assets (Schedule BA)	1,277,401,059	213,200	1,277,187,859	930,211,726
9.	Receivables for securities	860,049		860,049	3,300,711
10.	Securities lending reinvested collateral assets (Schedule DL)				
11.	Aggregate write-ins for invested assets	5,599,813		5,599,813	3,091,064
12.	Subtotals, cash and invested assets (Lines 1 to 11)	16,895,258,290	251,054	16,895,007,236	9,966,996,418
13.	Title plants less $ charged off (for Title insurers only)				
14.	Investment income due and accrued	112,412,480	22,461	112,390,019	50,931,484
15.	Premiums and considerations:				
	15.1 Uncollected premiums and agents' balances in the course of collection				
	15.2 Deferred premiums and agents' balances and installments booked but deferred and not yet due (including $ earned but unbilled premiums)				
	15.3 Accrued retrospective premiums ($) and contracts subject to redetermination ($)				
16.	Reinsurance:				
	16.1 Amounts recoverable from reinsurers	61,843,716		61,843,716	64,880,771
	16.2 Funds held by or deposited with reinsured companies	2,598,123,428		2,598,123,428	2,628,443,465
	16.3 Other amounts receivable under reinsurance contracts	2,213,913,972		2,213,913,972	493,972,128
17.	Amounts receivable relating to uninsured plans				
18.1	Current federal and foreign income tax recoverable and interest thereon	8,960,618		8,960,618	
18.2	Net deferred tax asset	16,561,755		16,561,755	23,197,551
19.	Guaranty funds receivable or on deposit	622,756		622,756	858,513
20.	Electronic data processing equipment and software				
21.	Furniture and equipment, including health care delivery assets ($)				
22.	Net adjustment in assets and liabilities due to foreign exchange rates				
23.	Receivables from parent, subsidiaries and affiliates				31,063
24.	Health care ($) and other amounts receivable	10,180,877		10,180,877	517,656
25.	Aggregate write-ins for other than invested assets	1,380,711	1,380,711		1,337
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	21,919,258,602	1,654,226	21,917,604,376	13,229,830,384
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts	12,509,189		12,509,189	14,213,512
28.	Total (Lines 26 and 27)	21,931,767,791	1,654,226	21,930,113,565	13,244,043,895
	DETAILS OF WRITE-INS				
1101.	Derivative collateral asset	5,599,813		5,599,813	3,091,064
1102.					
1103.					
1198.	Summary of remaining write-ins for Line 11 from overflow page				
1199.	Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	5,599,813		5,599,813	3,091,064
2501.	Miscellaneous assets	1,380,711	1,380,711		1,337
2502.					
2503.					
2598.	Summary of remaining write-ins for Line 25 from overflow page				
2599.	Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	1,380,711	1,380,711		1,337

Effective December 31, 2018, Athene Life Insurance Company merged with and into Athene Annuity & Life Assurance Company under the statutory merger method of accounting. In accordance with SSAP No. 3, the 2017 balances of the accompanying financial statements and disclosures have been restated to reflect merged amounts as if the merger occurred on January 1, 2017.

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Aggregate reserve for life contracts $ 14,819,372,234 (Exh. 5, Line 9999999) less $ included in Line 6.3 (including $ 9,337,220,365 Modco Reserve)	14,819,372,234	7,364,718,604
2.	Aggregate reserve for accident and health contracts (including $ Modco Reserve)		
3.	Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including $ 2,946,799,819 Modco Reserve)	3,076,990,414	3,299,150,103
4.	Contract claims:		
	4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11)	38,735,718	17,338,623
	4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11)		
5.	Policyholders' dividends $ and coupons $ due and unpaid (Exhibit 4, Line 10)		
6.	Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
	6.1 Dividends apportioned for payment (including $ Modco)	34,951	38,416
	6.2 Dividends not yet apportioned (including $ Modco)		
	6.3 Coupons and similar benefits (including $ Modco)		
7.	Amount provisionally held for deferred dividend policies not included in Line 6		
8.	Premiums and annuity considerations for life and accident and health contracts received in advance less $ discount; including $ accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of lines 4 and 14)		
9.	Contract liabilities not included elsewhere:		
	9.1 Surrender values on canceled contracts		
	9.2 Provision for experience rating refunds, including the liability of $ accident and health experience rating refunds of which $ is for medical loss ratio rebate per the Public Health Service Act		
	9.3 Other amounts payable on reinsurance, including $ 50,323,515 assumed and $ 2,018,072,231 ceded	2,068,395,746	589,143,121
	9.4 Interest maintenance reserve (IMR, Line 6)	40,024,458	57,238,149
10.	Commissions to agents due or accrued-life and annuity contracts $ 84,368 accident and health $ 541,371 and deposit-type contract funds $	625,739	869,383
11.	Commissions and expense allowances payable on reinsurance assumed	26,739,586	10,487,903
12.	General expenses due or accrued (Exhibit 2, Line 12, Col. 6)	1,894,516	2,014,618
13.	Transfers to Separate Accounts due or accrued (net) (including $ (38,887) accrued for expense allowances recognized in reserves, net of reinsured allowances)	(38,887)	(5,581)
14.	Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5)	222,956	2,888,344
15.1	Current federal and foreign income taxes, including $ on realized capital gains (losses)		25,311,048
15.2	Net deferred tax liability		
16.	Unearned investment income	37,417	49,399
17.	Amounts withheld or retained by company as agent or trustee	221,440	161,143
18.	Amounts held for agents' account, including $ agents' credit balances		
19.	Remittances and items not allocated	4,640,310	4,905,908
20.	Net adjustment in assets and liabilities due to foreign exchange rates		
21.	Liability for benefits for employees and agents if not included above		
22.	Borrowed money $ and interest thereon $		
23.	Dividends to stockholders declared and unpaid		
24.	Miscellaneous liabilities:		
	24.01 Asset valuation reserve (AVR, Line 16, Col. 7)	188,720,053	200,547,884
	24.02 Reinsurance in unauthorized and certified ($) companies		
	24.03 Funds held under reinsurance treaties with unauthorized and certified ($) reinsurers		
	24.04 Payable to parent, subsidiaries and affiliates	12,282,872	7,820,144
	24.05 Drafts outstanding		
	24.06 Liability for amounts held under uninsured plans		
	24.07 Funds held under coinsurance		
	24.08 Derivatives	23,225,271	6,346,571
	24.09 Payable for securities	17,291,748	173,908,851
	24.10 Payable for securities lending		
	24.11 Capital notes $ and interest thereon $		
25.	Aggregate write-ins for liabilities	54,126,844	119,240,612
26.	Total liabilities excluding Separate Accounts business (Lines 1 to 25)	20,373,543,387	11,882,173,245
27.	From Separate Accounts Statement	12,509,189	14,213,512
28.	Total liabilities (Lines 26 and 27)	20,386,052,576	11,896,386,757
29.	Common capital stock	2,500,000	2,500,000
30.	Preferred capital stock		
31.	Aggregate write-ins for other than special surplus funds		
32.	Surplus notes		
33.	Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1)	1,173,317,219	986,780,264
34.	Aggregate write-ins for special surplus funds		
35.	Unassigned funds (surplus)	368,243,769	358,376,873
36.	Less treasury stock, at cost:		
	36.1 shares common (value included in Line 29 $)		
	36.2 shares preferred (value included in Line 30 $)		
37.	Surplus (Total Lines 31+32+33+34+35-36) (including $ in Separate Accounts Statement)	1,541,560,989	1,345,157,138
38.	Totals of Lines 29, 30 and 37 (Page 4, Line 55)	1,544,060,989	1,347,657,138
39.	Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	21,930,113,565	13,244,043,895
	DETAILS OF WRITE-INS		
2501.	Derivative collateral liability	34,203,242	96,110,545
2502.	Unclaimed funds	19,848,946	19,629,159
2503.	Collateralized borrowing		3,500,908
2598.	Summary of remaining write-ins for Line 25 from overflow page	74,656	
2599.	Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	54,126,844	119,240,612
3101.			
3102.			
3103.			
3198.	Summary of remaining write-ins for Line 31 from overflow page		
3199.	Totals (Lines 3101 thru 3103 plus 3198)(Line 31 above)		
3401.			
3402.			
3403.			
3498.	Summary of remaining write-ins for Line 34 from overflow page		
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)		

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SUMMARY OF OPERATIONS

		1 Current Year	2 Prior Year
1.	Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Col. 1, less Col. 11)	4,544,539,834	51,207,186
2.	Considerations for supplementary contracts with life contingencies	101,196,070	258,471
3.	Net investment income (Exhibit of Net Investment Income, Line 17)	570,865,523	393,779,601
4.	Amortization of Interest Maintenance Reserve (IMR, Line 5)	11,655,776	15,565,727
5.	Separate Accounts net gain from operations excluding unrealized gains or losses		
6.	Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Col. 1)	352,651,506	69,008,874
7.	Reserve adjustments on reinsurance ceded	2,991,614,340	(830,346,442)
8.	Miscellaneous Income:		
	8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	482,947	499,400
	8.2 Charges and fees for deposit-type contracts		
	8.3 Aggregate write-ins for miscellaneous income	123,352,495	143,089,573
9.	Total (Lines 1 to 8.3)	8,696,358,491	(156,937,611)
10.	Death benefits	820,805	236,137
11.	Matured endowments (excluding guaranteed annual pure endowments)		118,163
12.	Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8)	93,938,215	55,045,803
13.	Disability benefits and benefits under accident and health contracts		
14.	Coupons, guaranteed annual pure endowments and similar benefits		
15.	Surrender benefits and withdrawals for life contracts	355,472,765	114,510,774
16.	Group conversions		
17.	Interest and adjustments on contract or deposit-type contract funds	117,192,745	51,014,049
18.	Payments on supplementary contracts with life contingencies	5,555,006	1,334,384
19.	Increase in aggregate reserves for life and accident and health contracts	7,415,652,696	(317,784,681)
20.	Totals (Lines 10 to 19)	7,988,632,232	(95,525,370)
21.	Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1)	4,056,640	5,436,117
22.	Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1)	516,954,148	22,764,858
23.	General insurance expenses (Exhibit 2, Line 10, Cols. 1, 2, 3 and 4)	28,705,001	34,155,119
24.	Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3)	1,901,778	11,278,295
25.	Increase in loading on deferred and uncollected premiums		
26.	Net transfers to or (from) Separate Accounts net of reinsurance	(449,200)	(921,924)
27.	Aggregate write-ins for deductions	144,700,016	(44,541,897)
28.	Totals (Lines 20 to 27)	8,684,500,615	(67,354,801)
29.	Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	11,857,875	(89,582,810)
30.	Dividends to policyholders	31,077	32,740
31.	Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	11,826,798	(89,615,550)
32.	Federal and foreign income taxes incurred (excluding tax on capital gains)	(21,067,775)	(28,151,539)
33.	Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	32,894,574	(61,464,011)
34.	Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of $ 1,011,705 (excluding taxes of $ 1,574,125 transferred to the IMR)	(14,708,060)	86,823,272
35.	Net income (Line 33 plus Line 34)	18,186,514	25,359,261
	CAPITAL AND SURPLUS ACCOUNT		
36.	Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2)	1,347,657,138	1,272,419,957
37.	Net income (Line 35)	18,186,514	25,359,261
38.	Change in net unrealized capital gains (losses) less capital gains tax of $ 8,321,669	(5,646,321)	34,976,285
39.	Change in net unrealized foreign exchange capital gain (loss)	(12,720,213)	(4,304,824)
40.	Change in net deferred income tax	1,685,873	(38,561,088)
41.	Change in nonadmitted assets	(470,354)	(648,007)
42.	Change in liability for reinsurance in unauthorized and certified companies		
43.	Change in reserve on account of change in valuation basis, (increase) or decrease		
44.	Change in asset valuation reserve	11,827,831	(5,149,311)
45.	Change in treasury stock (Page 3, Lines 36.1 and 36.2, Col. 2 minus Col. 1)		
46.	Surplus (contributed to) withdrawn from Separate Accounts during period		
47.	Other changes in surplus in Separate Accounts Statement		
48.	Change in surplus notes		
49.	Cumulative effect of changes in accounting principles		
50.	Capital changes:		
	50.1 Paid in		
	50.2 Transferred from surplus (Stock Dividend)		
	50.3 Transferred to surplus		
51.	Surplus adjustment:		
	51.1 Paid in	186,536,955	21,830,321
	51.2 Transferred to capital (Stock Dividend)		
	51.3 Transferred from capital		
	51.4 Change in surplus as a result of reinsurance	(2,842,812)	54,529,420
52.	Dividends to stockholders		
53.	Aggregate write-ins for gains and losses in surplus	(153,621)	(12,794,878)
54.	Net change in capital and surplus for the year (Lines 37 through 53)	196,403,851	75,237,180
55.	Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38)	1,544,060,989	1,347,657,138
	DETAILS OF WRITE-INS		
08.301.	Funds withheld adjustment - assumed	123,200,908	142,937,333
08.302.	Miscellaneous income	151,587	152,240
08.303.			
08.398.	Summary of remaining write-ins for Line 8.3 from overflow page		
08.399.	Totals (Lines 08.301 thru 08.303 plus 08.398)(Line 8.3 above)	123,352,495	143,089,573
2701.	Reserve adjustments on reinsurance assumed	156,178,381	
2702.	Transfer to IMR - ceded	(8,748,508)	(47,270,701)
2703.	Transfer to IMR - assumed	(3,543,516)	2,997,803
2798.	Summary of remaining write-ins for Line 27 from overflow page	813,659	(268,999)
2799.	Totals (Lines 2701 thru 2703 plus 2798)(Line 27 above)	144,700,016	(44,541,897)
5301.	Correction of prior period error	(7,800,187)	(7,110,456)
5302.	Tax sharing agreement	7,646,566	(5,684,422)
5303.			
5398.	Summary of remaining write-ins for Line 53 from overflow page		
5399.	Totals (Lines 5301 thru 5303 plus 5398)(Line 53 above)	(153,621)	(12,794,878)

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CASH FLOW

		1 Current Year	2 Prior Year
	Cash from Operations		
1.	Premiums collected net of reinsurance	1,232,918,856	51,465,656
2.	Net investment income	504,308,288	336,722,404
3.	Miscellaneous income	349,442,323	66,240,368
4.	Total (Lines 1 through 3)	2,086,669,467	454,428,429
5.	Benefit and loss related payments	(2,560,483,810)	778,214,345
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	(415,894)	(920,107)
7.	Commissions, expenses paid and aggregate write-ins for deductions	535,711,159	70,528,685
8.	Dividends paid to policyholders	34,542	38,923
9.	Federal and foreign income taxes paid (recovered) net of $ 12,117,807 tax on capital gains (losses)	8,143,155	(20,405,105)
10.	Total (Lines 5 through 9)	(2,017,010,847)	827,456,742
11.	Net cash from operations (Line 4 minus Line 10)	4,103,680,314	(373,028,313)
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	2,658,230,104	1,352,617,895
	12.2 Stocks	2,265,625	97,528,257
	12.3 Mortgage loans	279,487,683	275,944,886
	12.4 Real estate		
	12.5 Other invested assets	138,698,410	359,342,257
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	1,226,644	(997,158)
	12.7 Miscellaneous proceeds	3,361,078	255,569,122
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	3,083,269,544	2,340,005,258
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	4,570,403,569	3,849,581,039
	13.2 Stocks	55,899,850	26,546,749
	13.3 Mortgage loans	1,317,514,776	470,506,726
	13.4 Real estate		
	13.5 Other invested assets	441,606,009	40,842,434
	13.6 Miscellaneous applications	182,876,503	1,817,911
	13.7 Total investments acquired (Lines 13.1 to 13.6)	6,568,300,707	4,389,294,859
14.	Net increase (decrease) in contract loans and premium notes	(55,608)	(132,450)
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(3,484,975,555)	(2,049,157,150)
	Cash from Financing and Miscellaneous Sources		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes		
	16.2 Capital and paid in surplus, less treasury stock	12,200,772	
	16.3 Borrowed funds		
	16.4 Net deposits on deposit-type contracts and other insurance liabilities	(274,881,109)	2,735,752,152
	16.5 Dividends to stockholders		
	16.6 Other cash provided (applied)	(71,203,180)	39,263,363
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(333,883,517)	2,775,015,515
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	284,821,242	352,830,052
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	637,807,683	284,977,631
	19.2 End of year (Line 18 plus Line 19.1)	922,628,925	637,807,683

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Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001.	Capital contribution of stock compensation expense (financing)	11,536,955	21,830,321
20.0002.	Capital contribution of stock compensation expense (investing)	(9,072,918)	(17,646,041)
20.0003.	Capital contribution of stock compensation expense (operating)	(2,464,037)	(4,184,280)
20.0004.	Capital contribution - bonds acquired (investing)	(147,799,228)	
20.0005.	Capital contribution - stocks acquired (investing)	(15,000,000)	
20.0006.	Capital contribution (financing)	162,799,228	
20.0007.	Reinsurance activity settled in bonds (operating)	133,316,729	56,308,261
20.0008.	Assumed reinsurance activity settled in bonds (investing)	18,094,971	37,520,478
20.0009.	Ceded reinsurance activity settled in bonds (investing)	(151,411,700)	(93,828,739)
20.0010.	Transfer from Schedule D to Schedule BA - proceeds (investing)		4,095,995
20.0011.	Transfer from Schedule D to Schedule BA - acquired (investing)		(4,095,995)
20.0012.	Security exchanges and asset in kind trades - bond proceeds (investing)	435,680,744	61,207,789

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0013. Security exchanges and asset in kind trades - loan proceeds (investing)	35,000,000	
20.0014. Security exchanges and asset in kind trades - bonds acquired (investing)	(470,680,744)	(61,207,789)
20.0015. Security exchanges - stocks proceeds (investing)	4,490,427	4,490,900
20.0016. Security exchanges - stocks acquired (investing)	(4,490,427)	(4,490,900)
20.0017. Schedule BA distribution other invested assets - proceeds (investing)	4,922,322	25,894,816
20.0018. Schedule BA distribution bonds - acquired (investing)		(175,382,482)
20.0019. Schedule BA distribution other invested assets - acquired (investing)	(4,922,322)	(25,894,816)
20.0020. Schedule BA distribution bonds - proceeds (investing)		175,382,482
20.0021. Reinsurance inception (operating)	3,201,373,635	
20.0022. Reinsurance inception miscellaneous proceeds (investing)	21,655,012	
20.0023. Reinsurance inception bonds - acquired (investing)	(2,966,500,705)	
20.0024. Reinsurance inception stocks - acquired (investing)	(7,284,310)	
20.0025. Reinsurance inception mortgage loans - acquired (investing)	(296,054,380)	
20.0026. Reinsurance inception other invested assets - acquired (investing)	(4,206,743)	
20.0027. Reinsurance inception contract loans - acquired (investing)	(1,703,929)	
20.0028. Reinsurance inception (financing)	52,721,420	

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The accompanying financial statements of **Athene Annuity & Life Assurance Company** (the Company) have been prepared in conformity with the accounting practices prescribed or permitted by the National Association of Insurance Commissioners (NAIC) and the State of Delaware.

The Department of Insurance of the State of Delaware (the Department) recognizes only statutory accounting practices prescribed or permitted by the State of Delaware for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the Delaware Insurance Law. The NAIC's *Accounting Practices & Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Delaware. The Department has the right to permit other specific practices that deviate from prescribed practices.

Effective December 31, 2014, the Company received a permitted practice to use the standard scenario to determine the reserve on its variable annuity policies and thus did not calculate the stochastic scenario reserve as required under Actuarial Guideline 43. The Company does not believe this difference in valuation method has any impact on the calculated reserves. Therefore, the Company's net income and statutory surplus are not affected as a result of this permitted practice.

A reconciliation of the Company's net income and statutory surplus between practices prescribed by the State of Delaware and NAIC SAP is shown below:

	SSAP #	F/S Page	F/S Line #	2018	2017
NET INCOME					
(1) State basis (Page 4, Line 35, Columns 1 & 2)	XXX	XXX	XXX	18,186,514	25,359,261
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP:	……	……	……	....	....
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP: Standard scenario on variable annuities..	…51	…3	…1	 0	 0
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	18,186,514	25,359,261
SURPLUS					
(5) State basis (Page 3, Line 38, Columns 1 & 2)	XXX	XXX	XXX	..1,544,060,989	..1,347,657,138
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP:	……	……	……	....	....
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP: Standard scenario on variable annuities..	…51	…3	…1	 0	 0
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	..1,544,060,989	..1,347,657,138

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with NAIC SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ significantly from those estimates.

C. Accounting Policy

Life and accident and health premiums are recognized as income over the premium paying period of the related polices. Annuity considerations are recognized as revenue when received. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

The amount of dividends to be paid to policyholders is determined annually by the Company's Board of Directors. The aggregate amount of policyholders' dividends is related to actual interest, mortality, morbidity, and expense experience for the year and to the appropriate level of statutory surplus to be retained by the Company.

In addition, the Company uses the following accounting policies, as applicable:

(1) Short-term investments are stated at amortized cost.

(2) Bonds, other than loan-backed and structured securities, are stated at amortized cost or fair value based on their rating by the NAIC. Bonds held at amortized cost are amortized using the scientific interest method on a yield-to-worst basis.

(3) Common stocks are stated at market value except that investments in stocks of subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis. Federal Home Loan Bank (FHLB) stock is carried at fair value, which is presumed to be par because it can only be redeemed by the bank.

(4) Preferred stocks are stated in accordance with the guidance provided in SSAP No. 32, *Preferred Stock*.

(5) Mortgage loans on real estate are stated at amortized cost.

(6) Loan-backed and structured securities are stated at amortized cost or fair market value based on their rating by the NAIC. Changes to estimated cash flows on the securities are accounted for retrospectively for securities that are highly rated at the time of purchase and in which the security cannot be contractually prepaid or settled in such a way that the Company would not recover substantially all of the recorded investment. The prospective method is used for those securities where an other than temporary impairment has been taken, the security is not highly rated at the time of purchase, securities where receipt of all contractual principal cash flows is not expected, or those securities that can be contractually prepaid or settled in such a way that the Company would not recover substantially all of the recorded investment. Loan-backed and structured securities stated at amortized cost are amortized or accreted using the scientific interest method.

(7) The Company carries investments in affiliated common stocks directly and indirectly owned at Statutory (insurance companies) or GAAP (non-insurance companies) net worth plus unamortized goodwill, if applicable, multiplied by the percent of the Company's ownership interest.

(8) Investments in joint ventures, partnerships, or limited liability companies are valued at the US GAAP equity of the entity, adjusted for audited results upon receipt. Changes in US GAAP equity are recorded as an unrealized gain or loss in the Company's capital and surplus. These investments are valued based on the timeliness of information received, which ranges from recording timely to a lag of up to three months.

(9) Call option derivative assets that hedge the growth in interest credited to the hedged policy as a direct result of changes in the related indices are recorded at fair value. Derivatives instruments used in hedging transactions that meet the criteria of a highly effective hedge shall be considered an effective hedge and are permitted to be valued and reported in a manner that is consistent with the hedged asset. All other derivatives are carried at fair value.

NOTES TO FINANCIAL STATEMENTS

(10) The Company anticipates investment income as a factor in the premium deficiency reserve calculation, in accordance with SSAP No. 54, *Individual and Group Accident and Health Contracts*.

(11) The Company has ceded 100% the liabilities for losses and loss/claim adjustment expenses for accident and health contracts.

(12) The Company has not modified its capitalization policy from the prior period.

(13) The Company does not have any pharmaceutical rebate receivables.

D. Going Concern

Management's assessment of the relevant conditions through February 27, 2019 does not give rise to substantial doubt of the Company's ability to continue as a going concern.

Note 2. Accounting Changes and Corrections of Errors

During the current year’s financial statement preparation, the Company discovered an error within prior period Annual Statements relating to reserves. After consideration of materiality and in accordance with SSAP No. 3, *Accounting Changes and Correction of Errors*, this correction was recorded directly to surplus. The impact of the correction of reserves decreased surplus by $7.8 million in 2018. This represented less than 1% of ending capital and surplus as of both December 31, 2018 and 2017.

Note 3. Business Combinations and Goodwill

A. Statutory Purchase Method: NONE

B. Statutory Merger

(1) Effective December 31, 2018, Athene Life Insurance Company (ALIC), a stock life insurance company domiciled in the State of Delaware, merged with and into the Company.

(2) The transaction was accounted for as a statutory merger.

(3) Prior to the merger, the Company owned 100% of the outstanding capital stock of ALIC and accounted for ALIC as an investment in affiliated common stock carried at ALIC's statutory capital and surplus. The Company remained as the surviving entity, and no changes were made to the Company's capital stock.

(4) Pre-merger separate company revenue, net income, and other surplus adjustments for the nine months ended September 30, 2018 for the Company and ALIC are presented below:

	Athene Annuity & Life Assurance Company	Athene Life Insurance Company
Premiums and other income	6,866,071,592	2,111,647
Benefits and expenses	6,904,368,909	575,605
Dividends to policyholders	24,391	—
Federal income tax (benefit) expense	(15,912,032)	385,310
Net realized capital losses, net of tax and transfers to interest maintenance reserve	(4,538,706)	(15,131)
Net (loss) income	(26,948,382)	1,135,601
Correction of prior period error	(7,800,187)	—
Common stock issuance	—	1,500,000
Capital contribution	183,621,510	12,682
Change in net unrealized capital gains and losses, net of tax	78,618,476	916,551
Change in net deferred income tax	3,046,450	12,646
Change in nonadmitted assets	(392,660)	—
Change in asset valuation reserve	(29,397,534)	145,111
Tax sharing agreement	3,215,837	—
Reinsurance adjustment	(526,387)	(366,932)
Total change in capital and surplus	203,437,123	3,355,659

In accordance with SSAP No. 3, *Accounting Changes and Corrections of Errors*, the Company restated the 2017 column of the accompanying financial statements and disclosures as if the merger occurred on January 1, 2017.

(5) No adjustments were made directly to the surplus of the Company as a result of the merger.

C. Assumption Reinsurance: NONE

D. Impairment Loss: NONE

Note 4. Discontinued Operations: NONE

Note 5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

(1) The maximum and minimum lending rates for new mortgage loans originated during 2018 were 10.50% and 2.00%, respectively.

NOTES TO FINANCIAL STATEMENTS

(2) The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages was 600.96%.

(3) Taxes, assessments and any amounts advanced and not included in the mortgage loan total: NONE

(4) Age analysis of mortgage loans and identification of mortgage loans in which the insurer is a participant or co-lender in a mortgage loan agreement

		Residential		Commercial			
	Farm	Insured	All Other	Insured	All Other	Mezzanine	Total
a. Current Year							
1. Recorded Investment (All)							
(a) Current			714,219,117		1,056,185,292	507,923,236	2,278,327,645
(b) 30 - 59 Days Past Due			26,485,611		127,152		26,612,763
(c) 60 - 89 Days Past Due			9,075,683				9,075,683
(d) 90 - 179 Days Past Due			4,784,665				4,784,665
(e) 180+ Days Past Due			11,222,994				11,222,994
2. Accruing Interest 90 - 179 Days Past Due							
(a) Recorded Investment							
(b) Interest Accrued							
3. Accruing Interest 180+ Days Past Due							
(a) Recorded Investment							
(b) Interest Accrued							
4. Interest Reduced							
(a) Recorded Investment							
(b) Number of Loans							
(c) Percent Reduced							
5. Participant or Co-lender in a Mortgage Loan Agreement							
(a) Recorded Investment							
b. Prior Year							
1. Recorded Investment							
(a) Current			276,781,137		77,171,662	638,009,525	991,962,324
(b) 30 - 59 Days Past Due			21,443,140		271,475		21,714,615
(c) 60 - 89 Days Past Due			6,896,607				6,896,607
(d) 90 - 179 Days Past Due			7,796,722				7,796,722
(e) 180+ Days Past Due			861,930				861,930
2. Accruing Interest 90 - 179 Days Past Due							
(a) Recorded Investment							
(b) Interest Accrued							
3. Accruing Interest 180+ Days Past Due							
(a) Recorded Investment							
(b) Interest Accrued							
4. Interest Reduced							
(a) Recorded Investment							
(b) Number of Loans							
(c) Percent Reduced							
5. Participant or Co-lender in a Mortgage Loan Agreement							
(a) Recorded Investment							

(5) Investment in impaired loans with or without allowance for credit losses and impaired loans subject to a participant or co-lender mortgage loan agreement for which the reporting entity is restricted from unilaterally foreclosing on the mortgage loan: NONE

(6) Investment in impaired loans – average recorded investment, interest income recognized, recorded investment on nonaccrual status and amount of interest income recognized using a cash-basis method of accounting: NONE

(7) Allowance for credit losses

	Current Year	Prior Year
a) Balance at beginning of period	34,768	
b) Additions charged to operations	643,669	34,768
c) Direct write-downs charged against the allowances		
d) Recoveries of amounts previously charged off		
e) Balance at end of period	678,437	34,768

(8) Mortgage loans derecognized as a result of foreclosure: NONE

(9) The company recognizes interest income on impaired loans upon receipt. Cash receipts are applied first to interest and then to principal.

NOTES TO FINANCIAL STATEMENTS

B. Debt Restructuring

	Current Year	Prior Year
(1) The total recorded investment in restructured loans, as of year end	154,261	855,523
(2) The realized capital losses related to these loans		
(3) Total contractual commitments to extend credit to debtors owning receivables whose terms have been modified in troubled debt restructurings		

(4) The Company does not accrue interest income on impaired loans. Net investment income reflects interest income on impaired loans only after the payment is received.

C. Reverse Mortgages: NONE

D. Loan-Backed Securities

(1) Prepayment assumptions for loan-backed bonds and structured securities were obtained from broker dealer survey values or internal estimates.

(2) No other-than-temporary impairment was recognized on loan-backed securities due to the intent to sell or inability or lack of intent to retain the investment for a period of time sufficient to recover the amortized cost basis.

(3) Other-than-temporary impairment was recognized on the following loan-backed securities due to the present value of the cash flows expected to be collected being less than the amortized cost basis.

1 CUSIP	2 Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	3 Present Value of Projected Cash Flows	4 Recognized Other-Than-Temporary Impairment	5 Amortized Cost After Other-Than-Temporary Impairment	6 Fair Value at time of OTTI	7 Date of Financial Statement Where Reported
362341-MC-0	2,174,536	2,125,616	48,920	2,125,616	2,124,584	03/31/2018
45254N-LL-9	8,403,876	8,319,325	84,551	8,319,325	8,153,759	03/31/2018
466306-AA-5	13,604,536	13,561,709	42,827	13,561,709	13,549,896	03/31/2018
41161G-AC-7	4,421,927	4,385,653	36,275	4,385,653	4,416,893	06/30/2018
41161P-LQ-4	4,386,078	4,324,594	61,484	4,324,594	4,186,503	12/31/2018
41161P-LQ-4	4,344,241	4,283,344	60,897	4,283,344	4,146,570	12/31/2018
94987X-AJ-6	2,604,201	2,557,875	46,326	2,557,875	2,539,186	12/31/2018
41161P-LQ-4	3,036,515	2,993,950	42,565	2,993,950	2,898,348	12/31/2018
41161P-LQ-4	2,969,037	2,927,417	41,620	2,927,417	2,833,940	12/31/2018
93363D-AA-5	4,088,982	4,049,332	39,649	4,049,332	3,893,275	12/31/2018
93364A-AB-8	4,412,164	4,375,794	36,370	4,375,794	4,273,226	12/31/2018
41161G-AC-7	3,584,951	3,557,301	27,650	3,557,301	3,495,575	12/31/2018
Total	XXX	XXX	569,134	XXX	XXX	XXX

(4) The following table shows the gross unrealized losses and fair values of loan-backed securities, which have not been impaired to fair value, aggregated by length of time that individual securities have been in a continuous unrealized loss position as of December 31, 2018.

a. The aggregate amount of unrealized losses:

1. Less than 12 Months	116,122,770
2. 12 Months or Longer	15,213,420

b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months	2,926,988,880
2. 12 Months or Longer	221,367,281

(5) A full analysis of all relevant qualitative considerations was completed in reaching the conclusion that the impairments were not other-than-temporary, including the intent and ability to hold the investment for a period of time sufficient to allow for a recovery in value. Specific events that may influence the operations of the issuer and impaired earnings potential are reviewed in addition to length of time and extent to which the fair value has been less than cost.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions: NONE

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing: NONE

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing: NONE

H. Repurchase Agreements Transactions Accounted for as a Sale: NONE

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale: NONE

J. Real Estate: NONE

K. Low-Income Housing Tax Credits: NONE

NOTES TO FINANCIAL STATEMENTS

L. Restricted Assets

(1) Restricted Assets (Including Pledged)

	Gross (Admitted & Nonadmitted) Restricted						
	Current Year					6	7
	1	2	3	4	5		
Restricted Asset Category	Total General Account (G/A)	G/A Supporting Separate Account (S/A) Activity (a)	Total S/A Restricted Assets	S/A Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)
a. Subject to contractual obligation for which liability is not shown							
b. Collateral held under security lending agreements							
c. Subject to repurchase agreements							
d. Subject to reverse repurchase agreements							
e. Subject to dollar repurchase agreements							
f. Subject to dollar reverse repurchase agreements							
g. Placed under option contracts							
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock							
i. FHLB capital stock	4,490,900				4,490,900	4,490,900	
j. On deposit with states	6,606,961				6,606,961	5,639,944	967,017
k. On deposit with other regulatory bodies							
l. Pledged collateral to FHLB (including assets backing funding agreements)						39,489,961	(39,489,961)
m. Pledged as collateral not captured in other categories	5,692,354,482				5,692,354,482	1,190,486,907	4,501,867,575
n. Other restricted assets	24,656,500				24,656,500	24,535,015	121,485
o. Total Restricted Assets	5,728,108,843				5,728,108,843	1,264,642,727	4,463,466,116

(a) Subset of Column 1
(b) Subset of Column 3

	Current Year			
	8	9	Percentage	
Restricted Asset Category	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	10 Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	11 Admitted Restricted to Total Admitted Assets (d)
a. Subject to contractual obligation for which liability is not shown			0.000	0.000
b. Collateral held under security lending agreements			0.000	0.000
c. Subject to repurchase agreements			0.000	0.000
d. Subject to reverse repurchase agreements			0.000	0.000
e. Subject to dollar repurchase agreements			0.000	0.000
f. Subject to dollar reverse repurchase agreements			0.000	0.000
g. Placed under option contracts			0.000	0.000
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock			0.000	0.000
i. FHLB capital stock		4,490,900	0.020	0.020
j. On deposit with states		6,606,961	0.030	0.030
k. On deposit with other regulatory bodies			0.000	0.000
l. Pledged collateral to FHLB (including assets backing funding agreements)			0.000	0.000
m. Pledged as collateral not captured in other categories		5,692,354,482	25.955	25.957
n. Other restricted assets		24,656,500	0.112	0.112
o. Total Restricted Assets		5,728,108,843	26.118	26.120

(c) Column 5 divided by Asset Page, Column 1, Line 28
(d) Column 9 divided by Asset Page, Column 3, Line 28

NOTES TO FINANCIAL STATEMENTS

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contracts That Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)

	Gross (Admitted & Nonadmitted) Restricted							8	Percentage	
	Current Year					6	7		9	10
	1	2	3	4	5					
Description of Assets	Total General Account (G/A)	G/A Supporting Separate Account (S/A) Activity (a)	Total S/A Restricted Assets	S/A Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
Reinsurance Trusts	5,686,754,669				5,686,754,669	1,187,395,843	4,499,358,826	5,686,754,669	25.929	25.931
Derivative Collateral	5,599,813				5,599,813	3,091,064	2,508,749	5,599,813	0.026	0.026
Total (c)	5,692,354,482				5,692,354,482	1,190,486,907	4,501,867,575	5,692,354,482	25.955	25.957

(a) Subset of column 1
(b) Subset of column 3
(c) Total Line for Columns 1 through 7 should equal 5L(1)m Columns 1 through 7 respectively and Total Line for Columns 8 through 10 should equal 5L(1)m Columns 9 through 11 respectively.

(3) Detail of Other Restricted Assets (Contracts That Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)

	Gross (Admitted & Nonadmitted) Restricted							8	Percentage	
	Current Year					6	7		9	10
	1	2	3	4	5					
Description of Assets	Total General Account (G/A)	G/A Supporting Separate Account (S/A) Activity (a)	Total S/A Restricted Assets	S/A Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
New York Tax Sharing Agreement Escrow	24,656,500				24,656,500	24,535,015	121,485	24,656,500	0.112	0.112
Total (c)	24,656,500				24,656,500	24,535,015	121,485	24,656,500	0.112	0.112

(a) Subset of column 1
(b) Subset of column 3
(c) Total Line for Columns 1 through 7 should equal 5L(1)n Columns 1 through 7 respectively and Total Line for Columns 8 through 10 should equal 5L(1)n Columns 9 through 11 respectively.

(4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements

	1	2	3	4
Collateral Assets	Book/Adjusted Carrying Value (BACV)	Fair Value	% of BACV to Total Assets (Admitted and Nonadmitted)*	% of BACV to Total Admitted Assets **
a. Cash, Cash Equivalents and Short-Term Investments	34,203,242	34,203,242	0.156 %	0.156 %
b. Schedule D, Part 1			0.000 %	0.000 %
c. Schedule D, Part 2, Section 1			0.000 %	0.000 %
d. Schedule D, Part 2, Section 2			0.000 %	0.000 %
e. Schedule B			0.000 %	0.000 %
f. Schedule A			0.000 %	0.000 %
g. Schedule BA, Part 1			0.000 %	0.000 %
h. Schedule DL, Part 1			0.000 %	0.000 %
i. Other			0.000 %	0.000 %
j. Total Collateral Assets (a+b+c+d+e+f+g+h+i)	34,203,242	34,203,242	0.156 %	0.156 %

* Column 1 divided by Asset Page, Line 26 (Column 1)
** Column 1 divided by Asset Page, Line 26 (Column 3)

	1	2
	Amount	% of Liability to Total Liabilities *
k. Recognized Obligation to Return Collateral Asset	34,203,242	0.168 %

* Column 1 divided by Liability Page, Line 26 (Column 1)

M. Working Capital Finance Investments: NONE

N. Offsetting and Netting of Assets and Liabilities: NONE

O. Structured Notes: NONE

P. 5GI Securities

Investment	Number of 5* Securities		Aggregate BACV		Aggregate Fair Value	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
(1) Bonds - AC	3	1	5,399,759	2,228,563	5,595,042	2,228,563
(2) LB&SS - AC						
(3) Preferred Stock - AC	1		35,415,625		35,415,625	
(4) Preferred Stock - FV						
(5) Total (1+2+3+4)	4	1	40,815,384	2,228,563	41,010,667	2,228,563

AC - Amortized Cost FV - Fair Value

Q. Short Sales: NONE

NOTES TO FINANCIAL STATEMENTS

R. Prepayment Penalty and Acceleration Fees

	General Account	Separate Account
1. Number of CUSIPs	18	
2. Aggregate Amount of Investment Income	1,545,829	

Note 6. Joint Ventures, Partnerships and Limited Liability Companies

A. The Company has no investments in Joint Ventures, Partnerships, or Limited Liability Companies representing more than 10% of its Admitted Assets.

B. The Company recognized other-than-temporary impairments of $11.9 million as of both December 31, 2018 and 2017 on partnerships and limited liability companies included in schedule BA. The impairments were based on an assessment that future cash flows of affected limited partnerships would be less than the cost basis of the limited partnership. Fair value is determined by statements received from the partnerships and limited liability companies.

Note 7. Investment Income

A. Due and accrued income was excluded from investment income on the following basis: All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default.

B. The total amount excluded was less than $0.1 million as of December 31, 2018 and $0.5 million as of December 31, 2017.

Note 8. Derivative Instruments

A, B, C. The Company utilizes derivative instruments which may include the following:

Options: The Company has issued fixed indexed products. These contracts credit interest based on certain indices, primarily the Standard & Poor’s 500® Composite Stock Price Index. Over-the-counter (OTC) option contracts, call options and call spreads are purchased to hedge the growth in interest credited to the customer as a direct result of increases in the related indices. Upon exercise, the Company will receive the fair value of the call option. The parties with whom the Company enters into OTC option contracts are highly rated financial institutions where contracts are supported by collateral, which minimizes the credit risk associated with such contracts.

Swaptions: A swaption is an option to enter into a swap with a forward starting effective date. The Company uses swaptions to hedge the interest rate exposure associated with the minimum crediting rate. Increases in interest rates will generate losses on assets that are backing liabilities. In certain instances, the Company locks in the economic impact of existing purchased swaptions by entering into offsetting written swaptions. The Company pays a premium when it purchases the swaption. The Company utilizes these contracts in non-qualifying hedging relationships.

Interest Rate Swaps: The Company uses interest rate swaps to reduce market risks from changes in interest rates and to alter interest rate exposure arising from mismatches between assets and liabilities. Under interest rate swaps, the Company agrees with other parties to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed notional principal amount. Generally, no cash is exchanged at the outset of the contract and neither party makes principal payments.

Futures: Under exchange-traded futures contracts, the Company agrees to purchase a specified number of contracts with other parties and to post variation margin on a daily basis in an amount equal to the difference in the daily fair values of those contracts. Futures contracts are purchased to hedge the growth in interest credited to the customer as a direct result of increases in the related indices. The clearing brokers with whom the Company enters into exchange-traded futures are regulated futures commission merchants who are members of a trading exchange.

Futures are recorded at fair value of margin on deposit with the clearing broker and changes in this margin on deposit are recognized in the summary of operations through realized gain or loss.

Currency Swaps: The Company has certain foreign currency swaps to reduce the risk from fluctuations in foreign currency exchange rates associated with its assets denominated in foreign currencies. With a foreign currency swap transaction, the Company agrees with another party to exchange, at specified intervals, the difference between one currency and another at a forward exchange rate calculated by reference to an agreed upon principal amount. The principal amount of each currency is exchanged at the inception and termination of the currency swap by each party.

The currency swaps that qualify for hedge accounting in accordance with SSAP No. 86, *Derivatives*, are recorded in a manner consistent with the hedged asset or liability. The change in the value of the hedged item due to fluctuations in foreign exchange rates is recorded as unrealized capital gains or losses until the time of sale. As such, the qualifying currency swap also records the change in value associated with fluctuations in foreign currency exchange rates in unrealized capital gains and losses.

Forwards: The Company uses foreign exchange forward contracts to hedge certain invested assets against movement in foreign currency. Certain forwards are designated and accounted for as cash flow hedges. The price is agreed upon at the time of the contract and payment for such a contract is made at a specified future date. Foreign exchange forward contracts are utilized in non-qualifying hedging relationships.

Total Return Swaps: The Company purchases total return swaps to gain exposure and benefit from a reference asset without actually having to own it. Total return swaps are contracts in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of the underlying asset, which includes both the income it generates and any capital gains.

See Note 1 for further explanation of the accounting policy for derivatives.

D. There were no derivative contracts with financing premiums.

E. There were no gains or losses recognized in unrealized gains or losses during the reporting period representing the component of the derivative’s instrument’s gain or loss excluded from the assessment of hedge effectiveness.

F. There were no net gains or losses recognized in unrealized gains or losses during the reporting period resulting from derivatives that no longer qualify for hedge accounting.

G. There are no derivatives accounted for as cash flow hedges of a forecasted transaction.

H. There were no derivative contracts with premium cost.

NOTES TO FINANCIAL STATEMENTS

Note 9. Income Taxes

A. The components of the net deferred tax asset/(liability) at the end of current period are as follows:

(1)

	2018			2017			Change		
	(1) Ordinary	(2) Capital	(3) (Col. 1 + 2) Total	(4) Ordinary	(5) Capital	(6) (Col. 4 + 5) Total	(7) (Col. 1 - 4) Ordinary	(8) (Col. 2 - 5) Capital	(9) (Col. 7 + 8) Total
(a) Gross Deferred Tax Asset	126,371,388	2,305,239	128,676,627	138,760,183	85,288	138,845,471	(12,388,795)	2,219,951	(10,168,844)
(b) Statutory Valuation Allowance Adjustment									
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	126,371,388	2,305,239	128,676,627	138,760,183	85,288	138,845,471	(12,388,795)	2,219,951	(10,168,844)
(d) Deferred Tax Assets Nonadmitted									
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	126,371,388	2,305,239	128,676,627	138,760,183	85,288	138,845,471	(12,388,795)	2,219,951	(10,168,844)
(f) Deferred Tax Liabilities	89,852,332	22,262,540	112,114,872	79,089,220	36,558,700	115,647,920	10,763,112	(14,296,160)	(3,533,048)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	36,519,056	(19,957,301)	16,561,755	59,670,963	(36,473,412)	23,197,551	(23,151,907)	16,516,111	(6,635,796)

(2)

	2018			2017			Change		
	(1) Ordinary	(2) Capital	(3) (Col. 1 + 2) Total	(4) Ordinary	(5) Capital	(6) (Col. 4 + 5) Total	(7) (Col. 1 - 4) Ordinary	(8) (Col. 2 - 5) Capital	(9) (Col. 7 + 8) Total
Admission Calculation Components SSAP No. 101									
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	38,681,255		38,681,255	65,420,092		65,420,092	(26,738,837)		(26,738,837)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	38,681,255		38,681,255	65,420,092		65,420,092	(26,738,837)		(26,738,837)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	231,580,095	XXX	XXX	207,681,640	XXX	XXX	23,898,455
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	87,690,133	2,305,239	89,995,372	73,340,091	85,288	73,425,379	14,350,042	2,219,951	16,569,993
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	126,371,388	2,305,239	128,676,627	138,760,183	85,288	138,845,471	(12,388,795)	2,219,951	(10,168,844)

(3)

	2018	2017
a. Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	835.0%	968.1%
b. Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	2,201,334,060	1,919,036,748

(4)

	2018		2017		Change	
	(1) Ordinary	(2) Capital	(3) Ordinary	(4) Capital	(5) (Col. 1 - 3) Ordinary	(6) (Col. 2 - 4) Capital
Impact of Tax Planning Strategies:						
(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.						
1. Adjusted Gross DTAs amount from Note 9A1(c)	126,371,388	2,305,239	138,760,183	85,288	(12,388,795)	2,219,951
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	126,371,388	2,305,239	138,760,183	85,288	(12,388,795)	2,219,951
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

NOTES TO FINANCIAL STATEMENTS

b. Do the Company's tax-planning strategies include the use of reinsurance? .... Yes [ ] No [X]

B. Regarding deferred tax liabilities that are not recognized

As of December 31, 2018 and December 31, 2017, no unrecognized DTLs exist.

No unrecognized DTL exists for temporary differences related to investments in foreign subsidiaries or foreign corporate joint ventures that are essentially permanent in duration.

C. Current income taxes incurred consist of the following major components:

	(1) 2018	(2) 2017	(3) (Col. 1 - 2) Change
1. Current Income Tax			
(a) Federal	(21,067,775)	(28,151,539)	7,083,764
(b) Foreign			
(c) Subtotal	(21,067,775)	(28,151,539)	7,083,764
(d) Federal income tax on net capital gains	2,585,830	38,065,827	(35,479,997)
(e) Utilization of capital loss carry-forwards			
(f) Federal taxes allocated to prior period adjustments		7,110,456	(7,110,456)
(g) Federal and foreign income taxes incurred	(18,481,945)	17,024,744	(35,506,689)
2. Deferred Tax Assets:			
(a) Ordinary:			
(1) Discounting of unpaid losses			
(2) Unearned premium reserve			
(3) Policyholder reserves	76,705,937	58,069,203	18,636,734
(4) Investments	(9,381,094)	10,100,823	(19,481,917)
(5) Deferred acquisition costs	30,438,024	16,113,264	14,324,760
(6) Policyholder dividends accrual	7,340	8,067	(727)
(7) Fixed Assets			
(8) Compensation and benefits accrual			
(9) Pension accrual			
(10) Receivables - nonadmitted		141,873	(141,873)
(11) Net operating loss carry-forward	11,881,076	35,096,326	(23,215,250)
(12) Tax credit carry-forward		124,567	(124,567)
(13) Other (including items <5% of total ordinary tax assets)	16,720,105	19,106,060	(2,385,955)
(99) Subtotal	126,371,388	138,760,183	(12,388,795)
(b) Statutory valuation allowance adjustment			
(c) Nonadmitted			
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	126,371,388	138,760,183	(12,388,795)
(e) Capital:			
(1) Investments	2,305,239	85,288	2,219,951
(2) Net capital loss carry-forward			
(3) Real estate			
(4) Other (including items <5% of total ordinary tax assets)			
(99) Subtotal	2,305,239	85,288	2,219,951
(f) Statutory valuation allowance adjustment			
(g) Nonadmitted			
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	2,305,239	85,288	2,219,951
(i) Admitted deferred tax assets (2d + 2h)	128,676,627	138,845,471	(10,168,844)
3. Deferred Tax Liabilities:			
(a) Ordinary:			
(1) Investments	50,408,250	46,100,852	4,307,398
(2) Fixed assets			
(3) Deferred and uncollected premium			
(4) Policyholder reserves	38,177,111	32,416,470	5,760,641
(5) Other (including items <5% of total ordinary tax liabilities)	1,266,971	571,898	695,073
(99) Subtotal	89,852,332	79,089,220	10,763,112
(b) Capital:			
(1) Investments	22,262,540	36,558,700	(14,296,160)
(2) Real estate			
(3) Other (including items <5% of total capital tax liabilities)			
(99) Subtotal	22,262,540	36,558,700	(14,296,160)
(c) Deferred tax liabilities (3a99 + 3b99)	112,114,872	115,647,920	(3,533,048)
4. Net deferred tax assets/liabilities (2i - 3c)	16,561,755	23,197,551	(6,635,796)

The change in net deferred taxes is comprised of the following (this analysis is exclusive of the tax effect of unrealized capital gain (losses) as the deferred taxes on unrealized gains (losses) are reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement)

Change in Net Deferred Income Tax:

	2018	**2017**	**Change**
Adjusted gross deferred tax assets	128,676,627	138,845,471	(10,168,844)
Total deferred tax liabilities	(112,114,872)	(115,647,920)	3,533,048
Net deferred tax assets (liabilities)	16,561,755	23,197,551	(6,635,796)
Tax effect of unrealized gains (losses)			8,321,669
Change in net deferred income tax			1,685,873

NOTES TO FINANCIAL STATEMENTS

D. The provision for federal income taxes incurred is different from that would be obtained by applying the statutory federal income tax rate to income before income taxes. Among the more significant book to tax adjustments were the following:

Reconciliation of Federal Income Tax Rate to Actual Effective Rate:

	2018	Effective Tax Rate
Provision computed at statutory rate	$(394,280)	21.0%
Permanent differences		
IMR	(3,282,637)	174.8%
Nondeductible expenses	4,391	-0.2%
Other permanent adjustments	(16,413,886)	874.2%
Affiliated expenses	(1,876,023)	99.9%
Non-admitted assets	(98,774)	5.3%
Specific reserves in surplus	(135,170)	7.2%
Prior year true-up and adjustments	1,059,378	-56.4%
Unrealized losses ceded	4,744,174	-252.7%
Reinsurance adjustment A-791	(807,181)	43.0%
Tax rate change	(2,967,810)	158.1%
Total	$(20,167,818)	1074.2%
Federal and foreign income tax benefit	$(21,067,775)	1122.1%
Realized capital gains (losses) tax	2,585,830	-137.7%
Change in net deferred income taxes	(1,685,873)	89.8%
Total statutory income taxes	$(20,167,818)	1074.2%

E. The Company has the following carry forwards at December 31, 2018:

(1) The Company has tax attribute carry forwards as follows:

	Operations Loss Deductions	
Year Incurred	Amount	Expiring
2013 1st short period	$ 56,576,553	NA

(2) There are no capital gains taxes incurred available for recoupment in the event of future capital losses.

(3) There are no aggregate amount of deposits reported as admitted assets under Section 6603 of the Internal Revenue Code as of December 31, 2018 and 2017.

F. The Company is included in a consolidated federal income tax return. The Company has a written tax sharing agreement that has been approved by the Company's Board of Directors, which sets forth the manner in which the total combined federal income tax is allocated to each entity which is a party to the consolidation. Allocation of tax benefits is based on separate returns. Losses are paid at the time they can be used in the consolidated return or on a separate return basis. Intercompany tax balances are settled quarterly.

Under the tax sharing agreement, any tax period of the affiliated group must be calculated in accordance with NY Circular Letter 1979-33. The tax charge to each New York insurer under the agreement shall not be more than it would have paid if it had filed on a separate return basis. As a result, for any tax attributes a New York insurer can use on a separate return basis not currently utilized by the consolidated group, the future tax benefit of those tax attributes are transferred to the Company until such time they can be utilized by the consolidated group.

The following entities are included in the consolidated return:

Athene Annuity & Life Assurance Company
Athene Annuity and Life Company
Athene Annuity & Life Assurance Company of New York
Athene Life Insurance Company of New York
Structured Annuity Reinsurance Company
Athene Re USA IV, Inc.

G. Federal or Foreign Income Tax Loss Contingencies

The Company does not have any tax loss contingencies for which it is reasonably possible that the total tax liability will significantly increase within twelve months of the reporting date.

Note 10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A, B, C. The Company's various affiliated relationships, agreements and transactions are discussed within Notes 10A through 10F and the 2018 affiliated transactions are disclosed in Schedule Y, part 2.

During February 2018, ALRe formed a subsidiary Bermuda reinsurer, Athene Annuity Re Ltd. (AARe) which has been licensed with the Bermuda Monetary Authority. During 2018, pursuant to a Contribution Agreement, AHL contributed Athene USA Corporation (AUSA), the direct parent of the Company, and its subsidiaries to AHL's wholly owned subsidiary ALRe.

The Company recaptured, amended, and entered into new reinsurance agreements with affiliates during 2018. See Note 23, Reinsurance for details of those changes.

The Company cedes a quota share on multiple treaties of annuity business to AARe. The Company cedes a quota share of funding agreement business to Athene Life Re, Ltd. (ALRe), a Bermuda-domiciled affiliate. The Company also assumes a quota share of annuity business from its direct subsidiary Athene Annuity and Life Company, indirect subsidiaries Athene Annuity & Life Assurance Company of New York and Structured Annuity Reinsurance Company and from an affiliated entity, Voya Insurance and Annuity Company (VIAC). See disclosures in Schedule S and Schedule Y, part 2.

NOTES TO FINANCIAL STATEMENTS

Some employees of Athene Employee Services LLC participate in one or more Share Award Agreements (the Agreements) sponsored by Athene Holding Ltd., an indirect parent of the Company, for which the Company has no legal obligation. Salary expense of Athene Employee Services LLC is allocated to the Company through the Shared Services Agreement. Under SSAP No. 104R, *Share-Based Payments*, the stock compensation expense associated with the Agreements that would have been allocated to the Company is required to be recorded as a capital contribution to the reporting entity. The Company has allocated the stock compensation expense associated with the Agreements based on the same methodology as the Shared Services Agreement. In accordance with SSAP No. 104R, the Company incurred expense and recorded a capital contribution under the Agreements totaling $11.5 million and $21.8 million in 2018 and 2017, respectively, which includes amounts contributed by the Company to downstream insurance subsidiaries.

During 2018, the Company received capital contributions from its direct parent, AUSA, totaling $175 million, and the Company made a $15 million capital contribution to its wholly-owned subsidiary, Athene Annuity and Life Company (AAIA).

D. As of December 31, 2018 and 2017, respectively, the Company reported $0 and less than $0.1 million receivable due from affiliates and $12.3 million and $7.8 million payable due to affiliates. All intercompany balances shown as payable to or receivable from parent, subsidiaries and affiliates are settled within 45 days of their incurrence under the terms of the intercompany expense sharing agreements.

E. Any Guarantees or Undertakings: NONE

F. The Company participates in an investment management agreement with Athene Asset Management LLC (AAM), an affiliate, under which AAM has agreed to provide asset management services in exchange for management fees. The Company pays 21 basis points (bps) per annum on the Company's managed assets. In addition, the Company pays subadvisor fees to AAM and Apollo affiliates. The Company incurred AAM and Apollo affiliates investment expenses and subadvisor fees of $37.2 million and $26.7 million in 2018 and 2017, respectively.

The Company participates in a Shared Services and Cost Sharing Agreement with certain other affiliated companies pursuant to which each party thereto agreed to provide certain financial, legal and other services to the other parties. The Company incurred related expenses under these agreements totaling $19.0 million and $13.4 million in 2018 and 2017, respectively.

G. The operating results and financial position of the Company as reported in these financial statements would not be significantly different from those that would have been obtained if the Company were autonomous.

H. Amounts deducted from the value of an upstream intermediate entity or ultimate parent: NONE

I. The Company does not hold an investment in a subsidiary, controlled or affiliated company (SCA) that exceeds 10% of admitted assets.

J. The Company did not recognize any impairment write downs for its investment in SCAs during the statement period.

K. The Company does not hold an investment in a foreign insurance subsidiary.

L. As an audit will not be performed, the Company nonadmitted its investment in wholly-owned subsidiary holding company, P.L. Assigned Services, Inc. The amount nonadmitted was less than $0.1 million at both December 31, 2018 and December 31, 2017.

M. Subsidiary, Controlled or Affiliated (SCA) Investments

(1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs (Except 8bi Entities)

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities				
Total SSAP No. 97 8a Entities	XXX			
b. SSAP No. 97 8b(ii) Entities P.L. Assigned Services, Inc..	100%	37,854		37,854
Total SSAP No. 97 8b(ii) Entities	XXX	37,854		37,854
c. SSAP No. 97 8b(iii) Entities				
Total SSAP No. 97 8b(iii) Entities	XXX			
d. SSAP No. 97 8b(iv) Entities				
Total SSAP No. 97 8b(iv) Entities	XXX			
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)	XXX	37,854		37,854
f. Aggregate Total (a+ e)	XXX	37,854		37,854

NOTES TO FINANCIAL STATEMENTS

(2) NAIC Filing Response Information

SCA Entity (Should be same entities as shown in M(1) above.)	Type of NAIC Filing *	Date of Filing to the NAIC	NAIC Valuation Amount	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method, Resub-mission Required Y/N	Code **
a. SSAP No. 97 8a Entities						
....	......	......	......	......	......	......
Total SSAP No. 97 8a Entities	XXX	XXX	......	XXX	XXX	XXX
b. SSAP No. 97 8b(ii) Entities P.L. Assigned Services, Inc..	S2	8/27/2018	0	Y	N	N/A
Total SSAP No. 97 8b(ii) Entities	XXX	XXX	0	XXX	XXX	XXX
c. SSAP No. 97 8b(iii) Entities						
....	......	......	......	......	......	......
Total SSAP No. 97 8b(iii) Entities	XXX	XXX	......	XXX	XXX	XXX
d. SSAP No. 97 8b(iv) Entities						
....	......	......	......	......	......	......
Total SSAP No. 97 8b(iv) Entities	XXX	XXX	......	XXX	XXX	XXX
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)	XXX	XXX	0	XXX	XXX	XXX
f. Aggregate Total (a+e)	XXX	XXX	0	XXX	XXX	XXX

* S1 - Sub-1, S2 - Sub-2 or RDF - Resubmission of Disallowed Filing

** I - Immaterial or M – Material

As an audit is not conducted for P.L. Assigned Services, Inc. the investment is fully nonadmitted on the Company's balance sheet.

N. Investment in Insurance SCAs

The Company owns all of the outstanding capital stock of Athene Annuity and Life Company (AAIA), a life insurance company domiciled in the State of Iowa. AAIA in turn owns all of the outstanding capital stock of Athene Re USA IV, Inc. (Athene Re IV), a special purpose financial captive life insurance company domiciled in the State of Vermont.

(1) In 2006, the Commissioner of the Iowa Insurance Division, Department of Commerce, of the State of Iowa (the Division) issued Bulletin 06-01, *Accounting for Derivative Instruments Used to Hedge the Growth in Interest Credited for Index Products*, which prescribes that an insurer may elect to recognize changes in the fair value of derivative instruments purchased to hedge indexed products in the statement of operations. AAIA has elected to apply Bulletin 06-01 to its futures, variance swaps and total return swaps. Under NAIC SAP, changes in fair value of such derivative instruments would be recorded directly to surplus. Application of Bulletin 06-01 does not impact AAIA's statutory surplus.

In 2009, the Commissioner of the Division promulgated Iowa Administrative Code (IAC) Section 191-97, *Accounting for Certain Derivative Instruments Used to Hedge the Growth in Interest Credited for Indexed Insurance Products and Accounting for the Indexed Insurance Products Reserve*, which prescribes that an insurer may elect (i) to use an amortized cost method to account for certain derivative instruments, such as call options, purchased to hedge the growth in interest credited to the customer on indexed insurance products and (ii) to utilize an indexed annuity reserve calculation methodology under which call options associated with the current index interest crediting term are valued at zero. AAIA has elected to apply IAC Section 191-97 to its over the counter (OTC) call options and reserve liabilities. Under NAIC SAP, derivative call options would be carried at fair value with changes in fair value recorded directly to surplus and the reserves would change in relation to the movements in fair value of the derivative call options with changes recorded through income.

The NAIC requires annuities issued by life insurance companies on or after January 1, 2015, to use the 2012 Individual Annuity Reserving (IAR) Mortality Table. In 2015, the Division promulgated IAC Section 43.3(5), which set an elective alternative effective date of January 1, 2016 for adoption of the 2012 IAR Mortality Table. AAIA has elected to use the Annuity 2000 Mortality Table for annuities issued between January 1, 2015 and December 31, 2015.

AAIA received a permitted practice from the Division which allowed AAIA to record a surplus reset under SSAP No. 72, *Surplus and Quasi-Reorganizations*, during the quarter ended March 31, 2017. This approval is deemed a permitted practice as it was granted greater than six months following a change of control, which is the criteria outlined in SSAP No. 72. The acquisition of AAIA by Athene Holding Ltd (AHL) on October 2, 2013 represented a 100% change of ultimate ownership as well as a substantive change in the operations of AAIA. The surplus reset resulted in a reclassification between unassigned surplus and gross paid-in and contributed surplus, which is equal to the negative unassigned surplus balance on October 2, 2013 immediately following the execution of all transactions which occurred as a result of the change in control. This permitted practice has no impact on the AAIA's net income or total capital and surplus.

Athene Re IV, with the explicit permission of the Commissioner of the Vermont Department of Financial Regulation of the State of Vermont, has included as an admitted asset the value of a letter of credit serving as collateral for reinsurance credit taken by AAIA in connection with reinsurance agreements entered into between Athene Re IV and AAIA. Under NAIC SAP, the letter of credit would not otherwise be treated as an admitted asset.

(2) The monetary effect on net income and surplus as a result of using an accounting practice that differed from NAIC Statutory Accounting Practices and Procedures (NAIC SAP), the amount of the investment in the insurance SCA per audited statutory equity and amount of the investment if the insurance SCA had completed statutory financial statements in accordance with the AP&P Manual is as follows:

SCA Entity (Investments in Insurance SCA Entities)	Monetary Effect on NAIC SAP		Amount of Investment	
	Net Income Increase (Decrease)	Surplus Increase (Decrease)	Per Audited Statutory Equity	If the Insurance SCA Had Completed Statutory Financial Statements *
Athene Annuity and Life Company	(183,202,932)	41,979,043	1,234,163,823	1,192,184,780
Athene Re USA IV, Inc.	0	152,500,000	28,814,895	0

* Per AP&P Manual (without permitted or prescribed practices)

As of the issue date of this report, the 2018 statutory audits of Athene Annuity and Life Company and Athene Re IV have not been completed.

NOTES TO FINANCIAL STATEMENTS

(3) If AAIA was not allowed to apply Bulletin 06-01, IAC 191-97, and IAC 43.3 (5), its risk-based capital would still have been in excess of regulatory requirements. If Athene Re IV had not been permitted to include the letter of credit in surplus, its risk-based capital would have been below Mandatory Control Level.

O. The Company does not hold an investment in a SCA where the Company's share of losses exceeds its investment in the SCA.

Note 11. Debt

A. AUSA is the holder of a five-year, Unsecured Revolving Promissory Note dated May 1, 2016 (the Promissory Note) with a maximum principal amount not to exceed $200 million, among AUSA and certain of its subsidiaries, including the Company. The Promissory Note was approved by the Delaware Department of Insurance. Interest shall accrue on the principal balance from time to time outstanding at a rate per annum equal to 1 month London Interbank Offered Rate + 162.5 basis points. The Company shall pay such interest in arrears quarterly on the last day of each March, June, September and December, on any day any portion of the principal balance is repaid or prepaid. On April 19, 2018, the Company drew an advance of $75 million under the Promissory Note. The Company repaid the $75 million advance on June 29, 2018, resulting in no amount outstanding under the Promissory Note as of December 31, 2018. The Company incurred interest expense on the Promissory Note of $0.5 million for the year ended December 31, 2018. No amount was drawn under the Promissory Note during the year ended December 31, 2017, and as such, no interest expense has been incurred by the Company during the year ended December 31, 2017.

B. FHLB (Federal Home Loan Bank) Agreements

(1) Through its membership in the FHLB of Indianapolis, the Company's predecessor by merger, ALIC, had issued funding agreements in exchange for cash advances. On January 22, 2018, the Company elected to exercise the option to prepay a $15.0 million funding agreement to the FHLB without penalty. This combined with a $9.9 million maturity payment on January 25, 2018, resulted in no remaining funding agreement liabilities with the FHLB.

These funds were used in an investment spread strategy. As such, SSAP No. 52, *Deposit Type Contracts* accounting treatment was applied to these funds. These funds were not utilized for operations, and any funds obtained from the FHLB for use in general operations would be accounted for consistent with SSAP No. 15, *Debt and Holding Company Obligations* as borrowed money. The table below indicates the amount of FHLB of Indianapolis stock purchased, collateral pledged, assets and liabilities related to the agreement with the FHLB of Indianapolis.

On August 11, 2016, the Company's predecessor by merger, ALIC, provided the FHLB of Indianapolis with notice of its withdrawal of membership. The merger of ALIC effective December 31, 2018 terminates ALIC's membership in the FHLB of Indianapolis. The Company holds FHLB Class B Membership Stock which is available for redemption on August 12, 2021.

(2) FHLB Capital Stock

a. Aggregate Totals

1. Current Year	1 Total 2+3	2 General Account	3 Separate Accounts
(a) Membership Stock - Class A			
(b) Membership Stock - Class B	$4,490,900	$4,490,900	
(c) Activity Stock			
(d) Excess Stock			
(e) Aggregate Total	$4,490,900	$4,490,900	
(f) Actual or estimated Borrowing Capacity as Determined by the Insurer	$0	XXX	XXX

2. Prior Year-end	1 Total 2+3	2 General Account	3 Separate Accounts
(a) Membership Stock - Class A	$4,490,900	$4,490,900	
(b) Membership Stock - Class B			
(c) Activity Stock			
(d) Excess Stock			
(e) Aggregate Total	$4,490,900	$4,490,900	
(f) Actual or estimated Borrowing Capacity as Determined by the Insurer	$24,900,000	XXX	XXX

11B(2)a1(f) should be equal to or greater than 11B(4)a1(d)
11B(2)a2(f) should be equal to or greater than 11B(4)a2(d)

b. Membership Stock (Class A and B) Eligible and not Eligible for Redemption

	Current Year Total	Not Eligible for Redemption	Less Than 6 Months	6 Months to Less Than 1 Year	1 to Less Than 3 Years	3 to 5 Years
Membership Stock						
Class A						
Class B	$4,490,900					$4,490,900

11B(2)b1 Current Year Total (Column 1) should equal 11B(2)a1(a) Total (Column 1)
11B(2)b2 Current Year Total (Column 1) should equal 11B(2)a1(b) Total (Column 1)

NOTES TO FINANCIAL STATEMENTS

(3) Collateral Pledged to FHLB

a. Amount Pledged as of Reporting Date

	1 Fair Value	2 Carrying Value	3 Aggregate Total Borrowing
1. Current Year Total General and Separate Accounts Total Collateral Pledged (Lines 2+3)	$0	$0	$0
2. Current Year General Account Total Collateral Pledged	$0	$0	$0
3. Current Year Separate Accounts Total Collateral Pledged			
4. Prior Year-end Total General and Separate Accounts Total Collateral Pledged	$39,895,873	$39,489,961	$24,900,000

11B(3)a1 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b1 (Columns 1, 2 and 3 respectively)
11B(3)a2 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b2 (Columns 1, 2 and 3 respectively)
11B(3)a3 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b3 (Columns 1, 2 and 3 respectively)
11B(3)a4 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b4 (Columns 1, 2 and 3 respectively)

b. Maximum Amount Pledged During Reporting Period

	1 Fair Value	2 Carrying Value	3 Amount Borrowed at Time of Maximum Collateral
1. Current Year Total General and Separate Accounts Maximum Collateral Pledged (Lines 2+3)	$39,895,873	$39,489,961	$24,900,000
2. Current Year General Account Maximum Collateral Pledged	$39,895,873	$39,489,961	$24,900,000
3. Current Year Separate Accounts Maximum Collateral Pledged			
4. Prior Year-end Total General and Separate Accounts Maximum Collateral Pledged	$62,204,541	$61,082,409	$50,000,000

(4) Borrowing from FHLB

a. Amount as of Reporting Date

	1 Total 2+3	2 General Account	3 Separate Accounts	4 Funding Agreements Reserves Established
1. Current Year				
(a) Debt				XXX
(b) Funding Agreements	$0	$0		$0
(c) Other				XXX
(d) Aggregate Total (a+b+c)	$0	$0		$0
2. Prior Year-end				
(a) Debt				XXX
(b) Funding Agreements	$24,900,000	$24,900,000		$24,633,897
(c) Other				XXX
(d) Aggregate Total (a+b+c)	$24,900,000	$24,900,000		$24,633,897

b. Maximum Amount During Reporting Period (Current Year)

	1 Total 2+3	2 General Account	3 Separate Accounts
1. Debt			
2. Funding Agreements	$24,900,000	$24,900,000	
3. Other			
4. Aggregate Total (Lines 1+2+3)	$24,900,000	$24,900,000	

11B(4)b4 (Columns 1, 2 and 3) should be equal to or greater than 11B(4)a1(d) (Columns 1, 2 and 3 respectively)

c. FHLB - Prepayment Obligations

	Does the company have prepayment obligations under the following arrangements (YES/NO)?
1. Debt	NO
2. Funding Agreements	NO
3. Other	NO

Note 12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans: NONE

Note 13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

(1) At December 31, 2018, the Company has authorized and issued 5,000 shares of $500 par common stock which are outstanding and owned by AUSA.

(2) Preferred stock: NONE

(3) Delaware insurance law states that the maximum dividend payment over a 12-month period may not, without prior approval from the Insurance Commissioner, be paid from a source other than earned surplus or exceed the greater of the prior year's net statutory gain from operations or 10% of policyholders' surplus. In 2012, Athene Holding Ltd. (AHL), the Company's indirect parent, entered into a Net Worth Maintenance Agreement to provide capital support to the Company such that AHL is obligated to maintain the Company's capital and surplus in an amount sufficient to maintain the Company's Total Adjusted Capital to be at least 200% of Company Action Level Risk Based Capital as those terms are defined in the insurance laws of Delaware as of October 1, 2012. The agreement also provides that the Company will not pay any dividends if such dividends would cause the Company Action Level Risk Based Capital ratio to fall below 200% unless approved by the Delaware Department of Insurance.

NOTES TO FINANCIAL STATEMENTS

(4) No dividends were paid by the Company during 2018 or 2017.

(5) Within the limitations presented in item (3), above, the Company may pay dividends in 2018 of $154.2 million.

(6) The unassigned surplus is held for the benefit of the Company's shareholder.

(7) Unpaid advances to surplus: NONE

(8) No shares of stock are held by the Company, including stock of affiliated companies, for special purposes.

(9) Changes in balances of special surplus: NONE

(10) The portion of the unassigned funds (surplus) represented or reduced by unrealized gains and (losses), net of capital gains tax is ($5.6) million at December 31, 2018.

(11) Surplus Notes: NONE

(12) and (13) Quasi-reorganization: NONE

Note 14. Liabilities, Contingencies and Assessments

A. Contingent Commitments

(1) As of December 31, 2018 the Company has unfunded commitments to invest in certain bonds and partnership interests. The total unfunded commitments are $1.1 billion.

(2) Guarantees: NONE

(3) Compilation of guarantee obligations: NONE

B. Assessments

(1) Based on the 2018 National Organization of Life and Health Insurance Guaranty Associations (NOLHGA) Report, the Company has identified insolvencies. The Company fulfilled premium-based guaranty funds assessments of $0.1 million during the current period. It is expected that the identified insolvencies will result in retrospective premium-based guaranty fund assessments against the Company. During 2018, future estimated costs to be assessed against the Company, from identified insolvencies from the NOLHGA Report were reduced by $0.2 million, which has been credited to operations in the current period and the liability reduced.

(2)

a. Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end 858,513

b. Decreases current year:

(1)	(2)
Paid premium tax offset applied	121,536
Change in accrued premium tax offset	114,221

c. Increases current year:

(1)	(2)

d. Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end 622,756

(3) The Company does not have guaranty fund liabilities or assets related to assessments from insolvencies of entities that wrote long-term care contracts.

C. Gain Contingencies: NONE

D. Claims Related Extra Contractual Obligations and Bad Faith Losses Stemming from Lawsuits: NONE

E. Joint and Several Liabilities: NONE

F. All Other Contingencies

On July 18, 2017, a putative class action Complaint was filed in the United States District Court for the Northern District of Georgia, Atlanta Division by Jon Bruce Hughes, Individually and on Behalf of all Others Similarly Situated against the Company. Plaintiff filed an Amended Complaint July 20, 2017, which added the Company's Third-Party Administrator, McCamish, as a named Defendant. The Company and McCamish filed Motions to Dismiss that were fully briefed, but the Court agreed not to consider while the parties engaged in settlement discussions. The Company ultimately settled the matter with the named plaintiff for an immaterial amount.

On September 12, 2016, Jack Holzer and Mary Bruesh-Holzer, filed suit in Jackson County, Missouri against several defendants including the Company, as successor-in-interest to Business Men's Assurance Company of America (BMA). Mr. Holzer allegedly sustained injuries due to asbestos exposure from 1966 to 1973 while working in an office building in Kansas City, Missouri then owned by BMA. Plaintiffs assert strict liability and negligence claims against the Company, and the Company is the last remaining material defendant. The Company is insured for costs, fees and compensatory damages under several primary and excess general liability policies issued to BMA, and has rights to indemnity for costs, fees and damages, including punitive damages. The Company authorized settlement and the carriers have paid the settlement amount and the matter has been dismissed with prejudice. The settlement did not have a material impact on the financial statements.

NOTES TO FINANCIAL STATEMENTS

On December 28, 2012, John D. Perdue, Treasurer of the State of West Virginia (the Treasurer), filed suit against Liberty Life Insurance Company (Liberty), now the Company. The Complaint alleges that Liberty failed to conduct annual searches to identify deceased insureds to whom benefits were owed and failed to timely escheat unclaimed death benefits owed to deceased insureds for whom claims were not paid pursuant to West Virginia's Unclaimed Property Act (the UPA). Based on the alleged failure to comply with the UPA, the Treasurer seeks to assess fines, penalties, interest and attorneys' fees against Liberty for its purported willful, fraudulent and/or negligent conduct. The Treasurer further seeks injunctive relief requiring Liberty to implement and adopt policies and procedures to identify deceased insureds. The Treasurer filed virtually identical civil actions against more than sixty other life insurance companies doing business in the State of West Virginia. The defendant insurers collectively filed motions to dismiss which were granted on December 27, 2013. The Treasurer appealed the dismissal order and on June 16, 2015, the West Virginia Supreme Court reversed. Liberty subsequently filed an answer to the Treasurer's complaint on November 9, 2015 and also filed counter-claims for declaratory relief asserting that the Treasurer's claims violated the primary jurisdiction of the West Virginia Insurance Commissioner, the due process clauses of the United States and West Virginia constitutions and the excessive fines and penalties clauses of the West Virginia constitution. The parties engaged in a mediation, and the Treasurer made a settlement demand for a non-material amount, which was rejected. A Scheduling Order anticipating a 2018 trial was recently vacated and the Company does not currently have a new scheduling in place. The Company expects the court to set a new trial date for later in 2019.

Certain insurance subsidiaries of the Company have experienced increased service and administration complaints related to the conversion and administration of the block of life insurance business acquired in connection with Athene Holding Ltd.'s acquisition of Aviva USA Corporation and reinsured to affiliates of Global Atlantic Financial Group Ltd. The life insurance policies included in this block have been and are currently being administered by AllianceOne, a subsidiary of DXC Technology Company, which was retained by such Global Atlantic affiliates to provide services on such policies. AllianceOne also administers certain annuity policies that were on Aviva USA's legacy policy administration systems that were also converted in connection with the acquisition of Aviva USA and have experienced similar service and administration issues.

As a result of the difficulties experienced with respect to the administration of such policies, certain insurance subsidiaries of the Company received notifications from several state regulators, including but not limited to the New York Department of Financial Services (NYDFS), the California Department of Insurance and the Texas Department of Insurance, indicating, in each case, that the respective regulator planned to undertake a market conduct examination or enforcement proceeding of the Company or one of its subsidiaries, as applicable, relating to the treatment of policyholders subject to Athene reinsurance agreements with affiliates of Global Atlantic and the conversion of such annuity policies, including the administration of such blocks by AllianceOne. On June 28, 2018, the Company's indirect subsidiary, Athene Life Insurance Company of New York (ALICNY), entered into a consent order with the NYDFS resolving that matter in a manner that ultimately did not have a material impact on its financial condition, when considering AHL's indemnification from affiliates of Global Atlantic, which was passed to ALICNY in the form of a capital contribution in the third quarter of 2018.

In addition to the foregoing, certain insurance subsidiaries of the Company have received inquiries, and expect to continue to receive inquiries, from other regulatory authorities regarding the conversion matter. In addition to the examinations and proceedings initiated to date, it is possible that other regulators may pursue similar formal examinations, inquiries or enforcement proceedings and that any examinations, inquiries and/or enforcement proceedings may result in fines, administrative penalties and payments to policyholders. The Company is not currently able to estimate the amount of any such fines, penalties or payments arising from these matters with reasonable certainty, but it is possible that such amounts may be material.

Pursuant to the terms of the reinsurance agreements between Athene and the relevant affiliates of Global Atlantic, the applicable affiliates of Global Atlantic have financial responsibility for the ceded life block and are subject to significant administrative service requirements, including compliance with applicable law. The agreements also provide for indemnification to Athene, including for administration issues.

On January 23, 2019, the Company's subsidiary AAIA received a letter from the NYDFS, with respect to a recent Pension Risk Transfer (PRT) transaction, which expressed concerns with AAIA's interpretation and reliance upon certain exemptions from licensing in New York in connection with certain activities performed by employees in the PRT channel, including specific activities performed within New York. AAIA is currently in discussions with the NYDFS to identify approaches to resolve its concerns. Reasonably possible losses, if any, cannot be estimated at this time.

On April 6, 2016, the Department of Labor (DOL) issued the fiduciary rule which imposes upon third parties who sell annuities within Employee Retirement Income Security Act of 1974 (as amended, ERISA) plans or to individual retirement account (IRA) holders a fiduciary duty to retirement investors. On June 21, 2018, the Fifth Circuit Court of Appeals issued a mandate officially vacating as a whole the DOL's 2016 Fiduciary Rule.

In addition to the cases previously discussed, the Company is routinely involved in litigation and other proceedings, reinsurance claims and regulatory proceedings arising in the ordinary course of its business. At present, no contingencies related to pending litigation and regulatory matters are considered material in relation to the financial position of the Company.

Note 15. Leases: NONE

Note 16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

(1) The table below summarizes the face amount of the Company's financial instruments with off-balance sheet risk.

	ASSETS		LIABILITIES	
	2018	2017	2018	2017
a. Swaps	144,248,450	95,132,843	291,495,505	110,150,022
b. Futures	202	451	284	
c. Options & Forwards	5,167,713,738	2,080,993,246	241,319,859	53,044,881
d. Total	5,311,962,390	2,176,126,540	532,815,648	163,194,903

(2) The Company's futures, swaps, options, and forwards have off-balance sheet risk. See Note 8 for information regarding the Company's derivative instruments.

(3) The Company is exposed to credit-related losses in the event of nonperformance by counterparties on derivative instruments. The Company does not anticipate non-performance by any of these counterparties. Purchasing instruments from financial institutions with high credit ratings minimizes the credit risk associated with such instruments. The amount of exposure is represented by the fair value (market value) at the reporting date less any posted collateral. Collateral support documents are negotiated to further reduce this exposure where deemed necessary. Exchange-traded derivatives are affected through a regulated exchange and positions are marked to market daily.

(4) The counterparty may be required to post collateral for any derivative contracts that are entered. The amount of collateral that is required is determined by the market value and credit threshold of the counterparty.

The current credit exposure of the Company's derivative contracts is limited to the fair value at the reporting date less collateral held. Credit risk is managed by entering into transactions with creditworthy counterparties and obtaining collateral where appropriate and customary. The Company also attempts to minimize its exposure to credit risk through the use of various credit monitoring techniques. 100% of the net credit exposure for the Company from derivative contracts is with investment-grade counterparties.

Note 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities: NONE

Note 18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans: NONE

NOTES TO FINANCIAL STATEMENTS

Note 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators: NONE

Note 20. Fair Value Measurements

A. Fair Value Measurements

(1) Fair Value Measurements at Reporting Date

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
a. Assets at fair value					
Bonds: Corporates		706,907			706,907
Common stocks unaffiliated	1,152,563	4,499,478	147,651		5,799,692
Derivative assets: Options		35,293,131			35,293,131
Derivative assets: Futures	1,299,729				1,299,729
Derivative assets: Forwards		118,028			118,028
Separate account assets: Variable products		12,509,189			12,509,189
Total assets at fair value/NAV	2,452,292	53,126,733	147,651		55,726,676

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
b. Liabilities at fair value					
Derivative liabilities: Currency swaps		1,857,680			1,857,680
Derivative liabilities: Total Return swaps		5,415			5,415
Derivative liabilities: Options		212,500			212,500
Derivative liabilities: Futures	479,525				479,525
Derivative liabilities: Forwards		3,283,058			3,283,058
Separate account liabilities: Variable products		12,470,302			12,470,302
Total liabilities at fair value	479,525	17,828,955			18,308,480

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during 2018.

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

Description	Beginning Balance at 01/01/2018	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2018
a. Assets										
Common stocks unaffiliated	44		9,894		157,342	159				147,651
Total Assets	44		9,894		157,342	159				147,651

Assets transferred out of Level 3 primarily included assets the Company previously priced by using an internal model but is now able to obtain pricing from a recognized external pricing source.

(3) Transfers between fair value hierarchy levels are recognized at the end of the period in which the transfer occurs.

(4) The following discussion describes the valuation methodologies and inputs used for assets and liabilities measured and disclosed at fair value. The techniques utilized in estimating the fair values of financial instruments are reliant on the assumptions used.

Fair value estimates are based on quoted market prices when available. When quoted market prices are not available, the Company utilizes commercially available pricing vendors that utilize observable market inputs, like recent trading activity, to derive fair value. When vendor prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality (matrix pricing). In instances where there is little or no market activity for the same or similar instruments, the Company estimates the fair value using methods, models and assumptions that management believes market participants would use to determine a current transaction price. These valuation techniques involve some level of management estimation and judgment which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect risk inherent in a particular methodology, model or input employed.

The Company's financial assets and liabilities carried at estimated fair value have been classified, for disclosure purposes, based on a hierarchy defined by current accounting guidance. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3).

The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2 – Quoted prices for inactive markets or valuation techniques that require observable direct or indirect inputs for substantially the full term of the asset or liability.

Level 2 inputs include the following:
1. Quoted prices for similar assets or liabilities in active markets,
2. Observable inputs other than quoted market prices, and
3. Observable inputs derived principally from market data through correlation or other means.

Level 3 – Prices or valuation techniques with unobservable inputs significant to the overall fair value estimate. These valuations use critical assumptions not readily available to market participants. Level 3 valuations are based on market standard valuation methodologies, including discounted cash flows, matrix pricing, or other similar techniques.

Asset and liabilities are valued as discussed below in part C.

NOTES TO FINANCIAL STATEMENTS

B. Other Fair Value Disclosures: NONE

C. Aggregate fair value for all financial instruments and the level within the fair value hierarchy in which the fair value measurements in their entirety fall.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Assets - Bonds	10,857,530,846	10,987,478,024	18,141,633	9,325,982,919	1,513,406,294		
Assets - Preferred stocks	86,721,150	87,168,478		51,305,525	35,415,625		
Assets - Common stocks unaffiliated	5,799,692	5,799,692	1,152,563	4,499,478	147,651		
Assets - Mortgage loans - first liens	1,773,445,926	1,754,476,638			1,773,445,926		
Assets - Mortgage loans - other than first liens	569,576,471	574,868,675			569,576,471		
Assets - Cash and short-term investments	922,553,166	922,628,925	839,655,865	82,897,301			
Assets - Policy loans	3,030,136	3,030,136		3,030,136			
Assets - Derivative assets	44,044,017	41,745,123	1,299,729	42,744,288			
Assets - Derivative collateral assets	5,599,813	5,599,813	5,599,813				
Assets - Other invested assets	1,277,011,907	1,277,187,859		13,601,112	37,908,683	1,225,502,112	
Assets - Separate account: variable products	12,509,189	12,509,189		12,509,189			
Liabilities - Derivative liabilities	16,191,605	23,225,271		16,191,605			
Liabilities - Deposit-type contracts	3,092,695,243	3,076,990,414		2,849,504,945	243,190,298		
Liabilities - Derivative collateral liability	34,203,242	34,203,242	34,203,242				

Bonds and short-term investments – The Company obtains the fair value for most marketable, public bonds without an active market from several commercial pricing services. These are classified as Level 2 assets. The pricing services incorporate a variety of market observable information in their valuation techniques, including benchmark yields, broker-dealer quotes, credit quality, issuer spreads, bids, offers, and other reference data. If the Company cannot value a public bond with a commercial pricing vendor, the Company obtains broker quotes (or utilizes an internally-developed model) and is considered to be Level 3. The Company values privately placed bonds based on the credit quality and duration of comparable marketable securities, which may be securities of another issuer. In some instances, the Company uses a matrix-based pricing model. These models consider the current level of risk-free interest rates, corporate spreads, credit quality of the issuer, and cash flow characteristics of the security. Privately placed fixed maturity securities are classified as Level 2 or 3.

Preferred stocks and common stocks unaffiliated – The Company values equity securities, typically private equities or equity securities not traded on an exchange, using several commercial pricing services or an internal model. The securities priced by a commercial pricing service are classified as Level 2 and the securities priced by an internal model are classified as Level 3. In addition, unaffiliated common stocks include FHLB stock, which is carried at fair value, which is presumed to be par because it can only be redeemed by the bank and is classified as Level 2.

Mortgage loans – The Company estimates mortgage loans on a monthly basis using discounted cash flow analysis and rates being offered for similar loans to borrowers with similar credit ratings. Loans with similar characteristics are aggregated for purposes of the calculations. The discounted cash flow model uses unobservable inputs, including estimates of discount rates and loan prepayments. Mortgage loans are classified as Level 3.

Policy loans – The fair value of policy loans classified as Level 2 is equal to the carrying value of the loans, which are collateralized by the cash surrender value of the associated insurance contracts.

Derivatives – Derivative contracts can be exchange traded or over-the-counter. Over-the-counter derivatives are valued using valuation models or an income approach using third-party broker valuations. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit curves, measures of volatility, prepayment rates, and correlation of the inputs. The Company considers and incorporates counterparty credit risk in the valuation process through counterparty credit rating requirements and monitoring of overall exposure. The Company also evaluates and includes its own nonperformance risk in valuing derivatives. The majority of the Company's derivatives trade are in liquid markets; therefore, the Company can verify model inputs and model selection does not involve significant management judgment and are classified within Level 2. If the Company cannot verify model inputs and model selection does involve significant management judgment, the derivatives are classified as Level 3.

Other invested assets – Within other invested assets, partnerships are valued based on net asset value information provided by the general partner or related asset manager. These partnership interests usually include multiple underlying investments for which either observable market prices or other valuation methods are used to determine the fair value. These investments are reported in the Net Asset Value (NAV) column. Other than partnerships, other invested assets may include surplus notes and other investments with bond or stock characteristics and the Company attempts to value these using commercial pricing services, which would be classified as Level 2 assets. If the Company cannot value with a commercial pricing vendor, the Company obtains broker quotes (or utilizes an internally-developed model) and are considered to be Level 3 assets.

Separate account assets (variable products) – Separate account assets classified as Level 2 are valued based on the fair value of the underlying funds. Fair values and changes in the fair values of separate account assets accrue directly to the policyowners and are not included in the Company's revenues and expenses or surplus.

Deposit-type contracts – Deposit-type contracts are classified as Level 3 include single premium immediate annuities (SPIA), supplemental contracts, and group pension contracts. Fair value of SPIA, supplemental contracts, and group pension are calculated by discounting best estimate cash flows based on mortality and market interest rate assumptions. Fair value of funding agreements are calculated by discounting future cash flows using market rates on the valuation date, and are classified as Level 2.

D. Not Practical to Estimate Fair Value: NONE

E. Net Asset Value

The Company invests in certain non-fixed income, alternative investments in the form of limited partnerships (investment funds) which are reported at net asset value (NAV). Adjustments to the carrying amount reflect the Company's pro rata ownership percentage of the operating results as indicated by NAV in the investment fund financial statements. The NAV from the investment fund financial statements can be on a lag of up to three months when investee information is not received in a timely manner. These investments are listed in the NAV column of the fair value tables above as this is the primary method for reporting fair value for these investments.

As of December 31, 2018, the Company has $794.8 million unfunded commitments to invest in these investment funds.

NOTES TO FINANCIAL STATEMENTS

Note 21. Other Items

A. Unusual or Infrequent Items: NONE

B. Troubled Debt Restructuring: NONE

C. Other Disclosures: NONE

D. Business Interruption Insurance Recoveries: NONE

E. State Transferable and Non-transferable Tax Credits

(1) Carrying Value of Transferable and Non-transferable State Tax Credits Gross of any Related Tax Liabilities and Total Unused Transferable and Non-transferable State Tax Credits by State and in Total

(1) Description of State Transferable and Non-transferable Tax Credits	(2) State	(3) Carrying Value	(4) Unused Amount
Guaranty Fund Assessment Credits	Various	446,578	446,578
21F1999 - Total		446,578	446,578

(2) The Company estimates the utilization of the remaining transferable and non-transferable state tax credits by projecting future premium taking into account policy growth and rate changes, projecting future tax liability based on projected premium, tax rates and tax credits, and comparing projected future tax liability to the availability of remaining tax credits.

(3) Impairment Loss: NONE

(4) State Tax Credits Admitted and Nonadmitted

	Total Admitted	Total Nonadmitted
a. Transferable		
b. Non-transferable	446,578	

F. Subprime-Mortgage -Related Risk Exposure

(1) The Company engages in direct lending to the subprime markets. The Company's exposure to subprime risk is primarily limited to whole mortgage loans and investments within the fixed maturity investment portfolio in the form of securities collateralized by mortgages that have characteristics of subprime lending.

The Company generally defines subprime whole mortgage loans as borrowers with impaired credit history and lower FICO scores. In 2018 and 2017, the Company invested in residential whole loans which consisted of borrowers with lower FICO scores. The price paid for the residential loans factored in the consideration of the borrower's ability to repay along with the overall credit profile of the loan. The Company will continue to monitor the performance of the subprime residential mortgage loans along with performance expectations.

The Company's portfolio also contains residential mortgage backed securities that include subprime mortgage exposure. The risk of such defaults is generally higher in the case of subprime mortgages. The acquisition value of these residential mortgage backed securities factored in the consideration of that default risk. Quarterly, we monitor and evaluate the undiscounted expected future cash flows associated with these residential mortgage backed securities based on updates to key assumptions.

(2) Direct exposure through investments in subprime mortgage loans

	(1) Book/Adjusted Carrying Value (excluding interest)	(2) Fair Value	(3) Value of Land and Buildings	(4) Other-Than-Temporary Impairment Losses Recognized	(5) Default Rate
a. Mortgages in the process of foreclosure	2,079,860	1,769,799	2,357,600		
b. Mortgages in good standing	105,638,404	112,347,348	147,308,140		
c. Mortgages with restructure terms					
d. Total	107,718,264	114,117,147	149,665,740		

(3) Direct exposure through other investments

	(1) Actual Cost	(2) Book/Adjusted Carrying Value (excluding interest)	(3) Fair Value	(4) Other-Than-Temporary Impairment Losses Recognized
a. Residential mortgage backed securities	107,259,249	113,974,196	125,120,792	
b. Commercial mortgage backed securities				
c. Collateralized debt obligations				
d. Structured securities				
e. Equity investment in SCAs *				
f. Other assets				
g. Total	107,259,249	113,974,196	125,120,792	

* These investments comprise 0% of the company's invested assets.

(4) Underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage: NONE

G. Retained Assets: NONE

H. Insurance-Linked Securities (ILS) Contracts: NONE

NOTES TO FINANCIAL STATEMENTS

Note 22. Events Subsequent

Subsequent events have been considered through February 27, 2019 for the statutory statement dated December 31, 2018. There have been no Type I or Type II events subsequent to the close of the books and accounts for this statement that have a material effect on the financial condition of the Company.

Note 23. Reinsurance

Gains on cession of in-force blocks of business are to be accounted for in accordance with Appendix A-791 of the NAIC Accounting Practices and Procedures Manual which requires that any increase in surplus (net of federal income tax) resulting from reinsurance agreements entered into or amended which involve the reinsurance of business issued prior to the effective date of the agreements shall be identified separately as a surplus item by the ceding company. Subsequent recognition of the surplus increase as income shall be reflected on a net of tax basis as earnings emerge from the business reinsured. As a result of the historical cession of business to Protective, the Company previously recorded a deferred gain at inception through surplus. Based on the emergence of earnings from the reinsured business in 2018 and 2017, $3.8 million and $3.0 million, respectively, was amortized into income.

Effective January 1, 2018, the Company entered into a coinsurance agreement with AAIA to assume 50% of all retail annuity business issued by AAIA on or after January 1, 2018. The Company subsequently entered into a retrocession modified coinsurance agreement with AARe effective January 1, 2018 to cede an 80% quota share of this AAIA retail annuity business.

Effective January 1, 2018, the Company recaptured a retrocession modified coinsurance agreement originally entered into with ALRe on November 1, 2012, which was subsequently amended on December 31, 2012 and January 1, 2016. This treaty retroceded 80% of the assumed Liberty Bankers Life Insurance Company annuity business, 89% of the assumed Athene Annuity & Life Assurance Company of New York (AANY) annuity business and 80% of the assumed Royal Neighbors of America annuity business. The Company subsequently entered into a retrocession modified coinsurance agreement with AARe (referred to as the Omnibus treaty) effective January 1, 2018 to cede the same quota shares of these blocks of business. The modified coinsurance reserves that were recaptured from ALRe and ceded to AARe were $2,168.0 million as of January 1, 2018.

Effective July 1, 2018, the Company amended the Omnibus treaty to remove the AANY business and entered into a separate retrocession modified coinsurance agreement with AARe to cede the same 89% quota share of this business. The modified coinsurance reserves that were ceded to AARe were $1,954.8 million as of July 1, 2018.

Effective January 1, 2018, the Company recaptured a modified coinsurance agreement originally entered into with ALRe on August 1, 2017. This agreement retroceded 80% of the assumed Lincoln National Life Insurance Company business issued on or after August 1, 2017. The modified coinsurance reserves that were recaptured from ALRe were $168.7 million as of January 1, 2018. The Company amended the Omnibus treaty effective July 1, 2018 to cede 80% of this business to AARe. The modified coinsurance reserves that were ceded to AARe were $408.0 million as of July 1, 2018.

Effective January 1, 2018, the Company recaptured a retrocession modified coinsurance agreement originally entered into with ALRe on December 16, 2011. This agreement retroceded 80% of the assumed Transamerica Life Insurance Company annuity business. Effective January 1, 2018, the Company entered into a retrocession modified coinsurance agreement with AARe to cede the same 80% quota share of this business. The modified coinsurance reserves that were recaptured from ALRe and ceded to AARe were $674.3 million as of January 1, 2018.

Effective January 1, 2018, the Company recaptured a modified coinsurance agreement originally entered into with ALRe on April 29, 2011. This agreement ceded 80% of the inforce and future annuity business. The Company subsequently entered into a modified coinsurance agreement with AARe effective January 1, 2018 to cede the same 80% quota share of the annuity business. The modified coinsurance reserves that were recaptured from ALRe and ceded to AARe were $2,995.6 million as of January 1, 2018.

Effective April 1, 2018, the Company recaptured a modified coinsurance agreement originally entered into with ALRe on April 1, 2015. This agreement ceded 100% of the funding agreement business issued on or after April 1, 2015. The Company subsequently entered into a new modified coinsurance agreement with ALRe effective April 1, 2018 to cede the same 100% quota share of the funding agreement business. The modified coinsurance reserves that were recaptured and ceded to ALRe were $3,124.8 million as of April 1, 2018.

Effective June 1, 2018, the Company entered into two quota share reinsurance agreements, one coinsurance and one modified coinsurance, with VIAC to assume a 20% quota share of all fixed annuity business issued by VIAC prior to the effective date of the treaty. The reserves that were assumed from VIAC were $3,494.6 million across the two treaties as of June 1, 2018.

Effective June 1, 2018, the Company entered into a quota share coinsurance agreement with VIAC to assume a 20% quota share of all guaranteed minimum income benefit rider policies issued by VIAC on or after the effective date of the treaty.

Effective June 1, 2018, the Company entered into a funds withheld coinsurance agreement with Rocky Range (RR), a subsidiary of VIAC, to assume a 20% quota share of all guaranteed minimum income benefit rider policies issued by RR on or after the effective date of the treaty. No covered policies were issued through December 31, 2018.

Effective June 1, 2018, the Company entered into a quota share modified coinsurance agreement with Reliastar Life Insurance Company (RLI) to assume a 20% quota share all fixed annuity business issued by RLI prior to the effective date of the treaty. The reserves that were assumed from RLI were $88.9 million as of June 1, 2018.

Effective September 1, 2018, the Company entered into a quota share coinsurance agreement with Massachusetts Mutual Life Insurance Company to assume a 50% quota share of certain multi-year guaranteed annuities (MYGA) policies issued or renewed by the cedant on or after the effective date of the treaty. The Company subsequently amended the Omnibus treaty to cede 80% of this business to AARe.

Effective September 17, 2018, the Company entered into a quota share coinsurance agreement with Brighthouse Life Insurance Company (Brighthouse) to assume a 80% quota share of certain MYGA policies issued by Brighthouse on or after the effective date of the treaty. The Company subsequently amended the Omnibus treaty to cede 80% of this business to AARe.

Effective September 17, 2018, the Company entered into a quota share coinsurance agreement with Brighthouse Life Insurance Company of New York (BLICNY) to assume an 80% quota share of certain MYGA policies issued by BLICNY on or after the effective date of the treaty. No covered policies were issued through December 31, 2018.

A. Ceded Reinsurance Report

Section 1 - General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as nonaffiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee, or director of the Company? NO

(2) Have any policies issued by the Company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) which is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business? NO

NOTES TO FINANCIAL STATEMENTS

Section 2 - Ceded Reinsurance Report - Part A

(1) Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits? YES

a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the Company to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate. $ 0

b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability, for these agreements in this statement? $0.2 million

(2) Does the Company have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts which, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? NO

Section 3 - Ceded Reinsurance Report - Part B

(1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. $0

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts which were in-force or which had existing reserves established by the Company as of effective date of the agreement? YES

If yes, what is the amount of reinsurance credits, whether an asset of a reduction of liability, taken for such new agreements or amendments?

During 2018, the Company executed and amended reinsurance agreements including the cession of contracts in force through modified coinsurance with reserves of $11,325.5 million. See details above.

B. Uncollectible Reinsurance: NONE

C. Commutation of Ceded Reinsurance

On January 1, 2018 and April 1, 2018, the Company recaptured several reinsurance treaties from ALRe. See documentation above on which treaties were recaptured.

The Company has reported the following in its operations in the current year as a result of commutation of reinsurance.

(1) Claims incurred	
(2) Claims adjustment expenses incurred	
(3) Premiums earned	$11,068,189,462
(4) Other	

(5) Company	Amount
Athene Life Re Ltd.	$11,068,189,462

D. Certified Reinsurer Downgraded or Status Subject to Revocation: NONE

E. Variable Annuity Reinsurance with an Affiliated Captive Reinsurer: NONE

F. Reserve Credits Taken on Variable Annuity Reinsurance with an Affiliated Captive Reinsurer: NONE

G. Ceding Entities That Utilize Captive Reinsurers to Assume Reserves Subject to the XXX/AXXX Captive Framework: NONE

Note 24. Retrospectively Rated Contracts & Contracts Subject to Redetermination: NONE

Note 25. Change in Incurred Losses and Loss Adjustment Expenses: NONE

Note 26. Intercompany Pooling Arrangements: NONE

Note 27. Structured Settlements: NONE

Note 28. Health Care Receivables: NONE

Note 29. Participating Policies

A. As of December 31, 2018 and 2017, less than 1% of life policies were participating.

B. The method of accounting for policyholder dividends is based upon dividends credited annually to policyholders on their policy anniversary date plus the change from the prior period on one year's projected dividend liability on policies in force at the statement date. Source data is produced from the Company's policy administration system.

C. The amount of dividend expense incurred was less than $0.1 million for the years ended December 31, 2018 and December 31, 2017.

D. There was no additional income allocated to participating policyholders.

Note 30. Premium Deficiency Reserves: NONE

Note 31. Reserves for Life Contracts and Annuity Contracts

(1) The Company waives deduction of deferred fractional premiums upon death of insured and returns any portion of the final premium for the period beyond the date of death. Reserves for these benefits are included in Exhibit 5, Life Insurance. Reserve for surrender values in excess of reserves, if any, as legally computed are reported in Exhibit 5, Life Reserves.

NOTES TO FINANCIAL STATEMENTS

(2) Extra premiums are charged according to underwriting classifications. For Debit-Ordinary substandard policies, reserves are calculated using the same interest rate as for standard policies but using multiples of standard rates of mortality. For regular Ordinary substandard policies, reserves are calculated by computing the regular reserve for the plan and adding one-half of the extra premium charge for the year to that reserve.

(3) As of December 31, 2018, the Company had $746.9 million of insurance in force for which the gross premiums are less than the net premiums according to the standard of valuation set by the State of Delaware. Reserves to cover the above shortfall in premium totaled $8.2 million at December 31, 2018, are calculated annually, and were included in reserves on Page 3, Line 1 (Exhibit 5, Miscellaneous Reserves).

(4) The tabular interest at December 31, 2018, (Page 7, Line 4), tabular less actual reserve released (Page 7, Line 5) and tabular cost (Page 7, Line 9) have been determined by formula as described in the NAIC instructions for Page 7.

(5) The tabular interest on Deposit-type Contracts is the amount actually credited or accrued to the funds during the year.

(6) There are no significant changes in reserves shown on the Other Increases (net) line on Page 7, Line 7. The significant changes in reserves shown on the Other net change in reserves line on Exhibit 7, Line 4 as of December 31, 2018 are as follows:

1	2	3	ORDINARY			7	GROUP	
			4	5	6	Credit Life	8	9
ITEM	Total	Industrial Life	Life Insurance	Individual Annuities	Supplementary Contracts	Group and Individual	Life Insurance	Annuities
Exhibit 7 - Funding agreement foreign currency translation adjustment	(5,560,547)			(5,560,547)				
Total	(5,560,547)			(5,560,547)				

Note 32. Analysis of Annuity Actuarial Reserves and Deposit Type Liabilities by Withdrawal Characteristics

	(1) General Account	(2) Separate Account with Guarantees	(3) Separate Account Nonguaranteed	(4) Total	(5) % of Total
A. Subject to discretionary withdrawal:					
(1) With market value adjustment	8,138,626,065			8,138,626,065	45.4%
(2) At book value less current surrender charge of 5% or more	1,705,937,561			1,705,937,561	9.6%
(3) At fair value		2,841,335		2,841,335	0.0%
(4) Total with market value adjustment or at fair value (Total of 1 through 3)	9,844,563,626	2,841,335		9,847,404,961	55.0%
(5) At book value without adjustment (minimal or no charge or adjustment)	4,148,323,326			4,148,323,326	23.1%
B. Not subject to discretionary withdrawal	3,924,113,797			3,924,113,797	21.9%
C. Total (gross: direct + assumed)	17,917,000,749	2,841,335		17,919,842,084	100.0%
D. Reinsurance ceded	30,373,452			30,373,452	
E. Total (net)* (C) - (D)	17,886,627,297	2,841,335		17,889,468,632	

* Reconciliation of total annuity actuarial reserves and deposit fund liabilities.

F. Life & Accident & Health Annual Statement:	Amount
1. Exhibit 5, Annuities Section, Total (net)	14,687,204,942
2. Exhibit 5, Supplementary Contracts with Life Contingencies Section, Total (net)	122,431,941
3. Exhibit 7, Deposit-Type Contracts, Line 14, Column 1	3,076,990,414
4. Subtotal	17,886,627,297
Separate Accounts Annual Statement:	
5. Exhibit 3, Line 0299999, Column 2	2,841,335
6. Exhibit 3, Line 0399999, Column 2	
7. Policyholder dividend and coupon accumulations	
8. Policyholder premiums	
9. Guaranteed interest contracts	
10. Other contract deposit funds	
11. Subtotal	2,841,335
12. Combined Total	17,889,468,632

Note 33. Premiums and Annuity Considerations Deferred and Uncollected: NONE

Note 34. Separate Accounts

A. Separate Account Activity

(1) The Company utilizes separate accounts to record and account for assets and liabilities from the variable universal life and variable annuity product lines.

NOTES TO FINANCIAL STATEMENTS

(2) In accordance with the products recorded within the separate account, all assets are considered legally insulated from the general account claims.

As of December 31, 2018 and 2017 the Company's separate account statement included legally insulated assets of $12.5 million and $14.2 million, respectively. The assets legally insulated from the general account as of December 31, 2018 are attributed to the following products:

(1) Product/Transaction	(1) Legally Insulated Assets	(2) Separate Account Assets (Not Legally Insulated)
Variable Universal Life Insurance	9,667,834	
Variable Annuities	2,841,355	
Total	12,509,189	

(3) The Company currently has two products that guarantee a minimum death benefit. The Company's general account has not paid towards the separate account guarantees for the past five years. The separate account has not paid risk charges for the past five years.

(4) There are no securities lending transactions in the separate account.

B. General Nature and Characteristics of Separate Accounts Business

Separate accounts are utilized to record and account for two lines of business - Variable Annuities and Variable Universal Life.

The Company previously sold variable annuity and variable universal life products with a non-guaranteed return. The Company stopped marketing these products at the beginning of 2009. The net investment experience of these separate accounts is credited directly to the policyholder and can be positive or negative. The assets and liabilities of these accounts are carried at fair market value. This business is included in non-guaranteed separate accounts in the following table.

Information regarding the Separate Accounts of the Company is as follows. All amounts are for separate accounts as of or for the year ended December 31, 2018.

	(1) Indexed	(2) Nonindexed Guarantee Less than/equal to 4%	(3) Nonindexed Guarantee More than 4%	(4) Nonguaranteed Separate Accounts	(5) Total
(1) Premiums, considerations or deposits as of the end of current period				395,386	395,386
Reserves as of the end of current period					
(2) For accounts with assets at:					
a. Fair value				12,470,302	12,470,302
b. Amortized cost					
c. Total reserves*				12,470,302	12,470,302
(3) By withdrawal characteristics:					
a. Subject to discretionary withdrawal:					
1. With market value adjustment					
2. At book value without market value adjustment and with current surrender charge of 5% or more					
3. At fair value				12,470,302	12,470,302
4. At book value without market value adjustment and with current surrender charge less than 5%					
5. Subtotal				12,470,302	12,470,302
b. Not subject to discretionary withdrawal					
c. Total				12,470,302	12,470,302

*Line 2(c) should equal Line 3(c).

(4) Reserves for Asset Default Risk in Lieu of AVR					

C. Reconciliation of Net Transfers To or (From) Separate Accounts

(1) Transfers as reported in the Summary of Operations of the Separate Accounts Statement:

a. Transfers to Separate Accounts (Page 4, Line 1.4)	395,386
b. Transfers from Separate Accounts (Page 4, Line 10)	844,586
c. Net transfers to or (From) Separate Accounts (a) - (b)	(449,200)

(2) Reconciling Adjustments:

(3) Transfers as Reported in the Summary of Operations of the Life, Accident & Health Annual Statement (1c) + (2) = (Page 4, Line 26) ..... (449,200)

Note 35. Loss/Claim Adjustment Expenses: NONE