



# Athene Enters Into Reinsurance Agreement with Voya Financial

*Large Scale and Financially Compelling Transaction  
Supporting Life Insurance Industry Restructuring*

December 2017

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All information is as of the dates indicated herein.

## Transaction Overview

- Athene to reinsure ~\$19 billion of Voya's fixed annuity reserves
  - Reinsuring liabilities Athene knows well
  - Utilizing reinsurance, which minimizes operational risk
- Consortium of investors to purchase Voya's Insurance & Annuity Company, and form new standalone entity "Venerable Holdings, Inc"
  - Athene to make minority equity investment of \$75 million<sup>(1)</sup> at an attractive return
  - No obligation for Athene to contribute additional capital post-close
  - Athene also to hold debt investment of \$150 million<sup>(1)</sup> in Venerable (capitalized to CTE 98%+, 600%+ RBC<sup>(2)</sup>)

**~\$1 billion  
of Capital  
Deployed**

## Financial Impact

- Athene to deploy ~\$1 billion of total capital, with meaningful earnings and ROE accretion driven by asset redeployment and onboarding of fixed annuities to Athene's scalable and efficient infrastructure
- Athene to potentially issue debt financing of approximately \$750 million to \$1 billion

**90-100 bps  
ROE  
Accretion<sup>(3)</sup>**

## Approvals & Timing

- Subject to customary regulatory approvals
- Expected closing in Q2/Q3 2018

**Q2/Q3'18  
Target Close**

**Deploying Significant Excess Capital at an Attractive Rate of Return**

## Strategically Compelling

- Landmark transaction which supports life insurance industry restructuring
- Attractive opportunity to deploy a significant amount of capital into a large scale block of profitable fixed annuities that Athene knows well
  - Block consists primarily of plain FA and FIA liabilities, with low-risk profile
- Opportunity to increase organic production through pursuing Voya's existing distribution arrangements and reinsuring future annuitization volume from Venerable
  - Can meaningfully augment distribution by pursuing distribution relationships Athene does not have today
  - Expect to generate ~\$8 billion of additional flow from annuitizations of variable annuities to fixed payout annuities, over the life of the block
- Expands leadership in the retirement services industry

## Financially Attractive

- Attractively priced transaction with meaningful earnings and ROE accretion
  - Expect to achieve mid-teens return target
- Well positioned for incremental value creation in a more favorable credit spread environment
- Grows invested assets by ~23% to \$97 billion<sup>(1)</sup>, significantly increasing base of recurring earnings for future years
- Investment in Venerable provides upside through incremental alternative allocation with limited downside risk and no recourse for additional capital post close

## Optimally Positioned

- Athene and Apollo are well positioned to provide bespoke solutions for insurers, such as Voya, in the restructuring of the life insurance industry
- Demonstrated ability to close complex M&A and block reinsurance transactions
- Athene remains disciplined and well positioned for future opportunistic transactions

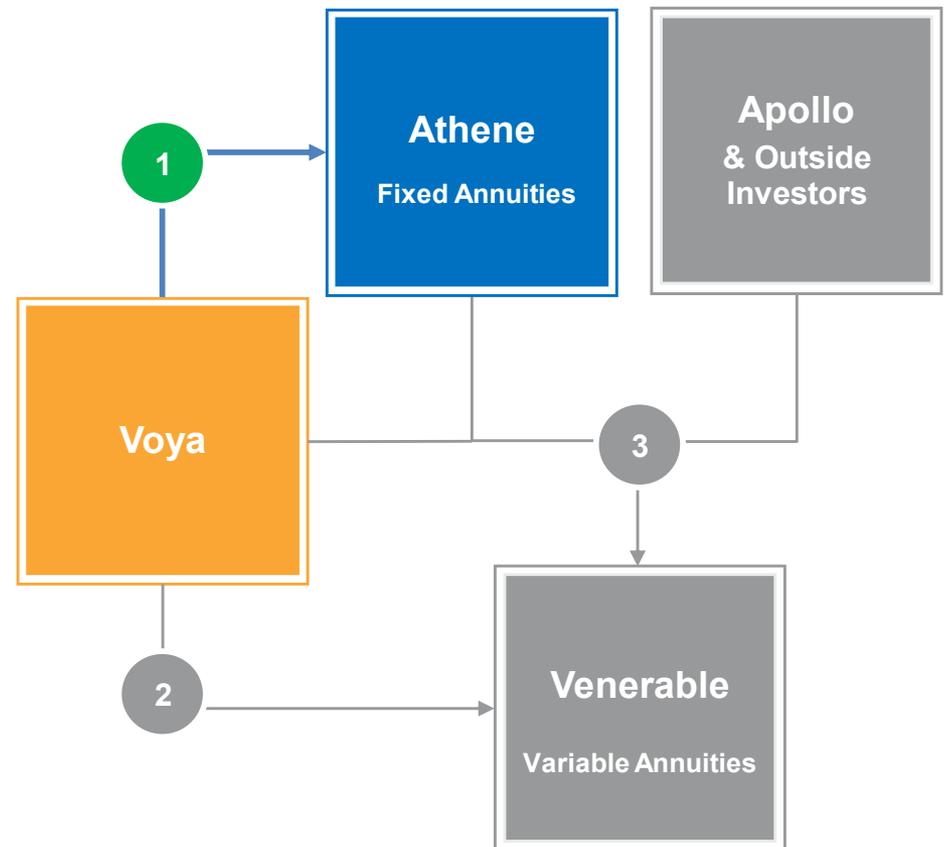
As one of the largest life reinsurers, Athene is uniquely positioned to provide bespoke solutions for further life insurance industry restructuring

- 1

Voya cedes fixed annuity business to Athene  
 Assets: \$19 billion<sup>(1)</sup>  
 Liabilities: \$19 billion
- 2

Voya sells 100% of stock of Voya Insurance & Annuity Company to Venerable
- 3

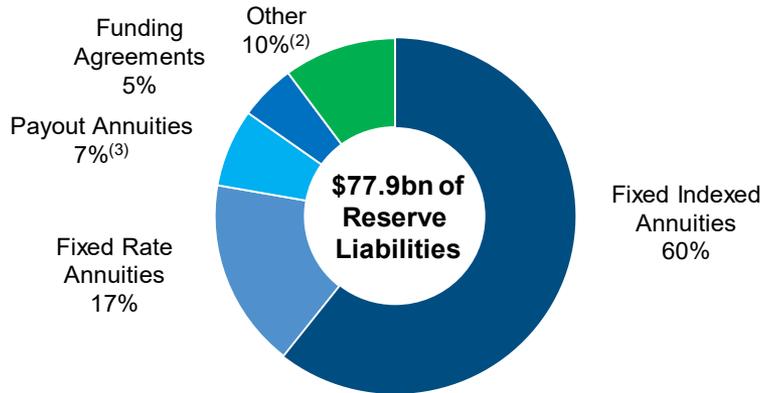
Consortium of investors, including Apollo, third party investors, Athene and Voya contribute \$500 million of capital to Venerable



**Limited Integration Risk to Athene Due to Reinsurance Structure**

(1) Includes ~\$18 billion of invested assets and ~\$1 billion of deferred acquisition costs (DAC).

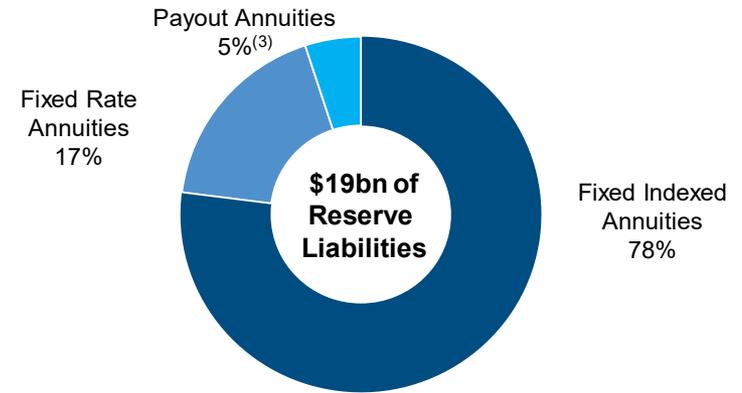
## Athene Current Liability Profile<sup>(1)</sup>



## Athene Key Reserve Liability Metrics<sup>(1)</sup>

Weighted-average life	8.2 years
% Surrender charge protected <sup>(4)(5)</sup>	86%
% Average surrender charge <sup>(4)(6)</sup>	7.4%
% Subject to MVA <sup>(4)(7)</sup>	72%

## Voya Reinsured Fixed Annuity Liability Profile<sup>(8)</sup>



## Voya Key Reserve Liability Metrics

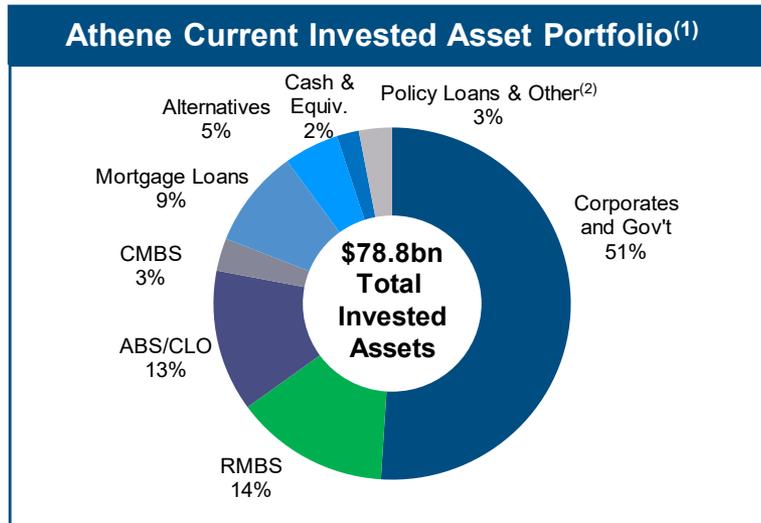
Weighted-average life	8.6 years
% Surrender charge protected <sup>(4)(5)</sup>	62%
% Average surrender charge <sup>(4)(6)</sup>	3.6%
% Subject to MVA <sup>(4)(7)</sup>	55%

## Disciplined Underwriting

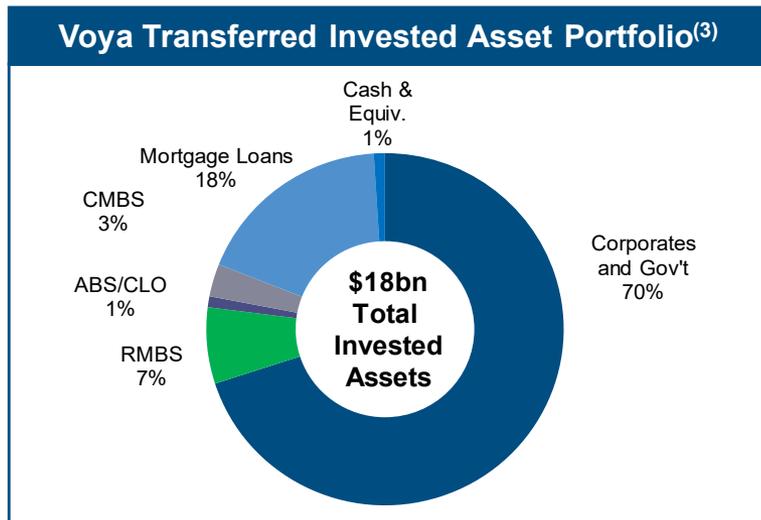
- 24% increase in reserve liabilities to approximately \$97 billion
- Reinsuring liabilities that Athene knows well
- Block consists primarily of plain FA and FIA liabilities, with low-risk profile

(1) As of September 30, 2017. (2) "Other" primarily consists of German reserves, the AmerUs Closed block liabilities and other life reserves. (3) Includes Single Premium Immediate Annuities, Supplemental Contracts and Structured Settlements. (4) Based on fixed index annuities and fixed annuities only. (5) Refers to the % of account value that is in the surrender charge period. (6) Excluding the impact of MVAs. (7) Refers to the % of account value that is protected by a MVA. (8) At close.

# Meaningful Asset Redeployment Opportunity



- ### Increasing Yield, Without Sacrificing Quality
- Plan to redeploy the Voya investment portfolio over 24 months
  - Expect to redeploy transferred asset portfolio in line with existing investment strategy to pick up incremental yield
  - Do not expect to materially increase the allocation of fixed maturity securities below NAIC 1 or 2
  - Portfolio will also include the alternative minority equity investment in Venerable and debt security



### Asset Portfolio Metrics

	Athene <sup>(1)</sup>	Voya <sup>(3)</sup>
% NAIC 1 or 2 <sup>(4)</sup>	93%	96%
% of Structured Securities	30%	11%
% of Alternatives	5%	0%

# Advantageous Financial Impacts to Athene



<b>Increase in Operating Income</b>	<b>7% - 9%<sup>(1)</sup></b>
<b>Increase in Operating ROE</b>	<b>90 - 100 bps<sup>(1)</sup></b>
<b>Growth in Invested Assets</b>	<b>20 - 25%</b>
<b>Reduction in Expenses as a % of Invested Assets</b>	<b>4 - 6 bps<sup>(1)</sup></b>

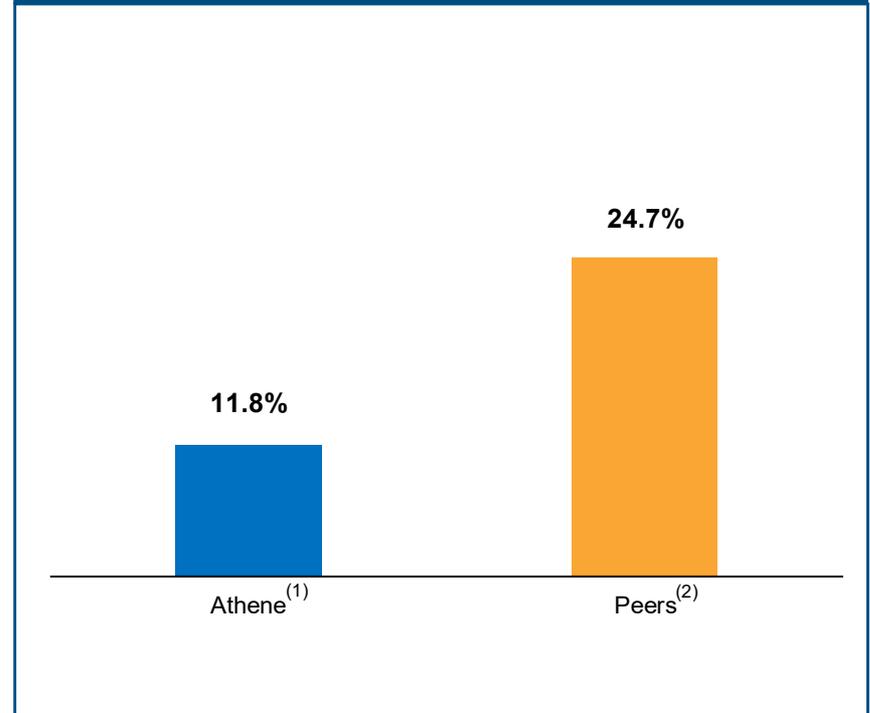
**On a pro forma basis Athene's key operating metrics are favorably enhanced**

(1) Based on 2020 projections, which include asset portfolio redeployment and no additional flow in fixed payout annuities.

## Maintain a Strong Capital Base for Continued Growth

- Athene to potentially issue debt financing of approximately \$750 million - \$1 billion
  - Taking advantage of low interest rates to add leverage
- Retain meaningful excess capital for future deals and maintain conservative leverage
  - Expect to maintain more than \$1.5 billion of excess capital following the transaction
- Expect to maintain strong RBC post transaction, well in excess of 400% RBC
- Athene continues to target rating upgrades
- Athene remains positive on opportunities to deploy excess capital

## Maintain Conservative Debt / Capitalization vs. Peers



- Large scale and highly strategic reinsurance transaction with minimal execution risk which positions Athene for significant future growth
- Capitalizes on Athene's scalable and efficient infrastructure
- Meaningful size that substantially increases scale and leadership in the retirement services market
- Leverages structuring expertise and asset management redeployment capabilities
- Demonstrates powerful partnership with Apollo to execute highly structured transactions
- Compelling financial pro forma impact on Athene
- Expected transaction closing Q2/Q3 of 2018

**Ability to provide bespoke solutions positions Athene well for similar opportunities**



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# Appendix

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# Non-GAAP Measure Reconciliations



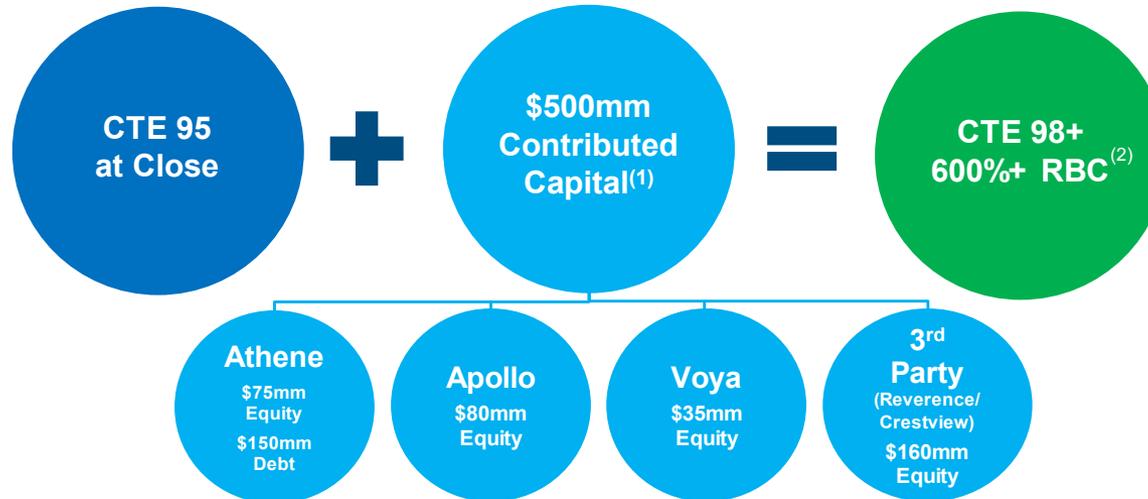
## Reconciliation of total investments, including related parties to total invested assets

<i>(In millions)</i>	<b>September 30, 2017</b>	
Total investments, including related parties	\$	81,183
Derivative assets		(1,982)
Cash and cash equivalents (including restricted cash)		3,707
Accrued investment income		626
Payables for collateral on derivatives		(1,896)
Reinsurance funds withheld and modified coinsurance		(537)
VIE assets, liabilities and noncontrolling interest		918
AFS unrealized (gain) loss		(2,594)
Ceded policy loans		(325)
Net investment receivables (payables)		(296)
Total adjustments to arrive at invested assets		(2,379)
Total invested assets	\$	78,804

## Reconciliation of total liabilities to total reserve liabilities

<i>(In millions)</i>	<b>September 30, 2017</b>	
Total liabilities	\$	87,392
Derivative liabilities		(92)
Payables for collateral on derivatives		(1,896)
Funds withheld liability		(394)
Other liabilities		(1,024)
Liabilities of consolidated VIEs		(47)
Reinsurance ceded receivables		(5,768)
Policy loans ceded		(325)
Other		4
Total adjustments to arrive at reserve liabilities		(9,542)
Total reserve liabilities	\$	77,850

Venerable will be comprised of Voya's run-off variable annuity business and payout annuities



## Attractive Investment in Venerable

- Investment is cash flow oriented and is limited to initial investment
- Minority equity investment, underwritten to a mid-teens return
- Key protections in place to limit Athene's downside risk
  - No recourse to additional Athene capital post closing
  - Primarily invested via debt in a vehicle that is CTE 98+ capitalized

