Athene Earnings Presentation
Q2 2018 Review

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All information is as of the dates indicated herein.

Q2'18 Highlights – Execution of Growth Strategy

Q2 2018	Year over Year Change
$279 million Adjusted Op. Income ex. notable items[1]	+17%
$2.0 billion Retail Deposits	+25%
$98.6 billion Invested Assets	+29%
27 bps Operating Expenses[3]	-5 bps
$8.4 billion Adjusted Shareholders' Equity	+18%
$42.60 Adjusted Book Value Per Share	+18%
~$2 billion Excess Capital	

Execution of Growth Strategy

Strong & Diversified Organic & Inorganic Growth

- Maintained pricing discipline, wrote new business to mid-teens returns
- Closed $19.1 billion reinsurance transaction with Voya
- Total organic deposits of $2.7 billion
  - Record retail deposits
  - Flow reinsurance up 121% YoY
- Invested assets up 40%, excluding Germany

Steady & Significant Base of Earnings

- Large in-force business with ~$96 billion of reserve liabilities
- Target annual investment margin of 2-3%

Attractive Operating Results

- Strong investment performance
  - Increased floating rate investment income
  - Alternative returns of 11.28% in Retirement Services
- Highly scalable platform, expect to convert significant portion of new business spread to adjusted operating income
- Retirement Services adjusted op. ROE, excluding notables of 19.1%

Strong Capital Position

- Balance sheet growth increases base of earnings for future years
- Growth in capital base driven by strong earnings
- Est. ALRe RBC ratio of 524%[2], est. U.S. RBC ratio of 438%

Consistent Performance on Both Sides of the Balance Sheet Generating Shareholder Value

(1) Notable items include $13 million of equity market performance impact on rider reserves and DAC amortization for Q2'18 and $44 million of equity market performance impact on rider reserves and DAC amortization and actuarial out of period adjustments for Q2'17 and tax effect of these items of $2 million and $3 million for Q2'18 and Q2'17, respectively. (2) ALRe RBC ratio is used in evaluating our capital position and the amount of capital needed to support our Retirement Services segment, and is calculated by applying the NAIC RBC factors to the statutory financial statements of ALRe and its non-U.S. reinsurance subsidiary, on an aggregate basis. (3) Retirement services operating expenses divided by Retirement Services average invested assets. Note: This presentation references certain Non-GAAP measures. See *Non-GAAP Measures* for additional discussion.

Straightforward & Scalable Net Investment Spread Model

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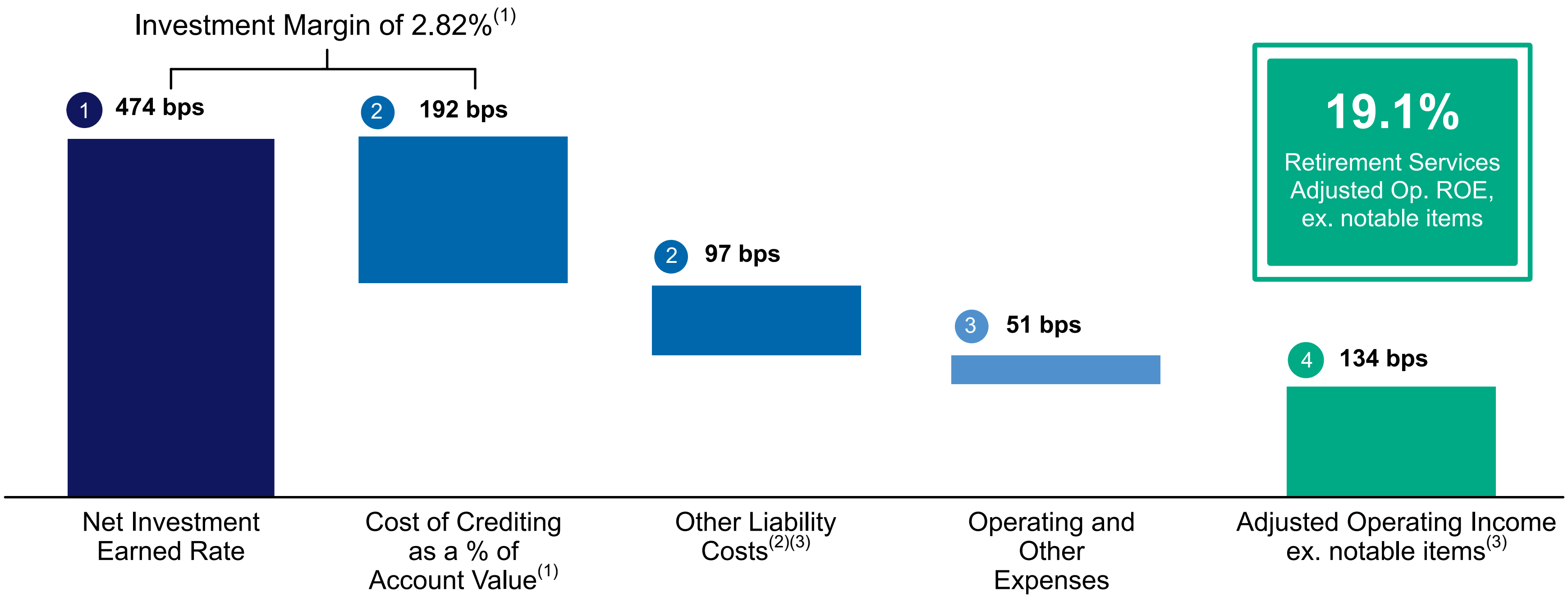
1 Unique Investment Capabilities + 2 Attractively Priced Liabilities + 3 Efficient & Scalable Structure = 4 Attractive ROE with Strong Earnings Growth Potential



19.1%
Retirement Services Adjusted Op. ROE, ex. notable items

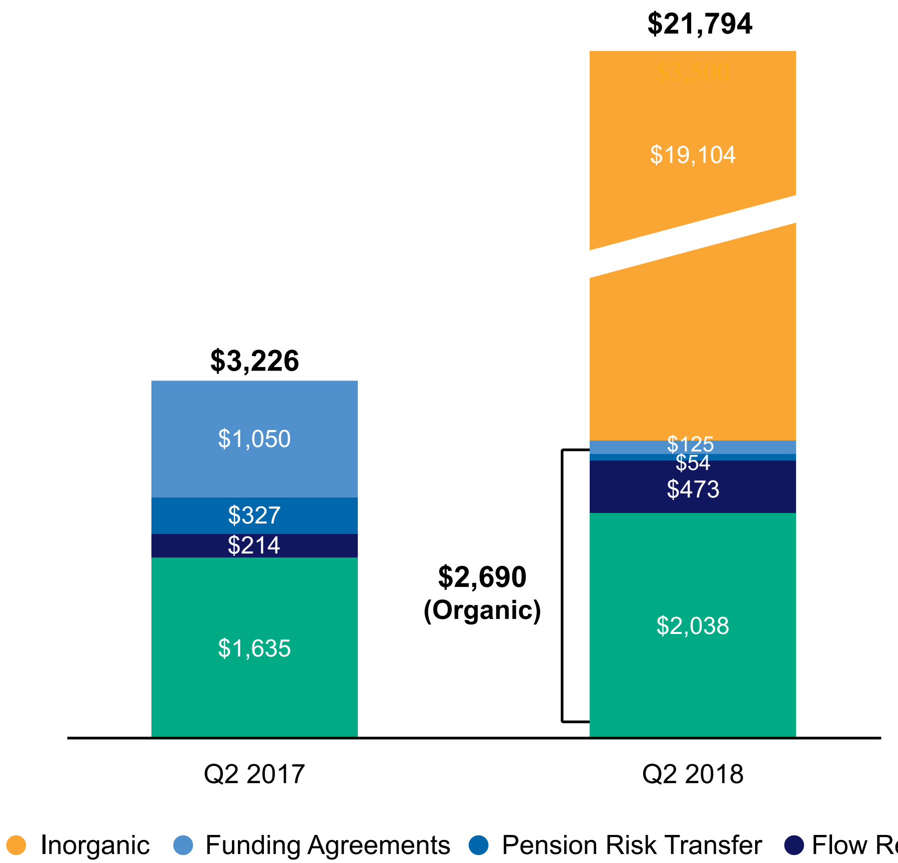
Achieving Mid- to High-teen Adjusted Operating ROE in Retirement Services

(1) Cost of crediting based on average account value of deferred annuities. Investment margin based on net investment earned rates less cost of crediting. (2) For illustrative purposes, includes adjustment due to convention of calculating cost of crediting based on average account value of deferred annuities. Excluding these adjustments, other liability costs would be 136 bps (129 bps including notable items) of average invested assets. (3) Excludes notable items of $13 million from equity market performance impact on rider reserves and DAC amortization. Excluding these adjustments, Retirement Services other liability costs, operating and other expenses, and adjusted operating income would be 91 bps, 52 bps, and 139 bps of average invested assets, respectively.

Multiple Distribution Channels a Competitive Advantage

Flexibility to respond to changing market conditions across channels to opportunistically grow liabilities that generate Athene's desired levels of profitability

New Deposits (mm)



Inorganic Deposits of $19.1bn

- Closed Voya reinsurance transaction on June 1

Funding Agreements of $125mm

- Exercised pricing discipline
- Overall public market issuance volume down 46% YoY

Pension Risk Transfer deals of $54mm

- Robust pipeline of deals
- Seasonally heavier in the second half of the year

Flow reinsurance of $473mm up 121% from prior year

- Increased flow from new reinsurance partners
- Existing partners adding new products

Retail sales of $2.0bn up 25% from prior year

- Record sales driven by new products and expanded distribution through additional banks and broker-dealers
- Tripled deposits sourced from banks YoY
- Tripled deposits sourced from broker-dealers YoY

Efficient & Scalable Platform - Incremental Deposits Translate to Higher Margins

Liabilities Long-Dated, Persistent & Attractively Priced

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Overview of Reserve Liabilities

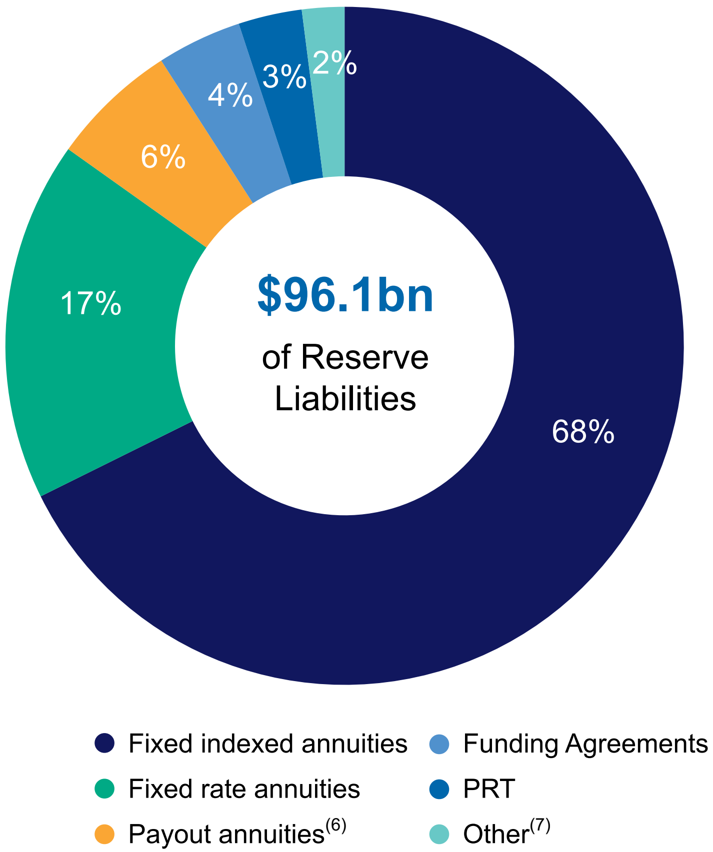
- Retirement Services reserve liabilities grew $26.4 billion or 38% over the prior year
- Limited exposure to legacy liabilities
  - All pricing reflects low interest rate environment
- Cost of crediting for FAs and FIAs increased 3 bps over the prior year to 1.92%[1] driven by the onboarding of the Voya liabilities
- Expansion of institutional products diversifies risk and increases predictability of liability outflows
- 100% of funding agreements, PRT and payout annuities are non-surrenderable
- Includes Voya reinsured liabilities (see slide 13)

Deferred Annuity Metrics

% Surrender charge protected[2]	81%
% Average surrender charge[4]	6.8%
% Subject to MVA[2][3]	67%
Cost of crediting[1]	1.92%
Distance to guaranteed minimum crediting rates	90-100 bps

Diversified Liability Sourcing

9.0 year weighted average life[5]



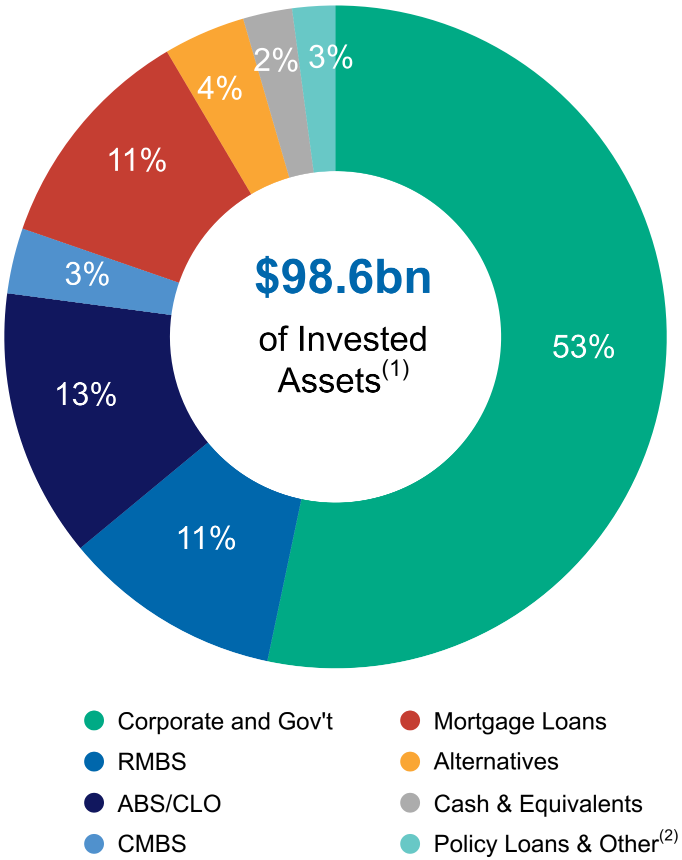
Large In-force Business Produces Steady & Significant Base of Earnings

(1) For Retirement Services segment deferred annuities for the three months ended June 30, 2018, annualized. (2) Based on fixed indexed annuities and fixed rate annuities only. Refers to percentage of account value that is in the surrender charge period. (3) Refers to the % of account value that is subject to a MVA. (4) Based on deferred annuities only, excluding the impact of MVAs. (5) Weighted average life of total reserve liabilities; weighted average life on deferred annuities of 8.2 years. (6) Includes Single Premium Immediate Annuities, Supplemental Contracts and Structured Settlements. (7) "Other" primarily consists of the AmerUs Closed Block liabilities and other life reserves.

Unique Investment Capabilities Generating Attractive Risk-Adjusted Returns

Overview of Total Invested Assets Portfolio

4.71%[3] Q2'18 Net Investment Earned Rate



Q2 2018 Portfolio Update

- Maintaining investment discipline in tight spread environment
- Total invested assets increased 40% from prior year, excluding Germany
- Retirement Services net investment earned rate was 4.74%[4]
  - Alternatives returned 11.28%, led by strength of MidCap and AmeriHome
- 18% of total invested assets in floating rate securities[5] which produce ~$25-30 million of additional adjusted operating income per year for every 25 bps increase in interest rates
- Includes Voya assets (see slide 13)

High Quality Fixed Income Investments

94%

Rated NAIC 1 or 2 of AFS Fixed Maturity Securities[6]

0 bps

of OTTI on Total Average Invested Assets[7]

Emphasize earning incremental yield by taking liquidity and complexity risk, not just credit risk

(1) Invested assets as of June 30, 2018. (2) Other includes Real Estate held for investment, short-term investments and equity securities. (3) Consolidated net investment earned rate for the three months ended June 30, 2018, annualized. (4) Retirement Services net investment earned rate for the three months ended June 30, 2018, annualized. (5) In Q1'18, we refined our definition of structured securities to only include short duration securities that are directly tied or linked to an index. (6) As of June 30, 2018, including related parties. (7) OTTI recognized during the three months ended June 30, 2018, annualized.

2018 Second Quarter Operating Highlights

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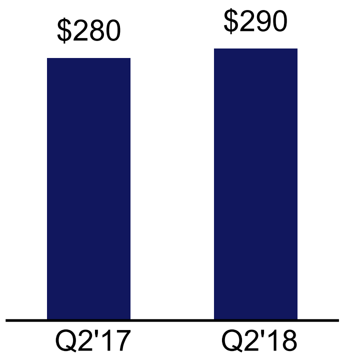
Continue to benefit from locking in low cost of funds liabilities through existing book and acquiring mispriced liabilities

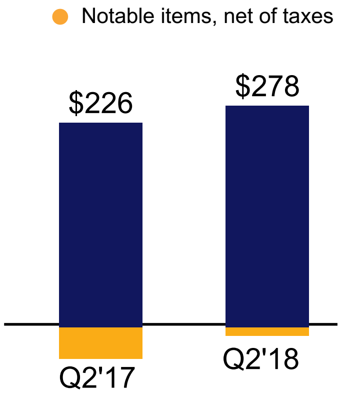
Investment Portfolio

- Decrease in net investment earned rate driven by lower new money rates and returns on the assets from the Voya reinsurance transaction, partially offset by additional floating rate investment income
- Redeployment of Voya assets, to be in line with existing investment strategy to pick up incremental yield, above prior forecast in terms of speed and yield

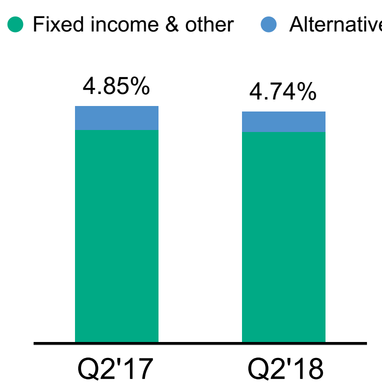
Adjusted Operating Income (mm)



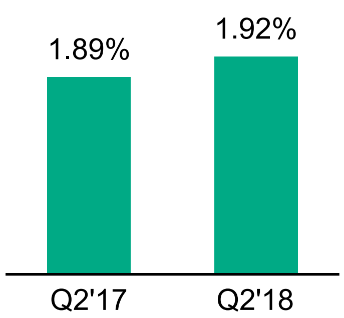
RS Adjusted Op. Income ex. notables[1] (mm)



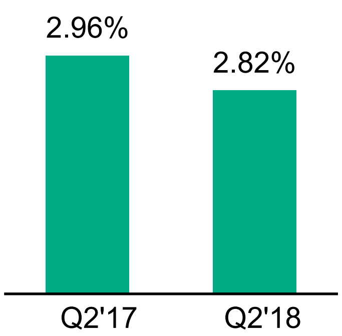
RS Net Investment Earned Rate[2]



RS Cost of Crediting[3]



RS Investment Margin



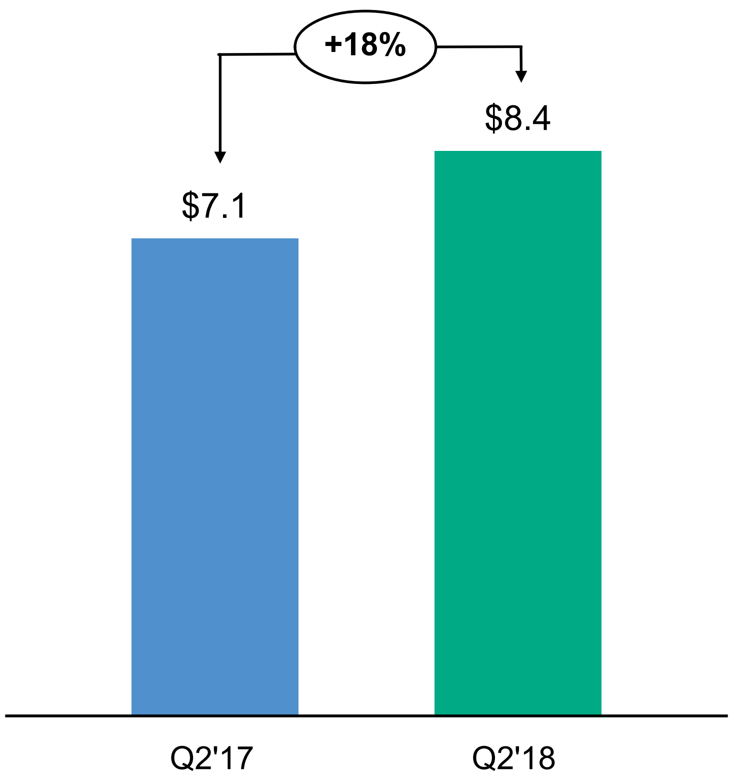
Retirement Services Adjusted Operating ROE, ex. notables of 19.1%[1]

(1) Notable items include $13 million of equity market performance impact on rider reserves and DAC amortization for Q2'18 and $44 million of equity market performance and actuarial out of period adjustments for Q2'17. Adjusted operating income was $290 million and $280 million for Q2'18 and Q2'17, respectively, and increased 4% year-over-year. (2) Net investment earned rate is calculated by taking net investment earnings divided by average invested assets for the relevant period. Interim periods are annualized. (3) Cost of crediting is calculated by taking the interest credited on fixed strategies and option costs on index annuity strategies divided by average account value of our deferred annuities. Interim periods are annualized.

Strong Capital Base Drives Future Growth

Low financial leverage helps maintain strong rating profile and enables us to deploy capital as opportunities arise

AHL Adjusted Shareholders' Equity (bn)(1)



Levers for Incremental Growth

- Low financial leverage of 12.3%
- Expect earnings will fund current organic growth
- Approximately $2bn of excess capital to support incremental growth
- Large scale acquisitions or block reinsurance transactions
- Opportunistic organic growth above plan

Strong Capital Position

524%
Est. ALRe RBC Ratio(2)(3)

438%
Est. U.S. RBC Ratio(2)

Athene's strong capital base provides multiple levers for future growth

(1) See Non-GAAP Measures and Definitions and Non-GAAP Measure Reconciliations for more information on AHL adjusted shareholders' equity. (2) As of June 30, 2018. (3) ALRe RBC ratio, which is used in evaluating our capital position and the amount of capital needed to support our segment, is calculated by applying the NAIC RBC factors to the Statutory Financial Statements of ALRe.

2018 Business Outlook

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Organic Growth

- Expect new deposits to significantly exceed liability outflows and drive asset growth
  - Liability outflows expected to be approximately 8-10% of average reserve liabilities in 2018
- Deposit mix will reflect our flexibility to pivot among channels to achieve target returns

Investment Portfolio

- Target investment margin on deferred annuities between 2-3%
- Consolidated net investment income projected to increase from the second quarter by ~$140 million and ~$175 million with projected average invested assets of $100 billion and $102 billion in the third and fourth quarters, respectively, incorporating organic growth
- Retirement Services Alternative Investment NIER expected to be approximately 9-10% for remaining quarters in 2018
- Redeploying transferred Voya asset portfolio in line with existing investment strategy to pick up incremental yield

Operating Results

- Consolidated G&A operating expenses expected to decrease 4-5 bps as a percentage of invested assets in the second half of 2018, due to efficient operating platform and closing of Voya transaction
- Quarterly cost of crediting may increase 4-6 bps by the end of 2018 following Voya transaction and assuming market volatility and short-term interest rates remain at current levels
- Retirement Services other liability costs expected to be in the range of 1.25-1.35% of average invested assets, excluding notable items, for the second half of 2018, lower than previous guidance due to onboarding of Voya liabilities
- Estimate +/- $25-30 million impact to adjusted operating income for every +/- 25 bps of change in interest rates
- Project mid to high-teen adjusted operating ROE for Retirement Services
- Corporate and Other adjusted operating income expected to be break even or slightly unfavorable, and includes debt servicing costs

U.S. Tax Reform Outlook

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<11%

2018 Expected Average Overall Tax Rate

Tax Rate Guidance

- Continued uncertainty on whether BEAT (base erosion and anti-abuse tax) is to apply to net reinsurance settlement payments, or to apply to gross payments without reimbursements
- Evaluating strategies and implementing actions expected to lower the overall tax rate to be no more than 11%
- Plan to implement these strategies in the 3rd quarter of 2018

25-30%

Business Not Subject to BEAT

U.S. Tax Cuts and Jobs Act

- Reduced corporate income tax rate from 35% to 21% as of January 1, 2018
- The BEAT imposes a new global minimum rate to modified taxable income and may apply to payments from a U.S. affiliate to a Bermuda affiliate that are not subject to U.S. income tax
  - 5% tax rate to modified taxable income in 2018, moving to 10% in 2019 and 12.5% in 2026
- BEAT does not apply to ~25-30% of our adjusted operating pre-tax income originating outside of the U.S.
- 1% excise tax may continue to apply to reinsurance of U.S. risk to a non-U.S. reinsurer

~10%

Potential Impact to Overall RBC Ratio

Excess Capital & RBC

- NAIC Capital Adequacy Task Force approved RBC factors to reflect the 21% corporate tax rate in June 28th meeting
  - Expect minimal decrease to our onshore U.S. RBC ratio and ~12% decrease to our offshore ALRe RBC ratio
  - Our decrease primarily driven by changes within the C-1 asset charge calculation
  - Industry-wide impact on RBC ratios
- Capital ratios under rating agency models not impacted by this NAIC change
  - We believe our strong excess capital position will remain unchanged

Closed Voya Reinsurance Transaction June 1st

Strategically Compelling

- Landmark transaction reinsuring **~$19 billion** of Voya's fixed annuity reserves
  - Block consists primarily of plain FA and FIA liabilities, with low-risk profile
- Attractive opportunity to deploy ~$1.1 billion of capital into a large scale block of profitable fixed annuities that Athene knows well
- Athene inaugural debt issuance in January of $1 billion, of which ~$900 million was contributed to the insurance entities at closing of the Voya transaction
- **~$2 billion** of excess capital following the transaction with low financial leverage of **12.3%**

Financially Attractive

- Attractively priced transaction with meaningful earnings and ROE accretion
  - Expect to **achieve mid-teens** return on the transaction
  - Forecasted to increase Athene's adjusted operating income **$20-25** million for Q3'18 and Q4'18
  - Forecasted to increase Athene's 2019 adjusted operating income by **~$130** million **(increasing ~$20 million from prior projection)** and 2020 adjusted operating income by **~$160** million
  - Impact to reduce total expenses as a % of invested assets of **4-5 bps**
- Grew invested assets by ~22% to $99 billion, increasing base of recurring earnings for future years

Optimally Positioned

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

Voya Asset and Liability Impact Highlights

	Standalone	Voya	Consolidated
Asset Highlights			
Invested Assets	**$80.9bn**	**$17.7bn**	**$98.6bn**
Net Investment Earned Rate	4.78%	3.67%	**4.71%**
% of Invested assets in Investment Grade Public Corporate Bonds	30%	37%	**31%**
% of Total invested assets in floating rate securities	21%	4%	**18%**
% of NAIC 1 & 2 of AFS fixed maturity securities	94%	99%	**94%**
Liability Highlights			
Reserve Liabilities	**$77.1bn**	**$19.0bn**	**$96.1bn**
% Surrender charge protected[(1)]	85%	68%	**81%**
% Average surrender charge[(2)]	7.2%	5.4%	**6.8%**
% Subject to MVA[(3)]	72%	49%	**67%**
Cost of crediting[(4)]	1.90%	2.11%	**1.92%**
Other liability costs as % of average invested assets[(5)]	1.40%	0.80%	**1.36%**

+22% Increase in Invested Assets

+25% Increase in Reserve Liabilities

(1) Based on fixed indexed annuities and fixed rate annuities only. Refers to percentage of account value that is in the surrender charge period. (2) Based on deferred annuities only, excluding the impact of MVAs. (3) Refers to the % of account value that is subject to a MVA. (4) For Retirement Services segment deferred annuities for the three months ended June 30, 2018, annualized. (5) Other liability costs, excluding notable items, as a percentage of average invested assets.

Appendix

Consolidated Results of Operations

(In millions, except percentages and per share data)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Net income	$ 264	$ 326	$ 532	$ 710
Non-operating adjustments				
Investment gains (losses), net of offsets	(74)	58	(107)	115
Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets	75	15	170	109
Integration, restructuring and other non-operating expenses	(8)	(11)	(16)	(20)
Stock compensation expense	(2)	(13)	(5)	(23)
Income tax (expense) benefit – non-operating	(17)	(3)	(37)	(17)
Less: Total non-operating adjustments	(26)	46	5	164
Adjusted operating income	$ 290	$ 280	$ 527	$ 546
Adjusted operating income by segment				
Retirement Services	$ 289	$ 267	$ 524	$ 542
Corporate and Other	1	13	3	4
Adjusted operating income	$ 290	$ 280	$ 527	$ 546
Notable items	(11)	(41)		
Adjusted operating income, excluding notable items	$ 279	$ 239		
ROE	12.3%	16.4%	12.4%	18.7%
Adjusted ROE	17.5%	16.2%	16.6%	18.4%
Adjusted operating ROE	14.2%	16.2%	12.9%	16.2%
Earnings per share - diluted Class A(1)	$ 1.33	$ 1.65	$ 2.69	$ 3.59
Adjusted operating earnings per share(2)	$ 1.48	$ 1.43	$ 2.69	$ 2.79
Weighted average shares outstanding - diluted Class A(1)	165	109	157	96
Weighted average shares outstanding - adjusted operating(2)	195	196	196	196

Second Quarter 2018 Highlights

Q2 net income was $264 million, a decrease of $62 million, or 19%, over the prior year. The decrease was driven by unfavorable impacts from assumed reinsurance embedded derivatives due to growth in the reinsurance block from the Voya transaction, increases in U.S. Treasury rates and credit spread widening. Partially offsetting the increase was a favorable change in FIA derivatives due to an increase in discount rates.

Q2 adjusted operating income was $290 million, an increase of $10 million, or 4%, from the prior year. Adjusted operating income, excluding notable items, was $279 million an increase of $40 million or 17%, driven by an increase in investment income due to invested asset growth, earnings from the Voya reinsurance transaction and increased floating rate investment income. Offsetting this was higher cost of crediting driven by block growth, including the addition of Voya liabilities, as well as higher income taxes.

(1) Diluted earnings per share on Class A common shares, including diluted Class A weighted average shares outstanding, includes the dilutive impacts, if any, of Class B and Class M common shares and any other stock-based awards. Based on allocated net income of $220 million (83%) and $181 million (55%) diluted Class A common shares for the three months ended June 30, 2018 and 2017, respectively. Based on allocated net income of $422 million (79%) and $343 million (48%) diluted Class A common shares for the six months ended June 30, 2018 and 2017, respectively. (2) Represents weighted average common shares outstanding assuming conversion or settlement of all outstanding items that are able to be converted to or settled in Class A common shares, including the impacts of Class B and Class M common shares outstanding and any other stock-based awards outstanding, but excluding any awards for which the exercise or conversion price exceeds the market value of our Class A common shares on the applicable measurement date.

Retirement Services Adjusted Operating Results

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(In millions, except percentages)	Three months ended June 30,				Six months ended June 30,			
	2018	**%[1]**	**2017**	**%[1]**	**2018**	**%[1]**	**2017**	**%[1]**
Fixed income and other investment income	$ 897	4.49 %	$ 739	4.55 %	$ 1,672	4.40 %	$ 1,451	4.53 %
Alternatives investment income	86	11.28 %	82	12.28 %	177	11.64 %	150	11.48 %
Net investment earnings	**983**	**4.74 %**	**821**	**4.85 %**	**1,849**	**4.68 %**	**1,601**	**4.80 %**
Cost of crediting on deferred annuities	(318)	(1.92)%	(264)	(1.89)%	(593)	(1.89)%	(527)	(1.90)%
Other liability costs	(268)	(0.91)%	(224)	(0.99)%	(527)	(0.94)%	(404)	(0.89)%
Interest expense	(3)	(0.01)%	(1)	(0.01)%	(3)	(0.01)%	(2)	(0.01)%
Other operating expenses	(56)	(0.27)%	(54)	(0.32)%	(114)	(0.29)%	(106)	(0.32)%
Pre-tax adjusted operating income	338	1.63 %	278	1.65 %	612	1.55 %	562	1.69 %
Income tax (expense) benefit - operating	(49)	(0.24)%	(11)	(0.07)%	(88)	(0.22)%	(20)	(0.06)%
Adjusted operating income	**$ 289**	**1.39 %**	**$ 267**	**1.58 %**	**$ 524**	**1.33 %**	**$ 542**	**1.63 %**
Notable items	(11)	(0.05)%	(41)	(0.24)%				
Adjusted operating income, excluding notable items	$ 278	1.34 %	$ 226	1.34 %				
Net Investment Earned Rate	4.74%		4.85%		4.68%		4.80%	
Cost of crediting	1.92%		1.89%		1.89%		1.90%	
Investment margin	**2.82%**		**2.96%**		**2.79%**		**2.90%**	
Adjusted operating ROE	19.8%		22.0%		18.0%		23.1%	
Adjusted operating ROE, excluding notable items	19.1%		18.9%					

Second Quarter 2018 Highlights

Q2 Retirement Services adjusted operating ROE was 19.8% and **adjusted operating income** was $289 million, an increase of $22 million, or 8%, from the prior year. Adjusted operating income, excluding notable items was $278 million, an increase of $52 million, or 23%, resulting in an operating ROE of 19.1%. The increase was driven by growth in investment income of $162 million resulting from invested asset growth, earnings from the Voya reinsurance transaction and higher floating rate investment income of $26 million. Partially offsetting this was a higher cost of crediting due to block growth, including the addition of Voya liabilities, as well as higher income tax expense.

Q2 investment margin on deferred annuities was 2.82%, a decrease of 14 bps from the prior year. The net investment earned rate was 4.74%, a decrease of 11 bps from the prior year, driven by lower new money rates over the past year and lower returns on the assets from the Voya reinsurance transaction. Partially offsetting this was $26 million, or 14 bps, of additional floating rate investment income in the quarter. Cost of crediting was 1.92%, an increase of 3 basis points compared to the prior year, driven by a higher rate on the Voya reinsurance liabilities.

(1) Net investment earned rate is calculated by taking net investment earnings divided by average invested assets for the relevant period. Cost of crediting is calculated by taking the interest credited on fixed strategies and option costs on index annuity strategies divided by average account value of our deferred annuities. Other liability costs, for illustrative purposes, include an adjustment due to convention of calculating cost of crediting based on average account value of deferred annuities; absent such adjustment, the value would be 1.36% (1.29% including notable items). Other operating expenses and income tax (expense) benefit use average invested assets as the denominator in the calculation. Interim periods are annualized.

Reserve Liability Roll-forward

(In millions)	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
1 Retirement Services reserve liabilities – beginning	$ 75,746	$ 67,013	$ 75,378	$ 65,745
2 Deposits	2,789	3,307	4,924	5,366
3 Acquisition and block reinsurance	19,104	—	19,104	—
4 Liability outflows	(1,812)	(1,408)	(3,567)	(3,078)
5 Other reserve changes	313	807	301	1,686
Retirement Services reserve liabilities – ending	96,140	69,719	96,140	69,719
Germany reserve liabilities	—	5,737	—	5,737
Intersegment eliminations	—	(166)	—	(166)
Consolidated reserve liabilities – ending	$ 96,140	$ 75,290	$ 96,140	$ 75,290

1. Retirement Services reserve liabilities include deferred annuity, immediate annuity, funding agreements and life products.
2. Deposits include $2.7 billion of new deposits on retail, flow reinsurance and institutional products, as well as renewal premiums, internal product exchanges and annuitizations.
3. Acquisitions and block reinsurance transactions includes the reserve liabilities acquired in our inorganic channel at inception.
4. Liability outflows includes full surrenders, partial withdrawals, death benefits, annuitization benefits and interest payments and maturities on funding agreement products.
5. Other reserve changes primarily include fixed and bonus interest credits, change in fair value of embedded derivatives, change in rider reserves, product charges and change in life reserves.

Components and Drivers of Other Liability Costs

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Expect other liability costs in the range of 1.25-1.35% of Retirement Services average invested assets, excluding notable items, for the second half of 2018

Level of Volatility

Rider Reserves (30-40%)

- Change in the reserves that fund policyholder rider benefits, such as Guaranteed Lifetime Withdrawal Benefits (GLWB)
- Reserve pattern impacted by the level of current period operating profits and changes in future expectations of profits and rider benefits
  - Unlocking of assumptions and the relationship of actual-to-expected equity market performance are two main drivers for changes in future expectations and may cause volatility in the change in reserves

DAC (30-40%)

- Amortization of deferred acquisition costs (DAC), deferred sales inducements (DSI), and value of business acquired (VOBA)
- Amortization pattern impacted by the level of current period operating profits and changes in future expectations of profits
  - Similar to rider reserves, unlocking of assumptions and the relationship of actual-to-expected equity market performance may cause volatility in the amount of amortization

Institutional Costs (15-25%)

- Costs associated with our institutional channels generally reflect the coupon rate on funding agreement issuances and growth in the PRT reserves at the discount rate for each applicable deal
- Institutional costs should trend in line with changes in the size of the block and are expected to increase in line with the strategic growth initiatives for the institutional channel

Other (5-10%)

- Primarily includes costs associated with payout annuities, policy maintenance costs, reinsurance expense allowances, and non-deferred acquisition costs, net of product charges (surrender and rider charges)[1]
- Costs generally trend in line with changes in the size of the block

(1) In 2017, 'Other' also included excise taxes paid on business ceded internally to our Bermuda-based reinsurance entity of approximately $50 million. Currently in 2018, excise tax is not reflected in other liability costs.

Non-GAAP Measures and Definitions

Non-GAAP Measures:

- **Adjusted operating income** is a non-GAAP measure used to evaluate our financial performance excluding market volatility and expenses related to integration, restructuring, stock compensation, and other expenses. Our adjusted operating income equals net income adjusted to eliminate the impact of the following (collectively, the "non-operating adjustments"): (a) investment gains (losses), (b) change in fair values of derivatives and embedded derivatives - FIA, net of offsets, (c) integration, restructuring, and other non-operating expenses, (d) stock compensation expense, (e) bargain purchase gain and (f) income tax (expense) benefit - non-operating.

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

- **Adjusted ROE, adjusted operating ROE** and **adjusted net income** are non-GAAP measures used to evaluate our financial performance excluding the impacts of AOCI and funds withheld and modco reinsurance unrealized gains and losses, in each case net of DAC, DSI, rider reserve and tax offsets. Adjusted ROE is calculated as adjusted net income, divided by adjusted shareholders' equity. Adjusted shareholders' equity is calculated as the ending shareholders' equity excluding AOCI and funds withheld and modco reinsurance unrealized gains and losses. Adjusted operating ROE is calculated as the adjusted operating income, divided by adjusted shareholders' equity. Adjusted net income is calculated as net income excluding funds withheld and modco reinsurance unrealized gains and losses, net of DAC, DSI, rider reserve and tax offsets. These adjustments fluctuate period to period in a manner inconsistent with our underlying profitability drivers as the majority of such fluctuation is related to the market volatility of the unrealized gains and losses associated with our AFS securities. Once we have reinvested acquired blocks of businesses, we typically buy and hold AFS investments to maturity throughout the duration of market fluctuations, therefore, the period-over-period impacts in unrealized gains and losses are not necessarily indicative of current adjusted operating fundamentals or future performance. Accordingly, we believe using measures which exclude AOCI and funds withheld and modco reinsurance unrealized gains and losses are useful in analyzing trends in our operating results. To enhance the ability to analyze these measures across periods, interim periods are annualized. Adjusted ROE, adjusted operating ROE and adjusted net income should not be used as a substitute for ROE and net income. However, we believe the adjustments to equity are significant to gaining an understanding of our overall results of operations.

- **Adjusted operating earnings per share, weighted average shares outstanding - adjusted operating** and **adjusted book value per share** are non-GAAP measures used to evaluate our financial performance and financial condition. The non-GAAP measures adjust the number of shares included in the corresponding GAAP measures to reflect the conversion or settlement of all shares and other stock-based awards outstanding. We believe using these measures represents an economic view of our share counts and provides a simplified and consistent view of our outstanding shares. Adjusted operating earnings per share is calculated as the adjusted operating income, over the weighted average shares outstanding - adjusted operating. Adjusted book value per share is calculated as the adjusted shareholders' equity divided by the adjusted operating common shares outstanding. Our Class B common shares are economically equivalent to Class A common shares and can be converted to Class A common shares on a one-for-one basis at any time. Our Class M common shares are in the legal form of shares but economically function as options as they are convertible into Class A shares after vesting and payment of the conversion price. In calculating Class A diluted earnings per share on a GAAP basis, we are required to apply sequencing rules to determine the dilutive impacts, if any, of our Class B common shares, Class M common shares and any other stock-based awards. To the extent our Class B common shares, Class M common shares and/or any other stock-based awards are not dilutive they are excluded. Weighted average shares outstanding - adjusted operating and adjusted operating common shares outstanding assume conversion or settlement of all outstanding items that are able to be converted to or settled in Class A common shares, including the impacts of Class B common shares on a one-for-one basis, the impacts of all Class M common shares net of the conversion price and any other stock-based awards, but excluding any awards for which the exercise or conversion price exceeds the market value of our Class A common shares on the applicable measurement date. For certain historical periods, Class M shares were not included due to issuance restrictions which were contingent upon our IPO. Adjusted operating earnings per share, weighted average shares outstanding - adjusted operating and adjusted book value per share should not be used as a substitute for basic earnings per share - Class A common shares, basic weighted average shares outstanding - Class A or book value per share. However, we believe the adjustments to the shares and equity are significant to gaining an understanding of our overall results of operations and financial condition.

- **Adjusted debt to capital ratio** is a non-GAAP measure used to evaluate our financial condition excluding the impacts of AOCI and funds withheld and modco reinsurance unrealized gains and losses, net of DAC, DSI, rider reserve and tax offsets. Adjusted debt to capital ratio is calculated as total debt excluding consolidated VIEs divided by adjusted shareholders' equity. Adjusted debt to capital ratio should not be used as a substitute for the debt to capital ratio. However, we believe the adjustments to shareholders' equity are significant to gaining an understanding of our overall results of operations and financial condition.

- **Investment margin** is a key measurement of the financial health of our Retirement Services core deferred annuities. Investment margin on our deferred annuities is generated from the excess of our net investment earned rate over the cost of crediting to our policyholders. Net investment earned rate is a key measure of investment returns and cost of crediting is a key measure of the policyholder benefits on our deferred annuities. We believe measures like net investment earned rate, cost of crediting and investment margin on deferred annuities are effective in analyzing the trends of our core business operations, profitability and pricing discipline. While we believe net investment earned rate, cost of crediting and investment margin on deferred annuities are meaningful financial metrics and enhance our understanding of the underlying profitability drivers of our business, they should not be used as a substitute for net investment income and interest sensitive contract benefits presented under GAAP.

    - **Net investment earned rate** is a non-GAAP measure we use to evaluate the performance of our invested assets that does not correspond to GAAP net investment income. Net investment earned rate is computed as the income from our invested assets divided by the average invested assets for the relevant period. To enhance the ability to analyze these measures across periods, interim periods are annualized. The adjustments to arrive at our net investment earned rate add alternative investment gains and losses, gains and losses related to trading securities for CLOs, net VIE impacts (revenues, expenses and noncontrolling interest) and the change in reinsurance embedded derivatives. We include the income and assets supporting our assumed reinsurance by evaluating the underlying investments of the funds withheld at interest receivables and we include the net investment income from those underlying investments which does not correspond to the GAAP presentation of reinsurance embedded derivatives. We exclude the income and assets supporting business that we have exited through ceded reinsurance including funds withheld agreements. We believe the adjustments for reinsurance provide a net investment earned rate on the assets for which we have economic exposure.

    - **Cost of crediting** is the interest credited to the policyholders on our fixed strategies as well as the option costs on the indexed annuity strategies. With respect to FIAs, the cost of providing index credits includes the expenses incurred to fund the annual index credits, and where applicable, minimum guaranteed interest credited. The interest credited on fixed strategies and option costs on indexed annuity strategies are divided by the average account value of our deferred annuities. Our average account values are averaged over the number of quarters in the relevant period to obtain our cost of crediting for such period. To enhance the ability to analyze these measures across periods, interim periods are annualized.

- In managing our business we analyze invested assets, which do not correspond to total investments, including investments in related parties, as disclosed in our consolidated financial statements and notes thereto. **Invested assets** represent the investments that directly back our policyholder liabilities as well as surplus assets. Invested assets is used in the computation of net investment earned rate, which allows us to analyze the profitability of our investment portfolio. Invested assets includes (a) total investments on the consolidated balance sheets with AFS securities at cost or amortized cost, excluding derivatives, (b) cash and cash equivalents and restricted cash, (c) investments in related parties, (d) accrued investment income, (e) the consolidated VIE assets, liabilities and noncontrolling interest, (f) net investment payables and receivables and (g) policy loans ceded (which offset the direct policy loans in total investments). Invested assets also excludes assets associated with funds withheld liabilities related to business exited through reinsurance agreements and derivative collateral (offsetting the related cash positions). We include the underlying investments supporting our assumed funds withheld and modco agreements in our invested assets calculation in order to match the assets with the income received. We believe the adjustments for reinsurance provide a view of the assets for which we have economic exposure. Our invested assets are averaged over the number of quarters in the relevant period to compute our net investment earned rate for such period.

- **Sales** statistics do not correspond to revenues under GAAP, but are used as relevant measures to understand our business performance as it relates to deposits generated during a specific period of time. Our sales statistics include deposits for fixed rate annuities and FIAs and align with the LIMRA definition of all money paid into an individual annuity, including money paid into new contracts with initial purchase occurring in the specified period and existing contracts with initial purchase occurring prior to the specified period (excluding internal transfers).

Non-GAAP Measure Reconciliations

ATHENE

Reconciliation of basic earnings per Class A common shares to adjusted operating earnings per share

	Three months ended June 30,		Six months ended June 30,	
(in millions)	2018	2017	2018	2017
Basic earnings per share – Class A common shares	$ 1.34	$ 1.66	$ 2.70	$ 3.66
Non-operating adjustments				
Investment gains (losses), net of offsets	(0.38)	0.29	(0.55)	0.59
Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets	0.39	0.08	0.87	0.56
Integration, restructuring and other non-operating expenses	(0.05)	(0.06)	(0.08)	(0.10)
Stock compensation expense	(0.02)	(0.07)	(0.03)	(0.12)
Income tax (expense) benefit – non-operating	(0.09)	(0.02)	(0.19)	(0.09)
Less: Total non-operating adjustments	(0.15)	0.22	0.02	0.84
Less: Effect of items convertible to or settled in Class A common shares	0.01	0.01	(0.01)	0.03
Adjusted operating earnings per share	$ 1.48	$ 1.43	$ 2.69	$ 2.79

Reconciliation of Net income to adjusted operating income excluding notable items

	Three months ended June 30,	
(In millions)	2018	2017
Net income	$ 264	$ 326
Less: Total non-operating adjustments	(26)	46
Adjusted operating income	290	280
Notable items	(11)	(41)
Adjusted operating income excluding notable items	$ 279	$ 239
Retirement Services adjusted operating income	$ 289	$ 267
Rider Reserve and DAC equity market performance	(13)	(44)
Tax impact of notable items	2	3
Retirement Services notable items	(11)	(41)
Retirement Services adjusted operating income excluding notable items	278	226
Corporate and Other adjusted operating income	1	13
Adjusted operating income excluding notable items	$ 279	$ 239

Non-GAAP Measure Reconciliations

ATHENE

Reconciliation of basic weighted average Class A shares to weighted average shares outstanding - adjusted operating

	Three months ended June 30,		Six months ended June 30,	
(In millions)	2018	2017	2018	2017
Basic weighted average shares outstanding – Class A	164.5	106.3	156.6	92.4
Conversion of Class B shares to Class A shares	25.5	82.9	33.3	96.7
Conversion of Class M shares to Class A shares	4.7	6.2	5.3	6.2
Effect of other stock compensation plans	0.4	0.5	0.4	0.5
Weighted average shares outstanding – adjusted operating	195.1	195.9	195.6	195.8

Reconciliation of shareholders' equity to adjusted shareholders' equity

	June 30,	
(In millions)	2018	2017
Total adjusted shareholders' equity	$ 8,505	$ 8,284
Less: AOCI	126	1,060
Less: Accumulated reinsurance unrealized gains and losses	12	152
Total shareholders' equity	$ 8,367	$ 7,072
Retirement Services	$ 6,114	$ 5,013
Corporate and Other	2,253	2,059
Total shareholders' equity	$ 8,367	$ 7,072

Reconciliation of total capitalization to total adjusted capitalization

	June 30,	
(In millions)	2018	2017
Total debt	$ 1,174	$ —
Total shareholders' equity	8,505	8,284
Total capitalization	9,679	8,284
Less: AOCI	126	1,060
Less: Accumulated reinsurance unrealized gains and losses	12	152
Total adjusted capitalization	$ 9,541	$ 7,072

Non-GAAP Measure Reconciliations

ATHENE

Reconciliation of GAAP net investment income to net investment earnings and earned rate

	Three months ended June 30,				Six months ended June 30,			
	2018		2017		2018		2017	
(In millions)	Dollar	Rate	Dollar	Rate	Dollar	Rate	Dollar	Rate
GAAP net investment income	$ 958	4.47 %	$ 821	4.38 %	$ 1,813	4.44 %	$ 1,607	4.35 %
Reinsurance embedded derivative impacts	72	0.34 %	52	0.28 %	117	0.29 %	97	0.26 %
Net VIE earnings	1	— %	21	0.11 %	16	0.04 %	32	0.09 %
Alternative income gain (loss)	(1)	— %	6	0.03 %	—	— %	(7)	(0.02)%
Held for trading amortization	(21)	(0.10)%	(15)	(0.08)%	(44)	(0.11)%	(30)	(0.08)%
Total adjustments to arrive at net investment earnings/earned rate	51	0.24 %	64	0.34 %	89	0.22 %	92	0.25 %
Total net investment earnings	$ 1,009	4.71 %	$ 885	4.72 %	$ 1,902	4.66 %	$ 1,699	4.72 %
Retirement Services	$ 983	4.74 %	$ 821	4.85 %	$ 1,849	4.68 %	$ 1,601	4.80 %
Corporate and Other	26	3.71 %	64	3.53 %	53	4.01 %	98	2.71 %
Total net investment earnings	$ 1,009	4.71 %	$ 885	4.72 %	$ 1,902	4.66 %	$ 1,699	4.60 %
Retirement Services average invested assets	$ 82,879		$ 67,577		$ 79,000		$ 66,635	
Corporate and Other average invested assets	2,848		7,345		2,646		7,258	
Average invested assets	$ 85,727		$ 74,922		$ 81,646		$ 73,893	

Reconciliation GAAP interest sensitive contract benefits to Retirement Services' cost of crediting on deferred annuities

	Three months ended June 30,				Six months ended June 30,			
	2018		2017		2018		2017	
(In millions)	Dollar	Rate	Dollar	Rate	Dollar	Rate	Dollar	Rate
GAAP interest sensitive contract benefits	$ 332	2.00 %	$ 553	3.95 %	$ 351	1.12 %	$ 1,245	4.48 %
Interest credited other than deferred annuities	(41)	(0.25)%	(42)	(0.30)%	(81)	(0.26)%	(68)	(0.24)%
FIA option costs	206	1.25 %	149	1.07 %	380	1.21 %	294	1.05 %
Product charges (strategy fees)	(23)	(0.14)%	(17)	(0.12)%	(45)	(0.14)%	(34)	(0.12)%
Reinsurance embedded derivative impacts	3	0.02 %	9	0.06 %	6	0.02 %	18	0.06 %
Change in fair values of embedded derivatives – FIAs	(168)	(1.01)%	(399)	(2.85)%	(35)	(0.11)%	(933)	(3.35)%
Negative VOBA amortization	7	0.04 %	10	0.07 %	17	0.05 %	22	0.08 %
Unit linked change in reserve	—	— %	1	(0.06)%	—	— %	(17)	(0.06)%
Other changes in interest sensitive contract liabilities	2	0.01 %	—	— %	90	— %	—	— %
Total adjustments to arrive at cost of crediting on deferred annuities	(14)	(0.08)%	(289)	(2.06)%	242	0.77 %	(718)	(2.58)%
Retirement Services cost of crediting on deferred annuities	$ 318	1.92 %	$ 264	1.89 %	$ 593	1.89 %	$ 527	1.90 %
Average account value on deferred annuities	$ 66,241		$ 56,001		$ 62,694		$ 55,627	

Non-GAAP Measure Reconciliations

ATHENE

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

	June 30,	
(In millions)	2018	2017
Total investments, including related parties	$ 98,669	$ 78,699
Derivative assets	(1,929)	(1,808)
Cash and cash equivalents (including restricted cash)	3,786	3,583
Accrued investment income	662	566
Payables for collateral on derivatives	(1,746)	(1,860)
Reinsurance funds withheld and modified coinsurance	(130)	(444)
VIE and VOE assets, liabilities and noncontrolling interest	809	949
AFS unrealized (gain) loss	(370)	(2,335)
Ceded policy loans	(284)	(332)
Net investment receivables (payables)	(858)	(739)
Total adjustments to arrive at invested assets	(60)	(2,420)
Total invested assets	$ 98,609	$ 76,279

Reconciliation of total liabilities to total reserve liabilities

	June 30,	
(In millions)	2018	2017
Total liabilities	$ 106,250	$ 85,310
Short-term debt	(183)	—
Long-term debt	(991)	—
Derivative liabilities	(137)	(63)
Payables for collateral on derivatives	(1,746)	(1,860)
Funds withheld liability	(389)	(391)
Other liabilities	(1,524)	(1,374)
Liabilities of consolidated VIEs	(4)	(45)
Reinsurance ceded receivables	(4,847)	(5,958)
Policy loans ceded	(284)	(332)
Other	(5)	3
Total adjustments to arrive at reserve liabilities	(10,110)	(10,020)
Total reserve liabilities	$ 96,140	$ 75,290