



Athene Holding Ltd. 2Q'20 Financial Supplement

FINANCIAL RESULTS

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Financial Highlights

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



| | Quarterly Trends | | | | | Δ | | Year-to-Date | | Δ |
|---|------------------|------------|------------|------------|------------|---------|---------|--------------|------------|---------|
| | 2Q'19 | 3Q'19 | 4Q'19 | 1Q'20 | 2Q'20 | Q/Q | Y/Y | 2019 | 2020 | Y/Y |
| SELECTED INCOME STATEMENT DATA | | | | | | | | | | |
| Net income (loss) available to AHL common shareholders | \$ 720 | \$ 276 | \$ 432 | \$ (1,065) | \$ 824 | NM | 14 % | \$ 1,428 | \$ (241) | NM |
| Adjusted operating income (loss) available to common shareholders | 370 | 243 | 389 | (108) | 490 | NM | 32 % | 657 | 382 | (42)% |
| Adjusted operating income available to common shareholders excluding notables and AOG | 370 | 305 | 346 | 174 | 98 | (44)% | (74)% | 657 | 274 | (58)% |
| FINANCIAL RATIOS | | | | | | | | | | |
| Return on assets (ROA) | 2.12% | 0.78% | 1.19% | (2.95)% | 2.03% | NM | (9)bps | 2.16% | (0.31)% | NM |
| Adjusted operating ROA | 1.28% | 0.82% | 1.34% | (0.36)% | 1.54% | NM | 26bps | 1.15% | 0.62 % | (53)bps |
| Adjusted operating ROA, excluding notables and AOG | 1.28% | 1.03% | 1.19% | 0.59 % | 0.31% | (28)bps | (97)bps | 1.15% | 0.45 % | (70)bps |
| Net investment spread – Retirement Services | 1.68% | 1.13% | 1.84% | 1.03 % | 0.96% | (7)bps | (72)bps | 1.52% | 1.00 % | (52)bps |
| Return on equity (ROE) | 25.6% | 8.5% | 12.8% | (36.5)% | 26.8% | NM | 120bps | 27.7% | (3.4)% | NM |
| Adjusted operating ROE | 16.2% | 10.6% | 16.7% | (4.4)% | 19.4% | NM | NM | 14.6% | 7.8 % | NM |
| Adjusted operating ROE, excluding notables and AOG | 16.2% | 13.3% | 14.9% | 7.6 % | 4.5% | NM | NM | 14.6% | 6.1 % | NM |
| Adjusted operating ROE – Retirement Services | 18.9% | 13.5% | 21.6% | 10.6 % | 11.1% | 50bps | NM | 17.1% | 11.4 % | NM |
| EARNINGS AND BOOK VALUE PER COMMON SHARE | | | | | | | | | | |
| Earnings (loss) per common share – basic class A | \$ 3.76 | \$ 1.50 | \$ 2.43 | \$ (5.81) | \$ 4.25 | NM | 13 % | \$ 7.43 | \$ (0.64) | NM |
| Earnings (loss) per common share – diluted class A ¹ | 3.75 | 1.50 | 2.42 | (5.81) | 4.19 | NM | 12 % | 7.41 | (0.64) | NM |
| Adjusted operating earnings (loss) per common share ² | 1.95 | 1.34 | 2.21 | (0.60) | 2.49 | NM | 28 % | 3.45 | 2.01 | (42)% |
| Adjusted operating earnings per common share excluding notables and AOG | 1.95 | 1.67 | 1.97 | 1.00 | 0.58 | (42)% | (70)% | 3.45 | 1.60 | (54)% |
| Book value per common share | 66.69 | 74.20 | 76.21 | 51.28 | 75.87 | 48 % | 14 % | 66.69 | 75.87 | 14 % |
| Adjusted book value per common share ² | 49.50 | 50.74 | 54.02 | 51.07 | 51.15 | — % | 3 % | 49.50 | 51.15 | 3 % |
| SELECTED BALANCE SHEET DATA | | | | | | | | | | |
| Total assets | \$ 138,980 | \$ 144,202 | \$ 146,875 | \$ 142,179 | \$ 183,241 | 29 % | 32 % | \$ 138,980 | \$ 183,241 | 32 % |
| Gross invested assets | 116,671 | 121,140 | 124,563 | 128,263 | 161,965 | 26 % | 39 % | 116,671 | 161,965 | 39 % |
| Invested assets – ACRA noncontrolling interests | — | — | (7,077) | (7,063) | (24,696) | NM | NM | — | (24,696) | NM |
| Net invested assets | 116,671 | 121,140 | 117,486 | 121,200 | 137,269 | 13 % | 18 % | 116,671 | 137,269 | 18 % |
| Total liabilities | 126,615 | 130,657 | 132,734 | 131,649 | 167,602 | 27 % | 32 % | 126,615 | 167,602 | 32 % |
| Net reserve liabilities | 114,680 | 118,825 | 114,652 | 114,273 | 131,333 | 15 % | 15 % | 114,680 | 131,333 | 15 % |
| Debt | 991 | 992 | 1,467 | 1,386 | 1,486 | 7 % | 50 % | 991 | 1,486 | 50 % |
| Total AHL shareholders' equity | 12,365 | 13,545 | 13,391 | 9,940 | 14,711 | 48 % | 19 % | 12,365 | 14,711 | 19 % |
| Adjusted AHL common shareholders' equity | 9,127 | 9,204 | 9,445 | 10,097 | 10,157 | 1 % | 11 % | 9,127 | 10,157 | 11 % |
| DEPOSITS | | | | | | | | | | |
| Retail | \$ 1,909 | \$ 1,921 | \$ 1,136 | \$ 1,246 | \$ 1,791 | 44 % | (6)% | \$ 3,725 | \$ 3,037 | (18)% |
| Flow reinsurance | 1,125 | 609 | 1,196 | 861 | 2,265 | 163 % | 101 % | 2,145 | 3,126 | 46 % |
| Funding agreements ³ | 299 | 503 | 499 | 823 | 2,636 | 220 % | NM | 299 | 3,459 | NM |
| Pension risk transfer | 706 | 2,604 | 809 | 1,017 | 229 | (77)% | (68)% | 2,629 | 1,246 | (53)% |
| Gross organic deposits | 4,039 | 5,637 | 3,640 | 3,947 | 6,921 | 75 % | 71 % | 8,798 | 10,868 | 24 % |
| Gross inorganic deposits | — | — | — | — | 28,792 | NM | NM | — | 28,792 | NM |
| Gross deposits | 4,039 | 5,637 | 3,640 | 3,947 | 35,713 | NM | NM | 8,798 | 39,660 | NM |
| Deposits attributable to ACRA noncontrolling interest ⁴ | — | — | (544) | — | (18,268) | NM | NM | — | (18,268) | NM |
| Net deposits | \$ 4,039 | \$ 5,637 | \$ 3,096 | \$ 3,947 | \$ 17,445 | NM | NM | \$ 8,798 | \$ 21,392 | 143 % |

Note: "NM" represents changes that are not meaningful. Please refer to Notes to the Financial Supplement section and the Non-GAAP Measure Reconciliations for discussion of non-GAAP metrics. 1 Diluted earnings per common share on a GAAP basis for Class A common shares, including diluted Class A weighted average common shares outstanding, includes the dilutive impacts, if any, of Class B common shares, Class M common shares and any other stock-based awards. 2 Represents Class A common shares outstanding or weighted average common shares outstanding assuming conversion or settlement of all outstanding items that are able to be converted to or settled in Class A common shares, including the impacts of Class B common shares, Class M common shares and any other stock-based awards, but excluding any awards for which the exercise or conversion price exceeds the market value of our Class A common shares on the applicable measurement date. 3 Funding agreements are comprised of our funding agreement backed note program, Federal Home Loan Bank secured funding agreements and long-term repurchase agreements. 4 Deposits attributable to ACRA noncontrolling interest in 4Q'19 were related to pension risk transfer activity. ACRA noncontrolling interest reserve liabilities at inception on October 1, 2019 were \$6.1 billion.

Condensed Consolidated Statements of Income (GAAP view)

Unaudited (in millions, except percentages)



| | Quarterly Trends | | | | | Δ | | Year-to-Date | | Δ |
|---|------------------|-----------------|-----------------|-------------------|-----------------|-------|-------|-----------------|-----------------|-------|
| | 2Q'19 | 3Q'19 | 4Q'19 | 1Q'20 | 2Q'20 | Q/Q | Y/Y | 2019 | 2020 | Y/Y |
| REVENUE | | | | | | | | | | |
| Premiums | \$ 787 | \$ 2,688 | \$ 907 | \$ 1,140 | \$ 355 | (69)% | (55)% | \$ 2,787 | \$ 1,495 | (46)% |
| Product charges | 132 | 135 | 132 | 140 | 141 | 1 % | 7 % | 257 | 281 | 9 % |
| Net investment income | 1,182 | 1,090 | 1,242 | 745 | 1,336 | 79 % | 13 % | 2,264 | 2,081 | (8)% |
| Investment related gains (losses) | 1,313 | 665 | 965 | (3,572) | 2,548 | NM | 94 % | 3,089 | (1,024) | NM |
| Other revenues | 9 | 6 | 10 | (2) | 18 | NM | 100 % | 21 | 16 | (24)% |
| Total revenues | <u>\$ 3,423</u> | <u>\$ 4,584</u> | <u>\$ 3,256</u> | <u>\$ (1,549)</u> | <u>\$ 4,398</u> | NM | 28 % | <u>\$ 8,418</u> | <u>\$ 2,849</u> | (66)% |
| BENEFITS AND EXPENSES | | | | | | | | | | |
| Interest sensitive contract benefits | \$ 1,094 | \$ 801 | \$ 1,146 | \$ (1,319) | \$ 2,076 | NM | 90 % | \$ 2,610 | \$ 757 | (71)% |
| Amortization of deferred sales inducements | 13 | 20 | 36 | 10 | (21) | NM | NM | 18 | (11) | NM |
| Future policy and other policy benefits | 1,111 | 2,955 | 1,192 | 1,356 | 674 | (50)% | (39)% | 3,440 | 2,030 | (41)% |
| Amortization of deferred acquisition costs and value of business acquired | 261 | 323 | 143 | (413) | 361 | NM | 38 % | 492 | (52) | NM |
| Dividends to policyholders | 9 | 12 | 6 | 11 | 9 | (18)% | — % | 18 | 20 | 11 % |
| Policy and other operating expenses | 185 | 194 | 200 | 188 | 218 | 16 % | 18 % | 350 | 406 | 16 % |
| Total benefits and expenses | <u>2,673</u> | <u>4,305</u> | <u>2,723</u> | <u>(167)</u> | <u>3,317</u> | NM | 24 % | <u>6,928</u> | <u>3,150</u> | (55)% |
| Income (loss) before income taxes | 750 | 279 | 533 | (1,382) | 1,081 | NM | 44 % | 1,490 | (301) | NM |
| Income tax expense (benefit) | 30 | (14) | 69 | (166) | 150 | NM | NM | 62 | (16) | NM |
| Net income (loss) | 720 | 293 | 464 | (1,216) | 931 | NM | 29 % | 1,428 | (285) | NM |
| Less: Net income (loss) attributable to noncontrolling interests | — | — | 13 | (169) | 88 | NM | NM | — | (81) | NM |
| Net income (loss) attributable to Athene Holding Ltd. shareholders | 720 | 293 | 451 | (1,047) | 843 | NM | 17 % | 1,428 | (204) | NM |
| Less: Preferred stock dividends | — | 17 | 19 | 18 | 19 | 6 % | NM | — | 37 | NM |
| Net income (loss) available to Athene Holding Ltd. common shareholders | <u>\$ 720</u> | <u>\$ 276</u> | <u>\$ 432</u> | <u>\$ (1,065)</u> | <u>\$ 824</u> | NM | 14 % | <u>\$ 1,428</u> | <u>\$ (241)</u> | NM |

Segment Results of Operations (Management view)

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



| | Quarterly Trends | | | | | Δ | | Year-to-Date | | Δ |
|---|------------------|----------------|----------------|-----------------|---------------|-------|-------|---------------|----------------|-------|
| | 2Q'19 | 3Q'19 | 4Q'19 | 1Q'20 | 2Q'20 | Q/Q | Y/Y | 2019 | 2020 | Y/Y |
| CONSOLIDATED | | | | | | | | | | |
| Fixed income and other investment income | \$ 1,175 | \$ 1,168 | \$ 1,185 | \$ 1,188 | \$ 1,140 | (4)% | (3)% | \$ 2,329 | \$ 2,328 | — % |
| Alternative investment income (loss) | 170 | 124 | 154 | (37) | (100) | NM | NM | 219 | (137) | NM |
| Net investment earnings | 1,345 | 1,292 | 1,339 | 1,151 | 1,040 | (10)% | (23)% | 2,548 | 2,191 | (14)% |
| Cost of crediting | (547) | (576) | (521) | (540) | (560) | (4)% | (2)% | (1,082) | (1,100) | (2)% |
| Other liability costs ¹ | (295) | (358) | (259) | (342) | (215) | 37 % | 27 % | (555) | (557) | — % |
| Cost of funds | (842) | (934) | (780) | (882) | (775) | 12 % | 8 % | (1,637) | (1,657) | (1)% |
| Operating expenses | (87) | (79) | (86) | (79) | (88) | (11)% | (1)% | (169) | (167) | 1 % |
| Interest expense | (12) | (12) | (17) | (19) | (28) | (47)% | NM | (25) | (47) | (88)% |
| Management fees from ACRA | — | — | 2 | 2 | 3 | 50 % | NM | — | 5 | NM |
| Pre-tax adjusted operating income | 404 | 267 | 458 | 173 | 152 | (12)% | (62)% | 717 | 325 | (55)% |
| Income tax expense – operating ² | (34) | (7) | (50) | (24) | (15) | 38 % | 56 % | (60) | (39) | 35 % |
| Adjusted operating income | 370 | 260 | 408 | 149 | 137 | (8)% | (63)% | 657 | 286 | (56)% |
| Preferred stock dividends | — | (17) | (19) | (18) | (19) | (6)% | NM | — | (37) | NM |
| Adjusted operating income available to common shareholders excluding Apollo | 370 | 243 | 389 | 131 | 118 | (10)% | (68)% | 657 | 249 | (62)% |
| Change in fair value of Apollo investment, net of tax ³ | — | — | — | (239) | 372 | NM | NM | — | 133 | NM |
| Adjusted operating income (loss) available to common shareholders | <u>\$ 370</u> | <u>\$ 243</u> | <u>\$ 389</u> | <u>\$ (108)</u> | <u>\$ 490</u> | NM | 32 % | <u>\$ 657</u> | <u>\$ 382</u> | (42)% |
| Adjusted operating earnings (loss) per common share | \$ 1.95 | \$ 1.34 | \$ 2.21 | \$ (0.60) | \$ 2.49 | NM | 28 % | \$ 3.45 | \$ 2.01 | (42)% |
| RETIREMENT SERVICES | | | | | | | | | | |
| Fixed income and other investment income | \$ 1,170 | \$ 1,159 | \$ 1,172 | \$ 1,177 | \$ 1,132 | (4)% | (3)% | \$ 2,321 | \$ 2,309 | (1)% |
| Alternative investment income (loss) | 151 | 105 | 134 | 7 | (57) | NM | NM | 171 | (50) | NM |
| Net investment earnings | 1,321 | 1,264 | 1,306 | 1,184 | 1,075 | (9)% | (19)% | 2,492 | 2,259 | (9)% |
| Cost of crediting | (547) | (576) | (521) | (540) | (560) | (4)% | (2)% | (1,082) | (1,100) | (2)% |
| Other liability costs ¹ | (295) | (358) | (259) | (342) | (215) | 37 % | 27 % | (555) | (557) | — % |
| Cost of funds | (842) | (934) | (780) | (882) | (775) | 12 % | 8 % | (1,637) | (1,657) | (1)% |
| Operating expenses | (68) | (67) | (69) | (68) | (71) | (4)% | (4)% | (130) | (139) | (7)% |
| Interest expense | (1) | — | (5) | (8) | (9) | (13)% | NM | (3) | (17) | NM |
| Management fees from ACRA | — | — | 2 | 2 | 3 | 50 % | NM | — | 5 | NM |
| Pre-tax adjusted operating income | 410 | 263 | 454 | 228 | 223 | (2)% | (46)% | 722 | 451 | (38)% |
| Income tax expense – operating | (34) | (7) | (50) | (24) | (15) | 38 % | 56 % | (60) | (39) | 35 % |
| Adjusted operating income available to common shareholders | <u>\$ 376</u> | <u>\$ 256</u> | <u>\$ 404</u> | <u>\$ 204</u> | <u>\$ 208</u> | 2 % | (45)% | <u>\$ 662</u> | <u>\$ 412</u> | (38)% |
| CORPORATE & OTHER | | | | | | | | | | |
| Fixed income and other investment income | \$ 5 | \$ 9 | \$ 13 | \$ 11 | \$ 8 | (27)% | 60 % | \$ 8 | \$ 19 | 138 % |
| Alternative investment income (loss) | 19 | 19 | 20 | (44) | (43) | 2 % | NM | 48 | (87) | NM |
| Net investment earnings (loss) | 24 | 28 | 33 | (33) | (35) | (6)% | NM | 56 | (68) | NM |
| Operating expenses | (19) | (12) | (17) | (11) | (17) | (55)% | 11 % | (39) | (28) | 28 % |
| Interest expense | (11) | (12) | (12) | (11) | (19) | (73)% | (73)% | (22) | (30) | (36)% |
| Adjusted operating income (loss) | (6) | 4 | 4 | (55) | (71) | (29)% | NM | (5) | (126) | NM |
| Preferred stock dividends | — | (17) | (19) | (18) | (19) | (6)% | NM | — | (37) | NM |
| Adjusted operating loss available to common shareholders excluding Apollo | (6) | (13) | (15) | (73) | (90) | (23)% | NM | (5) | (163) | NM |
| Change in fair value of Apollo investment, net of tax ³ | — | — | — | (239) | 372 | NM | NM | — | 133 | NM |
| Adjusted operating income (loss) available to common shareholders | <u>\$ (6)</u> | <u>\$ (13)</u> | <u>\$ (15)</u> | <u>\$ (312)</u> | <u>\$ 282</u> | NM | NM | <u>\$ (5)</u> | <u>\$ (30)</u> | NM |

Note: Please refer to Notes to the Financial Supplement section and the Non-GAAP Measure Reconciliations for discussion on adjusted operating income available to common shareholders and adjusted operating earnings per common share. 1 Other liability costs primarily includes DAC, DSI and VOBA amortization and rider reserve changes for all products, the cost of liabilities on products other than deferred annuities and institutional costs including offsets for premiums, product charges and other revenues. 2 Income tax expense - operating excludes the income tax expense/benefit on the earnings from our investment in Apollo. 3 Change in fair value of Apollo investment, net of tax, including both the change in our investment in Apollo and the tax expense or benefit associated with the income or loss.

Reconciliation of Earnings Measures

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



| | Quarterly Trends | | | | | Δ | | Year-to-Date | | Δ |
|--|------------------|----------------|----------------|------------------|----------------|-------|-------|----------------|------------------|-------|
| | 2Q'19 | 3Q'19 | 4Q'19 | 1Q'20 | 2Q'20 | Q/Q | Y/Y | 2019 | 2020 | Y/Y |
| RECONCILIATION OF NET INCOME (LOSS) AVAILABLE TO ATHENE HOLDING LTD. COMMON SHAREHOLDERS TO ADJUSTED OPERATING INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS | | | | | | | | | | |
| Net income (loss) available to Athene Holding Ltd. common shareholders | \$ 720 | \$ 276 | \$ 432 | \$ (1,065) | \$ 824 | NM | 14 % | \$ 1,428 | \$ (241) | NM |
| Non-operating adjustments | | | | | | | | | | |
| Realized gains (losses) on sale of AFS securities | 41 | 46 | 26 | 12 | (11) | NM | NM | 53 | 1 | (98)% |
| Unrealized, allowances and other investment gains (losses) | 10 | (31) | (12) | (369) | 52 | NM | NM | 39 | (317) | NM |
| Change in fair value of reinsurance assets | 570 | 314 | (89) | (1,277) | 1,113 | NM | 95 % | 1,186 | (164) | NM |
| Offsets to investment gains (losses) | (204) | (163) | 28 | 495 | (379) | NM | (86)% | (403) | 116 | NM |
| Investment gains (losses), net of offsets | 417 | 166 | (47) | (1,139) | 775 | NM | 86 % | 875 | (364) | NM |
| Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets | (57) | (117) | 136 | 65 | (405) | NM | NM | (84) | (340) | NM |
| Integration, restructuring and other non-operating expenses | (11) | (34) | (24) | (4) | (9) | NM | 18 % | (12) | (13) | (8)% |
| Stock compensation expense | (3) | (3) | (3) | (10) | — | NM | NM | (6) | (10) | (67)% |
| Income tax (expense) benefit – non-operating | 4 | 21 | (19) | 131 | (27) | NM | NM | (2) | 104 | NM |
| Less: Total non-operating adjustments | 350 | 33 | 43 | (957) | 334 | NM | (5)% | 771 | (623) | NM |
| Adjusted operating income (loss) available to common shareholders | <u>\$ 370</u> | <u>\$ 243</u> | <u>\$ 389</u> | <u>\$ (108)</u> | <u>\$ 490</u> | NM | 32 % | <u>\$ 657</u> | <u>\$ 382</u> | (42)% |
| RECONCILIATION OF BASIC EARNINGS (LOSS) PER CLASS A COMMON SHARES TO ADJUSTED OPERATING EARNINGS (LOSS) PER COMMON SHARE | | | | | | | | | | |
| Basic earnings (loss) per share – Class A common shares | <u>\$ 3.76</u> | <u>\$ 1.50</u> | <u>\$ 2.43</u> | <u>\$ (5.81)</u> | <u>\$ 4.25</u> | NM | 13 % | <u>\$ 7.43</u> | <u>\$ (0.64)</u> | NM |
| Non-operating adjustments | | | | | | | | | | |
| Realized gains (losses) on sale of AFS securities | 0.21 | 0.25 | 0.15 | 0.07 | (0.06) | NM | NM | 0.28 | — | NM |
| Unrealized, allowances and other investment gains (losses) | 0.05 | (0.17) | (0.07) | (2.03) | 0.26 | NM | NM | 0.21 | (1.67) | NM |
| Change in fair value of reinsurance assets | 3.01 | 1.72 | (0.50) | (7.04) | 5.66 | NM | 88 % | 6.24 | (0.86) | NM |
| Offsets to investment gains (losses) | (1.07) | (0.89) | 0.16 | 2.73 | (1.93) | NM | (80)% | (2.12) | 0.61 | NM |
| Investment gains (losses), net of offsets | 2.20 | 0.91 | (0.26) | (6.27) | 3.93 | NM | 79 % | 4.61 | (1.92) | NM |
| Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets | (0.30) | (0.65) | 0.77 | 0.36 | (2.06) | NM | NM | (0.44) | (1.79) | NM |
| Integration, restructuring and other non-operating expenses | (0.06) | (0.18) | (0.13) | (0.03) | (0.04) | (33)% | 33 % | (0.06) | (0.06) | — % |
| Stock compensation expense | (0.02) | (0.02) | (0.02) | (0.05) | — | NM | NM | (0.03) | (0.05) | (67)% |
| Income tax (expense) benefit – non-operating | 0.02 | 0.12 | (0.11) | 0.72 | (0.14) | NM | NM | (0.01) | 0.55 | NM |
| Less: Total non-operating adjustments | 1.84 | 0.18 | 0.25 | (5.27) | 1.69 | NM | (8)% | 4.07 | (3.27) | NM |
| Effect of items convertible to or settled in Class A common shares | (0.03) | (0.02) | (0.03) | 0.06 | 0.07 | 17 % | NM | (0.09) | 0.62 | NM |
| Adjusted operating earnings (loss) per common share | <u>\$ 1.95</u> | <u>\$ 1.34</u> | <u>\$ 2.21</u> | <u>\$ (0.60)</u> | <u>\$ 2.49</u> | NM | 28 % | <u>\$ 3.45</u> | <u>\$ 2.01</u> | (42)% |

Note: Please refer to Notes to the Financial Supplement section for discussion on adjusted operating income available to common shareholders.

Retirement Services Segment Highlights

Unaudited (in millions, except percentages)



| | Quarterly Trends | | | | | Δ | | Year-to-Date | | Δ |
|--|------------------|------------|------------|------------|------------|---------|---------|--------------|------------|---------|
| | 2Q'19 | 3Q'19 | 4Q'19 | 1Q'20 | 2Q'20 | Q/Q | Y/Y | 2019 | 2020 | Y/Y |
| NET INVESTMENT SPREAD – RETIREMENT SERVICES | | | | | | | | | | |
| Net investment earned rate | 4.63% | 4.31% | 4.57% | 4.04% | 3.44 % | (60)bps | NM | 4.42% | 3.73 % | (69)bps |
| Cost of crediting | 1.92% | 1.96% | 1.83% | 1.84 % | 1.79 % | (5)bps | (13)bps | 1.92% | 1.81 % | (11)bps |
| Other liability costs | 1.03% | 1.22% | 0.90% | 1.17% | 0.69 % | (48)bps | (34)bps | 0.98% | 0.92 % | (6)bps |
| Cost of funds | 2.95% | 3.18% | 2.73% | 3.01% | 2.48 % | (53)bps | (47)bps | 2.90% | 2.73 % | (17)bps |
| Net investment spread | 1.68% | 1.13% | 1.84% | 1.03% | 0.96 % | (7)bps | (72)bps | 1.52% | 1.00 % | (52)bps |
| Average net invested assets | \$ 114,059 | \$ 117,338 | \$ 114,149 | \$ 117,295 | \$ 124,943 | 7% | 10 % | \$ 112,711 | \$ 121,213 | 8 % |
| COST OF CREDITING – RETIREMENT SERVICES | | | | | | | | | | |
| FIA option costs | \$ 265 | \$ 265 | \$ 252 | \$ 248 | \$ 252 | 2% | (5)% | \$ 530 | \$ 500 | (6)% |
| Fixed interest credited to policyholders | 183 | 188 | 177 | 174 | 199 | 14% | 9 % | 362 | 373 | 3 % |
| Cost of crediting on deferred annuities | 448 | 453 | 429 | 422 | 451 | 7% | 1 % | 892 | 873 | (2)% |
| Average account value on deferred annuities | 90,675 | 91,467 | 87,660 | 88,119 | 92,814 | 5% | 2 % | 90,261 | 90,654 | — % |
| Cost of crediting on deferred annuities rate | 1.98% | 1.98% | 1.95% | 1.91% | 1.94 % | 3bps | (4)bps | 1.98% | 1.92 % | (6)bps |
| Cost of crediting on institutional products | \$ 99 | \$ 123 | \$ 92 | \$ 118 | \$ 109 | (8)% | 10 % | \$ 190 | \$ 227 | 19 % |
| Average institutional reserve liabilities | 10,470 | 13,320 | 12,931 | 14,250 | 15,233 | 7% | 45 % | 10,140 | 14,742 | 45 % |
| Cost of crediting on institutional products rate | 3.76% | 3.68% | 2.85% | 3.31% | 2.87 % | (44)bps | (89)bps | 3.73% | 3.08 % | (65)bps |
| Cost of crediting | \$ 547 | \$ 576 | \$ 521 | \$ 540 | \$ 560 | 4% | 2 % | \$ 1,082 | \$ 1,100 | 2 % |
| OTHER LIABILITY COSTS – RETIREMENT SERVICES | | | | | | | | | | |
| Change in rider reserve | \$ 138 | \$ 114 | \$ 124 | \$ 183 | \$ 128 | (30)% | (7)% | \$ 292 | \$ 311 | 7 % |
| DAC, DSI and VOBA amortization | 125 | 226 | 131 | 127 | 84 | (34)% | (33)% | 216 | 211 | (2)% |
| Other ¹ | 32 | 18 | 4 | 32 | 3 | (91)% | (91)% | 47 | 35 | (26)% |
| Other liability costs | \$ 295 | \$ 358 | \$ 259 | \$ 342 | \$ 215 | (37)% | (27)% | \$ 555 | \$ 557 | — % |
| INVESTMENT MARGIN ON DEFERRED ANNUITIES – RETIREMENT SERVICES | | | | | | | | | | |
| Net investment earned rate | 4.63% | 4.31% | 4.57% | 4.04% | 3.44 % | (60)bps | NM | 4.42% | 3.73 % | (69)bps |
| Cost of crediting on deferred annuities | 1.98% | 1.98% | 1.95% | 1.91% | 1.94 % | 3bps | (4)bps | 1.98% | 1.92 % | (6)bps |
| Investment margin on deferred annuities | 2.65% | 2.33% | 2.62% | 2.13% | 1.50 % | (63)bps | NM | 2.44% | 1.81 % | (63)bps |

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

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

Condensed Consolidated Balance Sheets

Unaudited (in millions, except percentages)



| | December 31, 2019 | June 30, 2020 | Δ |
|---|-------------------|-------------------|-------|
| ASSETS | | | |
| Investments | | | |
| Available-for-sale securities, at fair value | \$ 71,374 | \$ 74,735 | 5 % |
| Trading securities, at fair value | 2,070 | 2,075 | — % |
| Equity securities, at fair value | 247 | 237 | (4)% |
| Mortgage loans, net of allowances | 14,306 | 15,203 | 6 % |
| Investment funds | 750 | 682 | (9)% |
| Policy loans | 417 | 393 | (6)% |
| Funds withheld at interest | 15,181 | 42,269 | 178 % |
| Derivative assets | 2,888 | 2,379 | (18)% |
| Short-term investments | 596 | 364 | (39)% |
| Other investments, net of allowances | 158 | 359 | 127 % |
| Total investments | 107,987 | 138,696 | 28 % |
| Cash and cash equivalents | 4,240 | 6,240 | 47 % |
| Restricted cash | 402 | 1,281 | 219 % |
| Investments in related parties | | | |
| Available-for-sale securities, at fair value | 3,804 | 4,070 | 7 % |
| Trading securities, at fair value | 785 | 872 | 11 % |
| Equity securities, at fair value | 64 | 52 | (19)% |
| Mortgage loans, net of allowances | 653 | 626 | (4)% |
| Investment funds | 3,550 | 5,278 | 49 % |
| Funds withheld at interest | 13,220 | 12,971 | (2)% |
| Other investments, net of allowances | 487 | 474 | (3)% |
| Accrued investment income | 807 | 836 | 4 % |
| Reinsurance recoverable | 4,863 | 5,310 | 9 % |
| Deferred acquisition costs, deferred sales inducements and value of business acquired | 5,008 | 5,468 | 9 % |
| Other assets | 1,005 | 1,067 | 6 % |
| Total assets | <u>\$ 146,875</u> | <u>\$ 183,241</u> | 25 % |

Condensed Consolidated Balance Sheets, continued

Unaudited (in millions, except percentages)



| | December 31, 2019 | June 30, 2020 | Δ |
|---|-------------------|---------------|-------|
| LIABILITIES | | | |
| Interest sensitive contract liabilities | \$ 102,745 | \$ 135,537 | 32 % |
| Future policy benefits | 23,330 | 24,596 | 5 % |
| Other policy claims and benefits | 138 | 124 | (10)% |
| Dividends payable to policyholders | 113 | 112 | (1)% |
| Short-term debt | 475 | — | NM |
| Long-term debt | 992 | 1,486 | 50 % |
| Derivative liabilities | 97 | 118 | 22 % |
| Payables for collateral on derivatives and securities to repurchase | 3,255 | 3,716 | 14 % |
| Funds withheld liability | 408 | 427 | 5 % |
| Other liabilities | 1,181 | 1,486 | 26 % |
| Total liabilities | 132,734 | 167,602 | 26 % |
| EQUITY | | | |
| Preferred stock | — | — | NM |
| Common stock | — | — | NM |
| Additional paid-in-capital | 4,171 | 6,090 | 46 % |
| Retained earnings | 6,939 | 6,437 | (7)% |
| Accumulated other comprehensive income | 2,281 | 2,184 | (4)% |
| Total Athene Holding Ltd. shareholders' equity | 13,391 | 14,711 | 10 % |
| Noncontrolling interests | 750 | 928 | 24 % |
| Total equity | 14,141 | 15,639 | 11 % |
| Total liabilities and equity | \$ 146,875 | \$ 183,241 | 25 % |

Investments (GAAP view)

Unaudited (in millions, except percentages)



INVESTMENTS AND INVESTMENTS IN RELATED PARTIES SUMMARY

Investments

| | December 31, 2019 | | June 30, 2020 | |
|--|-------------------|------------------|----------------|------------------|
| | Carrying Value | Percent of Total | Carrying Value | Percent of Total |
| Available-for-sale securities, at fair value | | | | |
| U.S. government and agencies | \$ 36 | —% | \$ 74 | —% |
| U.S. state, municipal and political subdivisions | 1,541 | 1.2% | 943 | 0.6% |
| Foreign governments | 327 | 0.3% | 337 | 0.2% |
| Corporate | 47,228 | 36.2% | 51,199 | 31.4% |
| CLO | 7,349 | 5.6% | 7,952 | 4.9% |
| ABS | 5,118 | 3.9% | 4,773 | 2.9% |
| CMBS | 2,400 | 1.8% | 2,297 | 1.4% |
| RMBS | 7,375 | 5.7% | 7,160 | 4.4% |
| Total available-for-sale securities, at fair value | 71,374 | 54.7% | 74,735 | 45.8% |
| Trading securities, at fair value | 2,070 | 1.6% | 2,075 | 1.3% |
| Equity securities, at fair value | 247 | 0.2% | 237 | 0.1% |
| Mortgage loans, net of allowances | 14,306 | 11.0% | 15,203 | 9.4% |
| Investment funds | 750 | 0.6% | 682 | 0.4% |
| Policy loans | 417 | 0.3% | 393 | 0.2% |
| Funds withheld at interest | 15,181 | 11.6% | 42,269 | 25.9% |
| Derivative assets | 2,888 | 2.2% | 2,379 | 1.5% |
| Short-term investments | 596 | 0.5% | 364 | 0.2% |
| Other investments | 158 | 0.1% | 359 | 0.2% |
| Total investments | 107,987 | 82.8% | 138,696 | 85.0% |

Investments in related parties

| | | | | |
|--|------------|--------|------------|--------|
| Available-for-sale securities, at fair value | | | | |
| Corporate | 19 | —% | 20 | —% |
| CLO | 936 | 0.7% | 1,239 | 0.8% |
| ABS | 2,849 | 2.2% | 2,811 | 1.7% |
| Total available-for-sale securities, at fair value | 3,804 | 2.9% | 4,070 | 2.5% |
| Trading securities, at fair value | 785 | 0.6% | 872 | 0.5% |
| Equity securities, at fair value | 64 | —% | 52 | —% |
| Mortgage loans | 653 | 0.5% | 626 | 0.4% |
| Investment funds | 3,550 | 2.7% | 5,278 | 3.3% |
| Funds withheld at interest | 13,220 | 10.1% | 12,971 | 8.0% |
| Other investments | 487 | 0.4% | 474 | 0.3% |
| Total investments in related parties | 22,563 | 17.2% | 24,343 | 15.0% |
| Total investments including related parties | \$ 130,550 | 100.0% | \$ 163,039 | 100.0% |

Net Invested Assets (Management view)

Unaudited (in millions, except percentages)



| | December 31, 2019 | | June 30, 2020 | |
|---|-----------------------------------|------------------|-----------------------------------|------------------|
| | Invested Asset Value ¹ | Percent of Total | Invested Asset Value ¹ | Percent of Total |
| NET INVESTED ASSETS | | | | |
| Corporate | \$ 55,077 | 46.9% | \$ 63,171 | 46.0 % |
| CLO | 10,223 | 8.7% | 11,984 | 8.7 % |
| Credit | 65,300 | 55.6% | 75,155 | 54.7 % |
| RMBS | 8,394 | 7.1% | 8,665 | 6.3 % |
| CML | 14,038 | 12.0% | 15,664 | 11.4 % |
| RML | 4,490 | 3.8% | 4,755 | 3.5 % |
| CMBS | 2,930 | 2.5% | 3,417 | 2.5 % |
| Real estate | 29,852 | 25.4% | 32,501 | 23.7 % |
| ABS | 10,317 | 8.8% | 10,507 | 7.6 % |
| Alternative investments | 5,586 | 4.8% | 6,082 | 4.4 % |
| State, municipal, political subdivisions and foreign government | 2,260 | 1.9% | 1,750 | 1.3 % |
| Equity securities | 365 | 0.3% | 392 | 0.3 % |
| Short-term investments | 624 | 0.5% | 699 | 0.5 % |
| U.S. government and agencies | 49 | —% | 85 | 0.1 % |
| Other investments | 19,201 | 16.3% | 19,515 | 14.2 % |
| Cash and equivalents | 1,958 | 1.7% | 7,541 | 5.5 % |
| Policy loans and other | 1,175 | 1.0% | 1,244 | 0.9 % |
| Net invested assets excluding investment in Apollo | 117,486 | 100.0% | 135,956 | 99.0 % |
| Investment in Apollo | — | —% | 1,313 | 1.0 % |
| Net invested assets | \$ 117,486 | 100.0% | \$ 137,269 | 100.0 % |

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

Investment Funds (GAAP view)

Unaudited (in millions, except percentages)



| | December 31, 2019 | | June 30, 2020 | |
|---|-------------------|------------------|----------------|------------------|
| | Carrying Value | Percent of Total | Carrying Value | Percent of Total |
| INVESTMENT FUNDS INCLUDING RELATED PARTIES¹ | | | | |
| Investment funds | | | | |
| Real estate | \$ 277 | 6.4% | \$ 274 | 4.6% |
| Credit funds | 153 | 3.6% | 115 | 1.9% |
| Private equity | 236 | 5.5% | 232 | 3.9% |
| Real assets | 83 | 2.0% | 61 | 1.0% |
| Natural resources | 1 | —% | — | —% |
| Total investment funds | 750 | 17.5% | 682 | 11.4% |
| Investment funds – related parties | | | | |
| Differentiated investments | | | | |
| MidCap | 547 | 12.7% | 517 | 8.7% |
| AmeriHome | 487 | 11.3% | 594 | 10.0% |
| Catalina | 271 | 6.3% | 295 | 4.9% |
| Athora | 132 | 3.1% | 497 | 8.3% |
| Venerable | 99 | 2.3% | 118 | 2.0% |
| Other | 222 | 5.2% | 246 | 4.1% |
| Total differentiated investments | 1,758 | 40.9% | 2,267 | 38.0% |
| Real estate | 853 | 19.8% | 709 | 11.9% |
| Credit funds | 370 | 8.6% | 363 | 6.1% |
| Private equity | 105 | 2.4% | 255 | 4.3% |
| Real assets | 182 | 4.2% | 233 | 3.9% |
| Natural resources | 163 | 3.8% | 95 | 1.6% |
| Public equities | 119 | 2.8% | 43 | 0.8% |
| Investment in Apollo | — | —% | 1,313 | 22.0% |
| Total investment funds – related parties | 3,550 | 82.5% | 5,278 | 88.6% |
| Total investment funds including related parties | \$ 4,300 | 100.0% | \$ 5,960 | 100.0% |

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

Net Alternative Investments (Management view)

Unaudited (in millions, except percentages)



| | December 31, 2019 | | June 30, 2020 | |
|--|-----------------------------------|------------------|-----------------------------------|------------------|
| | Invested Asset Value ¹ | Percent of Total | Invested Asset Value ¹ | Percent of Total |
| NET ALTERNATIVE INVESTMENTS | | | | |
| Retirement Services | | | | |
| Differentiated investments | | | | |
| AmeriHome | \$ 595 | 10.7 % | \$ 730 | 12.0 % |
| MidCap | 547 | 9.8 % | 594 | 9.8 % |
| Catalina | 271 | 4.9 % | 295 | 4.9 % |
| Venerable | 99 | 1.8 % | 118 | 1.9 % |
| Other | 208 | 3.7 % | 309 | 5.1 % |
| Total differentiated investments | 1,720 | 30.9 % | 2,046 | 33.7 % |
| Real estate | 1,430 | 25.6 % | 1,260 | 20.7 % |
| Credit | 968 | 17.3 % | 911 | 15.0 % |
| Private equity | 378 | 6.8 % | 550 | 9.0 % |
| Real assets | 349 | 6.2 % | 411 | 6.8 % |
| Natural resources | 51 | 0.9 % | 45 | 0.7 % |
| Other | 58 | 1.0 % | — | — % |
| Total Retirement Services | 4,954 | 88.7 % | 5,223 | 85.9 % |
| Corporate & Other | | | | |
| Athora | 140 | 2.5 % | 501 | 8.2 % |
| Credit | 128 | 2.3 % | 89 | 1.5 % |
| Natural resources | 245 | 4.4 % | 226 | 3.7 % |
| Public equities ² | 119 | 2.1 % | 43 | 0.7 % |
| Total Corporate & Other | 632 | 11.3 % | 859 | 14.1 % |
| Net alternative investments ¹ | \$ 5,586 | 100.0 % | \$ 6,082 | 100.0 % |

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

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

² Public Equities include: OneMain Financial (OMF) - 2.8 million of shares as of June 30, 2020 and December 31, 2019.

Funds Withheld at Interest (GAAP view)

Unaudited (in millions, except percentages)



| | December 31, 2019 | | June 30, 2020 | |
|---|-------------------|------------------|------------------|------------------|
| | Carrying Value | Percent of Total | Carrying Value | Percent of Total |
| FUNDS WITHHELD AT INTEREST INCLUDING RELATED PARTIES | | | | |
| Fixed maturity securities | | | | |
| U.S. government and agencies | \$ 15 | 0.1 % | \$ 15 | — % |
| U.S. state, municipal and political subdivisions | 482 | 1.7 % | 346 | 0.6 % |
| Foreign governments | 143 | 0.5 % | 182 | 0.3 % |
| Corporate | 14,590 | 51.4 % | 30,405 | 55.1 % |
| CLO | 2,586 | 9.1 % | 3,405 | 6.2 % |
| ABS | 2,510 | 8.8 % | 2,781 | 5.0 % |
| CMBS | 756 | 2.7 % | 2,157 | 3.9 % |
| RMBS | 1,482 | 5.2 % | 2,095 | 3.8 % |
| Total fixed maturity securities | 22,564 | 79.5 % | 41,386 | 74.9 % |
| Equity securities | 74 | 0.3 % | 68 | 0.1 % |
| Mortgage loans | 4,357 | 15.3 % | 5,966 | 10.8 % |
| Investment funds | 807 | 2.8 % | 916 | 1.7 % |
| Derivative assets | 224 | 0.8 % | 161 | 0.3 % |
| Short-term investments | 157 | 0.6 % | 1,012 | 1.8 % |
| Cash and cash equivalents | 239 | 0.8 % | 6,736 | 12.2 % |
| Other assets and liabilities | (21) | (0.1)% | (1,005) | (1.8)% |
| Total funds withheld at interest including related parties ¹ | <u>\$ 28,401</u> | <u>100.0 %</u> | <u>\$ 55,240</u> | <u>100.0 %</u> |

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

Segment Net Investment Earned Rates (NIER)

Unaudited (In millions, except percentages)



| | Quarterly Trends | | | | | Δ | | Year-to-Date | | Δ |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|---------|---------|-------------------|-------------------|---------|
| | 2Q'19 | 3Q'19 | 4Q'19 | 1Q'20 | 2Q'20 | Q/Q | Y/Y | 2019 | 2020 | Y/Y |
| NIER – CONSOLIDATED | | | | | | | | | | |
| Fixed income and other investments | 4.26% | 4.11% | 4.29% | 4.20% | 3.78 % | (42)bps | (48)bps | 4.27% | 3.97 % | (30)bps |
| Alternative investments | 14.13% | 9.26% | 11.15% | (2.58)% | (6.75)% | NM | NM | 9.28% | (4.70)% | NM |
| Total net investment earned rate | <u>4.67%</u> | <u>4.35%</u> | <u>4.62%</u> | <u>3.87%</u> | <u>3.29 %</u> | (58)bps | NM | <u>4.48%</u> | <u>3.56 %</u> | (92)bps |
| NIER SUMMARY – RETIREMENT SERVICES | | | | | | | | | | |
| Fixed income and other investments | 4.26% | 4.11% | 4.29% | 4.20% | 3.78 % | (42)bps | (48)bps | 4.27% | 3.98 % | (29)bps |
| Alternative investments | 14.46% | 8.90% | 10.94% | 0.56% | (4.38)% | NM | NM | 8.42% | (1.95)% | NM |
| Total net investment earned rate | <u>4.63%</u> | <u>4.31%</u> | <u>4.57%</u> | <u>4.04%</u> | <u>3.44 %</u> | (60)bps | NM | <u>4.42%</u> | <u>3.73 %</u> | (69)bps |
| Fixed income and other investment income | \$ 1,170 | \$ 1,159 | \$ 1,172 | \$ 1,177 | \$ 1,132 | (4)% | (3)% | \$ 2,321 | \$ 2,309 | (1)% |
| Alternatives investment income | 151 | 105 | 134 | 7 | (57) | NM | NM | 171 | (50) | NM |
| Total net investment earnings | <u>\$ 1,321</u> | <u>\$ 1,264</u> | <u>\$ 1,306</u> | <u>\$ 1,184</u> | <u>\$ 1,075</u> | (9)% | (19)% | <u>\$ 2,492</u> | <u>\$ 2,259</u> | (9)% |
| Fixed income and other investments | \$ 109,888 | \$ 112,611 | \$ 109,250 | \$ 112,205 | \$ 119,720 | 7 % | 9 % | \$ 108,651 | \$ 116,080 | 7 % |
| Alternatives investments | 4,171 | 4,727 | 4,899 | 5,090 | 5,223 | 3 % | 25 % | 4,060 | 5,133 | 26 % |
| Total average net invested assets | <u>\$ 114,059</u> | <u>\$ 117,338</u> | <u>\$ 114,149</u> | <u>\$ 117,295</u> | <u>\$ 124,943</u> | 7 % | 10 % | <u>\$ 112,711</u> | <u>\$ 121,213</u> | 8 % |
| NIER SUMMARY – CORPORATE & OTHER | | | | | | | | | | |
| Fixed income and other investments | 4.26% | 4.12% | 4.29% | 4.18% | 3.78 % | (40)bps | (48)bps | 3.81% | 3.67 % | (14)bps |
| Alternative investments | 11.96% | 11.95% | 12.82% | (29.33)% | (24.20)% | NM | NM | 14.80% | (25.34)% | NM |
| Total net investment earned rate | <u>8.39%</u> | <u>7.28%</u> | <u>7.16%</u> | <u>(8.14)%</u> | <u>(8.91)%</u> | (77)bps | NM | <u>10.05%</u> | <u>(7.94)%</u> | NM |
| Fixed income and other investment income | \$ 5 | \$ 9 | \$ 13 | \$ 11 | \$ 8 | (27)% | 60 % | \$ 8 | \$ 19 | 138 % |
| Alternatives investment income | 19 | 19 | 20 | (44) | (43) | 2 % | NM | 48 | (87) | NM |
| Total net investment earnings | <u>\$ 24</u> | <u>\$ 28</u> | <u>\$ 33</u> | <u>\$ (33)</u> | <u>\$ (35)</u> | (6)% | NM | <u>\$ 56</u> | <u>\$ (68)</u> | NM |
| Fixed income and other investments | \$ 539 | \$ 935 | \$ 1,218 | \$ 1,027 | \$ 856 | (17)% | 59 % | \$ 481 | \$ 1,027 | 114 % |
| Alternatives investments | 623 | 632 | 619 | 597 | 711 | 19 % | 14 % | 632 | 685 | 8 % |
| Total average net invested assets ex. Apollo investment | <u>\$ 1,162</u> | <u>\$ 1,567</u> | <u>\$ 1,837</u> | <u>\$ 1,624</u> | <u>\$ 1,567</u> | (4)% | 35 % | <u>\$ 1,113</u> | <u>\$ 1,712</u> | 54 % |

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

NIERs by Asset Class and Apollo Investment

Unaudited (in millions, except percentages)



| | Quarterly Trends | | | | | Δ | | Year-to-Date | | Δ |
|---|--------------------|---------|---------|-----------|---------|---------|---------|--------------|---------|---------|
| | 2Q'19 ¹ | 3Q'19 | 4Q'19 | 1Q'20 | 2Q'20 | Q/Q | Y/Y | 2019 | 2020 | Y/Y |
| NIER BY ASSET CLASS | | | | | | | | | | |
| Corporate securities | 4.12% | 3.94% | 4.15% | 4.02 % | 3.80 % | (22)bps | (32)bps | 4.02% | 3.89 % | (13)bps |
| Structured securities | | | | | | | | | | |
| RMBS | 5.07% | 4.39% | 5.03% | 5.53 % | 4.61 % | (92)bps | (46)bps | 5.56% | 5.04 % | (52)bps |
| CLO | 4.73% | 4.57% | 4.45% | 4.38 % | 3.74 % | (64)bps | (99)bps | 4.86% | 4.05 % | (81)bps |
| ABS | 4.34% | 4.14% | 3.88% | 4.48 % | 3.85 % | (63)bps | (49)bps | 4.16% | 4.16 % | 0bps |
| CMBS | 3.93% | 3.96% | 5.27% | 4.23 % | 4.39 % | 16bps | 46bps | 4.03% | 4.31 % | 28bps |
| Total structured securities | 4.64% | 4.33% | 4.52% | 4.69 % | 4.05 % | (64)bps | (59)bps | 4.80% | 4.36 % | (44)bps |
| State, municipal, political subdivisions and U.S. and foreign government | 3.80% | 3.88% | 4.07% | 4.80 % | 3.38 % | NM | (42)bps | 4.03% | 3.93 % | (10)bps |
| Mortgage loans | 4.54% | 4.66% | 4.58% | 4.36 % | 4.29 % | (7)bps | (25)bps | 4.72% | 4.32 % | (40)bps |
| Alternative investments | 14.13% | 9.26% | 11.15% | (2.58)% | (6.75)% | NM | NM | 9.28% | (4.70)% | NM |
| Other U.S. and Bermuda net invested assets | 2.84% | 2.94% | 3.33% | 2.32 % | 1.17 % | NM | NM | 2.67% | 1.71 % | (96)bps |
| Consolidated net investment earned rate | 4.67% | 4.35% | 4.62% | 3.87 % | 3.29 % | (58)bps | NM | 4.48% | 3.56 % | (92)bps |
| APOLLO INVESTMENT DETAILS | | | | | | | | | | |
| Change in fair value of Apollo investment | \$ — | \$ — | \$ — | \$ (297) | \$ 481 | NM | NM | \$ — | \$ 184 | NM |
| Income tax (expense) benefit on Apollo investment | — | — | — | 58 | (109) | NM | NM | — | (51) | NM |
| Change in fair value of Apollo investment, net of tax | \$ — | \$ — | \$ — | \$ (239) | \$ 372 | NM | NM | \$ — | \$ 133 | NM |
| Return on Apollo investment, net of tax | —% | —% | —% | (224.9)% | 137.7 % | NM | NM | —% | 36.9 % | NM |
| Change in fair value of Apollo investment impact on adjusted operating EPS ² | \$ — | \$ — | \$ — | \$ (1.36) | \$ 1.79 | NM | NM | \$ — | \$ 0.56 | NM |
| Adjusted operating EPS, excluding AOG | \$ 1.95 | \$ 1.34 | \$ 2.21 | \$ 0.76 | \$ 0.70 | NM | NM | \$ 3.45 | \$ 1.45 | NM |

Note: Please refer to Notes to the Financial Supplement section and the Non-GAAP Measure Reconciliations for discussion on net investment earned rate. The investment results above are presented net of investment management fees as well as the proportionate share of income/(loss) and investments associated with the ACRA noncontrolling interest. 1 In the second quarter of 2019, we implemented a new management fee structure which changed the allocation of fees by asset class. Although the implementation of the new management fee structure had impacts on the allocation of fees by asset class, on a consolidated basis the impact was immaterial. 2 The impact of the Apollo investment on adjusted operating EPS includes removing the income/(loss) on the investment, net of tax, as well as the Athene shares issued in exchange for the AOG units. It does not include an adjustment for the shares issued in exchange for \$350 million. For Q1 2020, the calculation also includes the dilution of other stock compensation plans as a result of the exclusion of the loss on the Apollo investment creating adjusted operating income available to common shareholders instead of a loss.

Credit Quality of Securities

Unaudited (in millions, except percentages)



| | December 31, 2019 | | June 30, 2020 | |
|--|-----------------------------------|------------------|-----------------------------------|------------------|
| | Fair Value | Percent of Total | Fair Value | Percent of Total |
| CREDIT QUALITY OF AFS SECURITIES (GAAP VIEW) | | | | |
| NAIC designation | | | | |
| 1 | \$ 38,667 | 51.4% | \$ 39,700 | 50.4% |
| 2 | 32,336 | 43.0% | 34,124 | 43.3% |
| Total investment grade | 71,003 | 94.4% | 73,824 | 93.7% |
| 3 | 3,300 | 4.4% | 3,916 | 5.0% |
| 4 | 740 | 1.0% | 827 | 1.0% |
| 5 | 94 | 0.1% | 149 | 0.2% |
| 6 | 41 | 0.1% | 89 | 0.1% |
| Total below investment grade | 4,175 | 5.6% | 4,981 | 6.3% |
| Total AFS securities including related parties | \$ 75,178 | 100.0% | \$ 78,805 | 100.0% |
| NRSRO designation | | | | |
| AAA/AA/A | \$ 28,299 | 37.7% | \$ 30,238 | 38.4% |
| BBB | 29,032 | 38.6% | 28,443 | 36.1% |
| Non-rated ¹ | 10,014 | 13.3% | 11,142 | 14.2% |
| Total investment grade ² | 67,345 | 89.6% | 69,823 | 88.7% |
| BB | 3,403 | 4.5% | 4,347 | 5.5% |
| B | 813 | 1.1% | 1,042 | 1.3% |
| CCC | 1,981 | 2.6% | 1,845 | 2.3% |
| CC and lower | 1,076 | 1.4% | 1,080 | 1.4% |
| Non-rated ¹ | 560 | 0.8% | 668 | 0.8% |
| Total below investment grade | 7,833 | 10.4% | 8,982 | 11.3% |
| Total AFS securities including related parties | \$ 75,178 | 100.0% | \$ 78,805 | 100.0% |
| | Invested Asset Value ³ | % NAIC 1 or 2 | Invested Asset Value ³ | % NAIC 1 or 2 |
| SUMMARY OF NAIC 1 & 2 DESIGNATIONS BY ASSET CLASS (MANAGEMENT VIEW) | | | | |
| Corporate securities | \$ 51,175 | 92.9% | \$ 57,907 | 91.7% |
| RMBS | 8,001 | 95.3% | 8,227 | 95.0% |
| CLO | 10,053 | 98.3% | 11,860 | 99.0% |
| ABS | 9,476 | 91.8% | 9,587 | 91.2% |
| CMBS | 2,634 | 89.9% | 3,094 | 90.5% |
| Total structured securities | 30,164 | 94.7% | 32,768 | 94.8% |
| State, municipal, political subdivisions and U.S. and foreign government | 2,291 | 99.2% | 1,832 | 99.8% |
| Short-term investments | 597 | 95.5% | 658 | 94.1% |
| Total NAIC 1 & 2 Designations | \$ 84,227 | | \$ 93,165 | |

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

Credit Quality of Net Invested Assets (Management view)

Unaudited (In millions, except percentages)



| | December 31, 2019 | | June 30, 2020 | |
|--|-----------------------------------|------------|-----------------------------------|------------|
| | Invested Asset Value ¹ | % of Total | Invested Asset Value ¹ | % of Total |
| CREDIT QUALITY OF NET INVESTED ASSETS | | | | |
| NAIC designation | | | | |
| 1 | \$ 45,836 | 51.0% | \$ 50,029 | 49.9% |
| 2 | 38,391 | 42.7% | 43,136 | 43.0% |
| Non-rated ³ | — | —% | — | —% |
| Total investment grade | 84,227 | 93.7% | 93,165 | 92.9% |
| 3 | 4,056 | 4.5% | 5,015 | 5.0% |
| 4 | 1,246 | 1.4% | 1,427 | 1.4% |
| 5 | 289 | 0.3% | 549 | 0.6% |
| 6 | 56 | 0.1% | 122 | 0.1% |
| Non-rated ³ | — | —% | — | —% |
| Total below investment grade | 5,647 | 6.3% | 7,113 | 7.1% |
| Total NAIC designated assets ² | 89,874 | 100.0% | 100,278 | 100.0% |
| Assets without NAIC designation | | | | |
| Commercial mortgage loans | | | | |
| CM1 | 4,102 | 29.2% | 4,295 | 27.4% |
| CM2 | 6,050 | 43.1% | 7,253 | 46.3% |
| CM3 | 3,481 | 24.8% | 3,746 | 23.9% |
| CM4 | 365 | 2.6% | 370 | 2.4% |
| CM5 | 40 | 0.3% | — | —% |
| CM6 | — | —% | — | —% |
| CM7 | — | —% | — | —% |
| Total CMLs | 14,038 | 100.0% | 15,664 | 100.0% |
| Residential mortgage loans | | | | |
| In good standing | 4,423 | 98.5% | 4,624 | 97.3% |
| 90 days late | 34 | 0.8% | 87 | 1.8% |
| In foreclosure | 33 | 0.7% | 44 | 0.9% |
| Total RMLs | 4,490 | 100.0% | 4,755 | 100.0% |
| Alternative investments | 5,586 | | 6,082 | |
| Investment in Apollo | — | | 1,313 | |
| Cash and equivalents | 1,958 | | 7,541 | |
| Equity securities | 365 | | 392 | |
| Other ⁴ | 1,175 | | 1,244 | |
| Net invested assets | \$ 117,486 | | \$ 137,269 | |

| | December 31, 2019 | | June 30, 2020 | |
|--|-----------------------------------|------------|-----------------------------------|------------|
| | Invested Asset Value ¹ | % of Total | Invested Asset Value ¹ | % of Total |
| CREDIT QUALITY OF NET INVESTED ASSETS | | | | |
| NRSRO designation | | | | |
| AAA/AA/A | \$ 33,918 | 37.7% | \$ 38,256 | 38.1% |
| BBB | 33,902 | 37.7% | 36,108 | 36.0% |
| Non-rated ³ | 12,448 | 13.9% | 14,700 | 14.7% |
| Total investment grade | 80,268 | 89.3% | 89,064 | 88.8% |
| BB | 3,984 | 4.4% | 4,923 | 4.9% |
| B | 1,300 | 1.5% | 1,719 | 1.7% |
| CCC | 2,177 | 2.4% | 2,181 | 2.2% |
| CC and lower | 1,138 | 1.3% | 1,223 | 1.2% |
| Non-rated ³ | 1,007 | 1.1% | 1,168 | 1.2% |
| Total below investment grade | 9,606 | 10.7% | 11,214 | 11.2% |
| Total NRSRO designated assets ² | 89,874 | 100.0% | 100,278 | 100.0% |
| Assets without NRSRO designation | | | | |
| Commercial mortgage loans | | | | |
| CM1 | 4,102 | 29.2% | 4,295 | 27.4% |
| CM2 | 6,050 | 43.1% | 7,253 | 46.3% |
| CM3 | 3,481 | 24.8% | 3,746 | 23.9% |
| CM4 | 365 | 2.6% | 370 | 2.4% |
| CM5 | 40 | 0.3% | — | —% |
| CM6 | — | —% | — | —% |
| CM7 | — | —% | — | —% |
| Total CMLs | 14,038 | 100.0% | 15,664 | 100.0% |
| Residential mortgage loans | | | | |
| In good standing | 4,423 | 98.5% | 4,624 | 97.3% |
| 90 days late | 34 | 0.8% | 87 | 1.8% |
| In foreclosure | 33 | 0.7% | 44 | 0.9% |
| Total RMLs | 4,490 | 100.0% | 4,755 | 100.0% |
| Alternative investments | 5,586 | | 6,082 | |
| Investment in Apollo | — | | 1,313 | |
| Cash and equivalents | 1,958 | | 7,541 | |
| Equity securities | 365 | | 392 | |
| Other ⁴ | 1,175 | | 1,244 | |
| Net invested assets | \$ 117,486 | | \$ 137,269 | |

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

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

Unaudited (In millions, except percentages)



| | December 31, 2019 | | June 30, 2020 | |
|--|-----------------------------------|------------|-----------------------------------|------------|
| | Invested Asset Value ¹ | % of Total | Invested Asset Value ¹ | % of Total |
| CREDIT QUALITY OF RMBS – NAIC DESIGNATION | | | | |
| 1 | \$ 7,610 | 90.7% | \$ 7,933 | 91.6% |
| 2 | 391 | 4.6% | 294 | 3.4% |
| Non-rated ² | — | —% | — | —% |
| Total investment grade | 8,001 | 95.3% | 8,227 | 95.0% |
| 3 | 311 | 3.7% | 283 | 3.2% |
| 4 | 58 | 0.7% | 43 | 0.5% |
| 5 | 10 | 0.1% | 51 | 0.6% |
| 6 | 14 | 0.2% | 61 | 0.7% |
| Non-rated ² | — | —% | — | —% |
| Total below investment grade | 393 | 4.7% | 438 | 5.0% |
| RMBS net invested assets | \$ 8,394 | 100.0% | \$ 8,665 | 100.0% |
| CREDIT QUALITY OF CLOs – NAIC DESIGNATION | | | | |
| 1 | \$ 5,796 | 56.7% | \$ 7,312 | 61.0% |
| 2 | 4,257 | 41.6% | 4,548 | 38.0% |
| Non-rated ² | — | —% | — | —% |
| Total investment grade | 10,053 | 98.3% | 11,860 | 99.0% |
| 3 | 141 | 1.4% | 115 | 0.9% |
| 4 | 22 | 0.2% | 9 | 0.1% |
| 5 | 7 | 0.1% | — | —% |
| 6 | — | —% | — | —% |
| Total below investment grade | 170 | 1.7% | 124 | 1.0% |
| CLOs net invested assets | \$ 10,223 | 100.0% | \$ 11,984 | 100.0% |
| CREDIT QUALITY OF ABS – NAIC DESIGNATION | | | | |
| 1 | \$ 6,518 | 63.1% | \$ 6,573 | 62.6% |
| 2 | 2,958 | 28.7% | 3,014 | 28.6% |
| Non-rated ² | — | —% | — | —% |
| Total investment grade | 9,476 | 91.8% | 9,587 | 91.2% |
| 3 | 565 | 5.5% | 596 | 5.7% |
| 4 | 126 | 1.2% | 191 | 1.8% |
| 5 | 150 | 1.5% | 133 | 1.3% |
| 6 | — | —% | — | —% |
| Non-rated ² | — | —% | — | —% |
| Total below investment grade | 841 | 8.2% | 920 | 8.8% |
| ABS net invested assets | \$ 10,317 | 100.0% | \$ 10,507 | 100.0% |

| | December 31, 2019 | | June 30, 2020 | |
|---|-----------------------------------|------------|-----------------------------------|------------|
| | Invested Asset Value ¹ | % of Total | Invested Asset Value ¹ | % of Total |
| CREDIT QUALITY OF RMBS – NRSRO DESIGNATION | | | | |
| AAA/AA/A | \$ 1,068 | 12.7% | \$ 1,286 | 14.8% |
| BBB | 717 | 8.5% | 592 | 6.8% |
| Non-rated ² | 2,702 | 32.2% | 2,826 | 32.6% |
| Total investment grade | 4,487 | 53.4% | 4,704 | 54.2% |
| BB | 288 | 3.4% | 279 | 3.3% |
| B | 251 | 3.0% | 294 | 3.4% |
| CCC | 2,061 | 24.6% | 2,011 | 23.2% |
| CC and lower | 1,134 | 13.5% | 1,223 | 14.1% |
| Non-rated ² | 173 | 2.1% | 154 | 1.8% |
| Total below investment grade | 3,907 | 46.6% | 3,961 | 45.8% |
| RMBS net invested assets | \$ 8,394 | 100.0% | \$ 8,665 | 100.0% |
| CREDIT QUALITY OF CLOs – NRSRO DESIGNATION | | | | |
| AAA/AA/A | \$ 5,796 | 56.7% | \$ 7,312 | 61.0% |
| BBB | 4,257 | 41.6% | 4,548 | 38.0% |
| Non-rated ² | — | —% | — | —% |
| Total investment grade | 10,053 | 98.3% | 11,860 | 99.0% |
| BB | 141 | 1.4% | 115 | 0.9% |
| B | 22 | 0.2% | 9 | 0.1% |
| CCC | 7 | 0.1% | — | —% |
| CC and lower | — | —% | — | —% |
| Total below investment grade | 170 | 1.7% | 124 | 1.0% |
| CLOs net invested assets | \$ 10,223 | 100.0% | \$ 11,984 | 100.0% |
| CREDIT QUALITY OF ABS – NRSRO DESIGNATION | | | | |
| AAA/AA/A | \$ 5,297 | 51.3% | \$ 5,219 | 49.7% |
| BBB | 2,268 | 22.0% | 2,230 | 21.2% |
| Non-rated ² | 1,911 | 18.5% | 2,050 | 19.5% |
| Total investment grade | 9,476 | 91.8% | 9,499 | 90.4% |
| BB | 545 | 5.3% | 608 | 5.8% |
| B | 126 | 1.2% | 199 | 1.9% |
| CCC | 6 | 0.1% | 14 | 0.1% |
| CC and lower | — | —% | — | —% |
| Non-rated ² | 164 | 1.6% | 187 | 1.8% |
| Total below investment grade | 841 | 8.2% | 1,008 | 9.6% |
| ABS net invested assets | \$ 10,317 | 100.0% | \$ 10,507 | 100.0% |

¹ Please refer to Notes to the Financial Supplement section for discussion on net invested assets and Non-GAAP Measure Reconciliations section for the reconciliation of total investments including related parties to net invested assets. ² Securities denoted as non-rated by the NRSRO were classified as investment or non-investment grade according to the security's respective NAIC designation. With respect to modeled LBaSS, the NAIC designation methodology differs in significant respects from the NRSRO ratings methodology.

Net Reserve Liabilities & Rollforwards

Unaudited (in millions, except percentages)



| | December 31, 2019 | | June 30, 2020 | |
|---------------------------------|-------------------|------------------|---------------|------------------|
| | Dollars | Percent of Total | Dollars | Percent of Total |
| NET RESERVE LIABILITIES | | | | |
| Fixed indexed annuities | \$ 73,346 | 64.0% | \$ 78,556 | 59.8% |
| Fixed rate annuities | 19,481 | 17.0% | 27,243 | 20.8% |
| Total deferred annuities | 92,827 | 81.0% | 105,799 | 80.6% |
| Pension risk transfer annuities | 8,230 | 7.2% | 9,379 | 7.1% |
| Payout annuities | 6,383 | 5.6% | 6,609 | 5.0% |
| Funding agreements ¹ | 5,107 | 4.4% | 7,724 | 5.9% |
| Life and other | 2,105 | 1.8% | 1,822 | 1.4% |
| Total net reserve liabilities | \$ 114,652 | 100.0% | \$ 131,333 | 100.0% |

| | Quarterly Trends | | | | | Δ | | Year-to-Date | | Δ |
|---|------------------|------------|------------|------------|------------|-------|-------|--------------|------------|-------|
| | 2Q'19 | 3Q'19 | 4Q'19 | 1Q'20 | 2Q'20 | Q/Q | Y/Y | 2019 | 2020 | Y/Y |
| NET RESERVE LIABILITY ROLLFORWARD | | | | | | | | | | |
| Net reserve liabilities – beginning | \$ 111,791 | \$ 114,680 | \$ 118,825 | \$ 114,652 | \$ 114,273 | — % | 2 % | \$ 107,732 | \$ 114,652 | 6 % |
| Gross deposits ² | 4,153 | 5,759 | 3,735 | 4,084 | 7,031 | 72 % | 69 % | 9,013 | 11,115 | 23 % |
| Acquisition and block reinsurance ³ | — | — | — | — | 28,792 | NM | NM | — | 28,792 | NM |
| Deposits attributable to ACRA noncontrolling interest | — | — | (544) | — | (18,288) | NM | NM | — | (18,288) | NM |
| Net deposits | 4,153 | 5,759 | 3,191 | 4,084 | 17,535 | NM | NM | 9,013 | 21,619 | 140 % |
| Net withdrawals | (2,907) | (2,807) | (2,497) | (2,740) | (3,282) | (20)% | (13)% | (5,687) | (6,022) | (6)% |
| Sale of ACRA noncontrolling interest to ADIP and ownership changes ⁴ | — | — | (6,141) | — | 335 | NM | NM | — | 335 | NM |
| Other reserve changes | 1,643 | 1,193 | 1,274 | (1,723) | 2,472 | NM | 50 % | 3,622 | 749 | (79)% |
| Net reserve liabilities – ending | \$ 114,680 | \$ 118,825 | \$ 114,652 | \$ 114,273 | \$ 131,333 | 15 % | 15 % | \$ 114,680 | \$ 131,333 | 15 % |

| | | | | | | | | | | |
|---|------|------|----------|----------|-----------|-------|----|------|-----------|----|
| ACRA NONCONTROLLING INTEREST RESERVE LIABILITY ROLLFORWARD⁵ | | | | | | | | | | |
| Reserve liabilities – beginning | \$ — | \$ — | \$ — | \$ 6,574 | \$ 6,322 | (4)% | NM | \$ — | \$ 6,574 | NM |
| Deposits | — | — | 544 | — | 20 | NM | NM | — | 20 | NM |
| Acquisition and block reinsurance ³ | — | — | — | — | 18,268 | NM | NM | — | 18,268 | NM |
| Withdrawals | — | — | (169) | (197) | (317) | (61)% | NM | — | (514) | NM |
| Sale of ACRA noncontrolling interest to ADIP and ownership changes ⁴ | — | — | 6,141 | — | (335) | NM | NM | — | (335) | NM |
| Other reserve changes | — | — | 58 | (55) | 136 | NM | NM | — | 81 | NM |
| Reserve liabilities – ending | \$ — | \$ — | \$ 6,574 | \$ 6,322 | \$ 24,094 | 281 % | NM | \$ — | \$ 24,094 | NM |

Note: Please refer to Notes to the Financial Supplement section and the Non-GAAP Measure Reconciliations for discussion on net reserve liabilities. Net reserve liabilities include our economic ownership of ACRA investments but do not include the reserve liabilities associated with the noncontrolling interest. 1 Funding agreements are comprised of our funding agreement backed note program, Federal Home Loan Bank secured funding agreements and long-term repurchase agreements. 2 Gross deposits equal deposits from our retail, flow reinsurance and institutional channels as well as premiums and deposits for life and products other than deferred annuities or our institutional products, renewal deposits on older blocks of business, annuitizations and foreign currency translation adjustments between the transaction date of large transactions and the translation period. Gross deposits include all deposits sourced by Athene, including all of the deposits reinsured to ACRA. 3 Acquisitions and block reinsurance transactions includes the reserve liabilities acquired in our inorganic channel at inception. Effective June 1, 2020, we entered into an agreement with Jackson National Life pursuant to which we agreed to reinsure a block of fixed and fixed indexed annuities on a funds withheld coinsurance basis providing \$28.8 billion of gross deposits. 4 ACRA noncontrolling interest reserve liabilities at inception on October 1, 2019 were \$6.1 billion. Effective April 1, 2020, ALRe purchased 14,000 newly issued shares in ACRA increasing our ownership from 33% to 36.55% of the economic interests. 5 The ACRA reserve liability rollforward is a rollforward of the GAAP reserve liabilities associated with the noncontrolling interest.

Net Reserve Liabilities & Rollforwards, continued

Unaudited (in millions, except percentages)



| | Quarterly Trends | | | | | Δ | | Year-to-Date | | Δ |
|---|------------------|------------------|------------------|------------------|-------------------|-------|-------|------------------|-------------------|-------|
| | 2Q'19 | 3Q'19 | 4Q'19 | 1Q'20 | 2Q'20 | Q/Q | Y/Y | 2019 | 2020 | Y/Y |
| NET DEFERRED ANNUITY ACCOUNT VALUE ROLLFORWARD¹ | | | | | | | | | | |
| Net account value – beginning | \$ 90,184 | \$ 91,165 | \$ 91,768 | \$ 88,000 | \$ 88,238 | — % | (2)% | \$ 89,435 | \$ 88,000 | (2)% |
| Gross deposits ² | 2,976 | 2,483 | 2,237 | 2,013 | 3,913 | 94 % | 31 % | 5,776 | 5,926 | 3 % |
| Acquisition and block reinsurance ³ | — | — | — | — | 27,404 | NM | NM | — | 27,404 | NM |
| Deposits attributable to ACRA noncontrolling interest | — | — | 4 | — | (17,398) | NM | NM | — | (17,398) | NM |
| Net deposits | 2,976 | 2,483 | 2,241 | 2,013 | 13,919 | NM | NM | 5,776 | 15,932 | 176 % |
| Premium and interest bonuses | 68 | 55 | 34 | 37 | 45 | 22 % | (34)% | 126 | 82 | (35)% |
| Fixed and index credits to policyholders | 591 | 560 | 611 | 589 | 443 | (25)% | (25)% | 1,014 | 1,032 | 2 % |
| Surrenders and benefits paid | (2,548) | (2,382) | (2,091) | (2,288) | (2,054) | 10 % | 19 % | (4,979) | (4,342) | 13 % |
| Sale of ACRA noncontrolling interest to ADIP and ownership changes ⁴ | — | — | (4,450) | — | 221 | NM | NM | — | 221 | NM |
| Fee and product charges | (106) | (113) | (113) | (113) | (118) | (4)% | (11)% | (207) | (231) | (12)% |
| Net account value – ending | <u>\$ 91,165</u> | <u>\$ 91,768</u> | <u>\$ 88,000</u> | <u>\$ 88,238</u> | <u>\$ 100,694</u> | 14 % | 10 % | <u>\$ 91,165</u> | <u>\$ 100,694</u> | 10 % |
| NET INSTITUTIONAL RESERVE LIABILITY ROLLFORWARD (PENSION RISK TRANSFER AND FUNDING AGREEMENTS) | | | | | | | | | | |
| Net reserve liabilities – beginning | \$ 10,404 | \$ 11,354 | \$ 14,371 | \$ 13,337 | \$ 15,036 | 13 % | 45 % | \$ 8,536 | \$ 13,337 | 56 % |
| Gross deposits ² | 1,008 | 3,106 | 1,314 | 1,840 | 2,865 | 56 % | 184 % | 2,930 | 4,705 | 61 % |
| Deposits attributable to ACRA noncontrolling interest | — | — | (548) | — | — | NM | NM | — | — | NM |
| Net deposits | 1,008 | 3,106 | 766 | 1,840 | 2,865 | 56 % | 184 % | 2,930 | 4,705 | 61 % |
| Net withdrawals | (158) | (205) | (204) | (240) | (1,024) | NM | NM | (301) | (1,264) | NM |
| Sale of ACRA noncontrolling interest to ADIP and ownership changes ⁴ | — | — | (1,698) | — | 117 | NM | NM | — | 117 | NM |
| Other reserve changes | 100 | 116 | 102 | 99 | 109 | 10 % | 9 % | 189 | 208 | 10 % |
| Net reserve liabilities – ending | <u>\$ 11,354</u> | <u>\$ 14,371</u> | <u>\$ 13,337</u> | <u>\$ 15,036</u> | <u>\$ 17,103</u> | 14 % | 51 % | <u>\$ 11,354</u> | <u>\$ 17,103</u> | 51 % |

Note: Please refer to Notes to the Financial Supplement section and the Non-GAAP Measure Reconciliations for discussion on net reserve liabilities. Net reserve liabilities include our economic ownership of ACRA reserve liabilities but do not include the reserve liabilities associated with the noncontrolling interest. 1 The account value rollforwards on deferred annuities include our fixed rate and fixed indexed annuities and are net of ceded reinsurance activity. 2 Gross deposits equal deposits from our retail, flow reinsurance and institutional channels as well as premiums and deposits for life and products other than deferred annuities or our institutional products, renewal deposits on older blocks of business, annuitizations and foreign currency translation adjustments between the transaction date of large transactions and the translation period. Gross deposits include all deposits sourced by Athene, including all of the deposits reinsured to ACRA. 3 Acquisitions and block reinsurance transactions includes the reserve liabilities acquired in our inorganic channel at inception. Effective June 1, 2020, we entered into an agreement with Jackson National Life pursuant to which we agreed to reinsure a block of fixed and fixed indexed annuities on a funds withheld coinsurance basis providing \$28.8 billion of gross deposits. 4 ACRA noncontrolling interest reserve liabilities at inception on October 1, 2019 were \$6.1 billion. Effective April 1, 2020, ALRe purchased 14,000 newly issued shares in ACRA increasing our ownership from 33% to 36.55% of the economic interests.

Deferred Annuity Liability Characteristics

Unaudited (in millions, except percentages)



| | Surrender charge (gross) | Percent of total | Surrender charge (net of MVA) | Percent of total |
|---|--------------------------|------------------|-------------------------------|------------------|
| SURRENDER CHARGE PERCENTAGES ON DEFERRED ANNUITIES NET ACCOUNT VALUE | | | | |
| No Surrender Charge | \$ 24,750 | 24.6% | \$ 24,750 | 24.6% |
| 0.0% < 2.0% | 1,056 | 1.0% | 10,546 | 10.5% |
| 2.0% < 4.0% | 3,891 | 3.9% | 15,170 | 15.1% |
| 4.0% < 6.0% | 11,011 | 10.9% | 18,261 | 18.1% |
| 6.0% or greater | 59,986 | 59.6% | 31,967 | 31.7% |
| | <u>\$ 100,694</u> | <u>100.0%</u> | <u>\$ 100,694</u> | <u>100.0%</u> |

| | Surrender charge (gross) | MVA benefit | Surrender charge (net) |
|---------------------------------------|--------------------------|-------------|------------------------|
| Aggregate surrender charge protection | 5.9% | (2.1)% | 3.8% |

| | Deferred annuities | Percent of total | Average surrender charge (gross) |
|--|--------------------|------------------|----------------------------------|
| YEARS OF SURRENDER CHARGE REMAINING ON DEFERRED ANNUITIES NET ACCOUNT VALUE | | | |
| No Surrender Charge | \$ 24,750 | 24.6% | —% |
| Less than 2 | 18,439 | 18.3% | 5.2% |
| 2 to less than 4 | 19,138 | 19.0% | 6.7% |
| 4 to less than 6 | 11,686 | 11.6% | 8.0% |
| 6 to less than 8 | 12,283 | 12.2% | 9.2% |
| 8 to less than 10 | 10,886 | 10.8% | 10.2% |
| 10 or greater | 3,512 | 3.5% | 14.1% |
| | <u>\$ 100,694</u> | <u>100.0%</u> | |

| | At minimum guarantees | Total account value | Percent of total account value at minimum guarantees |
|---|-----------------------|---------------------|--|
| MINIMUM GUARANTEES ON DEFERRED ANNUITIES | | | |
| Fixed indexed annuities | \$ 17,045 | \$ 74,075 | 23% |
| Fixed rate annuities | 11,171 | 26,619 | 42% |
| Total net deferred annuities | <u>\$ 28,216</u> | <u>\$ 100,694</u> | 28% |

| | June 30, 2020 |
|-------------------------------------|---------------|
| Distance to guarantees ¹ | > 100 |

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

| | December 31, 2019 | June 30, 2020 | Δ |
|--|-------------------|---------------|-------|
| DEFERRED ANNUITY RIDER RESERVE SUMMARY | | | |
| Net rider reserve | \$ 4,091 | \$ 4,251 | 4% |
| Net account value with rider reserves | 37,377 | 37,807 | 1% |
| Rider reserve as a percentage of account value with rider reserves | 10.9% | 11.2% | 30bps |

Capitalization & Regulatory Capital Ratios

Unaudited (in millions, except percentages)



| | Quarterly Trends | | | | | Δ | |
|--|------------------|------------------|------------------|------------------|------------------|-------|--------|
| | 2Q'19 | 3Q'19 | 4Q'19 | 1Q'20 | 2Q'20 | Q/Q | Y/Y |
| CAPITALIZATION | | | | | | | |
| Total debt | \$ 991 | \$ 992 | \$ 1,467 | \$ 1,386 | \$ 1,486 | 7 % | 50 % |
| Total AHL shareholders' equity | 12,365 | 13,545 | 13,391 | 9,940 | 14,711 | 48 % | 19 % |
| Total capitalization | 13,356 | 14,537 | 14,858 | 11,326 | 16,197 | 43 % | 21 % |
| Less: Accumulated other comprehensive income (loss) (AOCI) | 1,760 | 2,442 | 2,281 | (1,174) | 2,184 | NM | 24 % |
| Less: Accumulated change in fair value of reinsurance assets | 639 | 727 | 493 | (155) | 615 | NM | (4)% |
| Total adjusted capitalization | <u>\$ 10,957</u> | <u>\$ 11,368</u> | <u>\$ 12,084</u> | <u>\$ 12,655</u> | <u>\$ 13,398</u> | 6 % | 22 % |
| EQUITY | | | | | | | |
| Total AHL shareholders' equity | \$ 12,365 | \$ 13,545 | \$ 13,391 | \$ 9,940 | \$ 14,711 | 48 % | 19 % |
| Less: Preferred stock | 839 | 1,172 | 1,172 | 1,172 | 1,755 | 50 % | 109 % |
| Total AHL common shareholders' equity | 11,526 | 12,373 | 12,219 | 8,768 | 12,956 | 48 % | 12 % |
| Less: AOCI | 1,760 | 2,442 | 2,281 | (1,174) | 2,184 | NM | 24 % |
| Less: Accumulated change in fair value of reinsurance assets | 639 | 727 | 493 | (155) | 615 | NM | (4)% |
| Total adjusted AHL common shareholders' equity | <u>\$ 9,127</u> | <u>\$ 9,204</u> | <u>\$ 9,445</u> | <u>\$ 10,097</u> | <u>\$ 10,157</u> | 1 % | 11 % |
| EQUITY BY SEGMENT | | | | | | | |
| Retirement Services | \$ 7,704 | \$ 7,494 | \$ 7,443 | \$ 8,002 | \$ 6,957 | (13)% | (10)% |
| Corporate and Other | 1,423 | 1,710 | 2,002 | 2,095 | 3,200 | 53 % | 125 % |
| Total adjusted AHL common shareholders' equity | <u>\$ 9,127</u> | <u>\$ 9,204</u> | <u>\$ 9,445</u> | <u>\$ 10,097</u> | <u>\$ 10,157</u> | 1 % | 11 % |
| FINANCIAL LEVERAGE | | | | | | | |
| Debt to capital ratio | 7.4% | 6.8% | 9.9% | 12.2 % | 9.2% | NM | 180bps |
| AOCI | 1.2% | 1.5% | 1.8% | (1.1)% | 1.5% | NM | 30bps |
| Accumulated change in fair value of reinsurance assets | 0.4% | 0.4% | 0.4% | (0.1)% | 0.4% | NM | 0bps |
| Adjusted debt to capital ratio | <u>9.0%</u> | <u>8.7%</u> | <u>12.1%</u> | <u>11.0 %</u> | <u>11.1 %</u> | 10bps | 210bps |

| | December 31, 2018 | December 31, 2019 | Δ |
|--|-------------------|-------------------|----|
| REGULATORY CAPITAL RATIOS | | | |
| U.S. RBC ratio – Athene Annuity & Life Assurance Company | 421 % | 429 % | NM |
| BSCR – Athene Life Re Ltd. | 340 % | 310 % | NM |
| Athene Life Re Ltd. RBC ratio ¹ | 405 % | 443 % | NM |

¹ ALRe RBC ratio, which is used in evaluating our capital position and the amount of capital needed to support our Retirement Services segment, is calculated by applying the NAIC RBC factors to the statutory financial statements of AHL's non-U.S. reinsurance subsidiaries on an aggregate basis with certain adjustments made by management.

Financial Strength, Credit Ratings & Share Data

Unaudited (in millions, except percentages)



| | A.M. Best | Standard & Poor's | Fitch |
|---|-----------|-------------------|-----------|
| FINANCIAL STRENGTH RATINGS | | | |
| Athene Annuity & Life Assurance Company | A | A | A |
| Athene Annuity and Life Company | A | A | A |
| Athene Annuity & Life Assurance Company of New York | A | A | A |
| Athene Life Insurance Company of New York | A | Not Rated | Not Rated |
| Athene Life Re Ltd. | A | A | A |
| Athene Life Re International Ltd. | A | A | A |
| Athene Co-Invest Reinsurance Affiliate 1A Ltd. and Athene Co-Invest Reinsurance Affiliate 1B Ltd. | A | A | A |
| Athene Co-Invest Reinsurance Affiliate International Ltd. | A | A | A |
| CREDIT RATINGS | | | |
| Athene Holding Ltd. | bbb | BBB+ | BBB+ |
| Senior notes | bbb | BBB+ | BBB |

| | Quarterly Trends | | | | | Δ | | Year-to-Date | | Δ |
|---|------------------|-------|-------|-------|-------|------|-------|--------------|-------|-------|
| | 2Q'19 | 3Q'19 | 4Q'19 | 1Q'20 | 2Q'20 | Q/Q | Y/Y | 2019 | 2020 | Y/Y |
| SHARE DATA | | | | | | | | | | |
| Weighted average common shares outstanding – basic - Class A | 158.5 | 151.6 | 144.5 | 161.4 | 193.9 | 20 % | 22 % | 159.4 | 177.6 | 11 % |
| Weighted average common shares outstanding – diluted – Class A ¹ | 158.8 | 152.0 | 145.1 | 161.4 | 196.9 | 22 % | 24 % | 159.7 | 177.6 | 11 % |
| Weighted average common shares outstanding – adjusted operating ² | 189.4 | 182.3 | 175.7 | 181.5 | 196.9 | 8 % | 4 % | 190.3 | 190.2 | — % |
| Weighted average common shares outstanding - adjusted operating excluding Apollo ³ | 189.4 | 182.3 | 175.7 | 173.3 | 168.9 | (3)% | (11)% | 190.3 | 171.5 | (10)% |
| Common shares outstanding ⁴ | 185.4 | 182.5 | 175.7 | 193.9 | 193.9 | — % | 5 % | 185.4 | 193.9 | 5 % |
| Adjusted operating common shares outstanding ² | 184.4 | 181.4 | 174.9 | 197.7 | 198.6 | — % | 8 % | 184.4 | 198.6 | 8 % |

¹ Diluted earnings per common share on a GAAP basis for Class A common shares, including diluted Class A weighted average common shares outstanding, includes the dilutive impacts, if any, of Class B common shares, Class M common shares and any other stock-based awards. ² Represents Class A common shares outstanding or weighted average common shares outstanding assuming conversion or settlement of all outstanding items that are able to be converted to or settled in Class A common shares, including the impacts of Class B common shares, Class M common shares and any other stock-based awards, but excluding any awards for which the exercise or conversion price exceeds the market value of our Class A common shares on the applicable measurement date. ³ Weighted average common shares outstanding - adjusted operating excluding Apollo is adjusted to exclude the Athene shares issued in exchange for the AOG units as part of the Apollo transaction, but does not include an adjustment for the shares issued in exchange for \$350 million cash. For Q1 2020, the calculation also includes the dilution of other stock compensation plans as a result of the exclusion of the loss on the AOG units creating adjusted operating income available to common shareholders instead of a loss. ⁴ Represents common shares vested and outstanding for all classes eligible to participate in dividends for each period presented.

KEY OPERATING AND NON-GAAP MEASURES

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

ADJUSTED OPERATING INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS AND ADJUSTED OPERATING RETURN ON ASSETS (ROA)

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

- **Investment Gains (Losses), Net of Offsets**—Consists of the realized gains and losses on the sale of AFS securities, the change in fair value of reinsurance assets, unrealized gains and losses, allowances, and other investment gains and losses. Unrealized, allowances and other investment gains and losses are comprised of the fair value adjustments of trading securities (other than CLOs) and investments held under the fair value option, derivative gains and losses not hedging FIA index credits, and the change in credit loss allowances recognized in operations net of the change in AmerUs Closed Block fair value reserve related to the corresponding change in fair value of investments and the change in unit-linked reserves related to the corresponding trading securities. Investment gains and losses are net of offsets related to DAC, DSI, and VOBA amortization and changes to guaranteed lifetime withdrawal benefit (GLWB) and guaranteed minimum death benefit (GMDB) reserves (together, GLWB and GMDB reserves represent rider reserves) as well as the MVAs associated with surrenders or terminations of contracts.
- **Change in Fair Values of Derivatives and Embedded Derivatives – FIAs, Net of Offsets**—Consists of impacts related to the fair value accounting for derivatives hedging the FIA index credits and the related embedded derivative liability fluctuations from period to period. The index reserve is measured at fair value for the current period and all periods beyond the current policyholder index term. However, the FIA hedging derivatives are purchased to hedge only the current index period. Upon policyholder renewal at the end of the period, new FIA hedging derivatives are purchased to align with the new term. The difference in duration between the FIA hedging derivatives and the index credit reserves creates a timing difference in earnings. This timing difference of the FIA hedging derivatives and index credit reserves is included as a non-operating adjustment, net of offsets related to DAC, DSI, and VOBA amortization and changes to rider reserves. We primarily hedge with options that align with the index terms of our FIA products (typically 1–2 years). From an economic basis, we believe this is suitable because policyholder accounts are credited with index performance at the end of each index term. However, because the term of an embedded derivative in an FIA contract is longer-dated, there is a duration mismatch which may lead to mismatches for accounting purposes.
- **Integration, Restructuring, and Other Non-operating Expenses**—Consists of restructuring and integration expenses related to acquisitions and block reinsurance costs as well as certain other expenses, which are not predictable or related to our underlying profitability drivers.
- **Stock Compensation Expense**—Consists of stock compensation expenses associated with our share incentive plans, excluding our long-term incentive plan, which are not related to our underlying profitability drivers and fluctuate from time to time due to the structure of our plans.
- **Bargain Purchase Gain**—Consists of adjustments to net income (loss) available to AHL common shareholders as they are not related to our underlying profitability drivers.
- **Income Tax (Expense) Benefit – Non-operating**—Consists of the income tax effect of non-operating adjustments and is computed by applying the appropriate jurisdiction's tax rate to the non-operating adjustments that are subject to income tax.

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

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

ADJUSTED OPERATING ROE

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

ADJUSTED OPERATING EARNINGS (LOSS) PER COMMON SHARE, WEIGHTED AVERAGE COMMON SHARES OUTSTANDING – ADJUSTED OPERATING, AND ADJUSTED BOOK VALUE PER COMMON SHARE

Adjusted operating earnings (loss) per common share, weighted average common shares outstanding – adjusted operating and adjusted book value per common share are non-GAAP measures used to evaluate our financial performance and financial condition. The non-GAAP measures adjust the number of shares included in the corresponding GAAP measures to reflect the conversion or settlement of all shares and other stock-based awards outstanding. We believe using these measures represent an economic view of our share counts and provide a simplified and consistent view of our outstanding shares. Adjusted operating earnings (loss) per common share is calculated as the adjusted operating income (loss) available to common shareholders, over the weighted average common shares outstanding – adjusted operating. Adjusted book value per common share is calculated as the adjusted AHL common shareholders' equity divided by the adjusted operating common shares outstanding. Effective February 28, 2020, all Class B common shares were converted into Class A common shares and all Class M common shares were converted into warrants and Class A common shares. Our Class B common shares were economically equivalent to Class A common shares and could have been converted to Class A common shares on a one-for-one basis at any time. Our Class M common shares were in the legal form of shares but economically functioned as options as they were convertible into Class A common shares after vesting and settlement of the conversion price. In calculating Class A diluted earnings per share on a GAAP basis, we are required to apply sequencing rules to determine the dilutive impacts, if any, of our Class B common shares, Class M common shares and any other stock-based awards. To the extent our Class B common shares, Class M common shares and/or any other stock-based awards were not dilutive, after considering the dilutive effects of the more dilutive securities in the sequence, they were excluded. Weighted average common shares outstanding – adjusted operating and adjusted operating common shares outstanding assume conversion or settlement of all outstanding items that are able to be converted to or settled in Class A common shares, including the impacts of Class B common shares on a one-for-one basis, the impacts of all Class M common shares net of the conversion price and any other stock-based awards, but excluding any awards for which the exercise or conversion price exceeds the market value of our Class A common shares on the applicable measurement date. For certain historical periods, Class M shares were not included due to issuance restrictions which were contingent upon our IPO. Adjusted operating earnings (loss) per common share, weighted average common shares outstanding – adjusted operating and adjusted book value per common share should not be used as a substitute for basic earnings (loss) per share – Class A common shares, basic weighted average common shares outstanding – Class A or book value per common share. However, we believe the adjustments to the shares and equity are significant to gaining an understanding of our overall results of operations and financial condition.

ADJUSTED DEBT TO CAPITAL RATIO

Adjusted debt to capital ratio is a non-GAAP measure used to evaluate our capital structure excluding the impacts of AOCI and the cumulative change in fair value of funds withheld and modco reinsurance assets, net of DAC, DSI, rider reserve and tax offsets. Adjusted debt to capital ratio is calculated as total debt divided by adjusted AHL shareholders' equity. Adjusted debt to capital ratio should not be used as a substitute for the debt to capital ratio. However, we believe the adjustments to total debt and shareholders' equity are significant to gaining an understanding of our capitalization, debt utilization and debt capacity.

RETIREMENT SERVICES NET INVESTMENT SPREAD, INVESTMENT MARGIN ON DEFERRED ANNUITIES, AND OPERATING EXPENSES

Net investment spread is a key measurement of the profitability of our Retirement Services segment. Net investment spread measures our investment performance less the total cost of our liabilities. Net investment earned rate is a key measure of our investment performance, while cost of funds is a key measure of the cost of our policyholder benefits and liabilities. Investment margin on our deferred annuities measures our investment performance less the cost of crediting for our deferred annuities, which make up a significant portion of our net reserve liabilities.

- Net investment earned rate is a non-GAAP measure we use to evaluate the performance of our net invested assets that does not correspond to GAAP net investment income. Net investment earned rate is computed as the income from our net invested assets divided by the average net invested assets, excluding the impacts of our investment in Apollo, for the relevant period. To enhance the ability to analyze these measures across periods, interim periods are annualized. The adjustments to arrive at our net investment earned rate add (a) alternative investment gains and losses, (b) gains and losses related to trading securities for CLOs, (c) net VIE impacts (revenues, expenses and noncontrolling interest), (d) forward points gains and losses on foreign exchange derivative hedges and (e) the change in fair value of reinsurance assets, and removes the proportionate share of the ACRA net investment income associated with the ACRA noncontrolling interest as well as the gain or loss on our investment in Apollo. We include the income and assets supporting our change in fair value of reinsurance assets by evaluating the underlying investments of the funds withheld at interest receivables and we include the net investment income from those underlying investments which does not correspond to the GAAP presentation of change in fair value of reinsurance assets. We exclude the income and assets supporting business that we have exited through ceded reinsurance including funds withheld agreements. We believe the adjustments for reinsurance provide a net investment earned rate on the assets for which we have economic exposure.
- Cost of funds includes liability costs related to cost of crediting on both deferred annuities and institutional products as well as other liability costs, but does not include the proportionate share of the ACRA cost of funds associated with the noncontrolling interest. Cost of funds is computed as the total liability costs divided by the average net invested assets, excluding our investment in Apollo, for the relevant period. To enhance the ability to analyze these measures across periods, interim periods are annualized.
 - Cost of crediting includes the costs for both deferred annuities and institutional products. Cost of crediting on deferred annuities is the interest credited to the policyholders on our fixed strategies as well as the option costs on the indexed annuity strategies. With respect to FIAs, the cost of providing index credits includes the expenses incurred to fund the annual index credits, and where applicable, minimum guaranteed interest credited. Cost of crediting on institutional products is comprised of PRT costs including interest credited, benefit payments and other reserve changes, net of premiums received when issued, as well as funding agreement costs including the interest payments and other reserve changes. Cost of crediting is computed as the cost of crediting for deferred annuities and institutional products divided by the average net invested assets, excluding the investment in Apollo, for the relevant periods. Cost of crediting on deferred annuities is computed as the net interest credited on fixed strategies and option costs on indexed annuity strategies divided by the average net account value of our deferred annuities. Cost of crediting on institutional products is computed as the PRT and funding agreement costs divided by the average net institutional reserve liabilities. Our average net invested assets, excluding our investment in Apollo, net account values and net institutional reserve liabilities are averaged over the number of quarters in the relevant period to obtain our associated cost of crediting for such period. To enhance the ability to analyze these measures across periods, interim periods are annualized.
 - Other liability costs include DAC, DSI and VOBA amortization, change in rider reserves, the cost of liabilities on products other than deferred annuities and institutional products, excise taxes, premiums, product charges and other revenues. We believe a measure like other liability costs is useful in analyzing the trends of our core business operations and profitability. While we believe other liability costs is a meaningful financial metric and enhances our understanding of the underlying profitability drivers of our business, it should not be used as a substitute for total benefits and expenses presented under GAAP.
- Net investment earned rate, cost of funds, net investment spread and investment margin on deferred annuities are non-GAAP measures we use to evaluate the profitability of our business. We believe these metrics are useful in analyzing the trends of our business operations, profitability and pricing discipline. While we believe each of these metrics are meaningful financial metrics and enhance our understanding of the underlying profitability drivers of our business, they should not be used as a substitute for net investment income, interest sensitive contract benefits or total benefits and expenses presented under GAAP.
- Operating expenses excludes integration, restructuring and other non-operating expenses, stock compensation expense, interest expense and policy acquisition expenses. We believe a measure like operating expenses is useful in analyzing the trends of our core business operations and profitability. While we believe operating expenses is a meaningful financial metric and enhances our understanding of the underlying profitability drivers of our business, it should not be used as a substitute for policy and other operating expenses presented under GAAP.

NET INVESTED ASSETS

In managing our business, we analyze net invested assets, which does not correspond to total investments, including investments in related parties, as disclosed in our consolidated financial statements and notes thereto. Net invested assets represents the investments that directly back our net reserve liabilities as well as surplus assets. Net invested assets, excluding our investment in Apollo, is used in the computation of net investment earned rate, which allows us to analyze the profitability of our investment portfolio. Net invested assets includes (a) total investments on the consolidated balance sheets with AFS securities at cost or amortized cost, excluding derivatives, (b) cash and cash equivalents and restricted cash, (c) investments in related parties, (d) accrued investment income, (e) VIE assets, liabilities and noncontrolling interest adjustments, (f) net investment payables and receivables, (g) policy loans ceded (which offset the direct policy loans in total investments) and (h) an allowance for credit losses. Net invested assets also excludes assets associated with funds withheld liabilities related to business exited through reinsurance agreements and derivative collateral (offsetting the related cash positions). We include the underlying investments supporting our assumed funds withheld and modco agreements in our net invested assets calculation in order to match the assets with the income received. We believe the adjustments for reinsurance provide a view of the assets for which we have economic exposure. Net invested assets includes our proportionate share of ACRA investments, based on our economic ownership, but does not include the proportionate share of investments associated with the noncontrolling interest. Net invested assets also includes our investment in Apollo. Our net invested assets, excluding our investment in Apollo, are averaged over the number of quarters in the relevant period to compute our net investment earned rate for such period. While we believe net invested assets is a meaningful financial metric and enhances our understanding of the underlying drivers of our investment portfolio, it should not be used as a substitute for total investments, including related parties, presented under GAAP.

NET RESERVE LIABILITIES

In managing our business, we also analyze net reserve liabilities, which does not correspond to total liabilities as disclosed in our consolidated financial statements and notes thereto. Net reserve liabilities represent our policyholder liability obligations net of reinsurance and is used to analyze the costs of our liabilities. Net reserve liabilities include (a) the interest sensitive contract liabilities, (b) future policy benefits, (c) dividends payable to policyholders, and (d) other policy claims and benefits, offset by reinsurance recoverable, excluding policy loans ceded. Net reserve liabilities include our proportionate share of ACRA reserve liabilities, based on our economic ownership, but does not include the proportionate share of reserve liabilities associated with the noncontrolling interest. Net reserve liabilities is net of the ceded liabilities to third-party reinsurers as the costs of the liabilities are passed to such reinsurers and, therefore, we have no net economic exposure to such liabilities, assuming our reinsurance counterparties perform under our agreements. The majority of our ceded reinsurance is a result of reinsuring large blocks of life business following acquisitions. For such transactions, GAAP requires the ceded liabilities and related reinsurance recoverables to continue to be recorded in our consolidated financial statements despite the transfer of economic risk to the counterparty in connection with the reinsurance transaction. While we believe net reserve liabilities is a meaningful financial metric and enhances our understanding of the underlying profitability drivers of our business, it should not be used as a substitute for total liabilities presented under GAAP.

SALES

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

Non-GAAP Reconciliations

Unaudited (in millions, except per share data)



| | Quarterly Trends | | | | | Year-to-Date | |
|--|------------------|-----------------|-----------------|-----------------|-----------------|--------------|------|
| | 2Q'19 | 3Q'19 | 4Q'19 | 1Q'20 | 2Q'20 | 2019 | 2020 |
| RECONCILIATION OF BOOK VALUE PER COMMON SHARE TO ADJUSTED BOOK VALUE PER COMMON SHARE | | | | | | | |
| Book value per common share | \$ 66.69 | \$ 74.20 | \$ 76.21 | \$ 51.28 | \$ 75.87 | | |
| Preferred stock | (4.53) | (6.42) | (6.67) | (6.04) | (9.05) | | |
| AOCI | (9.49) | (13.38) | (12.98) | 6.06 | (11.26) | | |
| Accumulated change in fair value of reinsurance assets | (3.45) | (3.98) | (2.80) | 0.80 | (3.17) | | |
| Effect of items convertible to or settled in Class A common shares | 0.28 | 0.32 | 0.26 | (1.03) | (1.24) | | |
| Adjusted book value per common share | <u>\$ 49.50</u> | <u>\$ 50.74</u> | <u>\$ 54.02</u> | <u>\$ 51.07</u> | <u>\$ 51.15</u> | | |

RECONCILIATION OF AVERAGE AHL SHAREHOLDERS' EQUITY TO AVERAGE ADJUSTED AHL COMMON SHAREHOLDERS' EQUITY

| | | | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|
| Average AHL shareholders' equity | \$ 11,241 | \$ 12,955 | \$ 13,468 | \$ 11,666 | \$ 12,326 | \$ 10,321 | \$ 14,051 |
| Less: Average preferred stock | 420 | 1,006 | 1,172 | 1,172 | 1,464 | 420 | 1,464 |
| Less: Average AOCI | 1,233 | 2,101 | 2,362 | 554 | 505 | 644 | 2,233 |
| Less: Average accumulated change in fair value of reinsurance assets | 474 | 683 | 610 | 169 | 230 | 282 | 554 |
| Average adjusted AHL common shareholders' equity | <u>\$ 9,114</u> | <u>\$ 9,165</u> | <u>\$ 9,324</u> | <u>\$ 9,771</u> | <u>\$ 10,127</u> | <u>\$ 8,975</u> | <u>\$ 9,800</u> |
| Retirement Services | \$ 7,952 | \$ 7,598 | \$ 7,468 | \$ 7,722 | \$ 7,480 | \$ 7,755 | \$ 7,199 |
| Corporate and Other | 1,162 | 1,567 | 1,856 | 2,049 | 2,647 | 1,220 | 2,601 |
| Average adjusted AHL common shareholders' equity | <u>\$ 9,114</u> | <u>\$ 9,165</u> | <u>\$ 9,324</u> | <u>\$ 9,771</u> | <u>\$ 10,127</u> | <u>\$ 8,975</u> | <u>\$ 9,800</u> |

RECONCILIATION OF BASIC WEIGHTED AVERAGE COMMON SHARES OUTSTANDING – CLASS A TO WEIGHTED AVERAGE COMMON SHARES OUTSTANDING – ADJUSTED OPERATING

| | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Basic weighted average common shares outstanding – Class A | 158.5 | 151.6 | 144.5 | 161.4 | 193.9 | 159.4 | 177.6 |
| Conversion of Class B common shares to Class A common shares | 25.4 | 25.4 | 25.4 | 16.9 | — | 25.4 | 8.5 |
| Conversion of Class M common shares to Class A common shares | 5.1 | 4.9 | 5.2 | 3.2 | — | 5.1 | 1.3 |
| Effect of other stock compensation plans | 0.4 | 0.4 | 0.6 | — | 3.0 | 0.4 | 2.8 |
| Weighted average common shares outstanding – adjusted operating | <u>189.4</u> | <u>182.3</u> | <u>175.7</u> | <u>181.5</u> | <u>196.9</u> | <u>190.3</u> | <u>190.2</u> |

RECONCILIATION OF CLASS A COMMON SHARES OUTSTANDING TO ADJUSTED OPERATING COMMON SHARES OUTSTANDING

| | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--|--|
| Class A common shares outstanding | 152.6 | 149.8 | 142.8 | 193.9 | 193.9 | | |
| Conversion of Class B common shares to Class A common shares | 25.4 | 25.4 | 25.4 | — | — | | |
| Conversion of Class M common shares to Class A common shares | 5.3 | 5.1 | 5.5 | — | — | | |
| Effect of other stock compensation plans | 1.1 | 1.1 | 1.2 | 3.8 | 4.7 | | |
| Adjusted operating common shares outstanding | <u>184.4</u> | <u>181.4</u> | <u>174.9</u> | <u>197.7</u> | <u>198.6</u> | | |

Non-GAAP Reconciliations

Unaudited (in millions, except percentages)



| | Quarterly Trends | | | | | Year-to-Date | |
|---|------------------|---------------|---------------|----------------|---------------|---------------|---------------|
| | 2Q'19 | 3Q'19 | 4Q'19 | 1Q'20 | 2Q'20 | 2019 | 2020 |
| RECONCILIATION OF NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS TO ADJUSTED OPERATING INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS EXCLUDING NOTABLES AND AOG | | | | | | | |
| Net income (loss) available to Athene Holding Ltd. common shareholders | \$ 720 | \$ 276 | \$ 432 | \$ (1,065) | \$ 824 | \$ 1,428 | \$ (241) |
| Less: Total non-operating adjustments | 350 | 33 | 43 | (957) | 334 | 771 | (623) |
| Adjusted operating income (loss) available to common shareholders | 370 | 243 | 389 | (108) | 490 | 657 | 382 |
| Notable items | — | 62 | (43) | 43 | (20) | — | 25 |
| Adjusted operating income (loss) available to common shareholders excluding notable items | <u>\$ 370</u> | <u>\$ 305</u> | <u>\$ 346</u> | <u>\$ (65)</u> | <u>\$ 470</u> | <u>\$ 657</u> | <u>\$ 407</u> |
| Retirement Services adjusted operating income available to common shareholders | \$ 376 | \$ 256 | \$ 404 | \$ 204 | \$ 208 | \$ 662 | \$ 412 |
| Rider reserve and DAC equity market performance | — | 5 | (25) | 50 | (22) | — | 28 |
| Actuarial updates | — | — | (22) | — | — | — | — |
| Out of period actuarial adjustments | — | 13 | — | — | — | — | — |
| Unlocking | — | 48 | — | — | — | — | — |
| Tax impact of notable items | — | (4) | 4 | (7) | 2 | — | (3) |
| Retirement Services notable items | — | 62 | (43) | 43 | (20) | — | 25 |
| Retirement Services adjusted operating income available to common shareholders excluding notable items | 376 | 318 | 361 | 247 | 188 | 662 | 437 |
| Corporate and Other adjusted operating income (loss) available to common shareholders | (6) | (13) | (15) | (312) | 282 | (5) | (30) |
| Adjusted operating income (loss) available to common shareholders excluding notable items | 370 | 305 | 346 | (65) | 470 | 657 | 407 |
| Less: Change in fair value of Apollo investment, net of tax | — | — | — | (239) | 372 | — | 133 |
| Adjusted operating income available to common shareholders excluding notables and AOG | <u>\$ 370</u> | <u>\$ 305</u> | <u>\$ 346</u> | <u>\$ 174</u> | <u>\$ 98</u> | <u>\$ 657</u> | <u>\$ 274</u> |

Non-GAAP Reconciliations

Unaudited (in millions, except percentages)



| | Quarterly Trends | | | | | Year-to-Date | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2Q'19 | 3Q'19 | 4Q'19 | 1Q'20 | 2Q'20 | 2019 | 2020 |
| RECONCILIATION OF NET INVESTMENT INCOME TO NET INVESTMENT EARNINGS | | | | | | | |
| GAAP net investment income | \$ 1,182 | \$ 1,090 | \$ 1,242 | \$ 745 | \$ 1,336 | \$ 2,264 | \$ 2,081 |
| Change in fair value of reinsurance assets | 161 | 199 | 188 | 270 | 218 | 293 | 488 |
| Alternative income gain (loss) | 12 | 6 | (12) | (101) | 56 | 7 | (45) |
| ACRA noncontrolling interest | — | — | (61) | (72) | (81) | — | (153) |
| Apollo investment (income) loss | — | — | — | 297 | (481) | — | (184) |
| Held for trading amortization and other | (10) | (3) | (18) | 12 | (8) | (16) | 4 |
| Total adjustments to arrive at net investment earnings | 163 | 202 | 97 | 406 | (296) | 284 | 110 |
| Total net investment earnings | <u>\$ 1,345</u> | <u>\$ 1,292</u> | <u>\$ 1,339</u> | <u>\$ 1,151</u> | <u>\$ 1,040</u> | <u>\$ 2,548</u> | <u>\$ 2,191</u> |
| Retirement Services | \$ 1,321 | \$ 1,264 | \$ 1,306 | \$ 1,184 | \$ 1,075 | \$ 2,492 | \$ 2,259 |
| Corporate and Other | 24 | 28 | 33 | (33) | (35) | 56 | (68) |
| Total net investment earnings | <u>\$ 1,345</u> | <u>\$ 1,292</u> | <u>\$ 1,339</u> | <u>\$ 1,151</u> | <u>\$ 1,040</u> | <u>\$ 2,548</u> | <u>\$ 2,191</u> |
| RECONCILIATION OF NET INVESTMENT INCOME RATE TO NET INVESTMENT EARNED RATE | | | | | | | |
| GAAP net investment income rate | 4.10 % | 3.67 % | 4.28 % | 2.51 % | 4.22 % | 3.98 % | 3.39 % |
| Change in fair value of reinsurance assets | 0.56 % | 0.67 % | 0.65 % | 0.90 % | 0.69 % | 0.52 % | 0.79 % |
| Alternative income gain (loss) | 0.04 % | 0.02 % | (0.04)% | (0.34)% | 0.18 % | 0.01 % | (0.08)% |
| ACRA noncontrolling interest | — % | — % | (0.21)% | (0.24)% | (0.26)% | — % | (0.25)% |
| Apollo investment (income) loss | — % | — % | — % | 1.00 % | (1.52)% | — % | (0.30)% |
| Held for trading amortization and other | (0.03)% | (0.01)% | (0.06)% | 0.04 % | (0.02)% | (0.03)% | 0.01 % |
| Total adjustments to arrive at net investment earned rate | 0.57 % | 0.68 % | 0.34 % | 1.36 % | (0.93)% | 0.50 % | 0.17 % |
| Consolidated net investment earned rate | <u>4.67 %</u> | <u>4.35 %</u> | <u>4.62 %</u> | <u>3.87 %</u> | <u>3.29 %</u> | <u>4.48 %</u> | <u>3.56 %</u> |
| Retirement Services | 4.63 % | 4.31 % | 4.57 % | 4.04 % | 3.44 % | 4.42 % | 3.73 % |
| Corporate and Other | 8.39 % | 7.28 % | 7.16 % | (8.14)% | (8.91)% | 10.05 % | (7.94)% |
| Consolidated net investment earned rate | <u>4.67 %</u> | <u>4.35 %</u> | <u>4.62 %</u> | <u>3.87 %</u> | <u>3.29 %</u> | <u>4.48 %</u> | <u>3.56 %</u> |
| Retirement Services | \$ 114,059 | \$ 117,338 | \$ 114,149 | \$ 117,295 | \$ 124,943 | \$ 112,711 | \$ 121,213 |
| Corporate and Other ex. Apollo investment | 1,162 | 1,567 | 1,837 | 1,624 | 1,567 | 1,113 | 1,712 |
| Consolidated average net invested assets ex. Apollo investment | <u>\$ 115,221</u> | <u>\$ 118,905</u> | <u>\$ 115,986</u> | <u>\$ 118,919</u> | <u>\$ 126,510</u> | <u>\$ 113,824</u> | <u>\$ 122,925</u> |

Non-GAAP Reconciliations

Unaudited (in millions, except percentages)



| | Quarterly Trends | | | | | Year-to-Date | |
|--|------------------|---------------|---------------|---------------|---------------|-----------------|-----------------|
| | 2Q'19 | 3Q'19 | 4Q'19 | 1Q'20 | 2Q'20 | 2019 | 2020 |
| RECONCILIATION OF INTEREST SENSITIVE CONTRACT BENEFITS TO COST OF CREDITING | | | | | | | |
| GAAP interest sensitive contract benefits | \$ 1,094 | \$ 801 | \$ 1,146 | \$ (1,319) | \$ 2,076 | \$ 2,610 | \$ 757 |
| Interest credited other than deferred annuities and institutional products | 50 | 63 | 64 | 63 | 75 | 105 | 138 |
| FIA option costs | 280 | 282 | 269 | 266 | 271 | 558 | 537 |
| Product charges (strategy fees) | (29) | (31) | (31) | (32) | (34) | (57) | (66) |
| Reinsurance embedded derivative impacts | 14 | 14 | 14 | 14 | 15 | 29 | 29 |
| Change in fair values of embedded derivatives – FIAs | (868) | (560) | (905) | 1,504 | (1,734) | (2,179) | (230) |
| Negative VOBA amortization | 7 | 9 | 8 | 7 | 5 | 19 | 12 |
| ACRA noncontrolling interest | — | — | (42) | 38 | (113) | — | (75) |
| Other changes in interest sensitive contract liabilities | (1) | (2) | (2) | (1) | (1) | (3) | (2) |
| Total adjustments to arrive at cost of crediting | (547) | (225) | (625) | 1,859 | (1,516) | (1,528) | 343 |
| Retirement Services cost of crediting | <u>\$ 547</u> | <u>\$ 576</u> | <u>\$ 521</u> | <u>\$ 540</u> | <u>\$ 560</u> | <u>\$ 1,082</u> | <u>\$ 1,100</u> |
| GAAP interest sensitive contract benefits | 3.84 % | 2.73 % | 4.02 % | (4.50)% | 6.65 % | 4.63 % | 1.25 % |
| Interest credited other than deferred annuities and institutional products | 0.18 % | 0.21 % | 0.23 % | 0.21 % | 0.24 % | 0.19 % | 0.22 % |
| FIA option costs | 0.98 % | 0.96 % | 0.94 % | 0.91 % | 0.86 % | 0.99 % | 0.88 % |
| Product charges (strategy fees) | (0.10)% | (0.10)% | (0.11)% | (0.11)% | (0.11)% | (0.10)% | (0.11)% |
| Reinsurance embedded derivative impacts | 0.05 % | 0.05 % | 0.05 % | 0.05 % | 0.05 % | 0.05 % | 0.05 % |
| Change in fair values of embedded derivatives – FIAs | (3.05)% | (1.91)% | (3.17)% | 5.13 % | (5.55)% | (3.86)% | (0.38)% |
| Negative VOBA amortization | 0.02 % | 0.03 % | 0.03 % | 0.02 % | 0.02 % | 0.03 % | 0.02 % |
| ACRA noncontrolling interest | — % | — % | (0.15)% | 0.13 % | (0.37)% | — % | (0.12)% |
| Other changes in interest sensitive contract liabilities | — % | (0.01)% | (0.01)% | — % | — % | (0.01)% | — % |
| Total adjustments to arrive at cost of crediting | (1.92)% | (0.77)% | (2.19)% | 6.34 % | (4.86)% | (2.71)% | 0.56 % |
| Retirement Services cost of crediting | <u>1.92 %</u> | <u>1.96 %</u> | <u>1.83 %</u> | <u>1.84 %</u> | <u>1.79 %</u> | <u>1.92 %</u> | <u>1.81 %</u> |
| Retirement Services cost of crediting on deferred annuities | 1.98 % | 1.98 % | 1.95 % | 1.91 % | 1.94 % | 1.98 % | 1.92 % |
| Retirement Services cost of crediting on institutional products | 3.76 % | 3.68 % | 2.85 % | 3.31 % | 2.87 % | 3.73 % | 3.08 % |
| Retirement Services cost of crediting | 1.92 % | 1.96 % | 1.83 % | 1.84 % | 1.79 % | 1.92 % | 1.81 % |
| Retirement Services average net invested assets | \$ 114,059 | \$ 117,338 | \$ 114,149 | \$ 117,295 | \$ 124,943 | \$ 112,711 | \$ 121,213 |
| Average net account value on deferred annuities | 90,675 | 91,467 | 87,660 | 88,119 | 92,814 | 90,261 | 90,654 |
| Average institutional net reserve liabilities | 10,470 | 13,320 | 12,931 | 14,250 | 15,233 | 10,140 | 14,742 |

Non-GAAP Reconciliations

Unaudited (in millions)



| | Quarterly Trends | | | | | Year-to-Date | |
|--|------------------|----------|----------|----------|----------|--------------|----------|
| | 2Q'19 | 3Q'19 | 4Q'19 | 1Q'20 | 2Q'20 | 2019 | 2020 |
| RECONCILIATION OF BENEFITS AND EXPENSES TO OTHER LIABILITY COSTS | | | | | | | |
| GAAP benefits and expenses | \$ 2,673 | \$ 4,305 | \$ 2,723 | \$ (167) | \$ 3,317 | \$ 6,928 | \$ 3,150 |
| Premiums | (787) | (2,688) | (907) | (1,140) | (355) | (2,787) | (1,495) |
| Product charges | (132) | (135) | (132) | (140) | (141) | (257) | (281) |
| Other revenues | (9) | (6) | (10) | 2 | (18) | (21) | (16) |
| Cost of crediting | (253) | (280) | (238) | (259) | (275) | (495) | (534) |
| Change in fair value of embedded derivatives - FIA, net of offsets | (817) | (497) | (1,003) | 1,456 | (1,445) | (2,077) | 11 |
| DAC, DSI and VOBA amortization related to investment gains and losses | (181) | (151) | 28 | 425 | (323) | (354) | 102 |
| Rider reserves | (24) | (9) | 3 | 76 | (46) | (52) | 30 |
| Policy and other operating expenses, excluding policy acquisition expenses | (117) | (130) | (138) | (117) | (145) | (220) | (262) |
| AmerUs closed block fair value liability | (59) | (46) | 6 | 45 | (100) | (112) | (55) |
| ACRA noncontrolling interest | — | — | (74) | 165 | (241) | — | (76) |
| Other | 1 | (5) | 1 | (4) | (13) | 2 | (17) |
| Total adjustments to arrive at other liability costs | (2,378) | (3,947) | (2,464) | 509 | (3,102) | (6,373) | (2,593) |
| Other liability costs | \$ 295 | \$ 358 | \$ 259 | \$ 342 | \$ 215 | \$ 555 | \$ 557 |
| Retirement Services | \$ 295 | \$ 358 | \$ 259 | \$ 342 | \$ 215 | \$ 555 | \$ 557 |
| Corporate and Other | — | — | — | — | — | — | — |
| Consolidated other liability costs | \$ 295 | \$ 358 | \$ 259 | \$ 342 | \$ 215 | \$ 555 | \$ 557 |
| RECONCILIATION OF POLICY AND OTHER OPERATING EXPENSES TO OPERATING EXPENSES | | | | | | | |
| Policy and other operating expenses | \$ 185 | \$ 194 | \$ 200 | \$ 188 | \$ 218 | \$ 350 | \$ 406 |
| Interest expense | (15) | (15) | (20) | (20) | (29) | (32) | (49) |
| Policy acquisition expenses, net of deferrals | (69) | (63) | (62) | (71) | (73) | (131) | (144) |
| Integration, restructuring and other non-operating expenses | (11) | (34) | (24) | (4) | (9) | (12) | (13) |
| Stock compensation expenses | (3) | (3) | (3) | (10) | — | (6) | (10) |
| ACRA noncontrolling interest | — | — | (5) | (4) | (19) | — | (23) |
| Total adjustments to arrive at operating expenses | (98) | (115) | (114) | (109) | (130) | (181) | (239) |
| Operating expenses | \$ 87 | \$ 79 | \$ 86 | \$ 79 | \$ 88 | \$ 169 | \$ 167 |
| Retirement Services | \$ 68 | \$ 67 | \$ 69 | \$ 68 | \$ 71 | \$ 130 | \$ 139 |
| Corporate and Other | 19 | 12 | 17 | 11 | 17 | 39 | 28 |
| Consolidated operating expenses | \$ 87 | \$ 79 | \$ 86 | \$ 79 | \$ 88 | \$ 169 | \$ 167 |

Non-GAAP Reconciliations

Unaudited (in millions)



| | December 31, 2019 | June 30, 2020 |
|--|-------------------|---------------|
| RECONCILIATION OF TOTAL INVESTMENTS INCLUDING RELATED PARTIES TO NET INVESTED ASSETS | | |
| Total investments, including related parties | \$ 130,550 | \$ 163,039 |
| Derivative assets | (2,888) | (2,379) |
| Cash and cash equivalents (including restricted cash) | 4,639 | 7,521 |
| Accrued investment income | 807 | 836 |
| Payables for collateral on derivatives | (2,743) | (2,117) |
| Reinsurance funds withheld and modified coinsurance | (1,440) | (203) |
| VIE and VOE assets, liabilities and noncontrolling interest | 25 | (18) |
| Unrealized (gains) losses | (4,095) | (3,782) |
| Ceded policy loans | (235) | (225) |
| Net investment receivables (payables) | (57) | (1,281) |
| Allowance for credit losses | — | 574 |
| Total adjustments to arrive at gross invested assets | (5,987) | (1,074) |
| Gross invested assets | 124,563 | 161,965 |
| ACRA noncontrolling interest | (7,077) | (24,696) |
| Net invested assets | \$ 117,486 | \$ 137,269 |
| RECONCILIATION OF INVESTMENT FUNDS INCLUDING RELATED PARTIES TO NET ALTERNATIVE INVESTMENTS | | |
| Investment funds, including related parties | \$ 4,300 | \$ 5,960 |
| Nonredeemable preferred stock included in equity securities | 78 | — |
| CLO and ABS equities included in trading securities | 405 | 504 |
| Investment in Apollo | — | (1,313) |
| Investment funds within funds withheld at interest | 807 | 916 |
| Royalties and other assets included in other investments | 67 | 85 |
| Unrealized (gains) losses and other adjustments | 8 | 8 |
| ACRA noncontrolling interest | (79) | (78) |
| Total adjustments to arrive at net alternative investments | 1,286 | 122 |
| Net alternative investments | \$ 5,586 | \$ 6,082 |
| RECONCILIATION OF TOTAL LIABILITIES TO NET RESERVE LIABILITIES | | |
| Total liabilities | \$ 132,734 | \$ 167,602 |
| Short-term debt | (475) | — |
| Long-term debt | (992) | (1,486) |
| Derivative liabilities | (97) | (118) |
| Payables for collateral on derivatives and securities to repurchase | (3,255) | (3,118) |
| Funds withheld liability | (408) | (427) |
| Other liabilities | (1,181) | (1,486) |
| Reinsurance ceded receivables | (4,863) | (5,310) |
| Policy loans ceded | (235) | (225) |
| ACRA noncontrolling interest | (6,574) | (24,094) |
| Other | (2) | (5) |
| Total adjustments to arrive at net reserve liabilities | (18,082) | (36,269) |
| Net reserve liabilities | \$ 114,652 | \$ 131,333 |