

FORM 10-K

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

For the fiscal year ended December 31, 2021

or

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

Commission File Number: 001-37963



ATHENE HOLDING LTD.

(Exact name of registrant as specified in its charter)

Bermuda
(State or other jurisdiction of
incorporation or organization)

98-0630022
(I.R.S. Employer
Identification Number)

**Second Floor, Washington House
16 Church Street
Hamilton, HM 11, Bermuda
(441) 279-8400**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbols	Name of each exchange on which registered
Depository Shares, each representing a 1/1,000 th interest in a 6.35% Fixed-to-Floating Rate Perpetual Non-Cumulative Preference Share, Series A	ATHPrA	New York Stock Exchange
Depository Shares, each representing a 1/1,000 th interest in a 5.625% Fixed-Rate Perpetual Non-Cumulative Preference Share, Series B	ATHPrB	New York Stock Exchange
Depository Shares, each representing a 1/1,000 th interest in a 6.375% Fixed-Rate Reset Perpetual Non-Cumulative Preference Share, Series C	ATHPrC	New York Stock Exchange
Depository Shares, each representing a 1/1,000 th interest in a 4.875% Fixed-Rate Perpetual Non-Cumulative Preference Share, Series D	ATHPrD	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 30, 2021, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately \$9.0 billion. For purposes of this calculation, we define affiliates as directors, executive officers and shareholders possessing greater than 10% of our aggregate voting power.

As of January 31, 2022, 205,316,918 of our Class A common shares were outstanding, all of which are directly or indirectly held by Apollo Global Management, Inc.

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As used in this Annual Report on Form 10-K (report), unless the context otherwise indicates, any reference to “Athene,” “our Company,” “the Company,” “us,” “we” and “our” refer to Athene Holding Ltd. together with its consolidated subsidiaries and any reference to “AHL” refers to Athene Holding Ltd. only.

Forward-Looking Statements

Certain statements in this report are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (Securities Act) and Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act). You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as “anticipate,” “estimate,” “expect,” “project,” “plan,” “intend,” “seek,” “assume,” “believe,” “may,” “will,” “should,” “could,” “would,” “likely” and other words and terms of similar meaning, including the negative of these or similar words and terms, in connection with any discussion of the timing or nature of future operating or financial performance or other events. However, not all forward-looking statements contain these identifying words. Forward-looking statements appear in a number of places throughout and give our current expectations and projections relating to our business, financial condition, results of operations, plans, strategies, objectives, future performance and other matters.

We caution you that forward-looking statements are not guarantees of future performance and that our actual consolidated financial condition, results of operations, liquidity, cash flows and performance may differ materially from that made in or suggested by the forward-looking statements contained in this report. A number of important factors could cause actual results or conditions to differ materially from those contained or implied by the forward-looking statements, including the risks discussed in *Item 1A. Risk Factors*. Factors that could cause actual results or conditions to differ from those reflected in the forward-looking statements contained in this report include:

- the accuracy of management’s assumptions and estimates;
- variability in the amount of statutory capital that our insurance and reinsurance subsidiaries have or are required to hold;
- interest rate and/or foreign currency fluctuations;
- our potential need for additional capital in the future and the potential unavailability of such capital to us on favorable terms or at all;
- major public health issues, and specifically the pandemic caused by the effects of the spread of the Coronavirus Disease of 2019 (COVID-19);
- changes in relationships with important parties in our product distribution network;
- the activities of our competitors and our ability to grow our retail business in a highly competitive environment;
- the impact of general economic conditions on our ability to sell our products and on the fair value of our investments;
- our ability to successfully acquire new companies or businesses and/or integrate such acquisitions into our existing framework;
- downgrades, potential downgrades or other negative actions by rating agencies;
- our dependence on key executives and inability to attract qualified personnel, or the potential loss of Bermudian personnel as a result of Bermuda employment restrictions;
- market and credit risks that could diminish the value of our investments;
- changes to the creditworthiness of our reinsurance and derivative counterparties;
- the discontinuation of London Inter-bank Offered Rate (LIBOR);
- changes in consumer perception regarding the desirability of annuities as retirement savings products;
- potential litigation (including class action litigation), enforcement investigations or regulatory scrutiny against us and our subsidiaries, which we may be required to defend against or respond to;
- the impact of new accounting rules or changes to existing accounting rules on our business;
- interruption or other operational failures in telecommunication and information technology and other operating systems, as well as our ability to maintain the security of those systems;
- the termination by Apollo Global Management, Inc. (AGM) or any of its subsidiaries (collectively, AGM together with its subsidiaries, Apollo) of its investment management agreements with us and limitations on our ability to terminate such arrangements;
- Apollo’s dependence on key executives and inability to attract qualified personnel;
- the failure to realize the expected benefits from our merger with AGM;
- the accuracy of our estimates regarding the future performance of our investment portfolio;
- increased regulation or scrutiny of alternative investment advisers and certain trading methods;
- potential changes to laws or regulations affecting, among other things, group supervision and/or group capital requirements, entity-level regulatory capital standards, transactions with our affiliates, the ability of our subsidiaries to make dividend payments or distributions to AHL, acquisitions by or of us, minimum capitalization and statutory reserve requirements for insurance companies and fiduciary obligations on parties who distribute our products;
- the failure to obtain or maintain licenses and/or other regulatory approvals as required for the operation of our insurance subsidiaries;
- increases in our tax liability resulting from the Base Erosion and Anti-Abuse Tax (BEAT) or otherwise;
- improper interpretation or application of Public Law no. 115-97, the Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018 (Tax Act) or subsequent changes to, clarifications of or guidance under the Tax Act that is counter to our interpretation and has retroactive effect;
- AHL or any of its non-United States (US) subsidiaries becoming subject to US federal income taxation;
- adverse changes in US tax law;

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- changes in our ability to pay dividends or make distributions;
- the failure to achieve the economic benefits expected to be derived from the Athene Co-Invest Reinsurance Affiliate Holding Ltd. (together, with its subsidiaries, ACRA) capital raise or future ACRA capital raises;
- the failure of third-party ACRA investors to fund their capital commitment obligations; and
- other risks and factors listed under *Item 1A. Risk Factors* and those discussed elsewhere in this report.

We caution you that the important factors referenced above may not be exhaustive. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect or anticipate. In light of these risks, you should not place undue reliance upon any forward-looking statements contained in this report. Unless an earlier date is specified, the forward-looking statements included in this report are made only as of the date that this report was filed with the US Securities and Exchange Commission (SEC). We undertake no obligation, except as may be required by law, to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise. Comparisons of results for current and any prior periods are not intended to express any future trends, or indications of future performance, unless expressed as such, and should only be viewed as historical data.

Risk Factor Summary

Our business faces significant risks. In addition to the summary below, you should carefully review Item 1A. Risk Factors. These risks should be read in conjunction with the other information in this report. Capitalized terms used below and not previously defined herein shall have the respective meanings set forth elsewhere in this report. The factors that make an investment in our business speculative or risky include:

- Our business, financial condition, results of operations, liquidity and cash flows depend on the accuracy of our management's assumptions and estimates, and we could experience significant gains or losses if these assumptions and estimates differ significantly from actual results.
- Major public health issues, and specifically the pandemic caused by the spread of COVID-19, could have an adverse impact on our financial condition, results of operations, liquidity, cash flows and other aspects of our business.
- Interruption or other operational failures in telecommunications, information technology and other operational systems or a failure to maintain the security, integrity, confidentiality or privacy of sensitive data residing on those systems, including as a result of human error, could have a material adverse effect on our business.
- A financial strength rating downgrade, potential downgrade or any other negative action by a rating agency could make our product offerings less attractive, inhibit our ability to acquire future business through acquisitions or reinsurance and increase our cost of capital, which could have a material adverse effect on our business
- We rely significantly on third parties for various services, and we may be held responsible for obligations that arise from the acts or omissions of third parties under their respective agreements with us if they are deemed to have acted on our behalf.
- Uncertainty relating to the LIBOR calculation process and the phasing out of LIBOR after a future date may adversely affect the value of our investment portfolio, our ability to achieve our hedging objectives and our ability to issue funding agreements bearing a floating rate of interest.
- We are subject to significant operating and financial restrictions imposed by our credit agreement and we are also subject to certain operating restrictions imposed by the indenture to which we are a party.
- We operate in a highly competitive industry that includes a number of competitors, which could limit our ability to achieve our growth strategies and could materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.
- If we are unable to attract and retain IMOs, agents, banks and broker-dealers, sales of our products may be adversely affected.
- Our growth strategy includes acquisitions and block reinsurance transactions, and our ability to consummate these transactions on economically advantageous terms acceptable to us in the future is unknown.
- Our business in Bermuda could be adversely affected by Bermuda employment restrictions.
- As a financial services company, we are exposed to liquidity risk, which is the risk that we are unable to meet near-term obligations as they come due.
- The amount of statutory capital that our insurance and reinsurance subsidiaries have, or that they are required to hold, can vary significantly from time to time and is sensitive to a number of factors outside of our control.
- Repurchase agreement programs subject us to potential liquidity and other risks.
- Our investments are subject to market and credit risks that could diminish their value and these risks could be greater during periods of extreme volatility or disruption in the financial and credit markets, which could adversely impact our business, financial condition, results of operations, liquidity and cash flows.
- Interest rate fluctuations could adversely affect our business, financial condition, results of operations, liquidity and cash flows.
- We are subject to the credit risk of our counterparties, including ceding companies that reinsure business to ALRe, reinsurers that assume liabilities from our subsidiaries, plan sponsors that transfer pension obligations to our subsidiaries and derivative counterparties.
- Our investment portfolio may be subject to concentration risk, particularly with respect to single issuers, including MidCap, Athora, PK AirFinance, Wheels/Donlen and SoftBank, among others; industries, including financial services; and asset classes, including real estate.
- Many of our invested assets are relatively illiquid and we may fail to realize profits from these assets for a considerable period of time, or lose some or all of the principal amount we invest in these assets if we are required to sell our invested assets at a loss at inopportune times to cover policyholder withdrawals or to meet our insurance, reinsurance or other obligations.
- Our investments linked to real estate are subject to credit risk, market risk, servicing risk, loss from catastrophic events and other risks, which could diminish the value that we obtain from such investments.
- Our investment portfolio may include investments in securities of issuers based outside the US, including emerging markets, which may be riskier than securities of US issuers.
- While we seek to hedge foreign currency risks, foreign currency fluctuations may reduce our net income and our capital levels, adversely affecting our financial condition.
- Climate change and environmental, social and governance requirements may adversely impact our results of operations.
- Financial markets have been subject to inflationary pressures, and continued rising inflation may adversely impact our business and results of operations.
- There are potential conflicts of interests between Apollo, our corporate parent, and the holders of our preferred shares.
- We rely on our investment management agreements with Apollo for the management of our investment portfolio. Apollo may terminate these arrangements at any time, and there are limitations on our ability to terminate investment management agreements covering assets backing reserves and surplus in ACRA, which may adversely affect our investment results.

- Interruption or other operational failures in telecommunications, information technology and other operational systems at Apollo or a failure to maintain the security, integrity, confidentiality or privacy of sensitive data residing on Apollo's systems, including as a result of human error, could have a material adverse effect on our business.
- The historical investment portfolio performance of Apollo should not be considered as indicative of the future results of our investment portfolio or our future results or our ability to declare and pay dividends on our preferred shares.
- The returns that we expect to achieve on our investment portfolio may not be realized.
- Our industry is highly regulated and we are subject to significant legal restrictions and these restrictions may have a material adverse effect on our business, financial condition, results of operations, liquidity, cash flows and prospects.
- Our failure to obtain or maintain licenses and/or other regulatory approvals as required for the operations of our insurance subsidiaries may have a material adverse effect on our business, financial condition, results of operations, liquidity, cash flows and prospects.
- Changes in the laws and regulations governing the insurance industry or otherwise applicable to our business, may have a material adverse effect on our business, financial condition, results of operations, liquidity, cash flows and prospects.
- The BEAT may significantly increase our tax liability.
- AHL or its non-US subsidiaries may be subject to US federal income taxation in an amount greater than expected.
- US persons who own our equity securities may be subject to US federal income taxation at ordinary income rates on our undistributed earnings and profits.
- US persons who own our equity securities may be subject to US federal income taxation at ordinary income rates on a disproportionate share of our undistributed earnings and profits attributable to RPII.
- US persons who dispose of our equity securities may be required to treat any gain as ordinary income for US federal income tax purposes and comply with other specified reporting requirements.
- US tax-exempt organizations that own our equity securities may recognize unrelated business taxable income.
- US persons who own our equity securities may be subject to adverse tax consequences if AHL is considered a passive foreign investment company for US federal income tax purposes.
- Changes in US tax law might adversely affect us or holders of our equity securities.
- Changes in US tax law might adversely affect demand for our products.
- There is US income tax risk associated with reinsurance between US insurance companies and their Bermuda affiliates.
- We are subject to the risk that Bermuda tax laws may change and that we may become subject to new Bermuda taxes following the expiration of a current exemption after 2035.
- The impact of the Organisation for Economic Co-operation and Development's recommendations on base erosion and profit shifting is uncertain and could impose adverse tax consequences on us.
- The impact of DAC 6 and other mandatory disclosure rules.
- Changes in UK tax law could increase the amount of UK tax we are required to pay.
- Holders of our securities may have difficulty effecting service of process on us or enforcing judgments against us in the United States.
- Our choice of forum provisions in our bye-laws may limit your ability to bring suits against us or our directors and officers.
- US persons who own our securities may have more difficulty in protecting their interests than US persons who are securityholders of a US corporation.
- AHL is a holding company with limited operations of its own. As a consequence, AHL's ability to pay dividends on its securities and to make timely payments on its debt obligations will depend on the ability of its subsidiaries to make distributions or other payments to it, which may be restricted by law.
- Coordinating the businesses of AAM and AHL may be more difficult, costly or time-consuming than expected and AGM may fail to realize the anticipated benefits of the Mergers.
- We may be the target or subject of, and may be required to defend against or respond to, litigation, regulatory investigations or enforcement actions.

GLOSSARY OF SELECTED TERMS

Unless otherwise indicated in this report, the following terms have the meanings set forth below:

Entities

Term or Acronym	Definition
A-A Mortgage	A-A Mortgage Opportunities, L.P.
AADE	Athene Annuity & Life Assurance Company
AAIA	Athene Annuity and Life Company
AAM	Apollo Asset Management, Inc., formerly known as Apollo Global Management, Inc.
AARe	Athene Annuity Re Ltd., a Bermuda reinsurance subsidiary
ACRA	Athene Co-Invest Reinsurance Affiliate Holding Ltd., together with its subsidiaries
ACRA 1A	Athene Co-Invest Reinsurance Affiliate 1A Ltd., a Bermuda reinsurance subsidiary
ACRA HoldCo	Athene Co-Invest Reinsurance Affiliate Holding Ltd.
ADIP	Apollo/Athene Dedicated Investment Program
AGM	Apollo Global Management, Inc.
AHL	Athene Holding Ltd.
ALRe	Athene Life Re Ltd., a Bermuda reinsurance subsidiary
ALReI	Athene Life Re International Ltd., a Bermuda reinsurance subsidiary
AmeriHome	AmeriHome Mortgage Company, LLC
Apollo	Apollo Global Management, Inc., together with its subsidiaries (other than us or our subsidiaries)
Apollo Group	(i) AGM and AGM's subsidiaries, including AAM, (ii) any investment fund or other collective investment vehicle whose general partner or managing member is owned, directly or indirectly, by clause (i), (iii) BRH Holdings GP, Ltd. and each of its shareholders, (iv) any executive officer or employee of AGM or AGM's subsidiaries, and (v) any affiliate of a person described in clauses (i), (ii), (iii) or (iv) above; provided none of AHL or its subsidiaries (other than ACRA HoldCo and ACRA HoldCo's subsidiaries) will be deemed to be a member of the Apollo Group
AUSA	Athene USA Corporation
Athora	Athora Holding Ltd.
BMA	Bermuda Monetary Authority
DOL	United States Department of Labor
ISG	Apollo Insurance Solutions Group LP
Jackson	Jackson Financial, Inc., together with its subsidiaries
LIMRA	Life Insurance and Market Research Association
MidCap	MidCap FinCo Designated Activity Company
NAIC	National Association of Insurance Commissioners
NYSDFS	New York State Department of Financial Services
RLI	ReliaStar Life Insurance Company
Treasury	United States Department of the Treasury
VIAC	Venerable Insurance and Annuity Company
Venerable	Venerable Holdings, Inc., together with its subsidiaries
Wheels/Donlen	Wheels, Inc. (Wheels), merged with Donlen LLC (Donlen)

Certain Terms & Acronyms

Term or Acronym	Definition
ABS	Asset-backed securities
ACL	Authorized control level RBC as defined by the model created by the National Association of Insurance Commissioners
ALM	Asset liability management
Alternative investments	Alternative investments, including investment funds, CLO equity positions and certain other debt instruments considered to be equity-like
Base of earnings	Earnings generated from our results of operations and the underlying profitability drivers of our business
BEAT	Base Erosion and Anti-Abuse Tax
Bermuda capital	The capital of Athene’s non-US reinsurance subsidiaries calculated under US statutory accounting principles, including that for policyholder reserve liabilities which are subjected to US cash flow testing requirements, but (i) excluding certain items that do not exist under our applicable Bermuda requirements, such as interest maintenance reserves and (ii) including certain Bermuda statutory accounting differences, such as marking to market of inception date investment gains or losses relating to reinsurance transactions. Bermuda capital may from time to time materially differ from the calculation of statutory capital under US statutory accounting principles primarily due to the foregoing differences.
Bermuda RBC	The risk-based capital ratio of Athene’s non-US reinsurance subsidiaries by applying NAIC risk-based capital factors to the statutory financial statements on an aggregate basis. Adjustments are made to (i) exclude US subsidiaries which are included within our US RBC Ratio, (ii) exclude our interests in the AOG units and other non-insurance subsidiary holding companies from our capital base and (iii) limit RBC concentration charges such that when they are applied to determine target capital, the charges do not exceed 100% of the asset’s carrying value.
Block reinsurance	A transaction in which the ceding company cedes all or a portion of a block of previously issued annuity contracts through a reinsurance agreement
BSCR	Bermuda Solvency Capital Requirement
CAL	Company action level risk-based capital as defined by the model created by the National Association of Insurance Commissioners
CLO	Collateralized loan obligation
CMBS	Commercial mortgage-backed securities
CML	Commercial mortgage loans
Cost of crediting	The interest credited to the policyholders on our fixed annuities, including, with respect to our fixed indexed annuities, option costs, as well as institutional costs related to institutional products, presented on an annualized basis for interim periods
Cost of funds	Cost of funds includes liability costs related to cost of crediting on both deferred annuities and institutional products, as well as other liability costs. Cost of funds is computed as the total liability costs divided by the average net invested assets for the relevant period. Presented on an annualized basis for interim periods.
DAC	Deferred acquisition costs
Deferred annuities	Fixed indexed annuities, annual reset annuities, multi-year guaranteed annuities and registered index-linked annuities
DSI	Deferred sales inducement
Excess capital	Capital in excess of the level management believes is needed to support our current operating strategy
FIA	Fixed indexed annuity, which is an insurance contract that earns interest at a crediting rate based on a specified index on a tax-deferred basis
Fixed annuities	FIA’s together with fixed rate annuities
Fixed rate annuity	An insurance contract that offers tax-deferred growth and the opportunity to produce a guaranteed stream of retirement income for the lifetime of its policyholder
Flow reinsurance	A transaction in which the ceding company cedes a portion of newly issued policies to the reinsurer
GAAP	Accounting principles generally accepted in the United States of America
GLWB	Guaranteed lifetime withdrawal benefit
GMDB	Guaranteed minimum death benefit

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Term or Acronym	Definition
Gross invested assets	The sum of (a) total investments on the consolidated balance sheet with available-for-sale securities at amortized cost, excluding derivatives, (b) cash and cash equivalents and restricted cash, (c) investments in related parties, (d) accrued investment income, (e) consolidated variable interest entities' assets, liabilities and noncontrolling interest and (f) policy loans ceded (which offset the direct policy loans in total investments). Gross invested assets includes investments supporting assumed funds withheld and modco agreements and excludes assets associated with funds withheld liabilities related to business exited through reinsurance agreements and derivative collateral (offsetting the related cash positions). Gross invested assets includes the entire investment balance attributable to ACRA as ACRA is 100% consolidated
IMA	Investment management agreement
IMO	Independent marketing organization
Investment margin on deferred annuities	Investment margin applies to deferred annuities and is the excess of our net investment earned rate over the cost of crediting to our policyholders, presented on an annualized basis for interim periods
Liability outflows	The aggregate of withdrawals on our deferred annuities, maturities of our funding agreements, payments on payout annuities, and pension group annuity benefit payments
MCR	Minimum capital requirements
MMS	Minimum margin of solvency
Modco	Modified coinsurance
MVA	Market value adjustment
MYGA	Multi-year guaranteed annuity
Net invested assets	The sum of (a) total investments on the consolidated balance sheet with available-for-sale securities at amortized cost, excluding derivatives, (b) cash and cash equivalents and restricted cash, (c) investments in related parties, (d) accrued investment income, (e) consolidated variable interest entities' assets, liabilities and noncontrolling interest and (f) policy loans ceded (which offset the direct policy loans in total investments). Net invested assets includes investments supporting assumed funds withheld and modco agreements and excludes assets associated with funds withheld liabilities related to business exited through reinsurance agreements and derivative collateral (offsetting the related cash positions). Net invested assets includes our economic ownership of ACRA investments but does not include the investments associated with the noncontrolling interest
Net investment earned rate	Income from our net invested assets divided by the average net invested assets for the relevant period, presented on an annualized basis for interim periods
Net investment spread	Net investment spread measures our investment performance less the total cost of our liabilities, presented on an annualized basis for interim periods
Net reserve liabilities	The sum of (a) 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 also includes the reserves related to assumed modco agreements in order to appropriately match the costs incurred in the consolidated statements of income with the liabilities. 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. Net reserve liabilities is net of the reserve liabilities attributable to the ACRA noncontrolling interest
Other liability costs	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, as well as offsets for premiums, product charges and other revenues
Payout annuities	Annuities with a current cash payment component, which consist primarily of single premium immediate annuities, supplemental contracts and structured settlements
PGA	Pension group annuity, formerly referred to as pension risk transfer
Policy loan	A loan to a policyholder under the terms of, and which is secured by, a policyholder's policy
RBC	Risk-based capital
Rider reserves	Guaranteed lifetime withdrawal benefits and guaranteed minimum death benefits reserves
RMBS	Residential mortgage-backed securities
RML	Residential mortgage loan
Sales	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)
SPIA	Single premium immediate annuity
Surplus assets	Assets in excess of policyholder obligations, determined in accordance with the applicable domiciliary jurisdiction's statutory accounting principles
TAC	Total adjusted capital as defined by the model created by the NAIC
US RBC Ratio	The CAL RBC ratio for AADE, our parent US insurance company

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Term or Acronym	Definition
VIE	Variable interest entity
VOBA	Value of business acquired

PART I

Item 1. Business

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Item 1. Business

Overview

We are a leading financial services company specializing in retirement services that issues, reinsures and acquires retirement savings products designed for the increasing number of individuals and institutions seeking to fund retirement needs. We generate attractive financial results for our policyholders and shareholders by combining our two core competencies of (1) sourcing long-term, generally illiquid liabilities and (2) investing in a high-quality investment portfolio, which takes advantage of the illiquid nature of our liabilities. Our steady and significant base of earnings generates capital that we opportunistically invest across our business to source attractively-priced liabilities and capitalize on opportunities. Our differentiated investment strategy benefits from our relationship with Apollo, which provides a full suite of services for our investment portfolio, including direct investment management, asset allocation, mergers and acquisition asset diligence and certain operational support services, including investment compliance, tax, legal and risk management support. Our relationship with Apollo provides us with access to Apollo's investment professionals around the world as well as Apollo's global asset management infrastructure across a broad array of asset classes. We are led by a highly skilled management team with extensive industry experience. We are based in Bermuda with our US subsidiaries' headquarters located in Iowa. Effective January 1, 2022, as a result of the closing of the merger involving us and Apollo, Apollo Global Management, Inc. (NYSE: APO) became the beneficial owner of 100% of our Class A common shares and controls all of the voting power to elect members to our board of directors.

We began operating in 2009 when the burdens of the financial crisis and resulting capital demands caused many companies to exit the retirement market, creating the need for a well-capitalized company with an experienced management team to fill the void. Taking advantage of this market dislocation, we have been able to acquire substantial blocks of long-duration liabilities and reinvest the related investments to produce profitable returns.

We operate our core business strategies out of one reportable segment, Retirement Services. In addition to Retirement Services, we report certain other operations in Corporate and Other. Retirement Services is comprised of our US and Bermuda operations that issue and reinsure retirement savings products and institutional products. Retirement Services has retail operations, which provide annuity retirement solutions to our policyholders. Retirement Services also has reinsurance operations, which reinsure fixed indexed annuities (FIA), multi-year guaranteed annuities (MYGA), traditional one-year guarantee fixed deferred annuities, immediate annuities and institutional products from our reinsurance partners. In addition, our institutional operations, including funding agreement activities and pension group annuity operations, are included in our Retirement Services segment. Corporate and Other includes certain other operations related to our corporate activities, including corporate allocated expenses, merger and acquisition costs, debt costs, certain integration and restructuring costs, certain stock-based compensation and intersegment eliminations. In Corporate and Other we also hold strategic capital in excess of the level of capital we hold in Retirement Services to support our operating strategy.

We believe we hold a sufficient amount of capital in our Retirement Services segment to support our core operating strategies, maintain or improve our current ratings and manage our risk appetite. The sufficiency of capital that we hold in our Retirement Services segment is determined based on our internal capital and risk models as well as consideration of capital models of the three rating agencies that rate us. Our excess capital is currently allocated to our Corporate and Other non-reportable segment and may fluctuate depending on the mix of both our assets and our liabilities as well as our growth and investment in our organic and inorganic channels. We view this excess as strategic capital, which we expect to deploy for future growth opportunities. We further expect our excess capital position to contribute to ratings improvements over time. In addition to the excess capital that we hold, we have untapped debt capacity and available undrawn capital commitments at ACRA, each of which may be used to capitalize on future growth opportunities. See *Capital* for further discussion.

We have developed organic and inorganic channels to address the retirement services market and grow our assets and liabilities. By focusing on the retirement services market, we believe that we will benefit from several demographic and economic trends, including the increasing number of retirees in the US and the lack of tax advantaged alternatives for people trying to save for retirement. To date, most of the products that we have sold or acquired have been fixed annuities, which offer people saving for retirement a product that is tax advantaged, has a minimum guaranteed rate of return or minimum cash value and provides protection against investment loss.

Within our organic channels, we have focused on developing a diverse suite of products that allow us to meet our risk and return profiles, even in today's low rate environment. Our organic channels currently include: (1) retail, from which we provide retirement solutions to our policyholders primarily through independent marketing organizations (IMOs), banks and broker-dealers; (2) flow reinsurance, through which we partner with insurance companies to improve their product offerings and enhance their financial results; and (3) institutional, which includes funding agreements and pension group annuity transactions. Our inorganic channel, comprised of acquisitions and block reinsurance, has contributed significantly to our growth, and we expect that it will continue to be an important source of growth in the future. We believe our internal transactions team, with support from Apollo, has an industry-leading ability to source, underwrite and expeditiously close transactions, which makes us a competitive counterparty for acquisitions and block reinsurance transactions. In conjunction with Apollo, we are able to provide bespoke solutions to insurance companies seeking to restructure their businesses. We are highly selective in the transactions we pursue, ultimately closing only those that are well aligned with our core competencies and pricing discipline.

We intend to maintain a presence within each of our distribution channels. However, we do not have any market share targets across our organization, which we believe provides us flexibility to respond to changing market conditions in one or more channels and to opportunistically grow liabilities that generate our desired levels of profitability. In a rising interest rate environment, we believe we will be able to profitably increase the volumes generated through our organic channels, while more challenging market environments may give rise to increased growth opportunities through our inorganic channel.

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Through our efficient corporate structure and operations, we believe we have built a cost-effective platform to support our growth opportunities. We believe our fixed operating cost structure supports our ability to maintain an attractive financial profile across market environments. Additionally, we believe we have designed our platform to be highly scalable and support growth without significant incremental investment in infrastructure, which allows us to scale our business production up or down to meet demand for our products and services. As a result, we believe we will be able to convert a significant portion of our new business spread into adjusted operating income.

Relationship with Apollo

We are a subsidiary of AGM. Through this relationship, Apollo allows us to leverage the scale of its asset management platform. In addition to co-founding the Company, Apollo assists us in identifying and capitalizing on acquisition opportunities that have been critical to our ability to significantly grow our business.

On February 28, 2020, we completed a transaction with AGM and certain of its affiliates that collectively comprise the Apollo Operating Group (AOG). In connection with the transaction, we sold Class A common shares to the AOG in exchange for AOG units and cash (Share Exchange). We also granted to AOG and another AGM affiliate certain other rights, including the right to purchase additional Class A common shares at a later time, subject to certain conditions. Further, in connection with the transaction, certain of our executive officers entered into a voting agreement, pursuant to which such executive officers irrevocably appointed an AGM affiliate as their proxy and attorney-in-fact to vote all of their Class A common shares at any meeting of our shareholders or in connection with any written consent of our shareholders following February 28, 2020. Completion of the transaction resulted in the elimination of our prior multi-class common share structure. See *Note 14 – Related Parties – Other Related Party Transactions – Apollo Share Exchange and Related Transactions* to the consolidated financial statements for further discussion.

On January 1, 2022 (the Merger Effective Date), we completed the previously announced merger transaction pursuant to the Agreement and Plan of Merger, dated as of March 8, 2021 (the Merger Agreement), by and among the Company, AGM (formerly known as Tango Holdings, Inc.), Apollo Asset Management, Inc. (AAM, formerly known as Apollo Global Management, Inc.), Blue Merger Sub, Ltd. (AHL Merger Sub), and Green Merger Sub, Inc. (AAM Merger Sub). Effective as of 1:00 a.m. Eastern Time on the Merger Effective Date, AAM Merger Sub merged with and into AAM (the AAM Merger), with AAM continuing as a direct subsidiary of AGM. Effective as of 1:01 a.m. Eastern Time on the Merger Effective Date, AHL Merger Sub merged with and into AHL (the AHL Merger and, together with the AAM Merger, the Mergers), with AHL continuing as a direct subsidiary of AGM. As a result of the Mergers, AAM and AHL became direct subsidiaries of AGM.

As a result of the closing of the Mergers, AGM directly or indirectly controls all of the total voting power of AHL. Six of our sixteen directors are employees of or consultants to Apollo, including our Chairman, Chief Executive Officer and Chief Investment Officer, who is also a member of the board of directors and an executive officer of Apollo and the Chief Executive Officer of Apollo Insurance Solutions Group LP (ISG), our investment manager and a subsidiary of AGM. See Item 1A. Risk Factors—Risks Relating to Our Relationship with Apollo—There are potential conflicts of interests between Apollo, our corporate parent, and the holders of our preferred shares and Item 13. Certain Relationships and Related Transactions, and Director Independence.

Item 1. Business

Growth Strategy

The key components of our long-term growth strategy are as follows:

- **Expand Our Organic Distribution Channels.** We plan to grow organically by expanding our retail, flow reinsurance and institutional distribution channels with a focus on international expansion, particularly in Asia. These organic channels generally allow us to adjust our product mix to originate liabilities that meet our return targets in diverse market environments.

We expect our retail channel to continue to benefit from our credit profile, strong financial position, suite of capital-efficient products and product design capabilities. We believe that this should support growth in sales at our desired cost of funds through increased volumes in each of our existing retail channels, including via expanding our bank and broker-dealer network. However, we do not seek to achieve volume growth at the expense of profitability. As a result, we adjust our retail pricing more rapidly for changes in asset yields than do many of our peers. In an economic environment characterized by declining asset yields, our product offerings may be less competitive than those of our peers and in the short-term, we may experience reduced sales volumes.

Within our flow reinsurance channel, we target reinsurance business consistent with our preferred liability characteristics, and as such, flow reinsurance provides another opportunistic channel for us to source liabilities with attractive cost of funds. We expect our credit profile and growing reputation as a valuable reinsurance counterparty will enable us to attract additional flow reinsurance partners and maintain or increase our flow reinsurance volumes with existing counterparties. Our ability to provide attractive solutions to reinsurance partners was demonstrated by our entry into the Japanese annuity market as we established a partnership with a large Japanese financial institution in 2020 and added a second firm in 2021. Similar to our retail channel, we do not seek to achieve volume growth at the expense of profitability and therefore tend to respond more rapidly to adjust our pricing for changes in asset yields than do many of our peers.

We expect to grow our institutional channel by continuing to engage in programmatic issuances of funding agreements and pursuing additional pension group annuity transactions. Since we issued our inaugural non-US dollar denominated funding agreement in 2020, we have seen non-US issuances grow significantly as we issued nine non-dollar issuances in 2021. Our demonstrated ability to create customized solutions for pension group annuity counterparties seeking to reduce or eliminate their exposure to pension obligations has driven growth in our US volumes of 153% from 2020 to 2021. Going forward, we expect to build on our growth in the US, expand our footprint in the UK and explore options for transactions in other jurisdictions.

- **Pursue Attractive Inorganic Growth Opportunities.** We plan to continue leveraging our expertise in sourcing and evaluating inorganic transactions to grow our business profitably. We believe that our demonstrated ability to successfully consummate complex transactions, as well as our relationship with Apollo, provides us with distinct advantages relative to other acquisition and block reinsurance counterparty candidates. Furthermore, we have achieved sufficient scale to provide meaningful operational synergies for the businesses and blocks of business that we acquire and reinsure, respectively. Consequently, we believe we are often sought out by companies looking to restructure their businesses.
- **Expand Our Product Offering.** We seek to build products that meet our policyholders' retirement savings objectives, such as accumulation, income and legacy planning. Our products are customized for each of the retail channels through which we distribute, including IMOs, banks and independent broker dealers, and represent innovative solutions that meet the needs of policyholders in each of these channels. We continue to release updated or new products to meet the evolving needs of policyholders. Our diverse Fixed Indexed Annuity product offerings are complemented by a number of innovative custom indices that allow our customers to gain access to sophisticated strategies that are designed for better performance within our products. Approximately 85% of sales went to custom indices that are only available through our products. During 2021, Athene was recognized for its index lineup by winning Carrier of the Year and Product of the Year from both Structured Retail Products (SRP) Americas Awards and Structured Products Intelligence (SPI). Registered Indexed Linked Annuities (RILAs) are the fastest growing segment of the retail annuity market. We built our first product in 2019, and our 2021 sales finished close to \$600 million. We see significant potential for this product type and have enhanced our original product and are growing our distribution. Additionally, we are looking to create products that capitalize on the capabilities of both Apollo and Athene and will facilitate Apollo's distribution to high net-wealth individuals.
- **Leverage Our Merger with Apollo in 2022.** We intend to leverage our merger with Apollo in 2022 and beyond to source high-quality assets with attractive risk-adjusted returns. Apollo's global scale and reach provide us with broad market access across environments and geographies and allow us to actively source assets that exhibit our preferred risk and return characteristics. We will also continue to partner with Apollo's portfolio of origination platforms, which provide us assets with higher spreads than those available in the public markets. See *Investment Management* for more information regarding Apollo's origination platforms.

Our merger with Apollo will allow us to continue to offer creative solutions to insurance companies seeking to restructure their businesses and may enable us opportunities to source additional volumes of attractively-priced liabilities. For example, in December 2017 we worked with Apollo to structure transactions that provided Voya Financial, Inc. (Voya) with a comprehensive solution to its variable annuity exposure, and enabled us to reinsure a \$19 billion block of fixed annuities, without requiring that we acquire Voya's variable annuity business.

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Finally, our merger with Apollo will continue to provide us with access to on-demand capital through ACRA. We believe that this capital will be instrumental to executing our growth strategy. See *–Capital* for additional information regarding ACRA.

- **Allocate Assets during Market Dislocations.** As we have done successfully in the past, we plan to fully capitalize on future market dislocations to opportunistically reposition our portfolio to capture incremental yield. For example, regulatory changes in the wake of the financial crisis have made it more expensive for banks and other traditional lenders to hold certain illiquid and complex assets, notwithstanding the fact that these assets may have prudent credit characteristics. The repressed demand for these asset classes has provided opportunities for investors to acquire high-quality assets that offer attractive returns. For example, we see continuing opportunities as banks retreat from direct mortgage lending, structured and asset-backed products, and middle-market commercial loans. We intend to maintain a flexible approach to asset allocation, which will allow us to act quickly on similar opportunities that may arise in the future across a wide variety of asset types.
- **Maintain Risk Management Discipline.** Our risk management strategy is to proactively manage our exposure to risks associated with interest rate duration, credit risk and structural complexity of our invested assets. We address interest rate duration and liquidity risks by managing the duration of the liabilities we source with the assets we acquire through asset liability management (ALM) modeling. We assess credit risk by modeling our liquidity and capital under a range of stress scenarios. We manage the risks related to the structural complexity of our invested assets through Apollo’s modeling efforts. The goal of our risk management discipline is to be able to continue to grow and achieve profitable results across various market environments. See *Item 7A. Quantitative and Qualitative Disclosures About Market Risks* for additional information.

Products

We principally offer two product lines: annuities and funding agreements. Our primary product line is annuities and includes fixed, payout and group annuities issued in connection with pension group annuity transactions. We also offer funding agreements, including those issued to institutions and to special-purpose unaffiliated trusts in connection with our funding agreement backed notes (FABN) and secured funding agreement backed repurchase agreement (FABR) programs. Post-merger with Apollo in 2022 and beyond, we are looking to create products that capitalize on the capabilities of both Apollo and Athene and will facilitate Apollo’s distribution to high net-wealth individuals.

The following summarizes our total premiums and deposits by product:

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Annuities			
Indexed	\$ 8,408	\$ 20,257	\$ 7,304
Fixed rate	2,662	20,433	3,192
Payout	922	989	624
Group annuities – pension group annuities ¹	13,837	5,467	6,049
Total annuities products	25,829	47,146	17,169
Funding agreements²	11,852	8,277	1,301
Life and other	47	54	37
Gross premiums and deposits, net of ceded	37,728	55,477	18,507
Premiums and deposits attributable to ACRA noncontrolling interests	(10,345)	(18,692)	(544)
Net premiums and deposits, net of ceded and noncontrolling interests	\$ 27,383	\$ 36,785	\$ 17,963

¹ Pension group annuities was previously referenced as pension risk transfer (PRT). ² Funding agreements are comprised of funding agreements issued under our FABN and FABR programs, funding agreements issued to the FHLB and repurchase agreements with an original maturity exceeding one year.

Gross premiums and deposits are comprised of all products’ deposits, which generally are not included in revenues on the consolidated statements of income, and premiums collected. Gross premiums and deposits include directly written business, flow reinsurance assumed as well as premiums and deposits generated from assumed block reinsurance transactions, net of those ceded through reinsurance. Net premiums and deposits includes premiums and deposits associated with our proportionate share of ACRA premiums and deposits, based on our economic ownership, but does not include the proportionate share associated with the noncontrolling interest. Organic and inorganic inflows do not correspond to the gross premiums and deposits presented above, as gross premiums and deposits include renewal deposits and annuitizations, as well as premiums and deposits from life and other products other than deferred annuities and institutional products, all of which are not included in our organic inflows.

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Net reserve liabilities represents our policyholder liability obligations, including liabilities assumed through reinsurance and net of liabilities ceded through reinsurance, and therefore does not correspond to interest sensitive contract liabilities, future policy benefits, dividends payable to policyholders and other policy claims and benefits as disclosed on our consolidated balance sheets. Net reserve liabilities includes the reserves related to assumed modified coinsurance (Modco) and coinsurance on a funds withheld basis (Funds Withheld) to encompass the liabilities for which costs are being recognized in the consolidated statements of income. Net reserve liabilities is net of the ceded liabilities to third-party reinsurers, as the costs of those 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. Net reserve liabilities includes 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.

The following summarizes our net reserve liabilities by product:

<i>(In millions, except percentages)</i>	December 31,			
	2021		2020	
Annuities				
Indexed	\$ 84,423	52.1 %	\$ 81,084	55.9 %
Fixed rate	29,075	17.9 %	30,315	20.9 %
Group annuities – pension group annuities	18,589	11.5 %	12,262	8.5 %
Payout	7,227	4.5 %	6,859	4.7 %
Total annuities products	139,314	86.0 %	130,520	90.0 %
Funding agreements ¹	20,841	12.9 %	12,591	8.7 %
Life and other	1,796	1.1 %	1,878	1.3 %
Total net reserve liabilities	\$ 161,951	100.0 %	\$ 144,989	100.0 %

¹ Funding agreements are comprised of funding agreements issued under our FABN and FABR programs, funding agreements issued to the FHLB and repurchase agreements with an original maturity exceeding one year.

Annuities

We offer deferred and payout annuities, which are focused on meeting the needs and objectives of people preparing for, approaching or living in retirement. The combination of financial strength, innovative product design and an effective sales strategy enables us to compete successfully in the market and meet the evolving needs of the rapidly growing population of retirees.

Indexed Annuities

Fixed Indexed Annuities – The majority of our net reserve liabilities are FIAs. An FIA is a type of insurance contract in which the policyholder makes one or more premium deposits which earn interest, on a tax deferred basis, at a crediting rate based on a specified market index. The policyholder is entitled to receive periodic or lump sum payments a specified number of years after the contract is issued. FIAs allow policyholders the possibility of earning interest without significant risk to principal, unless the contract is surrendered during a surrender charge period. A market index tracks the performance of a specific group of stocks or other assets representing a particular segment of the market, or in some cases, an entire market. Our FIAs include a provision for a minimum guaranteed surrender value calculated in accordance with applicable law, as well as death benefits as required by non-forfeiture regulations. We generally buy options on the indices to which the FIAs are tied to hedge the associated market risk. The cost of the option is priced into the overall economics of the product as an option budget.

The value to the policyholder of an FIA contract is equal to the sum of premiums paid, premium bonuses, if any, and index credits based on the change in the relevant market index, subject to a cap (a maximum rate that may be credited), spread (a credited rate determined by deducting a specific rate from the index return) and/or a participation rate (a credited rate equal to a percentage of the index return), less any fees for riders. Caps on our FIA products generally range from 1.0% to 6.0% when measured annually and 0.5% to 2.5% when measured monthly. Participation rates generally range from 25% to 150% of the performance of the applicable market index. Caps, spreads and participation rates can typically be reset no more frequently than annually, and in some instances no more frequently than every two to four years, at the relevant US insurance subsidiary’s discretion, subject to stated policy minimums. Certain riders provide a variety of benefits, such as lifetime income or additional liquidity, for a contractually fixed charge. As this charge is fixed, the policyholder may lose principal if the index credits received do not exceed the amount of such charge.

We generate income on FIA products by earning an investment spread, which is based on the difference between (1) income earned on the investments supporting the liabilities and (2) the cost of funds, including fixed interest credited to customers, option costs, the cost of providing guarantees (net of rider fees), policy issuance and maintenance costs, and commission costs.

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Registered Index-Linked Annuities – A registered index-linked annuity (RILA) is similar to an FIA in that it offers the policyholder the opportunity for tax-deferred growth based in part on the performance of a market index. Compared to an FIA, a RILA has the potential for higher returns but also has the potential for risk of loss to principal and related earnings. A RILA provides the ability for the policyholder to participate in the positive performance of certain market indices during a term, limited by a cap or adjusted for a participation rate. Negative performance of the market indices during a term can result in negative policyholder returns. Downside protection is typically provided in the form of either a “buffer” or a “floor” to limit the policyholder’s exposure to market loss. A “buffer” is protection from negative exposure up to a certain percentage, typically 10 or 20 percent. A “floor” is protection from negative exposure less than a stated percentage (i.e., the policyholder risks exposure of loss up to the “floor,” but is protected against any loss in excess of this amount).

Fixed Rate Annuities

Fixed rate annuities include annual reset annuities and MYGAs. Unlike FIAs, fixed rate annuities earn interest at a set rate (or declared crediting rate), rather than a rate that may vary based on an index. Fixed rate annual reset annuities have a crediting rate that is typically guaranteed for one year. After such period, we have the ability to change the crediting rate at our discretion, generally once annually, to any rate at or above a guaranteed minimum rate. MYGAs are similar to annual reset annuities except that the initial crediting rate is guaranteed for a specified number of years, rather than just one year, before it may be changed at our discretion. After the initial crediting period, MYGAs can generally be reset annually. As of December 31, 2021, crediting rates on outstanding annual reset annuities ranged from 1.0% to 6.0% and crediting rates on outstanding MYGAs ranged from 0.3% to 4.3%. As of December 31, 2021, 38% of our fixed rate annuities were set at the guaranteed minimum crediting rate.

Income Riders to Fixed Annuity Products

We broadly characterize the income riders on our deferred annuities as either guaranteed or participating. Guaranteed income riders provide policyholders with a guaranteed lifetime withdrawal benefit (GLWB), the amount of which is determined based upon the age of the policyholder when the policy is purchased and when the lifetime income is elected. Riders providing GLWB features permit policyholders to elect to receive guaranteed payments for life from their contract without having to annuitize their policies, which provides policyholders with greater flexibility in the future. Participating income riders tend to have lower levels of guaranteed income than guaranteed income riders, but provide policyholders the opportunity to receive greater levels of income if the policies’ indexed crediting strategies perform well.

Income riders, particularly on FIAs, have become very popular among policyholders. The Life Insurance and Market Research Association (LIMRA) estimates that 60% of FIA premium in the US for the nine months ended September 30, 2021 (the most recent period that specific market share data is currently available) included an income rider. Much of our in-force block of deferred annuities contains policies with income riders, which were sourced through retail and reinsurance operations as well as acquisitions, such as the substantial block of these policies acquired with Aviva USA Corporation (Aviva USA). Many of our in-force deferred annuities contain policies that provide GLWB. As of December 31, 2021, approximately 36% of our deferred annuities account value have rider benefits and the reserve associated with the rider benefits was 14% of the related account value. Of the deferred annuities sourced through our retail and flow reinsurance channels, for the year ended December 31, 2021, 13% contained participating income riders and 5% contained guaranteed income riders.

Withdrawal Options for Deferred Annuities

After the first year following the issuance of a deferred annuity, the policyholder is typically permitted to make withdrawals up to 5% or 10% (depending on the contract) of the prior year’s value without a surrender charge or market value adjustment (MVA), subject to certain limitations. Withdrawals in excess of the allowable amounts are assessed a surrender charge and MVA if such withdrawals are made during the surrender charge period of the policy. The surrender charge of most of our products is typically between 5% and 15% of the contract value at contract inception and generally decreases by approximately one percentage point per year during the surrender charge period. The surrender charge period of our most popular products ranges from 3 to 20 years. The average surrender charge (excluding the impact of MVAs) is 6% for our deferred annuities as of December 31, 2021.

At maturity, the policyholder may elect to receive proceeds in the form of a single payment or an annuity. If the annuity option is selected, the policyholder will receive a series of payments either over the policyholder’s lifetime or over a fixed number of years, depending upon the terms of the contract. Some contracts permit annuitization prior to maturity. In addition to the foregoing rights, a policyholder may also elect to purchase a guaranteed lifetime withdrawal benefit rider which provides the policyholder with a guaranteed lifetime withdrawal benefit for the life of the contract.

Payout Annuities

Payout annuities primarily consist of single premium immediate annuities (SPIA), supplemental contracts and structured settlements. Payout annuities provide a series of periodic payments for a fixed period of time or for the life of the policyholder, based upon the policyholder’s election at the time of issuance. The amounts, frequency and length of time of the payments are fixed at the outset of the annuity contract. SPIAs are often purchased by persons at or near retirement age who desire a steady stream of payments over a future period of years. Supplemental contracts are typically created upon the conversion of a death claim or the annuitization of a deferred annuity. Structured settlements generally relate to legal settlements.

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Group Annuities

Pension group annuity transactions usually involve a single premium group annuity contract issued to discharge certain pension plan liabilities. The group annuities that we issue are nonparticipating contracts. The assets supporting the guaranteed benefits for each contract may be held in a separate account. Group annuity benefits may be purchased for current, retired and/or terminated employees and their beneficiaries covered under terminating or continuing pension plans. Both immediate and deferred annuity certificates may be issued pursuant to a single group annuity contract. Immediate annuity certificates cover those retirees and beneficiaries currently receiving payments, whereas deferred annuity certificates cover those participants who have not yet begun receiving benefit payments. Immediate annuity certificates have no cash surrender rights, whereas deferred annuity certificates may include an election to receive a lump sum payment, exercisable by the participant upon either the participant achieving a specified age or the occurrence of a specified event, such as termination of the participant's employment.

A pension group annuity transaction may be structured as a buyout or buy-in transaction. A buyout transaction involves the issuance by an insurer of a group annuity contract to the plan sponsor and individual annuity certificates to each plan participant, resulting in the transfer of the contractual obligation to pay pension benefits from the plan sponsor to the insurer. A buyout transaction may be a full buyout or a partial buyout. A full buyout covers all obligations outstanding under the plan and involves the termination of the plan, whereas, a partial buyout covers benefits for a subset of the plan population with the remaining plan participants continuing with the plan sponsor. A partial buyout may or may not involve a plan termination. A buy-in similarly involves the issuance of a group annuity contract to the plan sponsor, but the plan sponsor retains the contractual obligation to pay pension benefits to the plan participants and receives reimbursement from the insurer for those payments related to plan participants covered by the group annuity contract. The buy-in group annuity contract is considered a plan asset. A pension group annuity transaction structured as a buy-in includes an option to convert to buyout at the election of the plan sponsor. Generally, a buy-in structure is selected when the plan sponsor seeks to eliminate risk but is not yet prepared to terminate the plan or recognize any adverse accounting impact that may accompany a plan termination. A buy-in contract may be surrendered at the election of the plan sponsor, subject to certain conditions, resulting in a refund to the plan sponsor in an amount determined in accordance with the group annuity contract.

We earn income on group annuities based upon the spread between the return on the assets received in connection with the pension group annuity transaction and the cost of the pension obligations assumed. Group annuities expose us to longevity risk, which would be realized if plan participants live longer than assumed in underwriting the transaction, resulting in aggregate payments that exceed our expectations.

Funding Agreements

We focus on opportunistically issuing funding agreements at attractive risk-adjusted funding costs to institutional investors. Funding agreements are negotiated privately between an investor and an insurance company. They are designed to provide an agreement holder with a guaranteed return of principal and periodic interest payments, while offering competitive yields and predictable returns. The interest rate can be fixed or floating. If the interest rate is a floating rate, it may be linked to the London Interbank Offered Rate (LIBOR), the federal funds rate or other major index. See *Item 1A. Risk Factors—Risks Relating to Our Business Operations—Uncertainty relating to the LIBOR calculation process and the phasing out of LIBOR after a future date may adversely affect the value of our investment portfolio, our ability to achieve our hedging objectives and our ability to issue funding agreements bearing a floating rate of interest.* We also include repurchase agreements with a term that exceeds one year at the time of execution within the funding agreement product category.

Life and Other

Life and other products include other retail products, including run-off or ceded business, statutory closed blocks and ceded life insurance.

Distribution Channels

We have developed four dedicated distribution channels: retail, flow reinsurance, institutional and acquisitions and block reinsurance, which support opportunistic origination across differing market environments. Additionally, we believe these distribution channels enable us to achieve stable asset growth while maintaining attractive returns.

We are diligent in setting our return targets based on market conditions and risks inherent in the products we offer and in the acquisition or block reinsurance transactions we pursue. Generally, we target mid-teen returns for sources of organic growth and mid-teen or higher returns for sources of inorganic growth. However, specific return targets are established with due consideration to the facts and circumstances surrounding each growth opportunity and may be higher or lower than those that we target more generally. Factors that we consider in establishing return targets for a given growth opportunity include, but are not limited to, the certainty of the return profile, the strategic nature of the opportunity, the size and scale of the opportunity, the alignment and fit of the opportunity with our existing business, the opportunity for risk diversification and the existence of increased opportunities for higher returns or growth. If market conditions or risks inherent in a product or transaction create return profiles that are not acceptable to us, we generally will not sacrifice our profitability merely to facilitate growth.

Item 1. Business

Retail

We have built a scalable platform that allows us to originate and rapidly grow our business in deferred annuity products despite today’s low interest rate environment. We have developed a suite of retirement savings products, distributed through our network of approximately 53 IMOs; approximately 65,000 independent agents in all 50 states; and our growing network of 16 banks and 119 regional broker-dealers. We are focused in every aspect of our retail channel on providing high quality products and service to our policyholders and maintaining appropriate financial protection over the life of their policies.

Flow Reinsurance

Reinsurance is an arrangement under which an insurance company, the reinsurer, agrees to indemnify another insurance company, the ceding company or cedant, for all or a portion of certain insurance risks underwritten by the ceding company. Reinsurance is designed to (1) reduce the net amount at risk on individual risks, thereby enabling the ceding company to increase the volume of business it can underwrite, as well as increase the maximum risk it can underwrite on a single risk, (2) stabilize operating results by reducing volatility in the ceding company’s loss experience, (3) assist the ceding company in meeting applicable regulatory requirements and (4) enhance the ceding company’s financial strength and surplus position.

Within our flow reinsurance channel, we generally conduct third-party flow reinsurance transactions through our subsidiary, Athene Life Re Ltd. (ALRe). As a fixed annuity reinsurer, ALRe partners with insurance companies to develop solutions to their capital requirements, enhance their presence in the retirement market and improve their financial results. The specific liabilities that ALRe targets to reinsure include FIAs, MYGAs, traditional one-year guarantee fixed deferred annuities, immediate annuities and institutional products. ALRe only targets business consistent with our preferred liability characteristics, and as such, flow reinsurance provides another opportunistic channel for us to source long-term liabilities with attractive crediting rates. For various transaction-related reasons, from time to time, our US insurance subsidiaries, in particular Athene Annuity & Life Assurance Company (AADE), will reinsure business from third-party ceding companies. In these instances, the respective US insurance subsidiary will generally retrocede a portion of the reinsured business to Athene Annuity Re Ltd. (AARE) or ALRe.

As of December 31, 2021, we had on-going flow reinsurance and retrocession agreements involving 10 third-party cedants, for a quota share of such cedants’ new inflows, including both FIAs and MYGAs.

Institutional

Funding Agreements

We participate in an FABN program through which we may issue funding agreements to a special-purpose trust that issues marketable medium-term notes. The notes are underwritten and marketed by major investment banks’ broker-dealer operations and are sold to institutional investors. The proceeds of the issuance of notes are used by the trust to purchase one or more funding agreements from us with matching interest and maturity payment terms. We have established an FABR program, in which a special-purpose, unaffiliated entity may enter into a repurchase agreement with a bank and the proceeds of the repurchase transactions are used by the special-purpose entity to purchase secured funding agreements from us. We are also a member of the Federal Home Loan Bank (FHLB) and we have issued funding agreements to the FHLB in exchange for cash advances. Finally, repurchase agreements with an original maturity exceeding one year are also included within the funding agreement channel. The following represents the aggregate principal amount of funding agreement inflows:

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
FABN	\$ 11,102	\$ 5,804	\$ 1,001
FHLB	750	875	300
FABR	—	1,000	—
Long-term repurchase agreements	—	598	—
Total funding agreement inflows	<u>\$ 11,852</u>	<u>\$ 8,277</u>	<u>\$ 1,301</u>

As of December 31, 2021, we had funding agreements of \$19.7 billion and \$1.0 billion outstanding under our FABN and FABR programs, respectively, \$2.8 billion outstanding with the FHLB and \$598 million of long-term repurchase agreements. As of February 23, 2022, we had \$13.6 billion of capacity remaining under our FABN program.

Item 1. Business

Pension Group Annuities

Through pension group annuities, we partner with institutions seeking to transfer and thereby reduce their obligation to pay future pension benefits to retirees and deferred participants. We have built an experienced team and continue to enhance our capabilities in this channel by, among other things, expanding into the deferred liability segment, offering a buy-in product and expanding into the UK market by reinsuring the pension group annuity obligations of UK counterparties through our subsidiary Athene Life Re International Ltd. (ALReI). We work with advisors, brokers and consultants to source pension group annuity transactions and design solutions that meet the needs of prospective pension group annuity counterparties. In the US, we are focused on medium- and large-sized deals involving retirees and/or deferred participants that are structured as either a buyout or a buy-in transaction. In the UK, we are focused on reinsuring direct writers of medium- and large-sized deals involving retirees and/or deferred participants that are structured as pension group annuity transactions. We entered the pension group annuities channel during 2017 and from our entry through the year ended December 31, 2021, we had closed 33 deals involving more than 375,000 plan participants resulting in the issuance of an aggregate \$30.2 billion of group annuities and UK pension group annuity reinsurance arrangements.

We believe we have established ourselves as a trusted pension group annuity solutions provider and expect that our experience in crafting customized pension group annuity solutions and our improving credit profile will enable us to continue to source and execute pension group annuity transactions. Our ability to design tailored solutions that meet the needs of our pension group annuity counterparties was highlighted in two significant transactions that we closed in 2021. In March 2021, we closed a transaction with J. C. Penney Corporation, Inc. (JCPenney), whereby we provided JCPenney with an innovative buy-in solution to facilitate the complete termination of its pension plan in connection with its restructuring. In August 2021, we completed our second transaction with Lockheed Martin Corporation (Lockheed Martin), allowing it to further reduce its outstanding pension risk. In these transactions, we issued group annuity contracts covering \$2.8 billion in pension obligations for approximately 30,000 participants of JCPenney's pension plan, and covering \$4.9 billion in pension obligations for approximately 18,000 participants of Lockheed Martin's pension plan. Further, we demonstrated our ability to deliver upon our value proposition in the UK market through our inaugural UK pension group annuity reinsurance arrangement in 2019, pursuant to which we reinsured approximately \$818 million in UK pension group annuity obligations.

Acquisitions and Block Reinsurance

Acquisitions

Acquisitions are an important source of growth in our business. We have a proven ability to acquire businesses in complex transactions at terms favorable to us, manage the liabilities that we acquire and reinvest the associated assets. Through December 31, 2021, we have closed four acquisition transactions in the US: Liberty Life Insurance Corporation (Liberty Life), Investors Insurance Corporation, Prudential Life Corporation and Aviva USA; and one acquisition transaction internationally: Delta Lloyd Deutschland AG (DLD); collectively representing reserve liabilities backed by approximately \$65.9 billion in total assets (net of \$9.3 billion in assets ceded through reinsurance).

We plan to continue leveraging our expertise in sourcing and evaluating transactions to profitably grow our business. We believe our demonstrated ability to source transactions, consummate complex transactions and reinvest assets into higher yielding investments as well as our relationship with Apollo and access to capital provide us with distinct advantages relative to other acquisition candidates.

Block Reinsurance

Through block reinsurance transactions, we partner with life and annuity companies to decrease their exposure to one or more products or to divest of lower-margin or non-core segments of their businesses. Unlike acquisitions in which we must acquire the assets or stock of a target company, block reinsurance allows us to contractually assume assets and liabilities associated with a certain book of business. In doing so, we contractually assume responsibility for only that portion of the business that we deem desirable, without assuming additional liabilities. The benefit of the block reinsurance structure was highlighted in the transactions with Voya, in which we reinsured \$19 billion in fixed annuities without assuming any of Voya's variable annuities, and Jackson National Life Insurance Company, a wholly owned subsidiary of Jackson Financial, Inc. (together with its subsidiaries, Jackson), in which we reinsured \$28.8 billion of fixed and fixed indexed annuities.

Item 1. Business

Investment Management

Investment activities are an integral part of our business and our net investment income is a significant component of our total revenues. Our investment philosophy is to invest a portion of our assets in securities that earn us incremental yield by taking measured liquidity risk and complexity risk and capitalizing on our long-dated and persistent liability profile to prudently achieve higher net investment earned rates, rather than assuming solely credit risk. A cornerstone of our investment philosophy is that given the operating leverage inherent in our business, modest investment outperformance can translate to outsized return performance. Because we have remained disciplined in underwriting attractively priced liabilities, we have the ability to invest in a broad range of high-quality assets to generate attractive earnings.

Our differentiated investment strategy benefits from our relationship with Apollo, which provides a full suite of services for our investment portfolio, including direct investment management, asset allocation, mergers and acquisition asset diligence and certain operational support services, including investment compliance, tax, legal and risk management support. Apollo provides portfolio management services for substantially all of our net invested assets.

We are downside focused and our asset allocations reflect the results of stress testing analysis. Additionally, we establish risk thresholds which in turn define risk tolerance across a wide range of factors, including credit risk, liquidity risk, concentration risk and caps on specific asset classes. In addition to other efforts, we partially mitigate the risk of rising interest rates by strategically allocating a meaningful portion of our investment portfolio into floating rate securities.

Apollo's investment team and credit portfolio managers employ their deep experience to assist us in sourcing and underwriting complex asset classes. Apollo has selected a diverse array of corporate bonds and more structured, but highly rated, asset classes. We also maintain holdings in floating rate and less interest rate-sensitive investments, including collateralized loan obligations (CLO), commercial mortgage loans, residential mortgage loans, non-agency residential mortgage-backed securities (RMBS) and various types of structured products. These asset classes permit us to earn incremental yield by assuming liquidity risk and complexity risk, rather than assuming solely credit risk.

Apollo sources assets for our investment portfolio based upon the unique characteristics of our business, including desired asset allocation and risk tolerance, and with regard to the ever-changing macroeconomic environment in which we operate. In recent years, we and Apollo have recognized that a heightened demand for investment grade marketable securities has placed substantial downward pressure on credit spreads of such securities, which adversely impacts the returns we are able to achieve on new investment purchases. Rather than increase our allocation to higher risk securities to increase yield, we and Apollo pursue the direct origination of high-quality, predominantly senior secured assets, which possess greater alpha-generating qualities than securities that would otherwise be readily available in public markets. We define our direct origination strategies to include investments sourced by (1) affiliated platforms that originate loans to third parties and which Athene gains exposure directly to the loan or indirectly through its ownership of the platform, and (2) Apollo through its extensive network of direct relationships with predominantly investment grade counterparties.

We believe that a greater focus on these direct origination strategies affords us both quantitative and qualitative advantages, including eliminating the cost of intermediaries, recognizing an illiquidity premium, having direct access to diligence and having greater control over the terms of the investment. Furthermore, we believe that these direct origination strategies will often provide us with the flexibility to choose the location in the capital structure in which we invest, affording us the opportunity to select the risk/return profile that we deem optimal. By capitalizing on these advantages, we seek to increase yields on our investment portfolio while maintaining investment discipline and limiting our exposure to assets with sub-optimal risk/return characteristics. Employing these direct origination strategies comports well with our investment philosophy of earning incremental spread by taking liquidity and complexity risk, rather than taking excessive credit risk.

As part of our direct origination strategy, we may invest in two types of equity investments. First, we make strategic or 'differentiated' investments in the equity of asset origination platforms themselves. Second, we retain equity risk alongside our investments in investment grade tranches of the assets that Apollo directly originates. We typically refer to both of these types of equity investments as 'alternatives.'

We and Apollo have made and are continuing to make significant investments in establishing a portfolio of asset origination platforms and investment teams across a variety of asset classes. In connection with this effort, we have made and will continue to make strategic investments in certain direct origination platforms. These investments may take the form of debt and/or equity and align with our investment strategy as it relates to alternative investments, as described below. Certain of the asset origination platforms in which we have invested and/or have sourced directly originated assets in the past or may source directly originated assets in the future are set forth below.

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	<p>MidCap is a commercial finance company that provides various financial products to middle-market businesses in multiple industries, primarily located in the US. MidCap primarily originates and invests in commercial and industrial loans, including senior secured corporate loans, working capital loans collateralized mainly by accounts receivable and inventory, senior secured loans collateralized by portfolios of commercial and consumer loans and related products and secured loans to highly capitalized pharmaceutical and medical device companies, and commercial real estate loans, including multifamily independent-living properties, assisted living, skilled nursing and medical office properties, warehouse, office building, hotel and other commercial use properties and multifamily properties. MidCap originates and acquires loans using borrowings under financing arrangements that it has in place with numerous financial institutions.</p>
	<p>Merx Aviation is a global aircraft leasing, management and finance company based in New York, Dublin and Singapore. Merx has an open mandate to invest in aviation assets, with full flexibility across the spectrum of investment scale, duration, asset type, asset age and structure. Merx targets investment opportunities that provide attractive risk-adjusted returns with downside protection from the underlying aircraft metal value and collateral package. Merx sources proprietary deal flow from its extensive aviation relationship network, composed of other lessors, airlines, private equity firms, hedge funds, aircraft asset managers, part-out shops, and original equipment manufacturers. Merx leverages its operational expertise across marketing, technical, legal, finance, and portfolio management functions to ensure performance across its owned and managed portfolio.</p>
	<p>Apollo Net Lease Co. is a net lease origination platform focused on the acquisition of operationally-essential, triple net lease real estate assets located throughout the US and is an indirect subsidiary of AGM. The platform sources, underwrites, structures and actively manages net lease real estate assets diversified by both geography and tenancy on behalf of Athene. Apollo Net Lease Co. provides access to a diverse asset base through its experienced management team and fully integrated origination platform.</p>
	<p>Haydock Finance is an established lender focused on providing lease finance to UK-based small and medium-sized enterprises backed by business-critical hard assets. Collateral includes, among others, commercial vehicles, industrial plant & machinery and agricultural equipment. By nature of the agreements, the portfolio is granular and has a short weighted average life. For distribution, Haydock relies on a panel of approved brokers and direct sales.</p>
	<p>Redding Ridge Asset Management (Redding Ridge) is a Registered Investment Advisor specializing in leveraged loans and global CLO management. Redding Ridge’s primary business consists of acting as collateral manager for CLO transactions and related warehouse facilities and as holder of CLO Retention interests in both US and Europe. Redding Ridge was established in response to risk retention regulations. The firm is strategically positioned with access to significant CLO management and structuring expertise, industry contacts and investor relationships. Pursuant to various service agreements with AGM, Redding Ridge is supported by top tier credit research, credit risk management, credit trading platform and other corporate / administrative services.</p>
	<p>PK AirFinance is a leading provider and arranger of loans secured by commercial aircraft and aircraft engines. PK AirFinance has comprehensive origination, underwriting, and syndication lending capabilities across products and geographies. PK AirFinance’s customer base includes airlines, aircraft traders, lessors, investors and financial institutions with product expertise spanning senior secured loans, finance leases, conditional sales, loan participations, pre-delivery payment loans, and bridge loans. PK AirFinance maintains a global footprint with extensive experience in attractive emerging markets that are not core for some traditional banks. PK AirFinance employs a differentiated, asset-focused underwriting approach supplemented by credit underwriting and cash flow analysis.</p>
	<p>On October 29, 2021, we closed a transaction in which we became the lead investor in a combination of Wheels, Inc. (Wheels), which we subsequently merged with Donlen LLC (Donlen). Wheels and Donlen have approximately 150 years of combined operating history, and provide fleet leasing and management services to blue-chip clients across North America. Merging the highly complementary operations of Wheels and Donlen allows the combined company to bring enhanced mobility solutions and product offerings across large, mid-sized and small fleets. The combined company manages over 500,000 vehicles in North America and has approximately \$5 billion of assets. Wheels and Donlen originate assets by leasing mission-critical fleet vehicles that are operationally important or revenue-generating for their corporate clients, which has supported high customer retention (+98% historically). Additionally, given the use of the open-end TRAC lease structure, historical lease losses have been less than one basis point on average for the two businesses. Both businesses are headquartered in Chicago, Illinois.</p>

In connection with our asset origination strategies, we also partner with Apollo to source, negotiate and structure large asset trades that are opportunistic in nature and offer favorable economic terms relative to investments that are more broadly available. For example, in December 2021, Apollo sourced a \$4.0 billion directly originated loan to SoftBank Vision Fund II (SoftBank) backed by the fund’s holdings and funded at a low loan-to-value ratio. We syndicated \$1.0 billion of this loan to a third party in December 2021. This is a unique transaction that illustrates Apollo’s ability to use its integrated platform and expertise to originate, structure and execute complex transactions quickly and in a size for high-quality corporate issuers. While large asset trades offer us strategic benefits, they also expose us to some degree of single issuer concentration risk. See *Item 1A. Risk Factors—Risk Relating to Market and Credit Risk—Our investment portfolio may be subject to concentration risk, particularly with respect to single issuers, including MidCap, Athora, PK AirFinance, Wheels/Donlen and SoftBank, among others; industries, including financial services; and asset classes, including real estate* for further discussion of these risks.

Item 1. Business

We opportunistically allocate approximately 5%-6% of our portfolio to alternative investments where we primarily focus on fixed income-like, cash flow-based investments. Our alternative investment strategy is inherently opportunistic rather than being derived from allocating a fixed percentage of assets to the asset class and the strategy is subject to internal concentration limits. Individual alternative investments are selected based on the investment's risk-reward profile, incremental effect on diversification and potential for attractive returns due to sector and/or market dislocations. We have a strong preference for alternative investments that have some or all of the following characteristics, among others: (1) investments that constitute a direct investment or an investment in a fund with a high degree of co-investment; (2) investments with credit- or debt-like characteristics (for example, a stipulated maturity and par value), or alternatively, investments with reduced volatility when compared to pure equity; or (3) investments that we believe have less downside risk. In general, we target returns for alternative investments of 10% or higher on an internal rate of return basis over the expected lives of such investments.

Our asset portfolio is managed within the limits and constraints set forth in our Investment and Credit Risk Policy. Under this policy, we set limits on investments in our portfolio by asset class, such as corporate bonds, emerging markets securities, municipal bonds, non-agency RMBS, commercial mortgage-backed securities (CMBS), CLO, commercial mortgage whole loans and mezzanine loans and alternative investments. We also set credit risk limits for exposure to a single issuer that vary based on ratings. In addition, our asset portfolio is constrained by its scenario-based capital ratio limit and its stressed liquidity limit.

Capital

We believe that we have a strong capital position and that we are well positioned to meet policyholder and other obligations. We measure capital sufficiency using an internal capital model which reflects management's view on the various risks inherent to our business, the amount of capital required to support our core operating strategies and the amount of capital necessary to maintain our current ratings in a recessionary environment. The amount of capital required to support our core operating strategies is determined based upon internal modeling and analysis of economic risk, as well as inputs from rating agency capital models and consideration of both National Association of Insurance Commissioners (NAIC) risk-based capital (RBC) and Bermuda capital requirements. Capital in excess of this required amount is considered excess equity capital, which is available to deploy.

As discussed previously in *–Growth Strategy*, we seek to achieve profitable growth that maximizes shareholder value. Executing on our growth strategy requires that we have access to adequate amounts of capital. Our deployable capital and uses thereof are set forth below.

Deployable Capital

Our deployable capital is comprised of capital from three sources: excess equity capital, untapped debt capacity and available undrawn capital commitments from ACRA. As of December 31, 2021, we believe that we have approximately \$7.35 billion in total excess equity capital, untapped debt capacity and available undrawn ACRA commitments available to be deployed, subject, in the case of debt capacity, to market conditions and general availability.

Excess Equity Capital

Capital in excess of the amount required to support our core operating strategies is considered excess equity capital. Our internal capital model is used to measure the capital in excess of the amount required to support our core operating strategies. As of December 31, 2021, we held approximately \$3.35 billion in excess equity capital. Our excess equity capital provides us with a high degree of flexibility to be opportunistic for inorganic growth.

Debt Capacity

As of December 31, 2021, our debt to capital ratio was 12.8% and our adjusted debt to capital ratio was 14.8%. Based upon an estimated peer average adjusted debt to capital ratio of approximately 25%, we believe that we have approximately \$2.7 billion in untapped debt capacity that could be drawn, assuming favorable market conditions and general availability.

ACRA

ACRA 1A was initially formed as a wholly owned subsidiary of ALRe with the objective of raising third-party capital for the purpose of pursuing inorganic transactions, pension group annuity transactions and certain flow reinsurance transactions (collectively, Qualifying Transactions). On December 31, 2021, ALRe, through its subsidiary Athene Asset LP (AALP), and certain funds managed by AGM referred to collectively as the Apollo/Athene Dedicated Investment Program (ADIP) contributed all of their shares of ACRA 1A to Athene Co-Invest Reinsurance Affiliate Holding Ltd., our newly-formed subsidiary (ACRA HoldCo), in exchange for an equal number of shares of ACRA HoldCo (the ACRA Restructuring). As a result of the ACRA Restructuring, ACRA 1A became a wholly owned subsidiary of ACRA HoldCo, ALRe (indirectly through AALP) holds 36.55% of the economic interests and 100% of the voting interests of ACRA HoldCo, and the remaining 63.45% of the economic interests in ACRA are held by ADIP. ACRA HoldCo's board of directors will at all times consist of the same members as the board of directors of ACRA 1A.

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In connection with the ACRA Restructuring, on December 31, 2021, (1) ALRe and ACRA 1A amended and restated that certain framework agreement (the Amended and Restated Framework Agreement), pursuant to which ACRA had received capital commitments from ALRe and ADIP, in order to, among other things, reflect the ACRA Restructuring and resulting changes in ACRA 1A's ownership structure, as well as changes to reflect that we are a direct subsidiary of AGM following completion of the Mergers, and (2) ALRe and AALP entered into that certain Amended and Restated Shareholders Agreement with ACRA 1A, ACRA HoldCo and ADIP, which primarily includes changes to reflect the ACRA Restructuring and resulting changes in ownership structure of ACRA 1A, as well as changes to reflect that we are a direct subsidiary of AGM following completion of the Mergers, and to provide for the governance structure at ACRA HoldCo, which is substantially similar to the governance structure of ACRA 1A.

During a commitment period ranging from approximately three to five years, ACRA has the right to participate in substantially all Qualifying Transactions. ALRe may also offer ACRA the right to participate in flow reinsurance transactions with existing third-party counterparties and reinsurance transactions involving new funding agreements from time to time, subject to certain conditions. ACRA's election to participate in Qualifying Transactions is determined by ACRA's Transaction Committee, which is a committee of the board of directors of ACRA comprised of our representatives and those of AGM. If ACRA elects not to participate in a Qualifying Transaction, we will have the right to pursue such Qualifying Transaction without ACRA. ACRA's right to participate in Qualifying Transactions is subject to capital requirements and other terms and conditions. Effective as of January 1, 2022, a quota share of certain of our retail annuity business will be retroceded to a subsidiary of ACRA 1A.

In connection with each Qualifying Transaction in which ACRA elects to participate (each, a Participating Transaction), ACRA will generally pay ALRe a fee (Wrap Fee) on the reserves of the assumed or acquired business. The Wrap Fee is expected to be approximately 15 basis points per year, based on a scale which increases from 10 basis points as the portion of the reserves economically attributed to ADIP increases.

In general, (a) on or about the 10th anniversary of the effective date of any Participating Transaction (other than a flow reinsurance transaction) or (b) on or about the 10th anniversary of the date on which reinsurance is terminated as to new business under any Participating Transaction that is a flow reinsurance transaction (which would occur no later than the end of the commitment period), ALRe or its applicable affiliate has the right (Commutation Right) to terminate ACRA's participation in such Participating Transaction based on a book value pricing mechanism and subject to ADIP's ability to reject the commutation if a minimum return with respect to such Participating Transaction is not achieved. If ALRe does not exercise the Commutation Right with respect to a Participating Transaction, then ACRA's obligation to pay the Wrap Fee in connection with such Participating Transaction will terminate, and, subject to certain exceptions (and the applicable terms and conditions of the Amended and Restated Framework Agreement and related transaction documents), ALRe will be required to pay ACRA a fee calculated in the same manner as the Wrap Fee. In addition, if ACRA fails to satisfy minimum aggregate capital requirements, ALRe has the right to recapture or assign to another of our subsidiaries a portion of the business retroceded to ACRA (and/or any of its insurance or reinsurance subsidiaries) to the extent necessary to cure such failure.

As of December 31, 2021, ALRe and ALReI had retroceded to ACRA \$51.9 billion of reserve liabilities. In connection with future Participating Transactions, ACRA will draw from ADIP and from ALRe their respective share of the amount of capital necessary to consummate such Participating Transactions. The terms of any Participating Transaction may vary from the terms described above upon mutual agreement of us and the ACRA Transaction Committee.

As of December 31, 2021, ADIP had raised approximately \$3.3 billion in capital commitments, of which \$1.3 billion was available to deploy into future Qualifying Transactions.

Uses of Capital

Capital deployment includes both the payment for a business opportunity, such as the payment of a ceding commission to enter into a block reinsurance transaction or the payment of cash to acquire our shares on the open market, and the retention of capital based on our internal capital model. Currently, we deploy capital in four primary ways: (1) supporting organic growth, (2) supporting inorganic growth, (3) making dividend payments to our parent company from time to time, and (4) retaining capital to support financial strength ratings upgrades. We generally seek returns on our capital deployment of mid-teens or higher.

Organic Growth

We deploy capital to support the organic growth of our primary business channels, including retail, flow reinsurance and institutional products. Organic growth is generally funded through our ongoing operations by capital generated from profitability and the release of capital in connection with the run-off of historical business. Capital generated through our ongoing operations in excess of that deployed into organic growth results in an incremental increase in our excess equity capital, to the extent not otherwise deployed.

Inorganic Growth

We opportunistically deploy capital in connection with block reinsurance and acquisition transactions, which may include corporate carve-outs or whole-company purchases.

Item 1. Business

Dividends to Parent

We and our board of directors may determine it appropriate to declare cash dividends payable to our parent company. On December 31, 2021, our board of directors declared a cash dividend of \$750 million payable to holders of our common shares, with a record date and payment date following the completion of the Mergers.

Ratings Upgrades

As of December 31, 2021, each of our significant insurance subsidiaries is rated “A” or “A+” by the three rating agencies that evaluate the financial strength of such subsidiaries. See *Financial Strength Ratings* for further discussion regarding our ratings. To achieve our financial strength ratings aspirations, we may choose to retain additional capital above the level required by the rating agencies to support our operating needs. We believe there are numerous benefits to achieving stronger ratings over time, including increased recognition of and confidence in our financial strength by prospective business partners, particularly within product distribution, as well as potential profitability improvements in certain organic channels though lower funding costs.

Internal Reinsurance

Subject to quota shares generally ranging from 80% to 100%, substantially all of the existing deposits held and new deposits generated by our US insurance subsidiaries are reinsured to our Bermuda reinsurance subsidiaries. We maintain the same reserving standards for our Bermuda reinsurance subsidiaries as we do for our US insurance subsidiaries. We also retrocede Participating Transactions to ACRA, and effective January 1, 2022, we began to retrocede a quota share of our retail business to a subsidiary of ACRA 1A. Our internal reinsurance structure provides us with several strategic and operational advantages, including the aggregation of regulatory capital, which makes the aggregate capital of our Bermuda reinsurance subsidiaries available to support the risks assumed by each entity, and enhanced operating efficiencies. As a result of our internal reinsurance structure and third-party direct to Bermuda business, the significant majority of our aggregate capital is held by our Bermuda reinsurance subsidiaries.

We use two principal forms of internal reinsurance arrangements, Modco and Funds Withheld. Under Modco, the reinsured reserves are retained by the US cedant, whereas under Funds Withheld, the Bermuda reinsurer is required to establish reserves for the obligations ceded. Under both Modco and Funds Withheld, the Bermuda reinsurer holds capital against the reserves and the US cedant retains physical possession and legal ownership of the assets supporting the reserves. The profit and loss with respect to the obligations ceded flow from the US cedant to the Bermuda reinsurer through periodic net settlements. Each Modco and Funds Withheld agreement requires the US cedant to establish a segregated account in which the assets supporting the ceded obligations are maintained. The US cedant is authorized under the respective agreement to make payments on the ceded obligations directly from the segregated account. The assets maintained in the segregated account are valued at statutory carrying value for purposes of determining settlement amounts. Under the respective agreements, the US cedants have an obligation to make payments to the Bermuda reinsurers to the extent that the statutory carrying value of the assets maintained in the applicable segregated account exceeds 100% of the reserves maintained in respect of the reinsured business, and the Bermuda reinsurers have an obligation to make payments to the US cedants to the extent that the statutory carrying value of the assets maintained in the applicable segregated account is less than 100% of the reserves maintained in respect of the reinsured business.

Outsourcing

With regard to our US business, we outsource some portion or all of each of the following functions to third-party service providers:

- hosting of financial systems;
- policy administration of existing policies;
- custody;
- information technology development and maintenance; and
- investment management.

We closely monitor our outsourcing partners and integrate their services into our operations. We believe that outsourcing such functions allows us to focus capital and our employees on our core business operations and perform higher utility functions, such as actuarial, product development and risk management. In addition, we believe an outsourcing model provides predictable pricing and service levels and operational flexibility and further allows us to benefit from technological developments that enhance our capabilities, each in a manner that we would not otherwise be able to achieve without investing more of our own capital. We believe we have a good relationship with our principal outsource service providers.

Item 1. Business

Hedging Program and Derivatives

We use, and may continue to use, derivatives, including swaps, options, futures and forward contracts, and reinsurance contracts to hedge risks such as current or future changes in the fair value of our assets and liabilities, current or future changes in cash flows, changes in interest rates, equity markets, currency fluctuations and changes in longevity. Our hedging program is focused on hedging our economic risk exposures. See *Item 7A. Quantitative and Qualitative Disclosures About Market Risks* for additional information regarding the risks to which we are subject and the strategies that we employ to manage those risks.

Financial Strength Ratings

Financial strength and credit ratings directly affect our ability to access funding and the related cost of borrowing, the attractiveness of certain of our products to customers, our attractiveness as a reinsurer to potential ceding companies and requirements for derivatives collateral posting. Such ratings are periodically reviewed by the rating agencies.

Credit ratings represent the opinions of rating agencies regarding an entity’s ability to repay its indebtedness. Financial strength ratings represent the opinions of rating agencies regarding the financial ability of an insurer or reinsurer to meet its obligations under an insurance policy or reinsurance arrangement and generally involve quantitative and qualitative evaluations by rating agencies of a company’s financial condition and operating performance. Generally, rating agencies base their financial strength ratings upon information furnished to them by the respective company and upon their own investigations, studies and assumptions. Financial strength ratings are based upon factors of concern to policyholders, agents, intermediaries and ceding companies and are not directed toward the protection of investors. Credit and financial strength ratings are not recommendations to buy, sell or hold securities and they may be revised or revoked at any time at the sole discretion of the rating organization.

As of December 31, 2021, A.M. Best, Standard & Poor’s Rating Services (S&P) and Fitch Ratings (Fitch) had issued credit or financial strength ratings and outlook statements regarding us as follows:

Company	A.M. Best	S&P	Fitch
Athene Holding Ltd.			
Long-Term Issuer Credit Rating/Issuer Default Rating	bbb+	A-	BBB+
Outlook	Stable	Positive	Positive
Athene Life Re Ltd.			
Financial Strength Rating	A	A+	A
Outlook	Stable	Stable	Positive
Athene Life Re International Ltd.			
Financial Strength Rating	A	A+	A
Outlook	Stable	Stable	Positive
Athene Annuity & Life Assurance Company			
Financial Strength Rating	A	A+	A
Outlook	Stable	Stable	Positive
Athene Annuity & Life Assurance Company of New York			
Financial Strength Rating	A	A+	A
Outlook	Stable	Stable	Positive
Athene Annuity and Life Company			
Financial Strength Rating	A	A+	A
Outlook	Stable	Stable	Positive
Athene Life Insurance Company of New York			
Financial Strength Rating	A	Not Rated	Not Rated
Outlook	Stable	Not Rated	Not Rated
Athene Co-Invest Reinsurance Affiliate 1A Ltd. and Athene Co-Invest Reinsurance Affiliate 1B Ltd.			
Financial Strength Rating	A	A+	A
Outlook	Stable	Stable	Positive
Athene Co-Invest Reinsurance Affiliate International Ltd.			
Financial Strength Rating	A	A+	A
Outlook	Stable	Stable	Positive

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Rating Agency	Financial Strength Rating Scale	Issuer Credit Rating Scale
A.M. Best ¹	“A+” to “D”	“aaa” to “c”
S&P ²	“AAA” to “D”	“AAA” to “D”
Fitch ³	“AAA” to “C”	“AAA” to “D”

¹ A.M. Best’s Financial Strength Rating (FSR) is an independent opinion of an insurer’s financial strength and ability to meet its ongoing insurance policy and contract obligations. A.M. Best’s FSR Categories from “A+” to “C” include a Ratings Notch to reflect a gradation of financial strength within the category. Ratings Notches for A.M. Best’s FSR are expressed with either a second plus “+” or a minus “-“. A.M. Best’s Long-Term Issuer Credit Rating (ICR) is an opinion of an entity’s ability to meet its ongoing senior financial obligations. A.M. Best’s Long-Term ICR Categories from “aa” to “ccc” include Rating Notches to reflect a gradation within the category to indicate whether credit quality is near the top or bottom of a particular Rating Category. Rating Notches for A.M. Best’s Long-Term ICR are expressed with a “+” (plus) or “-“ (minus).

² S&P’s insurer financial strength rating is a forward-looking opinion about the financial security characteristics of an insurance organization with respect to its ability to pay under its insurance policies and contracts in accordance with their terms. S&P’s issuer credit rating is a forward-looking opinion about an obligor’s overall creditworthiness. This opinion focuses on the obligor’s capacity and willingness to meet its financial commitments as they come due. Long-term issuer credit ratings focus on the obligor’s capacity and willingness to over the long-term to meet all of its financial commitments, both long- and short-term, as they come due. A “+” or “-“ indicates relative standing within a rating category.

³ Fitch’s insurer financial strength ratings provide an assessment of the financial strength of an insurance organization. The insurer financial strength rating is assigned to the insurance company’s policyholder obligations, including assumed reinsurance obligations and contractholder obligations, such as guaranteed investment contracts. The insurer financial strength rating reflects both the ability of the insurer to meet these obligations on a timely basis and expected recoveries received by claimants in the event the insurer stops making payments or payments are interrupted, due to either the failure of the insurer or some form of regulatory intervention. Fitch’s issuer default ratings opine on an entity’s relative vulnerability to default on financial obligations. The threshold default risk addressed by issuer default ratings is generally that of financial obligations whose non-payment would best reflect the uncured failure of that entity. As such, issuer default ratings also address relative vulnerability to bankruptcy, administrative receivership or similar concepts. A “+” or a “-“ may be appended to a rating to denote relative status within major rating categories.

In addition to the financial strength ratings, rating agencies use an outlook statement to indicate a medium or long-term trend which, if continued, may lead to a rating change. A positive outlook indicates a rating may be raised and a negative outlook indicates a rating may be lowered. A stable outlook is assigned when ratings are not likely to be changed. Outlooks should not be confused with expected stability of the issuer’s financial or economic performance. A rating may have a stable outlook to indicate that the rating is not expected to change, but a stable outlook does not preclude a rating agency from changing a rating at any time without notice.

A.M. Best, S&P and Fitch review their ratings of insurance companies from time to time. There can be no assurance that any particular rating will continue for any given period of time or that it will not be changed or withdrawn entirely if, in the respective rating agency’s judgment, circumstances so warrant. Further, ratings agencies may change their capital adequacy assessment methodologies in a manner that could adversely affect the financial strength ratings of insurance companies. For example, on December 6, 2021, S&P Global published a Request for Comment (RFC) on its methodology and assumptions for analyzing the risk-based capital adequacy of insurers and reinsurers with comments due by March 18, 2022. We are in early stages of evaluating potential impacts of the RFC. While the degree to which ratings adjustments will affect sales and persistency is unknown, we believe if our ratings were to be negatively adjusted for any reason, we could experience a material decline in the sales of our products and the persistency of our existing business. See *Item 1A. Risk Factors—Risks Relating to Our Business Operations—A financial strength rating downgrade, potential downgrade or any other negative action by a rating agency could make our product offerings less attractive, inhibit our ability to acquire future business through acquisitions or reinsurance and increase our cost of capital, which could have a material adverse effect on our business* for further discussion about risks associated with financial strength ratings.

Competition

We operate in highly competitive markets. We face a variety of large and small industry participants, including diversified financial institutions and insurance and reinsurance companies. These companies compete in one form or another for the growing pool of retirement assets driven by a number of external factors such as the continued aging of the population and the reduction in safety nets provided by governments and private employers. In the markets in which we operate, scale and the ability to provide value-added services and build long-term relationships are important factors to compete effectively. See *Item 1A. Risk Factors—Risks Relating to Our Business Operations—We operate in a highly competitive industry that includes a number of competitors, which could limit our ability to achieve our growth strategies and could materially and adversely affect our business, financial condition, results of operations, cash flows and prospects* for further discussion on competitive risks. We believe that our leading presence in the retirement market, diverse range of capabilities and broad distribution network uniquely position us to effectively serve consumers’ increasing demand for retirement solutions, particularly in the FIA market.

We face competition in the FIA market from traditional insurance carriers such as Allianz Life Insurance Company of North America (Allianz) and American International Group Companies (AIG). Principal competitive factors for FIAs are initial crediting rates, reputation for renewal crediting action, product features, brand recognition, customer service, distribution capabilities and financial strength ratings of the provider. Competition may affect, among other matters, both business growth and the pricing of our products and services. See *Item 7.—Management’s Discussion and Analysis of Financial Condition and Results of Operations—Industry Trends and Competition—Competition* for a discussion of our ranking and market share within the FIA market and the fixed annuity market more broadly.

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Reinsurance markets are highly competitive, as well as cyclical by product and market. As a reinsurer, ALRe competes on the basis of many factors, including, among other things, financial strength, pricing and other terms and conditions of reinsurance agreements, reputation, service and experience in the types of business underwritten. The impact of these and other factors is generally not consistent across lines of business, domestic and international geographical areas and distribution channels. ALRe's competition includes other insurance and reinsurance companies, such as Reinsurance Group of America, Incorporated and Global Atlantic Financial Group Limited (together with its subsidiaries, Global Atlantic).

We face strong competition within our institutional channel. With respect to funding agreements, namely those issued in connection with our FABN program, we compete with other insurers that have active FABN programs, such as MetLife, Inc. (MetLife) and New York Life Insurance Company. Within the funding agreement market, we compete primarily on the basis of perceived financial strength, interest rates and term. With respect to group annuities, we compete with other insurers that offer such annuities, such as MetLife and Prudential Financial, Inc. Within the pension group annuities market, we compete primarily on the basis of price, underwriting, investment capabilities and our ability to provide quality service to the corporate sponsor's pension participants.

Finally, we face competition in the market for acquisition targets and profitable blocks of insurance. Such competition is likely to intensify as insurance businesses become more attractive acquisition targets for both other insurance companies and financial and other institutions and as the already substantial consolidation in the financial services industry continues. We compete for potential acquisition and block reinsurance opportunities based on a number of factors including perceived financial strength, brand recognition, reputation and the pricing we are able to offer, which, to the extent we determine to finance a transaction, is in turn dependent on our ability to do so on suitable terms. We believe that our demonstrated ability to source and consummate large and complex transactions is a competitive advantage over other potential acquirors.

Human Capital Management

As of December 31, 2021, we had 1,403 employees, including 85 located in our Bermuda headquarters and 1,307 located in the US, primarily at our headquarters in West Des Moines, IA. We believe our employee relations are good. None of our employees are subject to collective bargaining agreements, nor are we aware of any efforts to implement such agreements.

We are committed to a culture that prioritizes teamwork, engagement, inclusivity and pride of ownership. When employees are engaged and feel a sense of purpose and belonging, they are more enthusiastic about their work and the success of the organization. Engagement is driven by many facets of our employee experience. Our core values – Believe in your Co-workers, Engage Actively, Act like Owners, and Make it Happen (BEAM) – provide the foundation for employee engagement. BEAM was created by a team of employees tasked with articulating our core beliefs. BEAM is core to our culture and helps inspire employees to take positive action in our workplace and in our communities.

Talent

Recruiting, developing and retaining high-performing employees in the workplace is very important to us. We value each employee's individual talents and skills, and promote career growth and development for all employees. As we invest in the growth and development of our employees, the value of our workforce increases. The continued success of our business depends upon our ability to retain the employees in whom we have invested. We monitor turnover rates by function and actively defend against key talent losses to competitors. We also conduct annual succession planning to ensure that as the organization expands, is subject to turnover and/or provides promotional opportunities, we are in a position to fill key open positions.

To measure employee satisfaction and engagement, we administer an annual employee engagement survey. The scores and feedback are reviewed by management in addition to being communicated to all employees. We adjust our business practices based on feedback received. To achieve meaningful feedback, we strive to achieve high employee completion rates.

Diversity, Equity and Inclusion

We are committed to ensuring diversity, equity and inclusion (DEI) are woven into our organizational values. Our DEI efforts are led by our Senior Vice President, Diversity, Equity and Inclusion, who reports to our Executive Vice President of Human Resources, with additional reporting responsibilities to the Legal & Regulatory Committee of our board of directors, the committee charged with oversight of our DEI efforts and our corporate and social responsibility efforts more broadly. We have established a Diversity & Inclusion Council and ten Employee Resource Groups (ERGs) that work to elevate diversity efforts by fostering a workplace that cultivates our differences, where employees feel celebrated, engaged, and connected. We seek to build a diverse workforce that delivers on our business objectives and embodies our values. We engage actively with our communities to make a difference in the places in which we live and work.

In addition to our human resources and DEI leadership, we currently have a DEI Analyst and ten advisors supporting our ten ERGs, which are comprised of: Advancing Abilities Partnership; African American Athene Connection; Athene Asian Alliance; Athene Military Veterans Organization; Bermuda Diversity and Inclusion Committee; Comunidad; Lesbian, Gay, Bisexual, Transgender, Queer/Questioning; LiveWell; Volunteer Committee; and Women's Inclusion Network. Each ERG is paired with a member of our Executive Committee to provide a direct link between the group and our executive leadership.

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Pay

Our performance-based compensation strategy is designed to recognize and reward employees for their contribution to our success, and we strive to provide strong, equitable incentives for performance. Compensation may be comprised of up to three elements: base compensation, which is determined based upon a number of factors, including size, scope and impact of the employee's role, the market value associated with the employee's role, leadership skills, length of service and individual performance; an annual incentive award, which if applicable, is a cash incentive award determined based on a combination of individual and company performance during the period to which the incentive award relates; and a long-term incentive award, which if applicable, is a stock-based award intended to compensate an employee for her or his contribution to our success and to align the interest of the award recipient with our interest during the vesting period of the award. We seek to determine compensation on the basis of merit and without regard to demographic characteristics.

Employee Safety

In light of the ongoing impact of COVID-19, we continue to devote significant attention to the importance of employee safety and well-being. The continuing spread of COVID-19, including new variants of COVID-19, threatens the health and safety of our most valuable asset, our people. To mitigate the risk that the virus infects members of our workforce, to ensure the continuity of our operations throughout the duration of this pandemic and to ensure uninterrupted servicing of the policyholders who have entrusted us for their retirement needs, we began in March 2020 to implement various protocols, including remote work protocols, safety protocols that incorporated recommendations, guidelines and regulations from the Center for Disease Control and other national, state and local health authorities, and enhanced cleaning protocols.

In 2021, employees in all of our locations continued to work in the office or remotely, per the regulatory needs of each state/country and with the incorporated safety protocols. We continue to fluctuate on staff levels working in the office as new variants and positivity rates change. We continue to have case investigation and contact tracing procedures to appropriately identify and quarantine those individuals who have been or may have been exposed to the virus. As of April 30, 2021, we had 10 employees who had been certified as contact tracers through Johns Hopkins University. We have been successful in implementing our business continuity and repopulation plans and to date have experienced no material impairment to our business operations. We continue to closely monitor our situation and the recommendations and guidelines issued by national, state and local health authorities.

Regulation

Our US insurance subsidiaries are licensed to transact insurance business in, and are subject to regulation and supervision by, all 50 states of the United States, Puerto Rico and the District of Columbia. Our Bermuda reinsurance subsidiaries are subject to regulation and supervision by the Bermuda Monetary Authority (BMA) and compliance with all applicable Bermuda law and Bermuda insurance statutes and regulations, including but not limited to Bermuda's Insurance Act 1978 (Bermuda Insurance Act). Our business is also subject to certain international regulations and frameworks as well as the laws and regulations of various other jurisdictions. A summary of certain of the laws, regulations and frameworks to which we are subject is set forth below.

General

United States

Each of our US insurance subsidiaries, with the exception of Athene Re USA IV, Inc. (Athene Re IV) discussed further below, is organized and domiciled in one of the following states: Delaware, Iowa, or New York (each, an Athene Domiciliary State) and is also licensed in such state as an insurer. The insurance department of each Athene Domiciliary State regulates the applicable US insurance subsidiary, and each US insurance subsidiary is regulated by each of the insurance regulators in the other states where such company is authorized to transact insurance business. The primary purpose of such regulatory supervision is to protect policyholders rather than holders of any securities, such as the AHL common shares. Generally, insurance products underwritten by our US insurance subsidiaries must be approved by the insurance regulators in each state in which they are sold.

As part of our acquisition of Aviva USA, we acquired a special-purpose insurance company, Athene Re IV, which is a subsidiary of Athene Annuity and Life Company (AAIA). Athene Re IV is domiciled in Vermont and provides reinsurance to AAIA in order to facilitate the reserve financing associated with a closed block of policies resulting from the demutualization of a prior insurance company currently part of AAIA. As part of the acquisition of AAIA, the liabilities associated with such closed block of insurance policies, including any exposure to payments due from such special-purpose insurance company subsidiary, were reinsured to Accordia. We do not write business that requires the use of captive reinsurers.

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State insurance authorities have broad administrative powers over our US insurance subsidiaries with respect to all aspects of their insurance business including: (1) licensing to transact business; (2) licensing of producers; (3) prescribing which assets and liabilities are to be considered in determining statutory surplus; (4) regulating premium rates for certain insurance products; (5) approving policy forms and certain related materials; (6) determining whether a reasonable basis exists as to the suitability of the annuity purchase recommendations producers make and, in certain states, that such recommendations are in the best interest of the consumer; (7) regulating unfair trade and claims practices; (8) establishing reserve requirements, solvency standards and minimum capital requirements (MCR); (9) regulating the amount of dividends that may be paid in any year; (10) regulating the availability of reinsurance or other substitute financing solutions, the terms thereof and the ability of an insurer to take credit on its financial statements for insurance ceded to reinsurers or other substitute financing solutions; (11) fixing maximum interest rates on life insurance policy loans, minimum crediting rates on accumulation products and minimum allowable surrender values; (12) regulating the type, amounts and valuations of investments permitted; (13) setting parameters for transactions with affiliates; and (14) regulating other matters.

The rates, forms, terms and conditions of our US insurance subsidiaries' reinsurance agreements with unaffiliated third parties generally are not directly subject to regulation by any state insurance department in the United States. This contrasts with primary insurance where, as discussed above, the policy forms and premium rates are generally regulated by state insurance departments.

From time to time, increased scrutiny has been placed upon the US insurance regulatory framework, and a number of state legislatures have considered or enacted legislative measures that alter, and in many cases increase, state authority to regulate insurance and reinsurance companies. In addition to legislative initiatives of this type, the NAIC and state insurance regulators are regularly involved in a process of reexamining existing laws and regulations and their application to insurance and reinsurance companies.

Furthermore, while the federal government in most contexts currently does not directly regulate the insurance business, federal legislation and administrative policies in a number of areas, such as employee benefits and pension regulation, age, sex and disability-based discrimination, financial services regulation, securities regulation, derivatives regulation, privacy regulation and federal taxation, can significantly affect the insurance business. It is not possible to predict the future impact of changing regulation on our operations. See *Item 1A. Risk Factors—Risks Relating to Insurance and Other Regulatory Matters*.

Bermuda

The Bermuda regulatory regime has been deemed to be equivalent to the European Union (EU) Directive (2009/138/EC) (Solvency II). The Bermuda Insurance Act regulates the insurance business of our Bermuda reinsurance subsidiaries, and provides that no person may carry on any insurance business in or from within Bermuda unless registered as an insurer under such act by the BMA. The BMA is required by the Bermuda Insurance Act to determine whether the applicant is a fit and proper body to be engaged in the insurance business and, in particular, whether it has, or has available to it, adequate knowledge and expertise to operate an insurance business. See *—Fit and Proper Controllers* below.

The continued registration of an insurer is subject to the insurer complying with the terms of its registration and such other conditions as the BMA may impose from time to time. The Bermuda Insurance Act also grants to the BMA powers to supervise, investigate and intervene in the affairs of insurance companies. The Bermuda Insurance Act imposes on Bermuda insurance companies solvency standards as well as auditing and reporting requirements.

Regulation of an Insurance Group

Group Supervision

Many insurers, including us, operate within a group structure. An insurance group is two or more affiliated persons, one or more of which is an insurance company. As an insurer's financial position and risk profile may be impacted by being part of a group, US state and international regulators have developed group supervisory frameworks in order to provide regulators with the ability to scrutinize the activities of an insurance group and assess its potential impact on insurance companies. The Iowa Insurance Division (IID) and the BMA are the lead regulators of our largest subsidiaries. Under the Iowa Holding Company Act (Iowa HCA), the IID is our group supervisor. Separately, the BMA is the subgroup supervisor for our Bermuda reinsurance subsidiaries. Under applicable US state law, Apollo and (except as otherwise excluded with regulatory approval) its affiliates, including its insurance interests, are included within the holding company system for purposes of certain supervision requirements, even though many of such entities have no material relationship to us.

A group supervisor may perform a number of supervisory functions including: (1) coordinating the gathering and dissemination of relevant or essential information for going concerns and emergency situations, including the dissemination of information that is of importance for the supervisory task of other competent authorities; (2) carrying out supervisory reviews and assessments of the insurance group; (3) carrying out assessments of the insurance group's compliance with the rules on solvency, risk concentration, intra-group transactions and good governance procedures; (4) planning and coordinating supervisory activities in respect of the insurance group, both as a going concern and in emergency situations through regular meetings held at least annually (or by other appropriate means) with other competent authorities; (5) coordinating enforcement actions that may need to be taken against the insurance group or any of its members; and (6) planning and coordinating meetings of colleges of supervisors (consisting of insurance regulators) in order to facilitate the carrying out of the functions described above.

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The group supervisor may impose certain requirements on the insurance group, including to make provision for, among other things: (1) assessing the financial situation and the solvency position of the insurance group and/or its members and (2) regulating intra-group transactions, risk concentration, governance procedures, risk management and regulatory reporting and disclosure. Many of these requirements are still being developed in regulatory frameworks and have not yet been applied in substance to us or our affiliates or, to the extent they have been applied, remain subject to modification as part of larger prudential regulatory initiatives.

Group Capital

In December 2020, the NAIC adopted amendments to the NAIC's Insurance Holding Company System Regulatory Act and Model Regulation (the Holding Company Model Act) to require, subject to certain exceptions, the ultimate controlling person of every insurer subject to the holding company registration requirement to file an annual group capital calculation (GCC) with its lead state on a confidential basis. The GCC is a tool developed by the NAIC to provide US insurance regulators with a method to aggregate the available capital and the minimum capital of each entity in a group in a way that applies to all groups regardless of their structure. The December 2020 amendments also require the ultimate controlling person for certain large US life insurers and insurance groups meeting certain scope criteria, based on the amounts of business written or material exposure to certain investment transactions, to file the results of a liquidity stress test (LST) annually with the lead state regulator of the insurance group. The LST utilizes a company cash-flow projection approach incorporating liquidity sources and uses over various time horizons under a baseline assumption and stress scenarios that may vary from year to year. Iowa has not yet adopted the December 2020 amendments to the Holding Company Model Act. The NAIC has stated that the GCC will be a regulatory tool and will not constitute a requirement or standard; however, these regulatory developments may increase the amount of capital that we are required to hold and could result in our being subject to increased regulatory requirements. While we do not currently expect this regulatory tool to impact our business, it is impossible to predict accurately if it will over time.

Internationally Active Insurance Groups and the Common Framework for the Supervision of Internationally Active Insurance Groups

In November 2019, the International Association of Insurance Supervisors (IAIS) adopted the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame). ComFrame will be applicable to entities that meet the IAIS's criteria for internationally active insurance groups (IAIGs) and that are so designated by their group-wide supervisor. Under ComFrame, an IAIG is defined as an insurance group which has (1) premiums written in three or more jurisdictions, with the percentage of gross premiums written outside the home jurisdiction comprising at least 10% of the group's total gross written premiums, and (2) based on a rolling three-year average, total assets of at least \$50 billion, or gross written premiums of at least \$10 billion. ComFrame establishes international standards for the designation of a group-wide supervisor for each IAIG and for the imposition of a group capital requirement applicable to an IAIG in addition to the current legal entity capital requirements imposed by relevant insurance laws and regulations. ComFrame also includes uniform standards for insurer corporate governance, enterprise risk management and other control functions and resolution planning. Additionally, in the US, the NAIC has promulgated amendments to the Holding Company Model Act that address "group-wide" supervision of IAIGs to allow state insurance regulators in the US to be designated as group-wide supervisors for US-based IAIGs and acknowledge another regulatory official acting as the group-wide supervisor of an IAIG. As with all NAIC model act amendments, these revisions must be adopted by individual states. To date, each of the Athene Domiciliary States has adopted a form of these provisions. We cannot predict with any degree of certainty any additional capital requirements, compliance costs or other burdens these requirements may impose on us and our insurance company affiliates.

In November 2019, the IAIS also adopted a revised version of its global insurance capital standard (ICS), which is the group capital component of ComFrame. The ICS will be implemented in the following two phases: in the first phase, which will last for five years and which is referred to as the "monitoring period," the ICS will be used for confidential reporting to group-wide supervisors and discussion in supervisory colleges, and the ICS will not be used as a prescribed capital requirement. After the monitoring period, the ICS will be implemented as a group-wide prescribed capital standard. In addition, in the United States, the NAIC and the Federal Reserve Board are developing a group capital calculation tool using a risk-based capital aggregation method (AM), similar to the GCC, for all entities within the insurance holding company system, including non-US entities, and are seeking effective equivalency of such AM tool to the ICS for US-based IAIGs. In the event that we or Apollo becomes an IAIG, we expect to be subject to the relevant ICS or AM. It is possible that the development of these international standards will have an impact on our capital position and capital structure in the future.

Own Risk and Solvency Assessment (ORSA) Model Act

We are subject to the ORSA Model Act, which has been enacted by each Athene Domiciliary State, and requires insurance companies to assess the adequacy of their and their group's risk management and current and future solvency position. Under the ORSA Model Act, certain insurers must undertake an internal risk management review at least annually (but also at any time when there are significant changes to the risk profile of the insurer or its insurance group), in accordance with the NAIC's ORSA Guidance Manual, and prepare an ORSA Summary Report (ORSA Report) assessing the adequacy of the insurer's risk management and capital in light of its current and future business plans. The ORSA Report is required to be filed annually with a company's lead state regulator and made available to other domiciliary regulators within the holding company system. We file the ORSA Report with the IID as our lead state regulator and concurrently provide the ORSA Report to the Delaware Department of Insurance and the New York State Department of Financial Services (NYSDFS). We also submit the ORSA Report to the BMA. Additionally, for the purposes of satisfying the assessment requested in the Schedule of Commercial Insurer's Solvency Self-Assessment, each Bermuda reinsurance subsidiary submits supporting documentation to the BMA regarding specific queries presented in the Bermuda Solvency Capital Requirement (BSCR), to supplement the information provided in the ORSA Report.

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Corporate Governance Annual Disclosure Model Act and Model Regulation (together, the Corporate Governance Model Act)

In November 2014, the NAIC adopted the Corporate Governance Model Act, which requires an insurer to provide an annual disclosure regarding its corporate governance practices to its lead state and/or domestic regulator. The Corporate Governance Model Act must be adopted by the individual states for the new requirements to apply, and specifically in Delaware, Iowa and New York for the changes to apply to our US insurance subsidiaries. Each Athene Domiciliary State has adopted a form of the Corporate Governance Annual Disclosure Model Act.

Insurance Holding Company Regulation

Each direct and indirect parent of our US insurance subsidiaries (including AHL) is subject to the insurance holding company laws of each of the Athene Domiciliary States. These laws generally require an insurance holding company and insurers that are members of such holding company system to register with their US insurance regulators and to file certain reports with those authorities, including information concerning their capital structure, ownership, financial condition, certain intercompany transactions and general business operations. Generally, under these laws, transactions between our US insurance subsidiaries and their affiliates, including any reinsurance transactions and affiliated investments, must be fair and reasonable and, if material or included within a specified category, require prior notice and approval or non-disapproval by the insurance department of each applicable Athene Domiciliary State.

Most states, including each of the Athene Domiciliary States, have insurance laws that require regulatory approval of a direct or indirect change of control of an insurer, which would include a change of control of its holding company. Laws such as these prevent any person from acquiring direct or indirect control of any of our US insurance subsidiaries or their holding companies unless that person has filed a statement with specified information with the commissioner, superintendent or director of the insurance department of the applicable Athene Domiciliary State (each, a Commissioner) and has obtained the Commissioner's prior approval. Under most states' statutes, including those of each of the Athene Domiciliary States, acquiring 10% or more of a voting interest in an insurance company or its parent company is presumptively considered a change of control, although such presumption may be rebutted. Accordingly, any person who acquires 10% or more of a voting interest in a direct or indirect parent of any of our US insurance subsidiaries (or AHL) without the prior approval of the Commissioner of the applicable Athene Domiciliary State will be in violation of the applicable Athene Domiciliary State's law and may be subject to injunctive action requiring the disposition or seizure of those securities by the Commissioner or prohibiting the voting of those securities and/or to other actions determined by the Commissioner. Further, a willful violation of these laws is punishable in each Athene Domiciliary State as a criminal offense.

In addition, most states' insurance holding company laws require any controlling person of a US insurer seeking to divest its controlling interest in the insurance company to file with the relevant insurance Commissioner a confidential notice of the proposed divestiture at least thirty days prior to the cessation of control (unless a person acquiring control from the divesting party has filed notice of the proposed acquisition of control with the Commissioner). After receipt of the notice, the Commissioner must determine whether the parties seeking to divest or to acquire a controlling interest will be required to file for or obtain approval of the transaction. These laws may discourage potential acquisition proposals and may delay, deter or prevent an acquisition of control of a direct or indirect parent of any of our US insurance subsidiaries (including AHL) (in particular through an unsolicited transaction), even if the shareholders of such parent consider such transaction to be desirable.

Holding company system regulations currently in effect in New York require prospective acquirers of New York-domiciled insurers to provide detailed disclosure with respect to intended changes to the business operations of the insurer, and expressly authorize the NYSDFS to impose additional conditions on such acquisitions. Pursuant to these regulations, the NYSDFS may limit the changes that the acquirer may make to the insurer's business operations for a specified period of time following the acquisition without the NYSDFS' prior approval. In particular, the regulation provides the NYSDFS with the specific authority to require acquirers of New York domiciled life insurers to post assets in a trust account for the benefit of the target company's policyholders. In making such determination, the NYSDFS may consider whether the acquirer is, or is controlled by or under common control with, an investment manager such as Apollo. The NAIC has also published in its Financial Analysis Handbook specific narrative guidance for state insurance examiners to consider in reviewing applications for an acquisition of insurance and reinsurance companies by a private equity firm. The NAIC also is undertaking a review of regulatory considerations applicable to insurers and reinsurers owned by a private equity firm and has appointed the Macroprudential (E) Working Group to coordinate this workstream. No specific action has been taken by the Macroprudential (E) Working Group as of February 1, 2022 other than the adoption of a list of "Regulatory Considerations Applicable (But Not Exclusive) to Private Equity (PE) Owned Insurers," which list requires further adoption by a task force and committee of the NAIC. Once the list is fully adopted, the Macroprudential (E) Working Group will assess each consideration to determine whether additional work by the NAIC is deemed necessary in addition to the projects currently underway and, if so, by which NAIC committee. Accordingly, we currently are unable to predict the impact of such NAIC activities on our business, including our investment activities.

In addition, many state insurance laws require prior notification to state insurance departments of a change in control of a non-domiciliary insurance company doing business in that state. While these pre-acquisition notification statutes do not authorize the state insurance departments to disapprove the change in control, they authorize regulatory action in the affected state if particular conditions exist such as undue market concentration. Any future transactions that would constitute a change in control of any of our US insurance subsidiaries may require prior notification in those states that have adopted pre-acquisition notification laws.

Although Athene Re IV is not subject to insurance holding company laws, the Vermont insurance regulator may use all or a part of the holding company law framework described above in determining whether to approve a proposed change of control.

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Each of the Athene Domiciliary States has adopted a form of the Holding Company Model Act that requires each ultimate controlling party to file an annual enterprise risk report identifying the material risks within the insurance holding company system that could pose enterprise risk to the licensed companies. An enterprise risk is generally defined as an activity or event involving affiliates of an insurer that could have a material and adverse effect on the insurer or the insurer's holding company system.

In December 2014, the NAIC adopted additional amendments to the Holding Company Model Act for consideration by the various states that address the authority of an insurance commissioner to act as the group-wide supervisor for an internationally active insurance group or to acknowledge the authority of another regulatory official, from another jurisdiction, to so act. These changes to the Holding Company Model Act must be enacted by the individual states before they will become effective, and specifically in Delaware, Iowa and New York for the changes to apply to our US insurance subsidiaries. Delaware has adopted a form of these changes to the Holding Company Model Act, and Iowa has adopted similar provisions under a predecessor statute. New York has adopted Insurance Regulation 203 that permits the New York Superintendent of Financial Services to act as group-wide supervisor of an IAIG that conducts substantial insurance operations in New York. It is not possible to predict with any degree of certainty the additional capital requirements, compliance costs or other burdens these changes may impose in the future.

NAIC

The NAIC is an organization, the mandate of which is to benefit state insurance regulatory authorities and consumers by promulgating model insurance laws and regulations for adoption by the states. The NAIC also provides standardized insurance industry accounting and reporting guidance through the NAIC Accounting Manual. However, model insurance laws and regulations are only effective when adopted by the states, and statutory accounting and reporting principles continue to be established by individual state laws, regulations and permitted practices. Changes to the NAIC Accounting Manual or modifications by the various state insurance departments may affect the statutory capital and surplus of our US insurance subsidiaries.

Some of the NAIC pronouncements, particularly as they affect accounting issues, take effect automatically in the various states without affirmative action by the states. Statutes, regulations and interpretations may be applied with retroactive impact, particularly in areas such as accounting and reserve requirements. Also, regulatory actions with prospective impact can potentially have a significant impact on products that we currently sell. The NAIC continues to work to reform state regulation in various areas, including reporting requirements for investment transactions with related parties that are not "affiliated" under the Holding Company Model Act.

The NAIC has adopted revisions to SSAP No. 71—Policy Acquisition Costs and Commissions, which require (1) the recognition of a liability for the full amount of the unpaid principal and accrued interest payable to a third party, such as a funding agent, at the time of policy issuance in connection with a levelized commission arrangement (whether linked to traditional or nontraditional elements) and (2) the related recognition (*i.e.*, accrual) of commission expense proportionately over the policy period in which the commission relates, thereby prohibiting the deferral of such expense accrual until such commission is fully earned. Such changes, which became effective December 31, 2021, could reduce the statutory capital and surplus of our US insurance subsidiaries.

Classification of Insurers

The Bermuda Insurance Act distinguishes between insurers carrying on long-term business, insurers carrying on special purpose business and insurers carrying on general business. Long-term business is generally defined as life, annuity and accident and health insurance, while general business broadly includes all types of insurance that are not long-term business (property and casualty business). Special purpose business is fully funded insurance business approved by the BMA to be written by a company registered either as a Special Purpose Insurer (SPI) or as a Collateralized Insurer. There are five classifications of insurers carrying on long-term business, ranging from Class A insurers (pure captives) to Class E insurers (larger commercial carriers). Class A insurers are subject to the lightest regulation and Class E insurers are subject to the strictest regulation.

Our Bermuda reinsurance subsidiaries, which are incorporated to carry on long-term business, are each registered as a Class C insurer, Class E insurer or SPI. Class C is the license class for long-term insurers and reinsurers with total assets of less than \$250 million that are not registrable as a single parent or multi-owner long-term captive insurer or reinsurer. Class E is the license class for long-term insurers and reinsurers with total assets of more than \$500 million that are not registrable as a single-parent or multi-owner long-term captive insurer or reinsurer. SPI is the license class for insurers that carry on either restricted special purpose business or unrestricted special purpose business. Restricted special purpose business means special purpose business conducted between an SPI and specific insureds approved by the BMA. Unrestricted special purpose business means special purpose business conducted by an SPI with any insured. Our Bermuda reinsurance subsidiaries are not licensed, accredited or approved in any US state or jurisdiction to conduct general business and have not sought authorization as reinsurers in any US state or jurisdiction.

Item 1. Business

In order for ceding companies of our Bermuda reinsurance subsidiaries to receive statutory reserve or RBC credit for the reinsurance provided, reinsurance transactions are typically structured in one of three ways: (1) funds withheld, where, although the applicable Bermuda reinsurance subsidiary recognizes the insurance reserve liabilities, the assets to secure such liabilities are held and maintained by the applicable ceding company, (2) modco, where both the insurance reserves and assets supporting the reserves are retained by the applicable ceding company or (3) coinsurance, where the respective Bermuda reinsurance subsidiary's obligation to the applicable ceding company in connection with reinsurance transactions is secured by assets held in trust for the benefit of the applicable ceding company, which may be reduced or eliminated to the extent that the applicable Bermuda reinsurance subsidiary is approved as a certified reinsurer or reciprocal jurisdiction reinsurer in the cedant's domiciliary state as discussed in more detail in the following section.

Credit for Coinsurance Ceded by a US Cedant

The ability of a ceding insurer to take reserve credit for the business ceded to reinsurance companies through coinsurance is a significant component of reinsurance regulation and is often a determining factor in establishing a reinsurance relationship. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), only the state in which a ceding insurer is domiciled may regulate the financial statement credit for reinsurance taken by that ceding insurer. With respect to US-domiciled ceding companies, credit is typically granted when (1) the reinsurer is licensed or accredited in the state where the ceding company is domiciled; (2) the reinsurer is domiciled in a state with credit for reinsurance laws and regulations that are substantively similar to the credit for reinsurance laws and regulations in the ceding insurer's state of domicile and the reinsurer meets certain financial requirements; or (3) other conditions are satisfied, such as the reinsurer securing its obligations to the cedant with qualified collateral.

Our Bermuda reinsurance subsidiaries have provided, and may in the future provide, reinsurance to our US insurance subsidiaries in the normal course of business. As none of our Bermuda reinsurance subsidiaries are licensed, accredited or approved in any US state or jurisdiction, unless certain conditions are satisfied (see below), when engaging in coinsurance transactions, each of our Bermuda reinsurance subsidiaries must collateralize its obligations to US-based cedants in order for such cedants to obtain credit against their reserves on their statutory basis financial statements.

Credit for reinsurance laws and regulations adopted by the various states are based on the NAIC's Credit for Reinsurance Model Law and Regulation (Credit for Reinsurance Model Law) and provide that collateral requirements may be reduced for reinsurance ceded to certain unauthorized or non-accredited non-US-based reinsurers that satisfy certain criteria to qualify as a certified reinsurer. ALRe has been approved as a certified reinsurer in Delaware, Maine, Massachusetts, Michigan, Ohio, Tennessee and Vermont and is therefore eligible, based on its current ratings, to post reduced collateral equal to 20% of the statutory reserves ceded under new coinsurance agreements by insurers domiciled in those states.

In June of 2019, the NAIC adopted revisions to the Credit for Reinsurance Model Law to allow a ceding insurer to take credit for reinsurance ceded to a qualifying unauthorized reinsurer without collateral if the reinsurer satisfies certain conditions, including being domiciled in a reciprocal jurisdiction. The NAIC has approved Bermuda as a reciprocal jurisdiction. Iowa, Delaware and New York have adopted the 2019 revisions to the Credit for Reinsurance Model Law. As other states adopt the 2019 revisions to the Credit for Reinsurance Model Law, our Bermuda reinsurance subsidiaries will be eligible to apply to the adopting states for a determination that they have satisfied the conditions specified in the 2019 revisions and, to the extent any such determinations are made, will not be required by law on a prospective basis to post collateral with respect to reinsurance ceded by insurers domiciled in such states. The NAIC adopted a new accreditation standard that requires states to adopt the revisions no later than September 1, 2022, which is likely to motivate the remaining states to adopt the revisions. To date, none of our Bermuda reinsurance subsidiaries has received a determination that it satisfies the conditions to forgo the collateral posting requirements in any US state or jurisdiction; however, we currently have an application pending with the IID. Should such application be approved, our Bermuda reinsurance subsidiaries would be permitted to forego Iowa's collateral posting requirements with respect to business ceded by AAIA pursuant to any coinsurance agreement entered into, amended or renewed after the effective date of the 2019 revisions to the Credit for Reinsurance Model Law as adopted by Iowa, and only with respect to losses incurred and reserves reported after the date on which the IID determines our Bermuda reinsurance subsidiaries have satisfied the conditions specified therein.

Statutory Investment Valuation Reserves

Life insurance companies domiciled in the US are required to establish an asset valuation reserve (AVR) to stabilize statutory policyholder surplus from fluctuations in the market value of investments. The AVR consists of two components: (1) a "default component" for possible credit-related losses on fixed maturity investments and (2) an "equity component" for possible market-value losses on all types of equity investments, including real estate-related investments. Although future additions to the AVR will reduce the future statutory capital and surplus of our US insurance subsidiaries, we do not believe that the impact under current regulations of such reserve requirements will materially affect our US insurance subsidiaries. Insurers domiciled in the US also are required to establish an interest maintenance reserve (IMR) for net realized capital gains and losses, net of tax, on fixed maturity investments where such gains and losses are attributable to changes in interest rates, as opposed to credit-related causes. The IMR provides a buffer to our statutory capital and surplus on a basis reflecting the remaining period to maturity of the fixed maturity securities. These reserves are required by state insurance regulatory authorities to be established as liabilities on a life insurer's statutory financial statements and may also be included in the liabilities assumed by our US insurance subsidiaries pursuant to their reinsurance agreements with US-based life insurer ceding companies.

Item 1. Business

Policy and Contract Reserve Adequacy Analysis

The Athene Domiciliary States and other states have adopted laws and regulations with respect to policy and contract reserve sufficiency. Under applicable insurance laws, our US insurance subsidiaries are each required to annually conduct an analysis of the adequacy of all life insurance and annuity statutory reserves. A qualified actuary appointed by each such subsidiary's board must submit an opinion annually for each such subsidiary which states that the statutory reserves make adequate provision, according to accepted actuarial standards of practice, for the anticipated cash flows resulting from the contractual obligations and related expenses of such subsidiary. The adequacy of the statutory reserves is considered in light of the assets held by such US insurance subsidiary with respect to such reserves and related actuarial items, including, but not limited to, the investment earnings on such assets and the consideration anticipated to be received and retained under the related policies and contracts. At a minimum, such testing is done over a number of economic scenarios prescribed by the states, with the scenarios designed to stress anticipated cash flows for higher and/or lower future levels of interest rates. Our US insurance subsidiaries may find it necessary to increase reserves, which may decrease their statutory surplus, in order to pass additional cash flow testing requirements.

Statutory Reporting and Regulatory Examinations

Our US insurance subsidiaries are required to file detailed annual reports, including financial statements, in accordance with prescribed statutory accounting rules, with regulatory officials in the jurisdictions in which they conduct business. In addition, each US insurance subsidiary is required to file quarterly reports prepared on the same basis, though with considerably less detail.

As part of their routine regulatory oversight process, state insurance departments conduct periodic detailed examinations, generally once every three to five years, of the books, records, accounts and operations of insurance companies that are domiciled in their states. Examinations are generally carried out in cooperation with the insurance departments of other, non-domiciliary states under guidelines promulgated by the NAIC. In May 2019, we completed such an examination for the period from January 1, 2014 through December 31, 2017. This exam was led by the Delaware Department of Insurance in coordination with the IID and the NYSDFS. In connection with the exam, the Delaware Department of Insurance conducted an exam of AADE and Athene Life Insurance Company (ALIC), the IID conducted an exam of AAIA and Structured Annuity Reinsurance Company (STAR), and the NYSDFS conducted an exam of Athene Annuity & Life Assurance Company of New York (AANY) and ALICNY. The exam resulted in no significant findings. We have been notified by the IID that we will be undergoing a similar examination in 2022 for the period from January 1, 2018 through December 31, 2021. This exam will be led by the IID in coordination with the insurance regulators from Delaware, New York and Vermont.

Vermont insurance laws and regulations applicable to Athene Re IV require it to file financial statements with the Commissioner of the Insurance Division of the Vermont Department of Financial Regulation. Additionally, Athene Re IV is subject to periodic financial examinations by the Insurance Division of the Vermont Department of Financial Regulation.

Bermuda Class C insurers, Class E insurers and SPIs must file annual statutory financial statements and annual audited financial statements prepared in accordance with accounting principles generally accepted in the US (GAAP), International Financial Reporting Standards, accounting principles generally accepted in the UK or accounting principles generally accepted in Canada within four months of the end of each fiscal year, unless such deadline is specifically extended. Where an SPI writes restricted special purpose business, the GAAP financial statements shall be unaudited. The Bermuda Insurance Act also prescribes rules for the preparation and substance of statutory financial statements, which include, in statutory form, an insurer information sheet, an auditor's report (if applicable), a balance sheet, income statement, a statement of capital and surplus and notes thereto. The statutory financial statements include detailed information and analysis regarding premiums, claims, reinsurance and investments of the insurer.

In addition, each year Class C and Class E insurers are required to file with the BMA a capital and solvency return along with its annual statutory financial return. The prescribed form of capital and solvency return is comprised of: the BMA's BSCR model or an approved internal capital model in lieu thereof; a statutory economic balance sheet; the approved actuary's opinion; and several prescribed schedules, including a schedule of fixed income and equity investments by BSCR rating, a schedule of funds held by ceding reinsurers in segregated accounts/trusts by BSCR rating, a schedule of risk management and a schedule of eligible capital, among others. The capital and solvency return is not available for public inspection.

SPIs are also required to file with the BMA a statutory financial return which includes, among other matters, the GAAP financial statements, a cover sheet, a statement of control and changes of control, a solvency certificate, an annual statutory declaration, an own-risk assessment, alternative capital arrangements report, cyber risk management report and compliance with sanctions report.

The Bermuda Insurance Act provides the BMA with powers to set standards on public disclosure. Using this power, the BMA requires all commercial insurers and insurance groups, subject to certain exceptions, to prepare and publish a Financial Condition Report on their website.

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Market Conduct Regulation

State insurance laws and regulations include numerous provisions governing the marketplace activities of insurers, including provisions governing claims settlement practices, the form and content of disclosure to consumers, illustrations, advertising, sales and complaint process practices. State regulatory authorities generally enforce these provisions through periodic market conduct examinations. In addition, our US insurance subsidiaries must file, and in many jurisdictions and for some lines of business, obtain regulatory approval for, rates and forms relating to the insurance written in the jurisdictions in which they operate. Our US insurance subsidiaries are currently undergoing the following market conduct examinations, each in the ordinary course of business: (1) the Washington Office of the Insurance Commissioner is conducting a market conduct continuum action of AAIA, (2) the Pennsylvania Insurance Department is conducting a market conduct examination of AAIA and AADE and (3) the Connecticut Insurance Department is conducting a market conduct examination of AAIA. The California Department of Insurance is completing a review of the rating and underwriting practices of AAIA, AADE and AANY and completing a claims examination of AAIA. The Massachusetts Division of Insurance is completing a limited scope market analysis of AAIA and AADE. The Maryland Insurance Division concluded its market conduct examination of AAIA in March 2021, the Illinois Department of Insurance concluded its market conduct examination of AAIA in October 2021, and the Minnesota Department of Commerce concluded its examination of AAIA and AADE in August 2021. The exams resulted in no significant findings.

Capital Requirements

Each of our insurance and reinsurance subsidiaries is subject to regulatory capital requirements based upon the laws and regulations of its jurisdiction of incorporation. Regulators of each jurisdiction in which we operate have discretionary authority in connection with our insurance and reinsurance subsidiaries' continued licensing to limit or prohibit sales to policyholders within their respective jurisdiction or to restrict continued operation of insurers or reinsurers domiciled in their respective jurisdiction if, in their judgment, such entities have not maintained the required level of minimum surplus or capital or that the further transaction of business would be hazardous to policyholders or reinsurance counterparties.

In order to enhance the regulation of insurers' solvency, the NAIC adopted a model law to implement RBC requirements for life, health and property and casualty insurance and reinsurance companies. All states have adopted the NAIC's model law or a substantively similar law. The NAIC Risk-Based Capital for Insurers Model Act requires life insurance companies to submit an annual report (the Risk-Based Capital Report), which compares an insurer's total adjusted capital (TAC) to its authorized control level RBC (ACL), each such term as defined pursuant to applicable state law. A company's RBC is calculated by using a specified formula that applies factors to various risks inherent in the insurer's operations, including risks attributable to its assets, underwriting experience, interest rates and other business expenses. The factors are higher for those items deemed to have greater underlying risk and lower for items deemed to have less underlying risk. Statutory RBC is measured on two bases, ACL and company action level RBC (CAL), with ACL calculated as one-half of CAL. Regulators typically use ACL in assessing companies and reviewing solvency requirements. Companies themselves typically report and are compared using the CAL standard.

The Risk-Based Capital Report is used by regulators to set in motion appropriate regulatory actions relating to insurers that show indications of weak or deteriorating status. RBC is an additional standard for MCR that insurers must meet to avoid being placed in rehabilitation or liquidation by regulators. The annual Risk-Based Capital Report, and the information contained therein, is not intended by the NAIC as a means to rank insurers.

RBC is a method of measuring the level of capital appropriate for an insurance company to support its overall business operations, in light of its size and risk profile. It provides a means of assessing capital adequacy, where the degree of risk taken by the insurer is the primary determinant. The value of an insurer's TAC in relation to its RBC, together with its trend in its TAC, is used as a basis for determining regulatory action that a state insurance regulator may be authorized or required to take with respect to an insurer. The four action levels include:

- CAL: The insurer is required to submit a plan for corrective action when its TAC is equal to or less than 200% of ACL;
- Regulatory Action Level: The insurer is required to submit a plan for corrective action and is subject to examination, analysis and specific corrective action when its TAC is equal to or less than 150% of ACL;
- ACL: Regulators may place the insurer under regulatory control when its TAC is equal to or less than 100% of ACL; and
- Mandatory Control Level: Regulators are required to place the insurer under regulatory control when its TAC is equal to or less than 70% of ACL.

TAC and RBC are calculated annually by insurers, as of December 31 of each year. As of December 31, 2021, each of our US insurance subsidiaries' TAC was significantly in excess of the levels that would prompt regulatory action under the laws of the Athene Domiciliary States. As of December 31, 2021, the CAL RBC ratio of AADE (US RBC ratio) was 377%. The calculation of RBC requires certain judgments to be made, and, accordingly, our US insurance subsidiaries' current RBC may be greater or less than the RBC calculated as of any date of determination.

Bermuda Class C insurers, Class E insurers and SPIs must at all times maintain a minimum margin of solvency (MMS) in accordance with the provisions of the Bermuda Insurance Act. Class C and Class E insurers must also maintain an enhanced capital requirement (ECR) in accordance with the provisions of the Bermuda Insurance Act. The Bermuda Insurance Act mandates certain actions and filings with the BMA if an insurer fails to meet and/or maintain its ECR or MMS including the filing of a written report detailing the circumstances giving rise to the failure and the manner and time within which the insurer intends to rectify the failure.

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The MMS that a Class C insurer is required to maintain with respect to its long-term business is the greater of (1) \$500,000, (2) 1.5% of assets or (3) 25% of the ECR as reported at the end of the relevant year. The MMS that a Class E insurer is required to maintain with respect to its long-term business is the greater of (1) \$8 million, (2) 2% of the first \$500 million of assets plus 1.5% of applicable assets above \$500 million or (3) 25% of the ECR as reported at the end of the relevant year. For an SPI to satisfy its MMS requirements, the value of the SPI's special purpose business assets must exceed its special purpose business liabilities by at least BD\$1.00.

The BMA has embedded an economic balance sheet (EBS) framework as part of the BSCR that forms the basis for an insurer's ECR. The premise underlying the EBS framework is the idea that assets and liabilities should be valued on a consistent economic basis. Under the Bermuda Regulatory Framework there are two solvency calculations: (1) Class C and Class E Insurers must have total statutory capital and surplus as reported on the insurer's statutory balance sheet greater than the applicable MMS calculated pursuant to the Insurance Account Rules 2016; and (2) under the Insurance (Prudential Standards) (Class C, Class D and Class E Solvency Requirement) Rules 2011 an insurer is required to maintain available statutory economic capital and surplus in an amount that is equal to or exceeds the value of its ECR.

A Class C insurer's ECR is established by reference to the Class C BSCR model, while a Class E insurer's ECR is established by reference to the Class E BSCR model. Each BSCR model provides a method for determining an insurer's capital requirements (statutory economic capital and surplus) by taking into account the risk characteristics of different aspects of the insurer's business. The BSCR formula establishes capital requirements for fourteen categories of risk: fixed income investment risk, equity investment risk, long-term interest rate/liquidity risk, currency risk, concentration risk, credit risk, operational risk and seven categories of long-term insurance risk. For each category, the capital requirement is determined by applying shocks to asset, premium, reserve, creditor, probable maximum loss and operation items, with higher shocks applied to items with greater underlying risk and lower shocks for less risky items.

The Insurance (Prudential Standards) (Class C, Class D, and Class E Solvency Requirement) Amendment Rules 2018 provide updates to certain aspects of the EBS framework and increase the ECR over a 10-year grade-in period commencing January 1, 2019. We do not expect this change to have a material impact on our business.

As of December 31, 2021 and 2020, ALRe's EBS capital and surplus resulted in BSCR ratios, computed as available statutory economic capital and surplus divided by ECR, of 209% and 254%, respectively. While not specifically referred to in the Bermuda Insurance Act, target capital level (TCL) is also an important threshold for statutory capital and surplus. TCL is equal to 120% of ECR as calculated pursuant to the BSCR formula. TCL serves as an early warning tool for the BMA. If an insurer fails to maintain statutory capital at least equal to its TCL, such failure will likely result in increased regulatory oversight by the BMA. A Class C or Class E insurer which at any time fails to meet its applicable ECR shall, upon becoming aware of such failure or upon having reason to believe that such a failure has occurred, immediately notify the BMA in writing. Within 14 days of such notification, such insurer shall file with the BMA a written report containing details of the circumstances leading to the failure and a plan detailing the specific actions to be taken to rectify the failure, and the time within which the insurer intends to rectify the failure. Within 45 days of becoming aware of such failure, or of having reason to believe that such a failure has occurred, such insurer shall furnish the BMA with (1) unaudited statutory economic balance sheets and unaudited interim financial statements prepared in accordance with GAAP covering such period as the BMA may require; (2) an opinion of the approved actuary in relation to total long-term business insurance technical provisions as set out in the statutory economic balance sheet, where applicable; (3) a long-term business solvency certificate in respect of the financial statements; and (4) a capital and solvency return reflecting an ECR prepared using post-failure data where applicable.

To enable the BMA to better assess the quality of the insurer's capital resources, both Class C and Class E insurers are required to disclose the makeup of its capital in accordance with the '3-tiered capital system.' Under this system, all of the insurer's capital instruments must be classified as either basic or ancillary capital. All capital instruments are further classified into one of three tiers based on their "loss absorbency" characteristics. Highest quality capital will be classified as Tier 1 Capital, lesser quality capital will be classified as either Tier 2 Capital or Tier 3 Capital. Under this regime, up to certain specified percentages of Tier 1, Tier 2 and Tier 3 Capital may be used to support the insurer's MMS, ECR and TCL. The Bermuda Insurance Act requires that Class E insurers have Tier 1 Capital equal to or greater than 50% of the value of its ECR, Tier 2 Capital not greater than Tier 1 Capital and Tier 3 Capital of not more than 17.65% of the aggregate of its Tier 1 Capital and Tier 2 Capital.

The characteristics of the capital instruments that must be satisfied to qualify as Tier 1, 2 and 3 Capital are set forth in the Insurance (Eligible Capital) Rules 2012, and any amendments thereto. Under those rules, Tier 1, 2 and 3 Capital may, until January 1, 2026, include capital instruments with the following characteristics: (1) non-redeemable or settled only with the issuance of an instrument of equal or higher quality upon a breach in the ECR (Tier 1, 2 and 3 Capital); (2) coupon payment on the instrument be cancellable or deferrable indefinitely, upon breach in the ECR (Tier 1 and 2 Capital); or (3) coupon payment on the instrument be cancellable or deferrable indefinitely upon breach in the MMS (Tier 3 Capital).

Where the BMA has previously approved the use of certain instruments for capital purposes, the BMA's consent will need to be obtained if such instruments are to remain eligible for use in satisfying the MMS and the ECR. We do not currently use any such instruments.

Item 1. Business

Restrictions on Dividends and Other Distributions

Current law of two of the Athene Domiciliary States, Delaware and Iowa, permits the payment of ordinary dividends or distributions which, together with dividends or distributions paid during the preceding twelve months do not exceed the greater of (a) 10% of the insurer's surplus as regards policyholders as of the immediately preceding year end or (b) the net gain from operations of the insurer for the preceding twelve-month period ending as of the immediately preceding year end. Current law of New York permits the payment of dividends or distributions which, together with dividends or distributions paid during any calendar year, (1) is out of earned surplus and does not exceed the greater of (a) 10% of the insurer's surplus as regards policyholders as of the end of the immediately preceding calendar year or (b) the net gain from operations of the insurer for the immediately preceding calendar year, not including realized capital gains, not to exceed 30% of the insurer's surplus as regards policyholders as of the end of the immediately preceding calendar year or (2) do not exceed the lesser of (a) 10% of the insurer's surplus as regards policyholders as of the end of the immediately preceding calendar year or (b) the net gain from operations of the insurer for the immediately preceding calendar year, not including realized capital gains. Any proposed dividend in excess of these amounts is considered an extraordinary dividend or extraordinary distribution and may not be paid until it has been approved, or a 30-day waiting period has passed during which it has not been disapproved, by the Commissioner. Additionally, under current law of the Athene Domiciliary States, AAIA may only pay ordinary dividends from the insurer's earned surplus on its business, which shall not include contributed capital or contributed surplus, AADE may only pay ordinary dividends from that part of its available and accumulated surplus funds which is derived from realized net operating profits on its business and realized capital gains, and ALICNY may only pay ordinary dividends pursuant to the "greater of" standard described above from that part of its positive unassigned funds, excluding 85% of the change in net unrealized capital gains or losses less capital gains tax, for the immediately preceding calendar year. The Athene Domiciliary States' insurance laws and regulations also require that each of our US insurance subsidiaries' surplus as regards policyholders following any dividend or distribution be reasonable in relation to such US insurance subsidiary's outstanding liabilities and adequate to meet its financial needs.

Under the Bermuda Insurance Act, an insurer is prohibited from declaring or paying a dividend if in breach of its ECR or MMS or if the declaration or payment of such dividend would cause such a breach. Where an insurer fails to meet its MMS on the last day of any financial year, it is prohibited from declaring or paying any dividends during the next financial year without the approval of the BMA. The Bermuda Insurance Act also prohibits our Bermuda reinsurance subsidiaries from paying a dividend in an amount exceeding 25% of the prior year's total statutory capital and surplus, unless at least two members of the respective Bermuda reinsurance subsidiary's board of directors and its principal representative sign and submit to the BMA an affidavit attesting that a dividend in excess of this amount would not cause such Bermuda reinsurance subsidiary to fail to meet its relevant margins. In certain instances, our Bermuda reinsurance subsidiaries would also be required to provide prior notice to the BMA in advance of the payment of dividends. In the event that such an affidavit is submitted to the BMA in accordance with the Bermuda Insurance Act, and further subject to the applicable Bermuda reinsurance subsidiary meeting its MMS and ECR, such Bermuda reinsurance subsidiary is permitted to distribute up to the sum of 100% of statutory surplus and an amount less than 15% of its total statutory capital. Distributions in excess of this amount require the approval of the BMA. Further, each of our Bermuda reinsurance subsidiaries must obtain the BMA's prior approval before reducing its total statutory capital as shown in its previous financial year statutory balance sheet by 15% or more. Each of our Bermuda reinsurance subsidiaries is also prohibited from declaring or paying any dividends unless the value of its long-term business assets exceeds its long-term business liabilities, as certified by its approved actuary, by the amount of the dividend and at least the MMS. These restrictions on declaring or paying dividends and distributions under the Bermuda Insurance Act are in addition to those under Bermuda's Companies Act 1981 (the Companies Act) which apply to all Bermuda companies. Under the Companies Act, a company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that: (1) the company is, or would after the payment be, unable to pay its liabilities as they become due, or (2) the realizable value of the company's assets would thereby be less than its liabilities.

Insurance Regulatory Information System Ratios

The NAIC has established the Insurance Regulatory Information System (IRIS) to assist state insurance departments in their oversight of the financial condition of insurance companies operating in their respective states. IRIS is a series of financial ratios calculated by the NAIC based on financial information submitted by insurers on an annual basis. Each ratio has an established "usual range" of results. The NAIC shares the IRIS ratios calculated for each insurer with the interested state insurance departments. Generally, an insurance company will be required to explain ratios that fall outside the usual range, and may be subject to regulatory scrutiny and action if one or more of its ratios fall outside the specified ranges. None of our US insurance subsidiaries are currently subject to non-ordinary course regulatory scrutiny based on their IRIS ratios.

Item 1. Business

Regulation of Investments

Each of our US insurance subsidiaries is subject to laws and regulations in each Athene Domiciliary State that require diversification of its investment portfolio and limit the amounts of investments in certain asset categories, such as below-investment grade fixed income securities, real estate-related equity, partnerships, other equity investments, derivatives and alternative investments. Failure to comply with these laws and regulations would cause investments exceeding regulatory limitations to be treated as non-admitted assets for purposes of measuring statutory surplus and, in some instances, could require the divestiture of such non-qualifying investments. Additionally, the NAIC has expressed concern that private credit rating provider (CRP) ratings do not adequately represent the risks of an insurer's investment in privately-issued securities. Based on this concern, insurers are now required to submit private rating letter rationale reports with certain private rating letters filed with the NAIC Securities Valuation Office (SVO) in order to provide additional details regarding the private letter ratings obtained with respect to their ownership of privately-issued securities. The report must provide an analytical review of the privately-issued security that mirrors the work product that a CRP would produce for a similar publicly-rated security, including an explanation of the transaction structure, methodology relied on and, as appropriate, analysis of the credit, legal and operational risks and mitigants supporting the assigned CRP rating. The NAIC is also considering further actions that may be required to actively manage and oversee the use of CRP ratings in light of the extensive reliance on CRP ratings to assess investment risk for regulatory purposes, including possible changes to the SVO's "filing exempt" process, which grants an exemption from filing with the SVO for bonds and preferred stock that have been assigned a current, monitored rating by a nationally recognized statistical rating organization. Accordingly, the investment laws in the Athene Domiciliary States and the NAIC's investment-related activities could prevent our US insurance subsidiaries from pursuing investment opportunities which they believe are beneficial to their shareholders, which could in turn preclude us from realizing our investment objectives.

Restrictions on Business Operations

Pursuant to the Bermuda Insurance Act, our Bermuda reinsurance subsidiaries are not permitted to engage in non-insurance business unless such non-insurance business is ancillary to its core business. Non-insurance business means any business other than insurance business and includes carrying on investment business, managing an investment fund as operator, carrying on business as a fund administrator, carrying on banking business, underwriting debt or securities or otherwise engaging in investment banking, engaging in commercial or industrial activities and carrying on the business of management, sales or leasing of real property.

Guaranty Associations

All 50 states, Puerto Rico and the District of Columbia have insurance guaranty fund laws requiring insurance companies doing business within those jurisdictions to participate in guaranty associations. Guaranty associations are organized to cover, subject to limits, contractual obligations under insurance policies issued by life insurance companies which later become impaired or insolvent. These associations levy assessments, up to prescribed limits, on each member insurer doing business in a particular state on the basis of their proportionate share of the premiums written by all member insurers in the lines of business in which the impaired or insolvent insurer previously engaged. Most states limit assessments in any year to 2% of the insurer's average annual premium for the three years preceding the calendar year in which the impaired insurer became impaired or insolvent. Some states permit member insurers to recover assessments paid through full or partial premium tax offsets, usually over a period of years.

For purposes of guaranty association assessments, long-term care insurance is typically classified as a health insurance product. Following the March 2017 liquidation of Penn Treaty Network America Insurance Co. and American Network Insurance Co., together, "Penn Treaty," both of which were Pennsylvania-domiciled life insurance companies that sold long-term care insurance policies, there have been proposals to expand the assessment base for long-term care insurer insolvencies by requiring life and health insurers to contribute to potential long-term care insurer insolvencies. In December 2017, the NAIC adopted amendments to the Life and Health Insurance Guaranty Association Model Act to provide a fifty-fifty split between life insurers and health insurers (including health maintenance organizations) for future long-term care insolvencies. Most states have adopted legislation to codify the NAIC changes into law, including Iowa and Delaware, and more states are expected to propose legislation. These changes have not yet been adopted by New York, and we cannot predict whether New York will do so in the future. These changes may result in an increase in future assessments against life insurers such as our US insurance subsidiaries.

Assessments levied against our US insurance subsidiaries by guaranty associations during the year ended December 31, 2021 were not material. While we cannot accurately predict the amount of future assessments or future insolvencies of competitors which would lead to such assessments, we believe that assessments with respect to pending insurance company impairments and insolvencies will not have a material effect on our financial condition, results of operations, liquidity or cash flows.

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US Federal Oversight

Although the insurance business in the United States is primarily regulated by the states, federal initiatives can affect the businesses of our US insurance subsidiaries in a variety of ways. From time to time, federal measures are proposed which may significantly affect the insurance business. These areas include financial services regulation, securities regulation, derivatives regulation, pension regulation, money laundering, privacy regulation, taxation and the economic and trade sanctions implemented by the Office of Foreign Assets Control (OFAC). OFAC maintains and enforces economic sanctions against certain foreign countries and groups and prohibits US persons from engaging in certain transactions with certain persons or entities. OFAC has imposed civil penalties on persons, including insurance and reinsurance companies, arising from violations of its economic sanctions program. In addition, various forms of direct and indirect federal regulation of insurance have been proposed from time to time, including proposals for the establishment of an optional federal charter for insurance companies.

Title I of the Dodd-Frank Act established the Financial Stability Oversight Council (FSOC) and authorized the FSOC to designate non-bank financial companies as systemically important financial institutions (SIFIs), thereby subjecting them to enhanced prudential standards and supervision by the Board of Governors of the Federal Reserve System (Federal Reserve). The prudential standards for non-bank SIFIs include enhanced RBC requirements, leverage limits, liquidity requirements, single counterparty exposure limits, governance requirements for risk management, stress test requirements, special debt-to-equity limits for certain companies, early remediation procedures, and recovery and resolution planning. There are currently no such non-bank financial companies designated by FSOC as “systemically significant.” The Economic Growth, Regulatory Relief and Consumer Protection Act, which became effective May 24, 2018, made limited changes to Title I of the Dodd-Frank Act. In December 2019, the FSOC released final interpretive guidance regarding a revised process for designating non-bank SIFIs that incorporates an activities-based approach to risk assessment. Pursuant to such guidance, the FSOC will pursue entity-specific determinations only if a potential risk or threat cannot be addressed through the activities-based approach. In addition, it is possible that, as a result of the most recent US presidential election, the FSOC may take a more active approach in the coming years with respect to the designation of non-bank SIFIs. As a result, there is considerable uncertainty as to the future determination of non-bank SIFIs and/or systemically important activities.

The Dodd-Frank Act, which effected the most far-reaching overhaul of financial regulation in the US in decades, established the Federal Insurance Office within the Treasury Department. While he or she does not currently have general supervisory or regulatory authority over the business of insurance, the Director of the Federal Insurance Office performs various functions with respect to insurance, including serving as a non-voting member of the FSOC and making recommendations to the FSOC regarding non-bank financial companies to be designated as SIFIs. The Director of the Federal Insurance Office has also submitted reports to Congress on (1) modernization of US insurance regulation (provided in December 2013) and (2) the US and global reinsurance market (provided in November 2013 and January 2015, respectively). Such reports could ultimately lead to changes in the regulation of insurers and reinsurers in the US.

The Dodd-Frank Act also authorizes the Federal Insurance Office to assist the Secretary of the Treasury Department in negotiating covered agreements. A covered agreement is an agreement between the United States and one or more foreign governments, authorities or regulatory entities, regarding prudential measures with respect to insurance or reinsurance. The Federal Insurance Office is further charged with determining, in accordance with the procedures and standards established under the Dodd-Frank Act, whether state laws are preempted by a covered agreement. Pursuant to this authority, in September 2017, the US and the EU signed a covered agreement to address, among other things, reinsurance collateral requirements (EU Covered Agreement), and the US released a “Statement of the United States on the Covered Agreement with the European Union,” (Policy Statement) providing the US’ interpretation of certain provisions in the EU Covered Agreement. The Policy Statement provides that the US expects that the GCC (group capital calculation) developed by the NAIC will satisfy the EU Covered Agreement’s group capital assessment requirement. In addition, on December 18, 2018, the Bilateral Agreement between the US and the UK on Prudential Measures Regarding Insurance and Reinsurance (UK Covered Agreement) was signed in anticipation of the UK’s exit from the EU. US state regulators have until September 1, 2022 to adopt reinsurance reforms removing reinsurance collateral requirements for EU and UK reinsurers that meet the prescribed minimum conditions set forth in the applicable EU Covered Agreement or UK Covered Agreement or else state laws imposing such reinsurance collateral requirements may be subject to federal preemption. In 2019, the NAIC adopted amendments to the Credit for Reinsurance Model Law that would, if adopted by state legislatures, implement the reinsurance collateral provisions of the EU Covered Agreement and UK Covered Agreement. See –*Credit for Reinsurance Ceded*. Iowa, Delaware and New York have adopted the 2019 amendments to the Credit for Reinsurance Model Law. The NAIC has adopted a new accreditation standard that requires states to adopt the 2019 amendments to the Credit for Reinsurance Model Law no later than September 1, 2022. The reinsurance collateral provisions of the EU Covered Agreement and the UK Covered Agreement may increase competition, in particular with respect to pricing for reinsurance transactions, by lowering the cost at which competitors of ALRe are able to provide reinsurance to US insurers. We cannot predict with any certainty what impact the EU Covered Agreement or UK Covered Agreement will have on our business, whether either agreement will be implemented or what the impact of such implementation will be on our business.

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Regulation of FIAs and other Annuity Products

In recent years, the SEC and state securities regulators have questioned whether FIAs, such as those sold by our US insurance subsidiaries, should be treated as securities under the federal and state securities laws rather than as insurance products exempted from such laws. On December 17, 2008, the SEC voted to approve Rule 151A, and apply federal securities oversight to FIAs issued on or after January 12, 2011. On July 12, 2010, the District of Columbia Circuit Court of Appeals vacated Rule 151A. Under the Dodd-Frank Act, annuities that meet specific requirements are specifically exempted from being treated as securities by the SEC. We expect that the types of FIAs that our US insurance subsidiaries currently sell will meet applicable requirements for exemption from treatment as securities and therefore will remain exempt from being treated as securities by the SEC and state securities regulators. However, there can be no assurance that federal or state securities laws or state insurance laws and regulations will not be amended or interpreted to impose further requirements on FIAs. Treatment of these products as securities would require additional registration and licensing of these products and the agents selling them, as well as cause our US insurance subsidiaries to seek new or additional marketing relationships for these products, any of which may impose significant restrictions on their ability to conduct business as currently operated.

NYSDFS Insurance Regulation 210: Life Insurance and Annuity Non-Guaranteed Elements establishes standards for the determination and readjustment of non-guaranteed elements (NGEs) that may vary at the insurer's discretion for life insurance policies and annuity contracts delivered or issued in New York. In addition, the regulation establishes guidelines for related disclosure to NYSDFS and policy owners prior to any adverse change in NGEs. The regulation applies to all individual life insurance policies, individual annuity contracts and certain group life insurance and group annuity certificates that contain NGEs. NGEs include premiums, expense charges, cost of insurance rates and interest credits.

Unclaimed Property Laws

Each of our US insurance subsidiaries is subject to the laws and regulations of states and other jurisdictions concerning the identification, reporting and escheatment of abandoned or unclaimed money or property. State treasurers, controllers and revenue departments have been scrutinizing escheatment practices of life insurance companies with regard to unclaimed life insurance and annuity death benefits. As with state insurance regulators, state revenue authorities have been looking at how life insurance companies handle unreported deaths, maturity of life insurance and annuity contracts, and contracts that have exceeded limiting age to determine if the companies are appropriately determining when death benefits or other payments under the contracts should be treated as unclaimed property. State treasurers, controllers and revenue departments have audited life insurance companies, required escheatments and imposed interest penalties on amounts escheated for failure to escheat death benefits or other contract benefits when beneficiaries could not be found at the expiration of statutory dormancy periods.

Several states have enacted new laws or adopted new regulations mandating the use by insurance companies of the US Social Security Administration's Social Security Death Index (Death Master File) or other similar databases to identify deceased persons and to implement more rigorous processes to find beneficiaries. In 2013, prior to our acquisition of Aviva USA, it entered into multi-state settlement agreements with the insurance regulators and treasurers for 48 states in connection with certain of its subsidiaries' use of the Death Master File. As part of the settlement, AAIA and its subsidiary ALICNY agreed to pay a \$4 million assessment for examination, compliance and monitoring costs without admitting any liability or wrongdoing, and further agreed to adopt policies and procedures reasonably designed to ensure timely payment of valid claims to beneficiaries in accordance with insurance laws and to timely report and remit unclaimed proceeds to the appropriate states in connection with unpaid property laws. Our US insurance subsidiaries could continue to be subject to risks related to unpaid benefits, the Death Master File, and the procedures required by the prior multi-state settlement as they relate to our annuity business. Furthermore, administrative challenges associated with implementing the procedures described above may make compliance with the multi-state settlement and applicable law difficult and could have a material and adverse effect on our results of operations.

Regulation of OTC Derivatives

We use derivatives to mitigate a wide range of risks in connection with our businesses, including options purchased to hedge the derivatives embedded in the FIAs that we have issued, and swaps, futures and/or options may be used to manage the impact of increased benefit exposures from our annuity products that offer guaranteed benefits as well as market exposures. Title VII of the Dodd-Frank Act creates a comprehensive framework for the federal oversight and regulation of the OTC derivatives market and entities, such as us, that participate in the derivatives market and required US regulators to promulgate rules and regulations implementing its provisions.

Title VII of the Dodd-Frank Act divides the regulatory responsibility for swaps in the United States between the SEC and the Commodity Futures Trading Commission (CFTC). The CFTC regulates swaps and swap entities, and the SEC regulates security-based swaps and security-based swap entities. The CFTC and the SEC have jointly finalized certain regulations under Title VII of the Dodd-Frank Act, including critical rulemakings on the definitions of "swap," "security-based swap," "swap dealer," and "security-based swap dealer." In addition, the CFTC has substantially finalized and implemented its required rulemaking under Title VII of the Dodd-Frank Act, including regulations relating to the registration and regulation of swap dealers and swap execution facilities, reporting, recordkeeping, mandatory clearing, mandatory on-facility trade execution and mandatory minimum margin requirements. The SEC also recently finalized its regulatory regime for security-based swaps and market participants transacting in security-based swaps and those regulations became effective in the third quarter of 2021. As a result of this bifurcation, the different pace at which the agencies have promulgated and implemented regulations and the different approaches taken by the agencies, different transactions are subject to different levels of regulation and in some cases, different rules.

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Title VII of the Dodd-Frank Act and the CFTC rules thereunder require us, in connection with certain swap transactions, to comply with mandatory clearing and on-facility trade execution requirements, and it is anticipated that the types of swaps subject to these requirements will be expanded over time. In addition, regulations promulgated under Title VII of the Dodd-Frank Act require us to comply with mandatory minimum margin requirements for uncleared swaps and, in some instances, uncleared security-based swaps. Derivative clearing requirements and mandatory margin requirements have increased the cost of our risk mitigation and have had other implications as well. For example, increased margin requirements, combined with netting restrictions and limitations on eligible collateral have reduced our liquidity and required increased holdings of cash and highly liquid securities with lower yields, which could have an adverse impact on income. In addition, the requirement that certain trades be centrally cleared through clearinghouses subjects us to documentation that is significantly more counterparty-favorable and entitles counterparties to unilaterally change terms such as trading limits and the amount of margin required. The ability of such counterparties to take such actions could create trading disruptions and liquidity concerns. Finally, the requirement that certain trades be centrally cleared through clearinghouses concentrates counterparty risk in both clearinghouses and clearing members. The failure of a clearinghouse could have a significant impact on the financial system. Even if a clearinghouse does not fail, large losses could force significant capital calls on clearinghouse members during a financial crisis, which could lead clearinghouse members to default. Because clearinghouses are still developing, the related regulations are evolving and the related bankruptcy process is untested, it is difficult to anticipate or identify all risks related to the concentration of counterparty risk in clearinghouses and clearing members and the risk of a clearinghouse default.

Title VII of the Dodd-Frank Act and regulations thereunder and similar regulations adopted by non-US jurisdictions that may indirectly apply to us could significantly increase the cost of derivative contracts, reduce the availability of derivatives to protect against risks we encounter, reduce our ability to monetize or restructure our existing derivative contracts, and increase our credit risk exposure. If we reduce our use of derivatives as a result of such regulations, our results of operations may become more volatile and our cash flows may be less predictable which could adversely affect our financial performance. Additionally, we have always been subject to the risk that hedging and other management procedures might prove ineffective in reducing the risks to which insurance policies expose us or that unanticipated policyholder behavior or mortality, combined with adverse market events, could produce economic losses beyond the scope of the risk management techniques employed. Any such losses could be increased by the increased cost of entering into derivatives and the reduced availability of customized derivatives that might result from the implementation of Title VII of the Dodd-Frank Act and other similar regulations.

Consumer Protection Laws and Privacy and Data Security Regulation

Federal and state consumer protection laws affect our operations. As part of the Dodd-Frank Act, Congress established the Consumer Financial Protection Bureau (CFPB) to supervise and regulate institutions that provide certain financial products and services to consumers. Although the consumer financial services subject to the CFPB's jurisdiction generally exclude insurance business of the kind in which our US insurance subsidiaries engage, the CFPB does have authority to regulate non-insurance consumer services which are offered by issuers of securities in our US insurance subsidiaries' investment portfolio. Moreover, the CFPB as a regulator may seek to assert jurisdiction over predominantly insurance-related products or services in instances where such products or services are related to or intertwined with the offering of consumer financial products or services more clearly within the CFPB's remit.

The Gramm-Leach-Bliley Act of 1999 (GLBA), which implemented fundamental changes in the regulation of the financial services industry in the United States, includes privacy requirements for financial institutions, including obligations to protect and safeguard consumers' nonpublic personal information and records, and limitations on the re-disclosure and re-use of such information. The GLBA and other federal and state laws and regulations require financial institutions, including insurers, to protect the security and confidentiality of nonpublic personal information, including certain health-related and customer information, regulate the use and disclosure of certain personal information, and require financial institutions to notify customers and other individuals about their policies and practices relating to their collection and disclosure of health-related and customer information and their practices relating to protecting the security and confidentiality of that information. Federal and state laws require notice to affected individuals, regulators and others if there is a breach of the security of certain sensitive personal information, including Social Security numbers. In addition, privacy laws also regulate the use and disclosure of personal information, including rules on the disclosure of the medical record and health status information obtained by insurers.

Federal and state lawmakers and regulatory bodies may be expected to consider additional or more detailed regulation regarding these subjects and the privacy and security of nonpublic personal information. Furthermore, the issues surrounding data security and the safeguarding of consumers' protected information are under increasing regulatory scrutiny by state and federal regulators, particularly in light of the number and severity of recent US companies' data breaches. The Federal Trade Commission, the Federal Bureau of Investigation, the Federal Communications Commission, the NYSDFS and the NAIC have undertaken various studies, reports and actions regarding data security for entities under their respective supervision. Additionally, some states have enacted new insurance laws, often based on a new NAIC model law, that require certain regulated entities to implement and maintain comprehensive information security programs to safeguard the personal information of insureds and enrollees.

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In October 2017, the NAIC adopted a new Insurance Data Security Model Law, which is intended to establish the standards for data security and standards for the investigation and notification of data breaches applicable to insurance licensees in states adopting such law, with provisions that are generally consistent with the NYSDFS cybersecurity regulation discussed above. Under the model law, it is intended that companies that are compliant with the NYSDFS cybersecurity regulation are, in general, in compliance with the model law. As with all NAIC model laws, this model law must be adopted by a state before becoming law in such state, and several states, including Delaware, have adopted a version of the law directly or as a regulation. Iowa has not yet adopted a version of the Insurance Data Security Model Law. We anticipate that more states will begin adopting the model law in the near term. The NAIC has also adopted a guidance document that sets forth twelve principles for effective insurance regulation of cybersecurity risks based on similar regulatory guidance adopted by the Securities Industry and Financial Markets Association and the “Roadmap for Cybersecurity Consumer Protections,” which describes the protections to which the NAIC believes consumers should be entitled from their insurance companies, agents and other businesses concerning the collection and maintenance of consumers’ personal information, as well as what consumers should expect when such information has been involved in a data breach. We expect cybersecurity risk management, prioritization and reporting to continue to be an area of significant regulatory focus by such regulatory bodies and self-regulatory organizations.

For example, on March 1, 2017, the NYSDFS enacted 23 NYCRR 500, a cybersecurity regulation governing financial companies. This rule requires banks, insurance companies, and other financial services institutions regulated by the NYSDFS, including us, to establish and maintain a cybersecurity program “designed to protect consumers and ensure the safety and soundness of New York State’s financial services industry.” Since the rule’s effective date, we have committed significant time and resources to comply with the rule’s requirements. The NYSDFS has recently increased scrutiny and enforcement of the cybersecurity regulations and issues additional guidance and interpretation of the requirements. We anticipate that the NYSDFS will continue to examine the cybersecurity programs of financial institutions in the future and such examinations may result in additional regulatory scrutiny, expenditure of resources and possible regulatory actions and reputational harm.

In addition to insurance and other financial institution-specific privacy laws and regulations, an increasing number of states are considering and passing comprehensive privacy legislation. For example, the California Consumer Privacy Act of 2018 (CCPA) was signed in June 2018 and became effective on January 1, 2020. The CCPA, along with the Attorney General Regulations implementing the CCPA, imposes stringent data privacy and data protection requirements for the data of California residents, including providing the right to request that a business provide access to or delete any personal information about the consumer under certain circumstances, and the right to opt out of the sale of personal information. We have committed significant time and resources to comply with the CCPA’s requirements. In November 2020, Proposition 24, the California Privacy Rights Act (CPRA), passed by popular referendum. The CPRA will further expand privacy rights and obligations in California when it goes into effect in 2023, and also established a new privacy regulator in the state which may result in additional regulatory scrutiny and risk. Regulations to implement the CPRA will be proposed in the coming months and years. Additional states, such as Colorado and Virginia, have passed similar comprehensive privacy legislation that will go into effect in 2023, and more states are considering similar comprehensive privacy legislation that may add additional regulatory complexity and other legal risks. We anticipate that additional expenditure of resources will be necessary to respond to the evolving regulatory regimes, and possibly respond to regulatory actions and mitigate reputational harm. We expect that data privacy and cybersecurity will continue to be an area of significant regulatory focus, and it is possible that other jurisdictions consider or enact data privacy regulations.

The Bermuda Personal Information Protection Act 2016 (PIPA) regulates how any individual, entity or public authority may use personal information. PIPA reflects a set of internationally accepted privacy principles and good business practices for the use of personal information. Although PIPA was passed on July 27, 2016, the sections that are currently in effect are limited to those that relate to the establishment and appointment of the PIPA commissioner (PIPA Commissioner), the hiring of the PIPA Commissioner’s staff, and the general authority of the PIPA Commissioner to inform the public about PIPA. Following the PIPA Commissioner’s appointment, effective January 20, 2020, the Commissioner’s office has begun communicating with the public and stakeholders regarding the full implementation of PIPA.

The EU General Data Protection Regulation (EU GDPR) went into effect on May 25, 2018. Following the UK’s withdrawal from the EU (i.e., Brexit), the EU GDPR has been implemented in the UK as the “UK GDPR.” The UK GDPR sits alongside the UK Data Protection Act 2018, which implements certain derogations in the EU GDPR into UK law. The requirements of the UK GDPR are (at this time) largely aligned with those under the EU GDPR. AHL, ALRe and ACRA 1A may be deemed subject to the territorial scope of the UK GDPR under Article 3(1). However, to the extent that AHL, ALRe and/or ACRA 1A is under the territorial scope of the UK GDPR, the regulation would only apply to the processing of personal data carried out in the context of such entity’s UK activities. The UK GDPR imposes a number of obligations on companies, including *inter alia*: (1) accountability and transparency requirements; (2) obligations to limit the amount of personal data processed; and (3) obligations to implement appropriate technical and organizational measures to safeguard personal data and to report certain personal data breaches to the supervisory authority without undue delay (and no later than 72 hours where feasible). The UK GDPR also includes restrictions on the cross-border transfer of personal data. Administrative fines for non-compliance with the UK GDPR can be significant and can amount to up to the greater of £17.5 million or 4% of annual worldwide turnover. The UK GDPR also confers a private right of action on data subjects and consumer associations to lodge complaints with the UK’s Information Commissioner’s Office, seek judicial remedies and obtain compensation for damages resulting from violations of the UK GDPR. Currently, the volume of personal data processed in connection with each entity’s UK activities is insignificant and limited to management and governance matters. We regularly monitor our business activities to ensure we are prepared for compliance, should the UK GDPR ever apply to our business more broadly.

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The BMA has recognized that cyber incidents can cause significant financial losses and/or reputational impacts across the insurance industry and has implemented the Insurance Sector Operation Cyber Risk Management Code of Conduct (the Cyber Risk Code) to ensure that those operating in the Bermuda insurance sector can mitigate such risks. The Cyber Risk Code prescribes the duties, requirements, standards, procedures and principles which all insurers, insurance managers and insurance intermediaries (agents, brokers and insurance market place providers) registered under the Bermuda Insurance Act must comply. The Cyber Risk Code is designed to promote the stable and secure management of information technology systems of regulated entities and requires that all registrants implement their own technology risk programs, determine what their top risks are and develop an appropriate risk response. This requires all registrants to develop a cyber risk policy which is to be delivered pursuant to an operation cyber risk management program and appoint an appropriately qualified member of staff or outsourced resource to the role of Chief Information Security Officer. The role of the Chief Information Security Officer is to deliver the operational cyber risk management program.

It is expected that the cyber risk policy will be approved by the registrant's board of directors at least annually. The BMA will assess a registrant's compliance with the Cyber Risk Code in a proportionate manner relative to the nature, scale and complexity of its business. While it is acknowledged that some registrants will use a third party to provide technology services and that they may outsource their IT resources (for example, to an insurance manager where applicable), when so outsourced, the overall responsibility for the outsourced functions will remain with the registrant's board of directors. Failure to comply with the requirements of the Cyber Risk Code will be taken into account by the BMA in determining whether a registrant is conducting its business in a sound and prudent manner as prescribed by the Bermuda Insurance Act and may result in the BMA exercising its powers of intervention and investigation (see below).

Environmental Regulation

Our investment in a limited partnership which is in the business of originating residential mortgage loans (RML), as well as our direct investment in any residential or other mortgage loans, may expose us to various environmental and other regulation. For example, to the extent that we hold whole mortgage loans as part of our investment portfolio, we may be responsible for certain tax payments or subject to liabilities under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980. Additionally, we may be subject to regulation by the CFPB as a mortgage holder or property owner. We are currently unable to predict the impact of such regulation on our business.

The NAIC has had a history of working with state insurance regulators to manage the economic consequences of climate-related events. The NAIC continues to monitor and address how climate-related risks affect the insurance industry and consumers by, among other things, collecting financial data from insurers, including information on insurer investments, which can be used to assess industry investment exposure to various risks, and monitoring and analyzing developments and trends in the financial markets, including with respect to investment exposures.

In September 2020, the NYSDFS announced that it expects insurers to integrate financial risks from climate change into their governance frameworks, risk management processes, and business strategies, and that it will integrate questions on this topic into their examinations in 2021. On November 15, 2021, the NYSDFS issued final Guidance for New York Domestic Insurers on Managing the Financial Risks from Climate Change (Guidance), which sets out the NYSDFS' expectations that all New York insurers begin integrating the consideration of the financial risks from climate change into their governance frameworks, business strategies, risk management processes and scenario analysis, and developing their approach to climate-related financial disclosure. The NYSDFS expects insurers to implement its expectations relating to board governance and to have specific plans in place to implement its expectations relating to organizational structure by August 15, 2022, and plans to issue further guidance for implementation of other expectations.

Broker-dealers

Our securities operations, principally conducted by our limited purpose SEC-registered broker-dealer, Athene Securities, LLC, are subject to federal and state securities and related laws, and are regulated principally by the SEC, state securities authorities and the Financial Industry Regulatory Authority (FINRA). Athene Securities, LLC does not hold customer funds or safekeep customer securities. Athene Securities, LLC is the principal underwriter for the RILA product that we offer and previously served as the principal underwriter of a block of variable annuity contracts which has been closed to new investors since 2002. The closed block of variable annuity contracts was issued by a predecessor of AAIA. Athene Securities, LLC continues to receive concessions on those variable annuity contracts. Athene Securities, LLC also provides supervisory oversight to Athene employees who are registered representatives.

Athene Securities, LLC and employees or personnel registered with Athene Securities, LLC are subject to the Exchange Act and to regulation and examination by the SEC, FINRA and state securities commissioners. The SEC and other governmental agencies and self-regulatory organizations, as well as state securities commissions in the United States, have the power to conduct administrative proceedings that can result in censure, penalties and fines, disgorgement of profits, restitution to customers, cease-and-desist orders or suspension, termination or limitation of the activities of the regulated entity or its employees.

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As a registered broker-dealer and member of various self-regulatory organizations, Athene Securities, LLC is subject to the SEC's net capital rule, which specifies the minimum level of net capital a broker-dealer is required to maintain and requires a minimum part of its assets to be kept in relatively liquid form. These net capital requirements are designed to measure the financial soundness and liquidity of broker-dealers. The net capital rule imposes certain requirements that may have the effect of preventing a broker-dealer from distributing or withdrawing capital and may require that prior notice to the regulators be provided prior to making capital withdrawals. Compliance with net capital requirements could limit operations that require the intensive use of capital, such as trading activities and underwriting, and may limit the ability of our broker-dealer subsidiary to pay dividends to us.

Employee Retirement Income Security Act of 1974, as amended (ERISA)

We also may be subject to regulation by the US Department of Labor (DOL) when providing a variety of products and services to employee benefit plans governed by ERISA. ERISA is a comprehensive federal statute that applies to US employee benefit plans sponsored by private employers and labor unions. Plans subject to ERISA include pension and profit-sharing plans and welfare plans, including health, life and disability plans. Among other things, ERISA imposes reporting and disclosure obligations, prescribes standards of conduct that apply to plan fiduciaries and prohibits transactions known as "prohibited transactions," such as conflict-of-interest transactions, self-dealing and certain transactions between a benefit plan and a "party in interest." ERISA also provides for a scheme of civil and criminal penalties and enforcement. We are also subject to ERISA's prohibited transaction rules for transactions with ERISA plans, which may affect our ability to, or the terms upon which we may, enter into transactions with those plans, even in businesses unrelated to those giving rise to "party in interest" status. The applicable provisions of ERISA and the US Internal Revenue Code of 1986, as amended (Internal Revenue Code) are subject to enforcement by the DOL, the Internal Revenue Service (IRS) and the US Pension Benefit Guaranty Corporation. Severe penalties are imposed for breach of duties under ERISA.

In April 2016, the DOL issued regulations expanding the definition of "investment advice" and broadening the circumstances under which distributors and manufacturers of insurance and annuity products could be considered "fiduciaries" and subject to certain standards in providing advice. These regulations were vacated effective June 2018. Thereafter, the DOL issued proposed regulatory action to address the vacated definition and issued final regulatory action on December 15, 2020. The DOL's final guidance confirms the reinstatement of the definition of "investment advice" that applied prior to 2016 but broadens the circumstances under which financial institutions, including insurance companies, could be considered fiduciaries under ERISA in connection with recommendations to "roll over" assets from a qualified retirement plan to an IRA. This guidance reverses an earlier DOL interpretation suggesting that rollover advice did not constitute investment advice giving rise to a fiduciary relationship. In connection with the final regulatory action, the DOL issued a prohibited transaction class exemption that would allow fiduciaries to receive compensation in connection with providing investment advice, including advice about rollovers, that would otherwise be prohibited as a result of their fiduciary relationship to the ERISA Plan. In order to be eligible for the exemption, the investment advice fiduciary would be required, among other conditions, to acknowledge its fiduciary status, refrain from putting its own interests ahead of the plan beneficiaries' interests or making material misleading statements, act in accordance with ERISA's "prudent person" standard of care, and receive no more than reasonable compensation for the advice.

SEC and State Fiduciary Standards

The SEC adopted a new rule under the Exchange Act that establishes a standard of conduct for broker-dealers and associated persons of a broker-dealer when they make a recommendation to a retail customer of any securities transaction or investment strategy involving securities. This new rule, called "Regulation Best Interest," enhances the broker-dealer standard of conduct and aligns the standard of conduct with retail customers' reasonable expectations by requiring broker-dealers, among other things, to: act in the best interest of the retail customer at the time the recommendation is made, without placing the financial or other interest of the broker-dealer ahead of the interests of the retail customer; and address conflicts of interest by establishing, maintaining, and enforcing policies and procedures reasonably designed to identify and fully and fairly disclose material facts about conflicts of interest, and in certain identified areas where the SEC has determined that disclosure is insufficient to reasonably address the conflict, to mitigate or, in certain instances, eliminate the conflict. The standard of conduct established by Regulation Best Interest cannot always be satisfied through disclosure alone. Regulation Best Interest became effective on June 30, 2020. It is possible that, as a result of the recent change in presidential administration, the SEC may revisit Regulation Best Interest and could, in the future, ultimately require a full fiduciary standard. Though Regulation Best Interest does not directly impact the sale of our annuity products, with the exception of our RILA product, it will impact how some of our retail distribution partners monitor insurance sales.

In addition, certain states, for example Massachusetts, Nevada, and New Jersey, have proposed measures that would make broker-dealers and sales agents subject to a fiduciary duty when providing products and services to customers. The Massachusetts Securities Division adopted a fiduciary duty rule applicable to broker-dealers when making recommendations concerning securities or investment strategies, effective September 1, 2020; however, consistent with the Massachusetts Uniform Securities Act, this rule does not apply to advice concerning commodities or insurance products, including life insurance and annuities. The SEC did not indicate an intent to preempt state regulation in this area, and some of the state proposals would allow for a private right of action. As a result of these changes, it is possible that it may become more costly to provide our products and services in the states subject to the new rules.

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The NAIC has adopted the Suitability in Annuity Transactions Model Regulation (SAT), which places responsibilities upon issuing insurance companies with respect to the suitability of annuity sales, including responsibilities for training agents. Many states, including Athene Domiciliary States, have already enacted laws and/or regulations based on SAT, thus imposing suitability standards with respect to sales of FIAs. The NYSDFS issued a circular letter emphasizing insurers’ obligations under laws and regulations based on SAT when replacing a deferred annuity contract with an immediate annuity contract. On July 22, 2018, the NYSDFS issued amendments to its regulation based on SAT to incorporate a “best interest” standard with respect to the suitability of life insurance and annuity sales, which amendments took effect on August 1, 2019 with respect to annuity contracts and became effective on February 1, 2020 with respect to life insurance policies. Future changes in such laws and regulations, including those that impose a “best interest” standard could adversely impact the way we market and sell our annuity products. On February 13, 2020, the NAIC adopted amendments to the SAT to incorporate a “best interest” or similar standard with respect to the suitability of annuity sales. The amendments include a requirement for producers to act in the “best interest” of a retail customer when making a recommendation of an annuity. A producer is considered to have acted in the best interest of the customer if they have satisfied certain prescribed obligations regarding care, disclosure, conflict of interest and documentation. State adoption of these revisions, and any future changes in such laws and regulations, could adversely affect the way our US insurance subsidiaries market and sell their annuity products. As of December 9, 2021, 18 states, including Iowa and Delaware, have adopted a version of the revised SAT that includes a best interest concept, and five states have pending legislation to adopt a version of the revised SAT that includes a best interest concept.

Regulation of an Insurer’s Shareholders

The BMA maintains supervision over the “controllers” of all registered insurers in Bermuda. For these purposes, a “controller” includes (1) the managing director of the registered insurer or its parent company, (2) the chief executive of the registered insurer or of its parent company, (3) a shareholder controller, and (4) any person in accordance with whose directions or instructions the directors of the registered insurer or its parent company are accustomed to act.

The definition of shareholder controller is set out in the Bermuda Insurance Act but generally refers to (1) a person who holds 10% or more of the shares carrying rights to vote at a shareholders’ meeting of the registered insurer or its parent company, (2) a person who is entitled to exercise 10% or more of the voting power at any shareholders’ meeting of such registered insurer or its parent company or (3) a person who is able to exercise significant influence over the management of the registered insurer or its parent company by virtue of its shareholding or its entitlement to exercise, or control the exercise of, the voting power at any shareholders’ meeting.

Under the Bermuda Insurance Act, shareholder controller ownership is defined as follows:

Actual Shareholder Controller Voting Power	Defined Shareholder Controller Voting Power
10% or more but less than 20%	10%
20% or more but less than 33%	20%
33% or more but less than 50%	33%
50% or more	50%

Where the shares of a registered insurer, or the shares of its parent company, are traded on a recognized stock exchange, and such shareholder becomes a 10%, 20%, 33%, or 50% shareholder controller of the insurer, that shareholder shall, within 45 days, notify the BMA in writing that such shareholder has become, or as a result of a disposition ceased to be, a controller of any such category.

Any person or entity who contravenes the Bermuda Insurance Act by failing to give notice or knowingly becoming a controller of any description before the required 45 days has elapsed is guilty of an offense under Bermuda law and liable to a fine of \$25,000 on summary conviction.

The BMA may file a notice of objection to any person or entity who has become a controller of any category when it appears that such person or entity is not, or is no longer, fit and proper to be a controller of the registered insurer. Before issuing a notice of objection, the BMA is required to serve upon the person or entity concerned a preliminary written notice stating the BMA’s intention to issue formal notice of objection. Upon receipt of the preliminary written notice, the person or entity served may, within 28 days, file written representations with the BMA which shall be taken into account by the BMA in making its final determination. Any person or entity who continues to be a controller of any description after having received a notice of objection is guilty of an offense and liable on summary conviction to a fine of \$25,000 (and a continuing fine of \$500 per day for each day that the offense is continuing) or, if convicted on indictment, to a fine of \$100,000 and/or 2 years in prison.

The permission of the BMA is required, pursuant to the provisions of the Exchange Control Act 1972 and related regulations, for all issuances and transfers of shares (which includes the Class A common shares) of Bermuda companies to or from a non-resident of Bermuda for exchange control purposes, other than in cases where the BMA has granted a general permission. The BMA, in its notice to the public dated June 1, 2005, has granted a general permission for the issue and subsequent transfer of any securities of a Bermuda company from and/or to a non-resident of Bermuda for exchange control purposes for so long as any “Equity Securities” of the company (which includes the Class A common shares) are listed on an “Appointed Stock Exchange” (which includes the New York Stock Exchange (NYSE)).

Item 1. Business

Notification of Material Changes

All registered insurers are required to give notice to the BMA of their intention to effect a material change within the meaning of the Bermuda Insurance Act. For the purposes of the Bermuda Insurance Act, the following changes are material: (1) the transfer or acquisition of insurance business, including portfolio transfers or corporate restructurings, pursuant to a court-approved scheme of arrangement under Section 25 of the Bermuda Insurance Act or Section 99 of the Companies Act, (2) the amalgamation with or acquisition of another firm, (3) engaging in unrelated business that is retail business, (4) the acquisition of a controlling interest in an undertaking that is engaged in non-insurance business which offers services and products to persons who are not affiliates of the insurer, (5) outsourcing all or substantially all of the company's actuarial, risk management, compliance or internal audit functions, (6) outsourcing all or a material part of an insurer's underwriting activity, (7) the transfer other than by way of reinsurance of all or substantially all of a line of business, (8) the expansion into a material new line of business, (9) the sale of an insurer and (10) outsourcing of an "officer" role, as such term is defined by the Bermuda Insurance Act.

As registered insurers, our Bermuda reinsurance subsidiaries may not take any steps to give effect to such a material change unless they have first served notice on the BMA that they intend to effect such material change and before the end of 30 days, either the BMA has notified the applicable Bermuda reinsurance subsidiary in writing that the BMA has no objection to such change or that period has lapsed without the BMA having issued a notice of objection.

Before issuing a notice of objection, the BMA is required to serve upon the applicable Bermuda reinsurance subsidiary a preliminary written notice stating the BMA's intention to issue formal notice of objection. Upon receipt of the preliminary written notice, the applicable Bermuda reinsurance subsidiary may, within 28 days, file written representations with the BMA, which the BMA would take into account in making its final determination.

Policyholder Priority

In the event of a liquidation or winding up of one of our Bermuda reinsurance subsidiaries, policyholders' liabilities receive prior payment ahead of general unsecured creditors. Subject to the prior payment of preferential debts under Bermuda's Employment Act 2000 and the Companies Act, the insurance debts of an insurer must be paid in priority to all other unsecured debts of the insurer. Insurance debt is defined as a debt to which an insurer is or may become liable pursuant to an insurance contract, excluding debts owed to an insurer under an insurance contract where the insurer is the person insured. Insurance contract is defined as any contract of insurance, capital redemption contract or a contract that has been recorded as insurance business in the financial statements of the insurer pursuant to the Insurance Accounts 1980 or the Insurance Account Rules 2016, as applicable.

Similarly, in the event of the impairment or insolvency of one of our US insurance subsidiaries, the commissioner, superintendent or director of the insurance department of the applicable Athene Domiciliary State will be authorized and directed to commence delinquency proceedings for the purpose of liquidating, rehabilitating, reorganizing or conserving the applicable US insurance subsidiary pursuant to applicable state insurance laws and regulations. In conducting delinquency proceedings, claims are prioritized and an order of distribution is specified pursuant to applicable state insurance laws and regulations. In each of the Athene Domiciliary States, claims of general unsecured creditors would be subordinated to claims of the insurer's policyholders and other claimants with priority in accordance with the priority-of-distribution scheme prescribed by applicable state insurance law.

Notification of Cyber Reporting Events

Our Bermuda reinsurance subsidiaries are each required to notify the BMA forthwith on it coming to the knowledge of the insurer, or where the insurer has reason to believe, that a Cyber Reporting Event (as defined in the Bermuda Insurance Act) has occurred. Within 14 days of such notification, the insurer must also furnish the BMA with a written report setting out all of the particulars of the Cyber Reporting Event that are available to it. A Cyber Reporting Event includes any act that results in the unauthorized access to, disruption, or misuse of electronic systems or information stored on such systems of an insurer, including breach of security leading to the loss or unlawful destruction or unauthorized disclosure of or access to such systems or information where there is a likelihood of an adverse impact to policyholders, clients or the insurer's insurance business, or an event that has occurred for which notice is required to be provided to a regulatory body or government agency.

Economic Substance Act 2018 (ESA)

In December 2018, the ESA came into effect in Bermuda. Under the provisions of the ESA, every Bermuda registered entity, other than an entity which is resident for tax purposes in certain jurisdictions outside of Bermuda, that carries on as a business in any one or more "relevant activities" referred to in the ESA must satisfy economic substance requirements by maintaining a substantial economic presence in Bermuda. Under the ESA, certain activities, including insurance or holding entity activities (both as defined in the ESA and Economic Substance Regulations 2018) are relevant activities. The ESA applies to our entities registered in Bermuda that carry on "relevant activities" and are not resident for tax purposes in a jurisdiction outside of Bermuda. We are required to file annual declarations with the Registrar of Companies in Bermuda demonstrating that an entity is either a non-resident entity for tax purposes or is otherwise in compliance with economic substance requirements.

Any entity that must satisfy economic substance requirements but fails to do so could face automatic disclosure to competent authorities in the E.U. of the information filed by the entity with the Bermuda Registrar of Companies in connection with the economic substance requirements and may also face financial penalties, restriction or regulation of its business activities and/or removal from the list of registered entities in Bermuda.

Item 1. Business

Corporation Tax Act 2010 (UK Tax Act)

AHL and certain of its subsidiaries (collectively, UK Resident Companies) are treated as resident in the United Kingdom for UK tax purposes. Our UK Resident Companies will each be treated as a fiscally opaque company from a UK tax perspective, and will be resident in the United Kingdom for tax purposes due to being centrally managed and controlled in the UK. Our UK Resident Companies are generally subject to UK corporation tax on their respective worldwide profits. In practice, however, it is not expected that our UK Resident Companies will be liable to account for any material UK corporation tax on the basis that: (1) in the case of the UK Resident Companies that are holding companies, their income and gains should be primarily derived from their holding of shares in direct subsidiaries; and (2) in the case of the UK Resident Companies that are operating companies, the majority of profits will be attributable to their permanent establishments in Bermuda in respect of which “foreign branch elections” (set out in s.18A Corporation Tax Act 2009) have been made. Any dividends received by our UK Resident Companies should be exempt from UK corporation tax and any gains arising to our UK Resident Companies on a disposal of a subsidiary should be exempt from UK corporation tax on chargeable gains as a result of the application of the UK substantial shareholding exemption set out in Schedule 7AC of the Taxation of Chargeable Gains Act 1992.

The UK Resident Companies, as UK tax residents, will remain subject to a number of specific UK tax regimes, including the controlled foreign company regime, the anti-hybrids and other mismatches regime and the diverted profits tax. In practice, however, (subject to a change in law – see *Item 1A. Risk Factors—Risks Relating to Taxation—Changes in UK tax law could increase the amount of UK tax we are required to pay*) none of these specific regimes are expected to materially impact the UK tax position of the UK Resident Companies.

Available Information

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to such reports are made available, free of charge, on or through the “Investors” portion of our website www.athene.com. Information contained on our website is not part of, nor is it incorporated by reference in, this report or any of our periodic reports. Reports filed with or furnished to the SEC will also be available as soon as reasonably practicable after they are filed with or furnished to the SEC and are available at the SEC’s website at www.sec.gov.

Item 1A. Risk Factors

Certain metrics discussed in this section are based on management view and therefore may not correspond to amounts disclosed in our consolidated financial statements or the notes thereto. For example, investment figures cited represent our net invested assets, which include assets held by cedants that correspond to liabilities ceded to us, but does not include amounts attributable to our noncontrolling interest in ACRA. In the context discussed, we believe that these metrics provide the most comprehensive view of our risk exposures. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Operating and Non-GAAP Measures—Net Invested Assets for further discussion.

Risks Relating to Our Business Operations

Our business, financial condition, results of operations, liquidity and cash flows depend on the accuracy of our management's assumptions and estimates, and we could experience significant gains or losses if these assumptions and estimates differ significantly from actual results.

We make and rely on certain assumptions and estimates regarding many matters related to our business, including interest rates, investment returns, expenses and operating costs, tax assets and liabilities, tax rates, business mix, surrender activity, mortality and contingent liabilities. We also use these assumptions and estimates to make decisions crucial to our business operations, including establishing pricing, target returns and expense structures for our insurance subsidiaries' products and pension group annuity transactions; determining the amount of reserves we are required to hold for our policy liabilities; determining the price we will pay to acquire or reinsure business; determining the hedging strategies we employ to manage risks to our business and operations; and determining the amount of regulatory and rating agency capital that our insurance subsidiaries must hold to support their businesses. The factors influencing these assumptions and estimates cannot be calculated or predicted with certainty, and if our assumptions and estimates differ significantly from actual outcomes and results, our business, financial condition, results of operations, liquidity and cash flows may be materially and adversely affected. Certain of the assumptions relevant to our business are discussed in greater detail below.

- *Insurance Products and Liabilities* – Pricing of our annuity and other insurance products, whether issued by us or acquired through reinsurance or acquisitions, is based upon assumptions about persistency, mortality and the rates at which optional benefits are elected. A factor which may affect persistency for some of our products is the value of guaranteed minimum benefits. An increase in the value of guaranteed minimum benefits could result in our policies remaining in force longer than we have estimated, which could adversely affect our results of operations. This could be caused by extended periods of poor equity market performance and/or low interest rates, developments affecting customer perception and other factors outside our control. Alternatively, our persistency estimates could be negatively affected during periods of rising equity markets or interest rates or by other factors outside our control, which could result in fewer policies remaining in force than estimated. Therefore, our results will vary based on deviations from expected policyholder behavior.

If emerging or actual experience deviates from our assumptions, such deviations could have a significant effect on our business, financial condition, results of operations, liquidity and cash flows. For example, a significant portion of our in-force and newly issued products contain riders that offer guaranteed lifetime income or death benefits. These riders expose us to mortality, longevity and policyholder behavior risks. If actual utilization of certain rider benefits is adverse when compared to our estimates used in setting our reserves for future policy benefits, these reserves may prove to be inadequate and we may be required to increase such reserves. More generally, deviations from our pricing expectations could result in our subsidiaries earning less of a spread between the investment income earned on our subsidiaries' assets and the interest credited to such products and other costs incurred in servicing the products, or may require our subsidiaries to make more payments under certain products than our subsidiaries had projected.

- *Determination of Fair Value* – We hold securities, derivative instruments and other assets and liabilities that must be, or at our election are, measured at fair value. Fair value represents the anticipated amount that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction. The determination of fair value involves the use of various assumptions and estimates, and considerable judgment may be required to estimate fair value. Accordingly, estimates of fair value are not necessarily indicative of the amounts that could be realized in a current or future market exchange. As such, changes in or deviations from the assumptions used in such valuations can significantly affect our financial condition and results of operations. During periods of market disruption, including periods of rapidly changing credit spreads or illiquidity, if trading becomes less frequent or market data becomes less observable, it will likely be difficult to value certain of our investments. Further, rapidly changing credit and equity market conditions could materially impact the valuation of investments as reported within our financial statements, and the period-to-period changes in value could vary significantly. Even if our assumptions and valuations are accurate at the time that they are made, the market value of these investments could subsequently decline, which could materially and adversely impact our financial condition, results of operations or cash flows.
- *Hedging Strategies* – We use, and may in the future use, derivatives and reinsurance contracts to hedge risks related to current or future changes in the fair value of our assets and liabilities; current or future changes in cash flows; changes in interest rates, equity markets and credit spreads; the occurrence of credit defaults; currency fluctuations; and changes in mortality and longevity. We use equity derivatives to hedge the liabilities associated with our FIAs. Our hedging strategies rely on assumptions and projections regarding our assets and liabilities, as well as general market factors and the creditworthiness of our counterparties, any or all of which may prove to be incorrect or inadequate. Accordingly, our hedging activities may not have the desired impact. We may also incur significant losses on hedging transactions.

Item 1A. Risk Factors

- *Financial Statements* – The preparation of our consolidated financial statements requires management to make various estimates and assumptions that affect the amounts reported therein. These estimates include, but are not limited to, the fair value of investments; impairment of investments and valuation allowances; the valuation of derivatives, including embedded derivatives; DAC, DSI and VOBA; future policy benefit reserves; valuation allowances on deferred tax assets; and stock-based compensation. The assumptions and estimates required for these calculations involve judgment and by their nature are imprecise and subject to changes and revisions over time. Accordingly, our financial condition and results of operations may be adversely affected if actual results differ from assumptions or if assumptions are materially revised.

Major public health issues, and specifically the pandemic caused by the spread of COVID-19, could have an adverse impact on our financial condition, results of operations, liquidity, cash flows and other aspects of our business.

We closely monitor developments related to the COVID-19 pandemic to assess its impact on our business. While still evolving, the COVID-19 pandemic has caused significant economic and financial turmoil both in the US and around the world. Though vaccines believed to be highly effective at preventing symptomatic COVID-19 have been produced and are currently in the process of being distributed, new variants of COVID-19 continue to emerge and it is not possible to estimate how long it will take to halt the spread of the virus or the longer term-effects that the COVID-19 pandemic could have on our business.

The extent to which the COVID-19 pandemic impacts our business, results of operations, financial condition, liquidity or prospects will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the COVID-19 pandemic and the actions taken to contain or address its impact, such as the emergence of new variants of COVID-19, the rate of vaccine adoption, the efficacy of vaccines in the broader population and against emerging variants of COVID-19, mortality effects of the pandemic indirectly related to COVID-19, potential future changes in monetary policy enacted by the Federal Reserve and potential future fiscal stimulus measures implemented by the federal government.

While we have implemented risk management and contingency plans and taken preventive measures and other precautions, the ultimate impact of the COVID-19 pandemic on our business is uncertain. We have taken measures to reduce the risk of transmission among employees, including implementing social distancing measures and face covering and contact tracing protocols; however, our efforts may prove ineffective. Should our efforts prove ineffective or should the virus continue to spread in the communities in which we operate, we may deem it appropriate to extend or re-implement remote work arrangements. An extended period of remote work arrangements could strain our business continuity plans, introduce operational risk, including but not limited to cybersecurity risks, and impair our ability to manage our business. We also outsource certain critical business activities to third parties. As a result, we rely upon the successful implementation and execution of the business continuity and repopulation planning of such entities in the current environment. While we closely monitor the business continuity activities of these third parties, successful implementation and execution of their business continuity and repopulation strategies are largely outside our control. If one or more of the third parties to whom we outsource certain critical business activities experience operational failures as a result of the impacts from the spread of COVID-19, or claim that they cannot perform due to a force majeure, it may have a material adverse effect on our business, financial condition, results of operations, liquidity and cash flows.

With certain exceptions, each of the Non-US Companies (as defined below) currently intends to operate in a manner that will not cause it to be subject to current US federal income taxation on its net income, and certain of them intend to be UK tax residents by reason of having their central management and control exercised in the UK. However, our directors and personnel reside in various jurisdictions and often must travel to carry out their duties in accordance with such intended tax positions. Travel restrictions imposed as a result of the COVID-19 pandemic have limited, and may continue to limit, such travel. While we have implemented contingency plans to mitigate the impact of such travel restrictions, no assurances can be provided that we will not become subject to greater tax liabilities than anticipated due to restrictions on the ability of our directors and personnel to carry out their activities from the intended jurisdictions.

Elevated economic uncertainty and unemployment resulting from the economic impacts of the spread of COVID-19 may also result in policyholders seeking sources of liquidity and withdrawing at rates greater than we previously expected. If policyholder lapse and surrender rates significantly exceed our expectations, it could have a material adverse effect on our business, financial condition, results of operations, liquidity and cash flows. Measures undertaken to combat the spread of COVID-19, including social distancing practices and stay at home orders, as well as increased economic uncertainty, have resulted in a difficult sales environment for the origination of new policies. These factors have had a significant impact on the IMO channel, which benefits from a high degree of customer interaction. Should these conditions persist or worsen, we may see declines in our retail sales and/or flow reinsurance volumes. In addition, such events or conditions could result in a decrease in economic activity in large geographic areas, adversely affecting our business within such geographic areas and/or adversely affecting the general economic climate.

Item 1A. Risk Factors

The effects of the spread of COVID-19 on economic conditions and the financial markets may trigger or exacerbate the market and credit risk discussed elsewhere in this report. Specifically, our investment portfolio (and, namely, the valuations of invested assets we hold) has been, and may continue to be, adversely affected. Moreover, changes in interest rates, reduced liquidity or a slowdown in the US or in global economic conditions may also adversely affect the values of and cash flows generated by these assets. Within our investment portfolio, there is exposure to certain segments of the economy that have been disproportionately affected by the spread of COVID-19, including but not limited to, aviation, real estate (including commercial mortgage loans (CML), triple net lease investments, RMLs, CMBS, RMBS and related servicer investments), retail, hospitality, energy and financial services though in certain cases these segments have recovered or begun to recover from the earlier impacts of the pandemic. These investments are subject to increased credit or valuation risk, which could ultimately result in increased investment losses. Our investments in mortgages and mortgage-backed securities have been and could further be negatively affected by delays or failures of borrowers to make payments of principal and interest when due and delays and moratoriums on foreclosures and enforcement actions with respect to delinquent or defaulted mortgages imposed by governmental authorities. Further, extreme market volatility may leave us unable to react to market events in a prudent manner consistent with our historical investment practices in dealing with more orderly markets. For example, mass vaccinations throughout 2021 led to the lifting of lockdowns, which led to an increase in consumer demand. The resulting increase in consumer demand has created significant challenges for supply chains as a result of labor and raw material shortages, which could lead to reduced earnings for many industries. Market dislocations, decreases in observable market activity or unavailability of information, in each case, arising from the continued spread of COVID-19, may restrict our access to key inputs used to derive certain estimates and assumptions made in connection with financial reporting or otherwise, including estimates and changes in long term macro-economic assumptions relating to accounting for the allowance for credit losses. Restricted access to such inputs may make our financial statement balances and estimates and assumptions used to run our business subject to greater variability and subjectivity.

As a result of the adverse economic consequences brought about by the spread of COVID-19, certain of the securities that we hold may be subject to ratings downgrade or we may be unable to obtain the securities ratings needed for admissibility of the securities for statutory reporting purposes. In each case, it may have an adverse impact on our statutory capital or the statutory capital that we are required to hold and may result in a downgrade of our financial strength ratings and have a material adverse effect on our financial condition, results of operations, liquidity and cash flow.

While governmental and non-governmental organizations are engaging in efforts to combat the spread and severity of the COVID-19 pandemic and related public health issues, these measures may not be effective. We also cannot predict how legal and regulatory responses to concerns about the COVID-19 pandemic and related public health issues will impact our business. Such events or conditions could result in additional regulation or restrictions affecting the conduct of our business in the future.

Interruption or other operational failures in telecommunications, information technology and other operational systems or a failure to maintain the security, integrity, confidentiality or privacy of sensitive data residing on those systems, including as a result of human error, could have a material adverse effect on our business.

We are highly dependent on automated and information technology systems to record and process our internal transactions and transactions involving our customers, as well as to calculate reserves, value our investment portfolio and complete certain other components of our financial statements. We could experience a failure of one of these systems, our employees or agents could fail to monitor and implement enhancements or other modifications to a system in a timely and effective manner or our employees or agents could fail to complete all necessary data reconciliation or other conversion controls when implementing a new software system or modifications to an existing system. Additionally, anyone who is able to circumvent our security measures and penetrate our information technology systems could access, view, misappropriate, alter or delete information in the systems, including personally identifiable customer information and proprietary business information. Information security risks also exist with respect to the use of portable electronic devices, such as laptops, which are particularly vulnerable to loss and theft.

We believe that we have established and implemented appropriate security measures, controls and procedures to safeguard our information technology systems and to prevent unauthorized access to such systems and any data processed or stored in such systems, and we periodically evaluate and test the adequacy of such systems, controls and procedures. In addition, we have established a business continuity plan which is designed to ensure that we are able to maintain all aspects of our key business processes in the midst of certain disruptive events, including any disruptions to or breaches of our information technology systems. Despite the implementation of security and back-up measures, our information technology systems may be vulnerable to physical or electronic intrusions, viruses or other attacks, programming errors and similar disruptions. We may also be subject to disruptions of any of these systems arising from events that are wholly or partially beyond our control (for example, natural disasters, acts of terrorism, epidemics, computer viruses and electrical or telecommunications outages). All of these risks are also applicable where we rely on outside vendors to provide services to us and/or our customers. The failure of any one of these systems for any reason, or errors made by our employees or agents, could in each case cause significant interruptions to our operations, which could harm our reputation, adversely affect our internal control over financial reporting or have a material adverse effect on our business, financial condition and results of operations. We are also subject to data privacy and security laws applicable to our business in relevant jurisdictions. See *Item 1. Business—Regulation—Consumer Protection Laws and Privacy and Data Security Regulation* for more information.

Item 1A. Risk Factors

We retain confidential information in our information technology systems and those of our business partners, and we rely on industry standard commercial technologies to maintain the security of those systems. Despite our implementation of network security measures, our servers could be subject to physical and electronic intrusions, and similar disruptions from unauthorized tampering with our computer systems, and, given the increasing sophistication of cyberattacks, in some cases, such incidents could occur and persist for an extended period of time without detection. While we perform penetration tests and have adopted a number of measures to protect the security of customer and company data, and to our knowledge have not experienced a successful cyber-attack that has resulted in any material compromise in the security of our information technology systems, there is no guarantee that such an attack will not occur or be successful in the future. Due to recent geopolitical tensions and their impact on cyber threats, we, like other financial services firms, have experienced a significant increase in the volume of unsuccessful cyber-attacks. We are sharing information with industry groups and the US Department of Homeland Security and are closely monitoring threat actors in the region.

Any compromise of the security of our information technology systems that results in inappropriate disclosure or use of confidential information, including personally identifiable customer information, could damage the reputation of our brand in the marketplace, deter purchases of our products, subject us to heightened regulatory scrutiny or significant civil and criminal liability and require us to incur significant technical, legal and other expenses.

Even in the absence of a compromise in the security of our information technology systems, inappropriate disclosure or use of personally identifiable customer information may occur in the event of a compromise in the security of the information technology systems of our third-party advisors or business partners with whom we share such data. Any such inappropriate disclosure or use could likewise damage the reputation of our brand in the marketplace, deter purchases of our products, subject us to heightened regulatory scrutiny or significant civil and criminal liability and require us to incur significant technical, legal and other expenses.

A financial strength rating downgrade, potential downgrade or any other negative action by a rating agency could make our product offerings less attractive, inhibit our ability to acquire future business through acquisitions or reinsurance and increase our cost of capital, which could have a material adverse effect on our business.

Various Nationally Recognized Statistical Rating Organizations (NRSROs) review the financial performance and condition of insurers and reinsurers, including our subsidiaries, and publish their financial strength ratings as indicators of an insurer's ability to meet policyholder obligations. These ratings are important to maintain public confidence in our insurance subsidiaries' products, our insurance subsidiaries' ability to market their products and our competitive position. Factors that could negatively influence this analysis include:

- changes to our business practices or organizational business plan in a manner that no longer supports our ratings;
- unfavorable financial or market trends;
- changes in NRSROs' capital adequacy assessment methodologies, such as the S&P Global Ratings' recently published Request for Comment on its methodology and assumptions for analyzing the risk-based capital adequacy of insurers and reinsurers, in a manner that would adversely affect the financial strength ratings of our insurance subsidiaries;
- a need to increase reserves to support our outstanding insurance obligations;
- our inability to retain our senior management and other key personnel;
- rapid or excessive growth, especially through large reinsurance transactions or acquisitions, beyond the bounds of capital sufficiency or management capabilities as judged by the NRSROs; and
- significant losses to our investment portfolio.

Some other factors may also relate to circumstances outside of our control, such as views of the NRSRO and general economic conditions. Any downgrade or other negative action by a NRSRO with respect to the financial strength ratings of our insurance subsidiaries, or an entity we acquire, or our credit ratings, could materially adversely affect us and our ability to compete in many ways, including the following:

- reducing new sales of insurance products;
- harming relationships with or perceptions of distributors, IMOs, sales agents, banks and broker-dealers;
- increasing the number or amount of policy lapses or surrenders and withdrawals of funds, which may result in a mismatch of our overall asset and liability position;
- requiring us to offer higher crediting rates or greater policyholder guarantees on our insurance products in order to remain competitive;
- increase our borrowing costs;
- reducing our level of profitability and capital position generally or hindering our ability to raise new capital; or
- requiring us to collateralize obligations under or result in early or unplanned termination of hedging agreements and harming our ability to enter into new hedging agreements.

In order to improve or maintain their financial strength ratings, our subsidiaries may attempt to implement business strategies to improve their capital ratios. We cannot guarantee any such measures will be successful. We cannot predict what actions NRSROs may take in the future, and failure to maintain current financial strength ratings could materially and adversely affect our business, financial condition, results of operations and cash flows.

Item 1A. Risk Factors

We rely significantly on third parties for various services, and we may be held responsible for obligations that arise from the acts or omissions of third parties under their respective agreements with us if they are deemed to have acted on our behalf.

We rely significantly on third parties to provide various services that are important to our business, including investment, distribution and administrative services. As such, our business may be affected by the performance of those parties. Additionally, our operations are dependent on various technologies, some of which are provided or maintained by certain key outsourcing partners and other parties. See *Item 1. Business—Outsourcing* for certain of the functions that we outsource to third parties.

Many of our subsidiaries' products and services are sold through third-party intermediaries. In particular, our insurance businesses are reliant on such intermediaries to describe and explain these products and services to potential customers, and although we take precautions to avoid this result, such intermediaries may be deemed to have acted on our behalf. If that occurs, the intentional or unintentional misrepresentation of our subsidiaries' products and services in advertising materials or other external communications, or inappropriate activities by an intermediary or personnel employed by an intermediary could result in liability for us and have an adverse effect on our reputation and business prospects, as well as lead to potential regulatory actions or litigation involving or against us. In addition, we rely on third-party administrators (TPAs) to administer a portion of our annuity contracts, as well as our legacy life insurance business. Some of our reinsurers also use TPAs to administer business we reinsure to them. To the extent any of these TPAs do not administer such business appropriately, we have and may in the future experience customer complaints, regulatory intervention and other adverse impacts, which could affect our future growth and profitability. If any of these TPAs or their employees are found to have made material misrepresentations to our policyholders, violated applicable insurance, privacy or other laws and regulations or otherwise engaged in misconduct, we could be held liable for their actions and be subject to regulatory scrutiny, which could adversely affect our reputation, business prospects, financial condition, results of operations and cash flows.

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

As a result of the difficulties experienced with respect to the conversion and administration of such policies, we have received notifications from several state regulators, including but not limited to the NYSDFS, the California Department of Insurance (CDI) and the Texas Department of Insurance (TDI), indicating, in each case, that the respective regulator was undertaking a market conduct examination or enforcement proceeding of the applicable US insurance subsidiary relating to the treatment of policyholders subject to our reinsurance agreements with affiliates of Global Atlantic and the conversion of such annuity policies, including the administration of such blocks by AllianceOne. We have entered into consent orders with several state regulators, including the NYSDFS, the CDI and the TDI, to resolve the underlying matters with those regulators. All fines and costs, including those associated with remediation plans, paid in connection with consent orders arising out of the administration of life policies or the conversion of life and annuity policies are subject to indemnification by Global Atlantic or affiliates of Global Atlantic. Fines and costs paid in connection with consent orders arising out of the administration of annuity contracts may be subject to indemnification by AllianceOne.

In addition to the foregoing, we have received inquiries, and expect to continue to receive inquiries, from other regulatory authorities regarding the conversion matter. In addition to the examinations and proceedings initiated to date, it is possible that other regulators may pursue similar formal examinations, inquiries or enforcement proceedings and that any examinations, inquiries and/or enforcement proceedings may result in fines, administrative penalties and payments to policyholders. While we do not expect the amount of any such fines, penalties or payments arising from these matters to be material to our financial condition, results of operations or cash flows, it is possible that such amounts could be material.

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

Additionally, past or future misconduct by agents that distribute our subsidiaries' products or employees of our vendors could result in violations of law by us, regulatory sanctions and/or serious reputational or financial harm and the precautions we take to prevent and detect this activity may not be effective in all cases. Although we employ controls and procedures designed to monitor associates' business decisions and to prevent us from taking excessive or inappropriate risks, associates may take such risks regardless of such controls and procedures.

Item 1A. Risk Factors

Uncertainty relating to the LIBOR calculation process and the phasing out of LIBOR after a future date may adversely affect the value of our investment portfolio, our ability to achieve our hedging objectives and our ability to issue funding agreements bearing a floating rate of interest.

On December 31, 2021, (1) most LIBOR settings (i.e., 24 out of 35, including 1-week and 2-month US Dollar (USD) LIBOR as well as all other non-USD LIBOR settings) ceased to be published and (2) a few of the most widely used GBP and JPY LIBOR settings (i.e., 1-, 3- and 6-month GBP and JPY LIBOR settings) were deemed permanently unrepresentative, but will continue to be published on a synthetic basis, for a limited time period for the purpose of all legacy contract (except for cleared derivatives). The remaining USD LIBOR settings (i.e., overnight 1-, 3-, 6- and 12-month USD LIBOR settings) will continue to be published, subject to limitations on use, and cease or become unrepresentative on June 30, 2023. Without the intervention of the UK Financial Conduct Authority using enhanced powers provided by the UK Government to compel continued panel bank contribution by the IBA, the LIBOR administrator, LIBOR will cease publication after June 30, 2023. The discontinuation of LIBOR could have a significant impact on the financial markets and represents a material uncertainty to our business.

The Alternative Reference Rate Committee of the New York office of the Board of Governors of the Federal Reserve (ARRC) and the International Swaps and Derivatives Association (ISDA) have taken significant steps toward the development of consensus-based fallbacks and alternatives to LIBOR, which appear constructive for end-users, such as life insurers. The fallback proposals are intended to minimize disruptions if LIBOR is no longer usable. In addition, the ISDA has amended and/or provided a means for amendment through protocol of its applicable standard documentation to implement fallbacks for certain key interbank offered rates (IBORs). The fallbacks apply if enumerated temporary, permanent and pre-cessation triggers relating to the relevant IBOR occur. We adhered to the ISDA's IBOR fallbacks protocol in January 2021. There can be no assurance, however, that the alternative rates and fallbacks will be effective at preventing or mitigating disruption as a result of the transition. Should such disruption occur, it may adversely affect, among other things, (1) the trading market for LIBOR-based securities, including those held in our investment portfolio, (2) the market for derivative instruments, including those that we use to achieve our hedging objectives, and (3) our ability to issue funding agreements bearing a floating rate of interest.

The ARRC has endorsed the Secured Overnight Financing Rate (SOFR) as its preferred replacement benchmark for US dollar LIBOR. SOFR is calculated and published by the Federal Reserve Bank of New York and reflects the combination of three overnight US Treasury Repo Rates. The rate is different from LIBOR, in that it is a risk-free rate, is backward-looking instead of forward-looking and is a secured rate. In addition, unlike LIBOR, which is reported daily for a variety of tenors ranging from overnight to 12-months, SOFR is currently available primarily as an overnight rate.

The effect of the discontinuation of LIBOR on legacy or new contracts to which we have exposure or the activities in our businesses will vary depending on (1) the character of existing fallback provisions in individual contracts, (2) our ability to look to some broad-based solution, such as the New York LIBOR transition law, to rectify legacy contracts that do not contemplate the permanent discontinuation of LIBOR, and (3) whether, how, and when industry participants develop and widely adopt new reference rates and fallbacks for both legacy and new contracts. Accordingly, it is difficult to predict the full impact of the transition away from LIBOR on our contracts whose value is tied to LIBOR. The value or profitability of these contracts may be adversely affected.

To manage the uncertainty surrounding the discontinuation of LIBOR, we have established a LIBOR transition team and a transition plan. Our plan is subject to change as we gain additional information. We have created an Executive Steering Committee composed of senior executives to coordinate and oversee execution of our plan. Although we expect that we will be successful at fully implementing our plan prior to the discontinuation of LIBOR, we can provide no assurance at this time. Failure to fully implement our plan prior to the discontinuation of LIBOR may have a material adverse effect on our business, financial position, results of operations and cash flows. See *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Industry Trends and Competition-Discontinuation of LIBOR* for further discussion.

Our most significant LIBOR exposure area as it relates to legacy contracts is our portfolio of floating rate investments tied to LIBOR. As of December 31, 2021, \$26.4 billion or 69% of the notional value of our contracts tied to LIBOR extending beyond June 30, 2023 were contracts relating to investments within our investment portfolio. As our asset manager, Apollo manages the relationship with relevant market participants, including investees and trustees; negotiates and maintains the relevant investment documentation; and inputs key information, such as interest rates, into systems integrated with our financial reporting system. We are therefore reliant upon Apollo to complete important functions in the LIBOR transition process as it relates to our investment portfolio, including negotiating for relevant fallbacks, where appropriate, and inputting the appropriate replacement interest rates into the applicable information systems in advance of LIBOR's transition. Should Apollo fail to timely complete all of its responsibilities prior to the discontinuation of LIBOR, it could have an adverse impact on our results of operations and ability to timely report accurate financial information.

Item 1A. Risk Factors

We are subject to significant operating and financial restrictions imposed by our credit agreement and we are also subject to certain operating restrictions imposed by the indenture to which we are a party.

On December 3, 2019, AHL, ALRe, AUSA Corporation (AUSA) and AARE, as borrowers, entered into a credit agreement with a syndicate of banks, including Citibank, N.A., as administrative agent, and the other lenders named therein (Credit Facility). The Credit Facility contains various restrictive covenants which limit, among other things, subject to certain exceptions:

- the ability of material subsidiaries of the borrowers to incur additional indebtedness and make guarantees;
- the ability to create liens on the borrowers' assets and on the equity interests of material subsidiaries;
- the ability of any borrower or any material subsidiary thereof to make fundamental changes;
- the ability of any borrower or any subsidiary thereof to engage in certain transactions with affiliates; and
- the ability to make changes in the nature of the borrowers' business.

These covenants, some of which are financial, may prevent or restrict us from capitalizing on business opportunities, including making additional acquisitions or growing our business. In addition, if AHL undergoes a "change of control" as defined in the Credit Facility, the lenders under the Credit Facility will have the right to terminate the facility and/or accelerate the maturity of all outstanding loans. As of December 31, 2021, no borrowings under the Credit Facility were outstanding. As a result of these restrictions and their effects on us, we may be limited in how we conduct our business and may be unable to raise additional debt financing to compete effectively or to take advantage of new business opportunities.

In addition to the covenants to which we are subject pursuant to our Credit Facility, AHL is also subject to certain limited covenants pursuant to the Indenture, dated January 12, 2018, by and between us and US Bank National Association, as trustee (Base Indenture), as supplemented by the applicable supplemental indenture, by and among us and US Bank National Association, as trustee (together with the Base Indenture, Indenture). The Indenture contains restrictive covenants which limit, subject to certain exceptions, AHL's and, in certain instances, some or all of its subsidiaries' ability to make fundamental changes, create liens on any capital stock of certain of AHL's subsidiaries, and sell or dispose of the stock of certain of AHL's subsidiaries.

The terms of any future indebtedness we may incur may contain additional restrictive covenants.

We operate in a highly competitive industry that includes a number of competitors, which could limit our ability to achieve our growth strategies and could materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.

We operate in highly competitive markets and compete with large and small industry participants. These companies compete for an increasing pool of retirement assets, driven primarily by aging of the US population and the reduction in, and concerns about the viability of, financial safety nets historically provided by governments and employers. We face intense competition, including from US and non-US insurance and reinsurance companies, broker-dealers, financial advisors, asset managers, diversified financial institutions and private equity firms, with respect to both the products we offer and the acquisition and block reinsurance transactions we pursue. We compete based on a number of factors including financial strength ratings, credit ratings, brand recognition, reputation, quality of service, performance of our products, product features, scope of distribution and price. A decline in our competitive position as to one or more of these factors could adversely affect our profitability. In addition, we may in the future sacrifice our competitive or market position in order to improve our short-term profitability, particularly in the highly competitive retail markets, which may adversely affect our long-term growth and results of operations. Alternatively, we may sacrifice short-term profitability to maintain market share and long-term growth.

Many of our competitors are large and well-established and some have greater breadth of distribution; offer a broader range of products, services or features; assume a greater level of risk; or have higher financial strength, claims-paying or credit ratings than we do. Our competitors may also have lower return on capital requirements than we do which may allow them to price products, reinsurance arrangements or acquisitions more competitively. In recent years, there has been substantial consolidation among companies in the financial services industry due to economic turmoil resulting in increased competition from large, efficient, well-capitalized financial services firms. The competitive pressures arising from consolidation could result in increased pressure on the pricing of certain of our products and services, and could harm our ability to maintain or increase profitability. Despite the general trend in industry consolidation, we also face competition from new market entrants, both those seeking to replicate our business model and existing life insurance companies seeking to expand into the channels in which we operate. In an effort to gain market share, these new entrants often engage in aggressive, non-economic pricing. If new entrants engage in aggressive pricing practices for prolonged periods or if our financial strength and credit ratings remain lower than the ratings of certain of our competitors, we may experience increased surrenders and/or an inability to reach sales targets or consummate block reinsurance transactions, which may have a material and adverse effect on our growth, business, financial condition, results of operations, cash flows and prospects.

Item 1A. Risk Factors

If we are unable to attract and retain IMOs, agents, banks and broker-dealers, sales of our products may be adversely affected.

We distribute our annuity products through a variable cost distribution network, which includes approximately 53 IMOs, approximately 65,000 independent agents, 16 banks and 119 regional broker-dealers. We must attract and retain such marketers, agents and financial institutions to sell our products. In particular, insurance companies compete vigorously for productive agents. We compete with other life insurance companies for marketers, agents and financial institutions primarily on the basis of our financial position, support services, compensation, credit ratings and product features. Such marketers, agents and financial institutions may promote products offered by other life insurance companies that may offer a larger variety of products than we do. Our competitiveness for such marketers, agents and financial institutions also depends upon the long-term relationships we develop with them. There can be no assurance that such relationships will continue in the future. In addition, our growth plans include increasing the distribution of annuity products through banks and broker-dealers. If we are unable to attract and retain sufficient marketers and agents to sell our products or if we are not successful in expanding our distribution channels within the bank and broker-dealer markets, our ability to compete and our sales volumes and results of operations could be adversely affected.

Our growth strategy includes acquisitions and block reinsurance transactions, and our ability to consummate these transactions on economically advantageous terms acceptable to us in the future is unknown.

We have grown and intend to grow our business in the future in part by acquisitions of other insurance companies and businesses, and through block reinsurance, each of which could require additional capital, systems development and skilled personnel. We may experience challenges identifying, financing, consummating and integrating such acquisitions and block reinsurance transactions. While we have reviewed various opportunities and have successfully completed transactions in the past to facilitate our growth, competition exists in the market for profitable blocks of insurance and businesses. Such competition is likely to intensify as insurance businesses become more attractive targets. It is also possible that merger and acquisition transactions will become less frequent, which could also make it more difficult for us to implement our growth strategy as we have done in the past. Thus, in the future, we may not be able to find suitable acquisition or block reinsurance opportunities that are available at attractive valuations, or at all. Even if we do find suitable opportunities, we may not be able to consummate the transactions on commercially acceptable terms. In addition, to the extent we determine to finance an acquisition or block reinsurance transaction, suitable financing arrangements may not be available on acceptable terms, on a timely basis, or at all. Our acquisition and block reinsurance transaction activities may also divert the attention of our management from our business, which may have an adverse effect on our business and results of operations.

Our business in Bermuda could be adversely affected by Bermuda employment restrictions.

As of December 31, 2021, we employed 46 non-Bermudians in our Bermuda office (other than spouses of Bermudians and holders of permanent residents' certificates). We may hire additional non-Bermudians as our business grows. Under Bermuda law, non-Bermudians (other than spouses of Bermudians, holders of permanent residents' certificates, and holders of working residents' certificates) generally may not engage in any gainful occupation in Bermuda without a valid government work permit (with certain exceptions). A work permit is generally granted or renewed upon showing that, after proper public advertisement, no Bermudian, spouse of a Bermudian, or holder of a permanent resident's certificate who meets the minimum standards reasonably required by the employer has applied for the job. Work permit terms that are available for request range from three months to five years. We may not be able to use the services of one or more of our non-Bermudian employees if we are not able to obtain, or in certain instances renew, work permits for them, which could have a material adverse effect on our business, financial condition and results of operations.

Item 1A. Risk Factors

Risk Relating to Liquidity and Regulatory Capital

As a financial services company, we are exposed to liquidity risk, which is the risk that we are unable to meet near-term obligations as they come due.

Liquidity risk is a manifestation of events that are driven by other risk types (e.g. market, policyholder behavior, operational). A liquidity shortfall may arise in the event of insufficient funding sources or an immediate and significant need for cash or collateral. In addition, it is possible that expected liquidity sources, such as our credit agreement, may be unavailable or inadequate to satisfy the liquidity demands described below. In particular, the spread of COVID-19 continues to contribute to tremendous volatility in the financial markets and may restrict the liquidity sources available to us and further may result in an increase of our liquidity demands.

We have four primary sources of liquidity exposure and associated drivers that trigger material liquidity demand. Those sources are:

- Collateral market exposure: Abrupt changes to interest rate, equity, and/or currency markets, such as that experienced during the first and second quarters of 2020, had and may in the future increase collateral requirements to counterparties and may create liquidity risk. As of December 31, 2021, we had collateral with a value of \$7.6 billion pledged to third parties.
- Asset liability mismatch: There are liquidity risks associated with liabilities coming due prior to the matching asset cash flows. Structural maturities mismatch can occur in activities such as securities lending, where the liabilities are effectively overnight open transactions or otherwise short-term in nature and may be used to fund longer-term assets. We also face potential liquidity risks from unexpected cash demands due to severe mortality, policyholder withdrawals or lapse events. If such events were to occur, we may face unexpectedly high levels of claim payments to policyholders.
- Funding availability: We have availed ourselves of the financial markets for funding (such as through the issuance of senior notes, securities lending and repurchase arrangements and other forms of borrowing in the capital markets). These sources might not be available during times of stress, or may only be available on unfavorable terms, which can result in a decrease in our profitability and a significant reduction in our financial flexibility.
- Funding commitments: We are contractually obligated to fund capital calls of or otherwise make investments in certain entities. These obligations may become due at any time upon counterparty request. Substantial economic stress, such as that brought about by COVID-19, may accelerate the timing and increase the frequency of capital calls. To the extent that a significant amount of such obligations becomes due at any given time, it may give rise to liquidity risk. As of December 31, 2021, we had commitments to make investments in the amount of \$14.8 billion, excluding commitments of third-party cedants to investees associated with assets backing obligations reinsured to us.

If a material liquidity demand is triggered and we are unable to satisfy the demand with the sources of liquidity readily available to us, it may have a material adverse impact on our business, financial condition, results of operations, liquidity and cash flows.

See *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources* for a discussion of our liquidity and sources and uses of liquidity, including information about legal and regulatory limits on the ability of our subsidiaries to pay dividends.

The amount of statutory capital that our insurance and reinsurance subsidiaries have, or that they are required to hold, can vary significantly from time to time and is sensitive to a number of factors outside of our control.

Our US insurance subsidiaries are subject to state regulations that provide for MCR based on RBC formulas for life insurance companies relating to insurance, business, asset, interest rate and certain other risks. Similarly, our Bermuda reinsurance subsidiaries are subject to MCR imposed by the BMA through the BMA's ECR and MMS.

In any particular year, our subsidiaries' capital ratios and/or statutory surplus amounts may increase or decrease depending on a variety of factors, some of which are outside of our control and some of which we can only partially control, including, but not limited to, the following:

- the amount of statutory income or loss generated by our insurance subsidiaries;
- the amount of additional capital our insurance subsidiaries must hold to support their business growth;
- changes in reserve requirements applicable to our insurance subsidiaries;
- changes in market value of certain securities in our investment portfolio;
- recognition of write-downs or other losses on investments held in our investment portfolio;
- changes in the credit ratings of investments held in our investment portfolio;
- changes in the value of certain derivative instruments;
- changes in interest rates;
- credit market volatility;
- changes in policyholder behavior;
- changes in corporate tax rates;
- changes to the RBC formulas and interpretations of the NAIC instructions with respect to RBC calculation methodologies; and
- changes to the ECR, BSCR, or TCL formulas and interpretations of the BMA's instructions with respect to ECR, BSCR, or TCL calculation methodologies.

Item 1A. Risk Factors

Further to NAIC activities with respect to RBC calculation methodologies, the NAIC is pursuing a variety of reforms to its RBC framework, which could increase the capital requirements for our U.S. insurance subsidiaries. Examples include the following: (i) a new longevity risk charge was adopted in 2021; (ii) changes to risk charges for bonds and real estate were also adopted for 2021; (iii) changes to the charge for mortality risk are currently under consideration and could be adopted in the near future; (iv) a principles-based bond project is underway, which includes consideration of factors to determine whether an investment in asset-backed securities qualifies for reporting on an insurer's statutory financial statement as a bond on Schedule D-1 as opposed to Schedule BA (other long-term invested assets), the latter of which could result, among other things, in the capital charge treatment of the investment being less favorable; and (v) a process to review capital charges on structured securities has commenced, which could increase the level of capital required to be held against these assets.

NRSROs may also implement changes to their internal models, which differ from the RBC and BSCR capital models, that have the effect of increasing or decreasing the amount of statutory capital our subsidiaries must hold in order to maintain their current ratings. For example, on December 6, 2021, S&P Global Ratings published a Request for Comment on its methodology and assumptions for analyzing the risk-based capital adequacy of insurers and reinsurers. To the extent that one of our insurance subsidiary's solvency or capital ratios is deemed to be insufficient by one or more NRSROs to maintain their current ratings, we may take actions either to increase the capitalization of the insurer or to reduce the capitalization requirements. If we are unable to accomplish such actions, NRSROs may view this as a reason for a ratings downgrade. In addition, as further discussed at Item 1. Business—Regulation—Regulation of an Insurance Group—Group Capital, in December 2020, the NAIC adopted amendments to the Holding Company Model Act to require, subject to certain exceptions, the ultimate controlling person of every insurer subject to the holding company registration requirement to file an annual GCC with its lead state on a confidential basis. The GCC is tool developed by the NAIC to provide US insurance regulators with a method to aggregate the available capital and the minimum capital of each entity in a group in a way that applies to all groups regardless of their structure. The NAIC has stated that the GCC will be a regulatory tool and does not constitute a requirement or standard; however, these regulatory developments may increase the amount of capital that we are required to hold and could result in our being subject to increased regulatory requirements.

If a subsidiary's solvency or capital ratios reach certain minimum levels, it could subject us to further examination or corrective action imposed by our insurance regulators. Corrective actions may include limiting our subsidiaries' ability to write additional business, increased regulatory supervision, or seizure or liquidation of the subsidiary's business, each of which could materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.

Repurchase agreement programs subject us to potential liquidity and other risks.

We may engage in repurchase agreement transactions whereby we sell fixed income securities to third parties, primarily major brokerage firms or commercial banks, with a concurrent agreement to repurchase such securities at a determined future date. These repurchase agreements provide us with liquidity and in certain instances also allow us to earn spread income. Under such agreements we may be required to deliver additional securities or cash as margin to the counterparty if the value of the securities sold decreases prior to the repurchase date. If we are required to return significant amounts of cash collateral or post cash or securities as margin on short notice or have inadequate cash on hand as of the repurchase date, we may be forced to sell securities to meet such obligations and may have difficulty doing so in a timely manner or may be forced to sell securities in a volatile or illiquid market for less than we otherwise would have been able to realize under normal market conditions. Rehypothecation of subject securities by the counterparty may also create risk with respect to the counterparty's ability to perform its obligations to tender such securities on the repurchase date. Such facilities may not be available to us on favorable terms or at all in the future.

Risk Relating to Market and Credit Risk

Our investments are subject to market and credit risks that could diminish their value and these risks could be greater during periods of extreme volatility or disruption in the financial and credit markets, which could adversely impact our business, financial condition, results of operations, liquidity and cash flows.

Our investments and derivative financial instruments are subject to risks of credit defaults and changes in market values. Periods of macroeconomic weakness or recession, heightened volatility or disruption in the financial and credit markets could increase these risks, potentially resulting in other-than-temporary impairment of assets in our investment portfolio. The impact of geopolitical tension, such as a deterioration in the bilateral relationship between the US and China or an escalation in conflict between Russia and Ukraine, including any resulting sanctions, export controls or other restrictive actions that may be imposed by the US and/or other countries against governmental or other entities in, for example, Russia, also could lead to disruption, instability and volatility in the global markets, which may have an impact on our investments across negatively impacted sectors or geographies.

Item 1A. Risk Factors

We are also subject to the risk that cash flows generated from the collateral underlying the structured products we own may differ from our expectations in timing or amount. In addition, many of our classes of investments, but in particular our alternative investments, may produce investment income that fluctuates significantly from period to period. Any event reducing the estimated fair value of these securities, other than on a temporary basis, could have a material and adverse effect on our business, results of operations, financial condition, liquidity and cash flows. If our investment manager, Apollo, fails to react appropriately to difficult market, economic and geopolitical conditions, our investment portfolio could incur material losses. Certain of our investments are more vulnerable to these risks than others, as described more fully below.

- *Fixed maturity and equity securities* – As of December 31, 2021, 72.7% of our net invested assets were invested in fixed maturity securities, equity securities, and short-term investments, including our investments in investment grade and high-yield corporate bonds and structured products, which include RMBS and CLOs. An economic downturn affecting the issuers or underlying collateral of these securities, ratings downgrades affecting the issuers or guarantors of such securities, or similar trends and issues could cause the estimated fair value of our fixed income securities portfolio and our earnings to decline and the default rates of the fixed income securities in our portfolio to increase.
- *Collateralized loan obligations* – As of December 31, 2021, 10.2% of our net invested assets were invested in CLOs. Control over the CLOs in which we invest is exercised through collateral managers, who may take actions that could adversely affect our interests, and we may not have the right to direct collateral management. There may also be less information available to us regarding the underlying debt instruments held by CLOs than if we had invested directly in the debt of the underlying companies. Additionally, the estimated fair values of subordinated tranches of CLOs tend to be much more sensitive to adverse economic downturns and underlying borrower defaults than those of more senior securities. For example, as the secondary market pricing of the loans underlying CLOs deteriorated during the fourth quarter of 2008, it is our understanding that many investors were forced to raise cash by selling their interests in performing loans which resulted in a forced deleveraging cycle of price declines, compulsory sales and further price declines. While loan prices have recovered from the low levels experienced during the financial crisis, conditions in the large corporate leveraged loan market may deteriorate again, which may cause pricing levels to decline. Furthermore, our investments in CLOs are also subject to liquidity risk as there is a limited market for CLOs. Accordingly, we may suffer unrealized depreciation and could incur realized losses in connection with the sale of our CLO interests.

We have a risk management framework in place to identify, assess and prioritize risks, including the market and credit risks to which our investments are subject. As part of that framework, we test our investment portfolio based on various market scenarios. Under certain stressed market scenarios, unrealized losses on our investment portfolio could lead to material reductions in its carrying value. Under some extreme scenarios, total shareholders' equity could be negative for the period of time prior to any potential market recovery. See *Item 7A. Quantitative and Qualitative Disclosures About Market Risks*.

Interest rate fluctuations could adversely affect our business, financial condition, results of operations, liquidity and cash flows.

Interest rate risk is a significant market risk for us. We define interest rate risk as the risk of an economic loss due to changes in interest rates. This risk arises from our holdings in interest rate-sensitive assets (e.g., fixed income assets) and liabilities (e.g., fixed deferred and immediate annuities). Substantial and sustained increases or decreases in market interest rates could materially and adversely affect our business, financial condition, results of operations, liquidity and cash flows, including in the following respects:

- Significant changes in interest rates expose us to the risk of not realizing anticipated spreads between overall net investment earned rates and our cost of funds.
- Changes in interest rates may negatively affect the value of our assets and our ability to realize gains or avoid losses from the sale of those assets. Significant volatility in interest rates may have a larger adverse impact on certain assets in our investment portfolio that are highly structured or have limited liquidity.
- Changes in interest rates may cause changes in prepayment rates on certain fixed income assets within our investment portfolio. For instance, falling interest rates may accelerate the rate of prepayment on mortgage loans, while rising interest rates may decrease such prepayments below the level of our expectations. At the same time, falling interest rates may result in the lengthening of duration for our policies and liabilities due to the guaranteed minimum benefits contained in our products, while rising interest rates could lead to increased policyholder withdrawals and a shortening of duration for our liabilities. In either case, we could experience a mismatch in our assets and liabilities and potentially incur significant economic losses.
- During periods of declining interest rates or a prolonged period of low interest rates, our annuity products may be relatively more attractive to existing policyholders than other investment opportunities available to them. This may cause our assumptions regarding persistency to prove inaccurate as our policyholders opt not to surrender or take withdrawals from their products, which may result in us experiencing greater claim costs than we had anticipated and/or cash flow mismatches between assets and liabilities.
- During periods of declining interest rates, we may have to reinvest the cash we receive as interest or return of principal on our investments into lower-yielding high-grade instruments or seek higher-yielding, but higher-risk instruments in an effort to achieve returns comparable with those attained during more stable interest rate environments.
- Certain securitized financial assets are accounted for based on expectations of future cash flows. To the extent future interest rates are lower than we have projected, we will experience slower accretion of discounts on these assets and will have a lower yield on our portfolio.
- An extended period of declining interest rates or a prolonged period of low interest rates may cause us to decrease the crediting rates of our products, thereby reducing their attractiveness.

Item 1A. Risk Factors

- In periods of rapidly increasing interest rates, withdrawals from and/or surrenders of annuity contracts may increase as policyholders choose to seek higher investment returns elsewhere. Obtaining cash to satisfy these obligations may require our insurance subsidiaries to liquidate fixed income investments at a time when market prices for those assets are depressed. This may result in realized investment losses.
- An increase in market interest rates could reduce the value of certain of our investments held as collateral under reinsurance agreements and require us to provide additional collateral, thereby reducing our available capital and potentially creating a need for additional capital which may not be available to us on favorable terms, or at all.

We are subject to the credit risk of our counterparties, including ceding companies that reinsure business to ALRe, reinsurers that assume liabilities from our subsidiaries, plan sponsors that transfer pension obligations to our subsidiaries and derivative counterparties.

Our insurance subsidiaries may cede certain risks to third-party insurance companies through reinsurance. In connection with the acquisitions of our two largest US insurance subsidiaries, we entered into reinsurance agreements with Global Atlantic and Protective to effectuate a sale of substantially all of the life insurance business that we received in connection with such acquisitions. Because these agreements involve reinsurance of entire business segments, each covers a much larger volume of business than would a traditional reinsurance agreement, thereby exposing us to a concentration of credit risk with respect to each of these counterparties. Certain of Protective's financial obligations under its reinsurance agreement with us are secured by assets placed in trust for our benefit and Global Atlantic is obligated to maintain assets in custody accounts for our benefit to support substantially all of its financial obligations under its reinsurance agreements. However, we do not have a security interest in the assets in the custody accounts supporting the Global Atlantic reinsurance agreements. Therefore, in the event of an insolvency of Global Atlantic, our claims would be subordinated to those of such insurance company's policyholders and the assets in the relevant custody accounts may be available to satisfy the claims of such insurance company's general creditors in addition to our claims.

As with any reinsurance agreement, we remain liable to our policyholders if our counterparties fail to perform. Although each agreement provides that the respective counterparty agrees to indemnify us for losses sustained in connection with their respective performances of each agreement, such indemnification may not be adequate to compensate us for losses actually incurred in the event that the counterparty is either unable or unwilling to perform according to the agreements' terms. In addition to possible losses that could be incurred if our subsidiaries are forced to recapture these blocks, such subsidiaries may also face a substantial shortfall in capital to support the recaptured business, possibly resulting in material declines to the insurer's RBC ratio and/or creditworthiness and potentially expose the insurer to ratings downgrades, regulatory intervention, increased policyholder withdrawals or other negative effects.

ALRe and certain of our US insurance subsidiaries reinsure liabilities from other insurance companies. Changes in the ratings, creditworthiness or market perception of such ceding companies or problems with the administration of policies reinsured to us could cause policyholders to surrender or lapse their policies in unexpected amounts. In addition, to the extent such ceding companies do not perform under their reinsurance agreements with us, we may not achieve the results we intended and could suffer unexpected losses. Our exposure to our subsidiaries' reinsurance counterparties could materially adversely affect our business, financial condition, results of operations and cash flows. In particular, our reinsurance agreements with Venerable Insurance and Annuity Company (VIAC) and Jackson expose us to risks associated with impairments in financial strength or perceived financial strength of VIAC and its parent company Venerable Holdings, Inc (together with its subsidiaries, Venerable), on the one hand, and Jackson, on the other hand. An impairment to any of these counterparties may result in the surrender of policies earlier and in quantities greater than expected at the time the respective transaction was priced. In addition, Venerable and Jackson will administer the fixed annuity blocks being reinsured. To the extent that either Venerable or Jackson fails to perform under our reinsurance agreement and associated arrangements, we may not achieve the return targets expected at the time the respective transaction was priced and our financial position and results of operations may thereby or otherwise be adversely affected.

We assume pension obligations from plan sponsors, including obligations in respect of current employees of the plan sponsor. The transfer of these obligations expose us to the credit risk of the plan sponsor. If the plan sponsor were to experience financial distress that resulted in bankruptcy or significant terminations or otherwise experienced substantial turnover of employees active under the plan, such employees might be entitled to rights under the pension plan, such as lump sum payments. To the extent that a plan sponsor experienced a significant turnover event, we may not achieve the targeted return expected at the time the pension group annuity transaction was priced and our financial position, results of operations, liquidity and cash flow may be adversely affected.

In addition, we are exposed to credit loss in the event of nonperformance by our counterparties on derivative agreements. We seek to reduce the risk associated with such agreements by entering into such agreements with large, well-established financial institutions. However, there can be no assurance that we will not suffer losses in the event a derivative counterparty fails to perform or fulfill its obligations.

Item 1A. Risk Factors

Our investment portfolio may be subject to concentration risk, particularly with respect to single issuers, including MidCap, Athora, PK AirFinance, Wheels/Donlen and SoftBank, among others; industries, including financial services; and asset classes, including real estate.

Concentration risk arises from exposure to significant asset defaults of a single issuer, industry or class of securities, based on economic conditions, geography or as a result of adverse regulatory or court decisions. When an investor’s assets are concentrated and that particular asset or class of assets experiences significant defaults, the default of such assets could threaten the investor’s financial condition, results of operations and cash flows. We face single issuer concentration risk both in the context of strategic alternative investments, in which we occasionally hold significant equity positions, and large asset trades, in which we generally hold significant debt positions. Our most significant concentration risk exposures arising in the context of strategic alternative investments, on a risk-adjusted basis, are our investments in MidCap, a provider of revolving and term debt facilities to middle market companies in North America and Europe; and Athora, an insurance holding company focused on the European life insurance market. Our most significant concentration risk exposures arising in the context of large asset trades, on a risk-adjusted basis, are our investments in the securities issued by PK AirFinance, a provider and arranger of loans principally to airlines and aircraft leasing companies secured by commercial aircraft; the securities issued by Wheels/Donlen, an automotive fleet leasing and management company; and our loan to SoftBank. From time to time, in order to facilitate certain large asset trades and in exchange for commitment fees, we may commit to purchasing a larger portion of an investment than we ultimately expect to retain, and in such instances we are reliant upon Apollo’s ability to syndicate the transaction to other investors. If Apollo is unsuccessful in its syndication efforts, we may be exposed to greater concentration risk than what we would deem desirable from a risk appetite perspective and the commitment fee that we receive may not adequately compensate us for this risk.

Our exposure, including any loaned amounts, to these single issuers was as follows:

<i>(In millions, except percentages)</i>	December 31, 2021		
	Amount	Percentage of AHL shareholders’ equity	Percentage of net invested assets
Wheels/Donlen	\$ 2,481	12.3 %	1.4 %
SoftBank	1,995	9.9 %	1.1 %
PK AirFinance	1,525	7.6 %	0.9 %
MidCap	811	4.0 %	0.5 %
Athora	914	4.5 %	0.5 %

Given our significant exposure to these issuers, we are subject to the idiosyncratic risk inherent in their business. For example:

- As a life insurer, Athora is subject to credit risk with respect to its investment portfolio and mortality risk with respect to its product liabilities, each of which may be exacerbated by unforeseen events, including but not limited to the spread of the COVID-19 pandemic. Further, Athora has significant European operations, which expose it to volatile economic conditions and risks relating to European member countries and withdrawals thereof, such as the UK. In addition, Athora is subject to multiple legal and regulatory regimes that may hinder or prevent it from achieving its business objectives.
- Our investment in the PK AirFinance securitization of loans is subject to risks to the aircraft and airline industries generally, and specifically in connection with the decrease in air travel as a result of the continued impact from COVID-19, which has resulted in delinquent loan payments and has resulted in a reduction in aircraft valuations. While our investment is supported by significant equity subordination provided by borrowers, if borrowers default on their loans, PK AirFinance may pursue foreclosure and re-market the related aircraft or may restructure the defaulted loans. To the extent that the proceeds from any such restructuring or re-marketing were not sufficient to satisfy the corresponding principal balance in the securitization, significant losses on our investment could be recognized, beginning with the equity tranche of the securitization that we hold.

To the extent that we suffer a significant loss on our investment in MidCap, Athora, the securities issued by PK AirFinance or Wheels/Donlen, or the loan to SoftBank, our financial condition, results of operations and cash flows could be adversely affected.

MidCap, PK AirFinance and Wheels/Donlen are nonbank lenders focused on providing financing to individuals or entities. As a result, through these investments, we have significant exposure to credit risk, which has increased as a result of the economic conditions brought about by the spread of COVID-19. As a result of the current economic environment, certain of our investees in this sector have experienced a decrease in origination volumes and may experience increased credit and/or liquidity risk as borrowers defer loan payments or default on their obligations. To the extent that the current downturn causes a deterioration in the creditworthiness of the counterparties of such investees or adversely affects the securitization market for the loans originated by these entities, we may suffer significant losses on our investments in these entities and our financial condition, results of operations and cash flows could be adversely affected. In addition to the concentration risk arising from our investments in single issuers within the nonbank lending sector of the financial services industry, we have significant exposure to the financial services industry more broadly as a result of the composition of investments in our investment portfolio. As of December 31, 2021, 13.4% of our net invested assets were invested in issuers within the financial services industry, excluding CLOs. The current economic volatility or any further macroeconomic, regulatory or other changes having an adverse impact on the financial services industry more broadly, could have a material and adverse effect on our business, financial condition, results of operations and cash flows.

Item 1A. Risk Factors

As of December 31, 2021, 22.3% of our net invested assets were invested in real estate-related assets. Any significant decline in the value of real estate generally or the occurrence of any of the risks described elsewhere in this report with respect to our real estate-related investments could materially and adversely affect our financial condition and results of operations. Specifically, through our investments in CML and CMBS, we have exposure to certain categories of commercial property, including office buildings, hospitality and retail, that have been adversely affected by the spread of COVID-19. See *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Consolidated Investment Portfolio—Mortgage Loans* for a breakdown of our CML portfolio by property type of the underlying collateral.

Many of our invested assets are relatively illiquid and we may fail to realize profits from these assets for a considerable period of time, or lose some or all of the principal amount we invest in these assets if we are required to sell our invested assets at a loss at inopportune times to cover policyholder withdrawals or to meet our insurance, reinsurance or other obligations.

We offer certain products that allow policyholders to withdraw their funds under defined circumstances. In order to meet such obligations, we seek to manage our liabilities and configure our investment portfolios to provide and maintain sufficient liquidity to support expected withdrawal demands and contract benefits and maturities. However, in order to provide necessary long-term returns and to achieve our strategic goals, a certain portion of our assets are relatively illiquid. Many of our investments are in securities that are not publicly traded or that otherwise lack liquidity, such as our privately placed fixed maturity securities, below investment grade securities, investments in mortgage loans and alternative investments.

We record our relatively illiquid types of investments at fair value. If we were forced to sell certain of our assets, there can be no assurance that we would be able to sell them for the values at which such assets are recorded and we might be forced to sell them at significantly lower prices. In many cases, we may be prohibited by contract or applicable securities laws from selling such securities for a period of time. When we hold a security or position, it is vulnerable to price and value fluctuations and may experience losses if we are unable to timely sell, hedge or transfer the position. Thus, it may be impossible or costly for us to liquidate positions rapidly in order to meet unexpected withdrawal or recapture obligations. This potential mismatch between the liquidity of our assets and liabilities could have a material and adverse effect on our business, financial condition, results of operations and cash flows.

Our investments linked to real estate are subject to credit risk, market risk, servicing risk, loss from catastrophic events and other risks, which could diminish the value that we obtain from such investments.

As of December 31, 2021, 22.3% of our net invested assets were linked to real estate, including 6% fixed maturity and equity securities, such as CMBS and RMBS, and 16.3% mortgage loans, consisting of both CML and RML. Defaults by third parties in the payment or performance of their obligations underlying these assets could reduce our investment income and realized investment gains or result in the recognition of investment losses. For example, the value of our real estate-related assets depends in part on the financial condition of the borrowers, the value of the real properties underlying the mortgages and, for commercial properties, the financial condition of the tenants of the properties underlying those mortgages, as well as general and specific economic trends affecting the overall default rate. An unexpectedly high rate of default on mortgages held by a CMBS or RMBS may limit substantially the ability of the issuer of such security to make payments to holders of such securities, reducing the value of those securities or rendering them worthless. The risk of such defaults is generally higher in the case of mortgage securitizations that include “sub-prime” or “alt-A” mortgages. As of December 31, 2021, 8.7% of our holdings in assets linked to real estate were invested in such “sub-prime” mortgages and “alt-A” mortgages. Changes in laws and other regulatory developments relating to mortgage loans may impact the investments of our portfolio linked to real estate in the future. Additionally, cash flow variability arising from an unexpected acceleration in the rate of mortgage prepayments can be significant, and could cause a decline in the estimated fair value of certain “interest only” securities.

The CML we hold, and CML underlying the CMBS that we hold, face both default and delinquency risk. Legislative proposals that would allow or require modifications to the terms of CML, an increase in the delinquency or default rate of our CML portfolio or geographic or sector concentration within our CML portfolio could materially and adversely impact our financial condition and results of operations. Our investments in RML and RMBS also present credit risk. Higher than expected rates of default or loss severities on our RML investments and the RML underlying our RMBS investments may adversely affect the value of such investments. A significant number of the mortgages underlying our RML and RMBS investments are concentrated in certain geographic areas. Any event that adversely affects the economic or real estate market in any of these areas could have a disproportionately adverse effect on our RML and RMBS investments. While we actively monitor our exposure to these and other risks inherent in this strategy, we cannot assure you that our hedging and risk management strategies will be effective. Any failure to manage these risks effectively could materially and adversely affect our financial condition and results of operations. A rise in home prices, concern regarding further changes to government policies designed to alter prepayment behavior, increased availability of housing-related credit and lower interest rates could combine to increase expected or actual prepayment speeds, which would likely lower the valuations of RML and the valuations of RMBS that we carry at a premium to par prices or that are structured as interest only securities and inverse interest only securities. In general, any significant weakness in the broader macro economy or significant problems in a particular real estate market may cause a decline in the value of residential properties securing the mortgages in that market, thereby increasing the risk of delinquency, default and foreclosure. This could, in turn, have a material adverse effect on our credit loss experience. As of December 31, 2021, of the mortgage loans we held, 0.2% were in the process of foreclosure.

Item 1A. Risk Factors

Control over the underlying assets in all of our real estate-related investments is exercised through servicers that we do not control. If a servicer is not vigilant in seeing that borrowers make their required periodic payments, borrowers may be less likely to make these payments, resulting in a higher frequency of delinquency and default. If a servicer takes longer to liquidate nonperforming mortgages, our losses related to those loans may be higher than we expected. Any failure by a servicer to service RMLs in which we are invested or which underlie a RMBS in which we are invested in a prudent, commercially reasonable manner could negatively impact the value of our investments in the related RML or RMBS.

Our investments in assets linked to real estate are also subject to loss in the event of catastrophic events, such as earthquakes, hurricanes, floods, tornadoes and fires. Climate change has exacerbated these risks and is likely to further increase both the likelihood of occurrence and the magnitude of impact in future periods. Climate change may also impact asset prices and the value of our investments linked to real estate. For example, rising sea levels may lead to decreases in real estate values in coastal areas. We have significant concentrations of real estate investments and collateral underlying investments linked to real estate in areas of the United States prone to catastrophe, including California, sections of the northeastern US, the South Atlantic states and the Gulf Coast. Further, while loss experience in the event of a catastrophic event is contingent upon many factors, including the insured status of the underlying property and the seniority of our investment, in the case of structured securities, a catastrophic event impacting one or more of the aforementioned regions may cause some portion of the invested assets invested in assets linked to real estate to become impaired, which may have a material adverse impact on our financial condition and results of operations.

In addition to the credit and market risk that we face in relation to all of our real estate-related investments, certain of these investments may expose us to various environmental, regulatory and other risks. For example, our investment in RML could result in claims being assessed against us as a mortgage holder or property owner, including assignee liability, responsibility for tax payments, environmental hazards and other liabilities, including liabilities under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980. We may continue to be liable under such claims after foreclosing on a property securing a mortgage loan held by us. Additionally, we may be subject to regulation by the CFPB as a mortgage holder or property owner. We are currently unable to predict the impact of such regulation on our business. Any adverse environmental claim or regulatory action against us resulting from our investment in RML could adversely impact our reputation, business, financial condition and results of operations.

Our investment portfolio may include investments in securities of issuers based outside the US, including emerging markets, which may be riskier than securities of US issuers.

We may invest in securities of issuers organized or based outside the US that may involve heightened risks in comparison to the risks of investing in US securities, including unfavorable changes in currency rates and exchange control regulations, reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets, higher brokerage commissions, transfer taxes and custody fees, local economic or political instability and greater market risk in general. In particular, investing in securities of issuers located in emerging market countries involves additional risks, such as exposure to economic structures that are generally less diverse and mature than, and to political systems that can be expected to have less stability than, those of developed countries; national policies that restrict investment by foreigners in certain issuers or industries of that country; the absence of legal structures governing foreign investment and private property; an increased risk of foreclosure on collateral located in such countries; a lack of liquidity due to the small size of markets for securities of issuers located in emerging markets; and price volatility.

As of December 31, 2021, 35% of the carrying value of our available-for-sale (AFS) securities, including related parties, was comprised of securities of issuers based outside of the US and debt securities of foreign governments. Of our total AFS securities, including related parties, as of December 31, 2021, 10% were invested in CLOs of Cayman Islands issuers (for which the underlying assets are largely loans to US issuers) and 25% were invested in other non-US issuers. While we invest in securities of non-US issuers, the currency denominations of such securities usually match the currency denominations of the liabilities that the assets support. When the currency denominations of the assets and liabilities do not match, we generally undertake hedging activities to eliminate or mitigate currency mismatch risk. See *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Consolidated Investment Portfolio* for further information on international exposure.

While we seek to hedge foreign currency risks, foreign currency fluctuations may reduce our net income and our capital levels, adversely affecting our financial condition.

We are exposed to foreign currency exchange rate risk through the investments in our investment portfolio that are denominated in currencies other than the US dollar or are issued by entities which primarily conduct their business outside of the US. We are also exposed to foreign currency exchange risk through our investment in certain subsidiaries domiciled in foreign jurisdictions, both as a result of our direct investment and as a result of currency mismatches between the assets and liabilities of those subsidiaries. We may employ various strategies (including hedging) to manage our exposure to foreign currency exchange risk. To the extent that these exposures are not fully hedged or the hedges are ineffective, our results or equity may be reduced by fluctuations in foreign currency exchange rates that could materially adversely affect our financial condition and results of operations.

Item 1A. Risk Factors

Climate change and environmental, social and governance requirements may adversely impact our results of operations.

There are concerns that the increased frequency and severity of weather-related catastrophes and other losses, such as wildfires, in recent years is indicative of changing weather patterns, whether as a result of global climate change caused by human activities or otherwise, which could cause such events to persist. Climate change could adversely affect the value of our investments, resulting in realized and unrealized losses in future periods that could have a material adverse impact on our results of operations. Climate change regulation and market forces reacting to climate change may harm the value of investments we hold, and our regulators may also increasingly focus their examinations on climate-related risks. Climate change may also influence investor sentiment with respect to us and the investments in our portfolio.

We cannot predict which, if any, assets, industries or markets will be materially and adversely affected, nor can we predict the magnitude of such effect. Furthermore, our financial and operational results could be impacted by emerging risk and changes to the regulatory landscape in areas like environmental, social and governance (ESG) matters. Changes and uncertainty in US and non-US legislation, policy or regulation regarding global climate risk management or other ESG practices may result in higher regulatory costs, compliance costs and increased capital expenditures, and changes in regulations may impact asset prices, resulting in realized or unrealized losses on our investments. Undertaking initiatives to address climate risk and ESG practices, including those related to human capital management such as talent attraction and development, DEI and employee health and safety, could increase our cost of doing business and actual or perceived failure to adequately address climate change risk or ESG expectations of our various stakeholders could lead to a tarnished reputation and loss of customers.

Financial markets have been subject to inflationary pressures, and continued rising inflation may adversely impact our business and results of operations.

Financial markets have been subject to inflationary pressures, and we cannot predict the extent to which rising inflation may be transitory. Certain of our products are sensitive to inflation rate fluctuations, and a sustained increase in the inflation rate may adversely affect our business and results of operations. For example, failure to accurately anticipate higher inflation and factor it into our product pricing assumptions may result in mispricing of our products, which could materially and adversely impact our results of operations. Inflation also impacts our investment portfolio and nature of our liability profile, thereby impacting our investment portfolio's rate of investment return and corresponding investment income. Continued rising inflation could adversely impact returns on our investment portfolio and results of operations.

Risks Relating to Our Relationship with Apollo

There are potential conflicts of interests between Apollo, our corporate parent, and the holders of our preferred shares.

The Apollo Group currently is the beneficial owner of 100% of our common shares and controls all of the voting power to elect members to our board of directors. As a result, the Apollo Group could exercise significant influence and control over corporate matters for the foreseeable future, including approval of significant corporate transactions, appointment of members of our management, approval of the termination of our investment management agreements (IMA) and determination of our corporate policies.

The interests of our existing shareholders, i.e., members of the Apollo Group, may conflict with the interests of our preferred shareholders. Actions that members of the Apollo Group take as shareholders may not be favorable to our preferred shareholders. For example, the concentration of voting power held by the Apollo Group, the significant representation on our board of directors by individuals who are employees of the Apollo Group, or the limitations on our ability to terminate IMAs covering assets backing reserves and surplus in ACRA with Apollo could delay, defer or prevent a change of control of us or impede a merger, takeover or other business combination which a preferred shareholder may otherwise view favorably. Members of the Apollo Group may, in their role as shareholders, vote in favor of a merger, takeover or other business combination transaction which our preferred shareholders might not consider in their best interests, including those transactions in which the Apollo Group may have an interest. Further, the Apollo Group may cause us to declare a cash dividend on our common shares. On December 31, 2021, our board of directors declared a cash dividend of \$750 million payable to holders of our common shares, with a record date and payment date following the completion of the Mergers. Cash dividends on our common shares of a similar or greater amount may be declared by our board of directors in the future.

Our conflicts committee and our disinterested directors analyze these conflicts to protect against potential harm resulting from conflicts of interest in connection with transactions that we have entered into or will enter into with Apollo or its affiliates. Specifically, our bye-laws require that the conflicts committee (in accordance with its charter and procedures) approve certain material transactions by and between us and Apollo or its affiliates, including entering into material agreements or the imposition of any new fee or increase in the rate at which fees are charged to us, subject to certain exceptions. See *Item 13. Certain Relationships and Related Transactions, and Director Independence*. These conflicts provisions will not, by themselves, prohibit transactions with Apollo or its affiliates. In addition, our conflicts committee may exclusively rely on information provided by Apollo, including with respect to fees charged by Apollo or its affiliates, and with respect to the historical performance or fees of unrelated service providers used for comparison purposes, and may not independently verify the information so provided.

Item 1A. Risk Factors

Apollo charges us management fees based on the composition and value of our assets. Substantially all of our net invested assets are managed by Apollo. Our investment policies permit Apollo to invest in securities of issuers with which it is affiliated, including funds managed by Apollo. Apollo may make such investments at its discretion, subject only to the approval of our conflicts committee in certain cases and/or certain regulatory approvals. Accordingly, Apollo may have a conflict of interest in managing our investments, which could increase amounts payable by us for asset management services or cause us to receive a lower return on our investments than if our investment portfolio was managed by another party. Asset management fees are paid based on the value of our net invested assets regardless of the results of our operations or investment performance. Therefore, Apollo could be incentivized to exercise its influence to cause us to increase our net invested assets, which may have an adverse impact on our financial condition, results of operations and cash flows. Moreover, as a subsidiary of Apollo, we may bear a greater share of expenses than prior to the Mergers.

We have made investments in collective investment vehicles managed by Apollo affiliates, including seed investments in new investment vehicles or investment strategies offered by Apollo which have limited track records, as well as junior and subordinated tranches of structured investment vehicles which may assist Apollo in meeting certain regulatory requirements applicable to Apollo as the sponsor of such vehicles. Such Apollo affiliates may charge us or such vehicles management or other fees, that independently, or when taken together with other fees charged by Apollo, may not be the lowest fee available for similar investment management services offered by unrelated managers. In addition, it is possible that such unrelated managers may perform better than Apollo. Apollo is not obligated to devote any specific amount of time to our affairs, or to the funds in which we are invested. Affiliates of Apollo manage and expect to continue to manage other client accounts, some of which have objectives similar to ours, including collective investment vehicles managed by Apollo and in which Apollo may have an equity interest. We will compete with other Apollo clients not only in terms of time spent on management of our portfolio, but also for allocation of assets that do not have significant supply. In addition, there may be different Apollo investment teams investing in the same strategies for different clients, including us. As a result, we may compete with other Apollo clients for the same investment opportunities, potentially disadvantaging us. Apollo may also manage accounts whose asset management fee schedules, investment objectives and policies differ from ours, which may cause Apollo to allocate securities in a manner that may have an adverse effect on our ability to source appropriate assets and meet our strategic objectives.

Under the Seventh Amended and Restated Fee Agreement, dated as of June 10, 2019, between us and Athene Asset Management LLC, now known as ISG, (Fee Agreement), Apollo receives higher sub-allocation fees for investing in asset classes with higher alpha generating abilities. See *Note 14 – Related Parties – Apollo – Fee structure* to the consolidated financial statements for additional information regarding the sub-allocation fees. There is no assurance that higher returns will be achieved by investing in these asset classes. Accordingly, Apollo is incentivized to increase the amount of investments subject to higher sub-allocation fees, which may result in greater risk to the returns in our investment portfolio. While we believe that we and Apollo have each implemented appropriate risk governance regarding asset allocation, it is possible that such incentives could result in increased holdings of assets with higher alpha generating abilities, and if such investments fail to perform, it could have an adverse impact on our investment results.

From time to time, Apollo may acquire investments on our behalf which are senior or junior to other instruments of the same issuer that are held by, or acquired for, another Apollo client (for example, we may acquire junior debt while another Apollo client may acquire senior debt). In the event such an issuer enters bankruptcy or becomes otherwise insolvent, the client holding securities which are senior in preference may have the right to aggressively pursue the issuer's assets to fully satisfy the issuer's indebtedness to the client, and the client holding the investment which is junior in the capital structure may not have access to sufficient assets of the issuer to completely satisfy its claim against the issuer and may suffer a loss. It is our understanding that Apollo has adopted procedures that are designed to enable it to address such conflicts and to ensure that clients are treated fairly and equitably in these situations. However, given Apollo's fiduciary obligations to the other client, Apollo may be unable to manage our investment in the same manner as would have been possible without the conflict of interest. In such event, we may receive a lower return on such investment than if another Apollo client was not in a different part of the capital structure of the issuer.

Apollo and its affiliates have diverse and expansive private equity, credit and real estate investment platforms, investing in numerous companies across many industries. If Apollo acquires or forms a company with a business strategy competing with ours, additional conflicts may arise between us and Apollo or between us and such company in executing our plans, including with respect to the allocation of investments or the ability to execute on corporate opportunities. Our bye-laws provide that Apollo and its members and affiliates (including certain of our directors) generally have no duty to refrain from engaging, directly or indirectly, in the same or similar business activities or lines of business that we do.

Apollo and its affiliates regularly obtain material non-public information regarding various potential acquisition or trading targets. When Apollo and its affiliates obtain material non-public information regarding a potential acquisition or trading target, Apollo becomes restricted from trading in such acquisition or trading target's outstanding securities. Some of such securities may be potential investment opportunities for us, or may be owned by us and be potential disposition opportunities. The inability of Apollo to purchase or sell such investments on our behalf as a result of these restrictions may result in us acquiring investments that may otherwise underperform the restricted investments that Apollo would have acquired, or incurring losses on investments that Apollo would have sold, on our behalf, had such restrictions not been in place.

Item 1A. Risk Factors

James R. Belardi, our Chief Executive Officer, also serves as a member of the board of directors and an executive officer of AGM and as Chief Executive Officer of ISG and receives compensation from ISG for services he provides. Mr. Belardi also owns a 5% profit interest in ISG and in connection with such interest receives a specified percentage of other fee streams earned by Apollo from us, including sub-allocation fees. Mr. Belardi is also a director of the general partner of ISG. Accordingly, Mr. Belardi's involvement as a member of our board of directors and management team, as an officer and director AGM, and as an officer of ISG and director of ISG's general partner may lead to a conflict of interest. Furthermore, certain members of our board of directors also serve on the board of directors of AGM or ISG or are employees of Apollo or its affiliates, which could also lead to potential conflicts of interest. See *Item 13. Certain Relationships and Related Transactions, and Director Independence*.

We rely on our investment management agreements with Apollo for the management of our investment portfolio. Apollo may terminate these arrangements at any time, and there are limitations on our ability to terminate investment management agreements covering assets backing reserves and surplus in ACRA, which may adversely affect our investment results.

We rely on Apollo to provide us with investment management services pursuant to various investment management agreements (IMAs). Apollo relies in part on its ability to attract and retain key people, and the loss of services of one or more of the members of Apollo or any of its subsidiaries' senior management could delay or prevent Apollo from fully implementing our investment strategy.

ACRA System IMA Termination Rights

Our bye-laws currently provide that, with respect to IMAs covering assets backing reserves and surplus in ACRA, whether from internal reinsurance, third party reinsurance, or inorganic transactions (ACRA System IMAs), among us or any of our subsidiaries, on the one hand, and ISG, on the other hand, we may not, and will cause our subsidiaries not to, terminate any ACRA System IMA among us or any of our subsidiaries, on the one hand, and a member of the Apollo Group (as defined in our bye-laws), on the other hand, other than on June 4, 2023 or any two year anniversary of such date (each such date, an IMA Termination Election Date) and any termination on an IMA Termination Election Date requires (i) the approval of two-thirds of our Independent Directors (as defined in our bye-laws) and (ii) prior written notice to the applicable Apollo subsidiary of such termination at least 30 days, but not more than 90 days, prior to an IMA Termination Election Date. If our Independent Directors make such election to terminate and notice of such termination is delivered, the termination will be effective no earlier than the second anniversary of the applicable IMA Termination Election Date (IMA Termination Effective Date). Notwithstanding the foregoing, (A) except as set forth in clause (B) below, our board of directors may only elect to terminate an ACRA System IMA on an IMA Termination Election Date if two-thirds of our Independent Directors determine, in their sole discretion and acting in good faith, that either (i) there has been unsatisfactory long-term performance materially detrimental to us by the applicable Apollo subsidiary or (ii) the fees being charged by the applicable Apollo subsidiary are unfair and excessive compared to a comparable asset manager (provided, that in either case such Independent Directors must deliver notice of any such determination to the applicable Apollo subsidiary and the applicable Apollo subsidiary will have until the applicable IMA Termination Effective Date to address such concerns, and provided, further, that in the case of such a determination that the fees being charged by the applicable Apollo subsidiary are unfair and excessive, the applicable Apollo subsidiary has the right to lower its fees to match the fees of such comparable asset manager) and (B) upon the determination by two-thirds of our Independent Directors, we or our subsidiaries may also terminate an ACRA System IMA with the applicable Apollo subsidiary, on a date other than an IMA Termination Effective Date, as a result of either (i) a material violation of law relating to the applicable Apollo subsidiary's advisory business, or (ii) the applicable Apollo subsidiary's gross negligence, willful misconduct or reckless disregard of its obligations under the relevant agreement, in each case of this clause (B), that is materially detrimental to us, and in either case of this clause (B), subject to the delivery of written notice at least 30 days prior to such termination; provided, that in connection with an event described in clause (B)(i) or (B)(ii), the applicable Apollo subsidiary shall have the right to dispute such determination of the Independent Directors within 30 days after receiving notice from us of such determination, in which case the matter will be submitted to binding arbitration and such ACRA System IMA shall continue to remain in effect during the period of the arbitration (the events described in the foregoing clauses (A) and (B) are referred to in more detail in our bye-laws as "AHL Cause"). For purposes of these provisions of the bye-laws, an "Independent Director" cannot be (x) an officer or employee of ours or any of our subsidiaries or (y) an officer or employee of (1) any member of the Apollo Group described in clauses (i) through (v) of the definition of "Apollo Group" as set forth in our bye-laws or (2) AGM or any of its subsidiaries (excluding any subsidiary that constitutes any portfolio company (or investment) of (A) an investment fund or other investment vehicle whose general partner, managing member or similar governing person is owned, directly or indirectly, by AGM or by one or more of its subsidiaries or (B) a managed account agreement (or similar arrangement) whereby AGM or one or more of its subsidiaries serves as general partner, managing member or in a similar governing position); provided, however, that any Independent Director who also serves as an independent director of AGM pursuant to the independence requirements set forth in the AGM governing documents will constitute an Independent Director. The limitations on our ability to terminate the ACRA System IMAs with the applicable Apollo subsidiary could have a material adverse effect on our financial condition and results of operations.

Our organizational documents give our Independent Directors complete discretion, while acting in good faith, as to whether to determine if an AHL Cause event has occurred with respect to any ACRA System IMA with the applicable Apollo subsidiary, and therefore our Independent Directors are under no obligation to make, and accordingly may exercise their discretion never to make, such a determination.

The boards of directors of our subsidiaries may terminate an ACRA System IMA with the applicable Apollo subsidiary relating to the applicable subsidiary if such subsidiary's board of directors determines that such termination is required in the exercise of its fiduciary duties. If our subsidiaries do elect to terminate any such agreement, other than as provided above, we may be in breach of our bye-laws, which could subject us to regulatory scrutiny, expose us to shareholder lawsuits and could have a negative effect on our financial condition and results of operations.

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Termination by Apollo

We may be adversely affected if Apollo elects to terminate an IMA at a time when such agreement remains advantageous to us. We depend upon Apollo to implement our investment strategy. Further, Apollo does not face the restrictions described above with regards to its ability to terminate any ACRA System IMA with us and may terminate such agreements at any time. If Apollo chooses to terminate such agreements, there is no assurance that we could find a suitable replacement or that certain of the opportunities made available to us as a result of our relationship with Apollo would be offered by a suitable replacement, and therefore our financial condition and results of operations could be adversely impacted by our failure to retain a satisfactory investment manager.

Interruption or other operational failures in telecommunications, information technology and other operational systems at Apollo or a failure to maintain the security, integrity, confidentiality or privacy of sensitive data residing on Apollo's systems, including as a result of human error, could have a material adverse effect on our business.

We are highly dependent on Apollo, as our investment manager, to maintain information technology and other operational systems to record and process its transactions with respect to our investment portfolio, which includes providing information that enables us to value our investment portfolio and may affect our financial statements. Apollo could experience a failure of one of these systems, its employees or agents could fail to monitor and implement enhancements or other modifications to a system in a timely and effective manner or its employees or agents could fail to complete all necessary data reconciliation or other conversion controls when implementing a new software system or modifications to an existing system. Additionally, anyone who is able to circumvent Apollo's security measures and penetrate its information technology systems could access, view, misappropriate, alter or delete information in the systems, including proprietary information relating to our investment portfolio. The maintenance and implementation of these systems at Apollo is not within our control. Should Apollo's systems fail to accurately record information pertaining to our investment portfolio, we may inadvertently include inaccurate information in our financial statements and experience a lapse in our internal control over financial reporting. The failure of any one of these systems at Apollo for any reason, or errors made by its employees or agents, could cause significant interruptions to its operations, which could adversely affect our internal control over financial reporting or have a material adverse effect on our business, financial condition and results of operations.

The historical investment portfolio performance of Apollo should not be considered as indicative of the future results of our investment portfolio or our future results or our ability to declare and pay dividends on our preferred shares.

Our investment portfolio's returns have benefited historically from investment opportunities and general market conditions that currently may not exist and may not repeat themselves, and there can be no assurance Apollo will be able to avail itself of profitable investment opportunities in the future. Furthermore, the historical returns of our investments managed by Apollo are not directly linked to our ability to declare and pay dividends on our preferred shares, which is affected by various factors, one of which is the value of our investment portfolio. In addition, Apollo is compensated based on the aggregate value of the assets it manages on our behalf and on the allocation of those assets to certain fee categories, rather than on the investment returns achieved. Accordingly, there can be no guarantee Apollo will be able to achieve any particular return for our investment portfolio in the future.

The returns that we expect to achieve on our investment portfolio may not be realized.

We make certain assumptions regarding our future financial performance, including but not limited to, target returns on our organic and inorganic channels and target net spreads. Included within these assumptions are estimates regarding the level of returns to be achieved on our investment portfolio, including assumptions regarding the expected future performance of assets directly originated by Apollo. These returns are subject to market and other factors and we can give no assurance that they will ultimately be achieved. Actual results may differ, perhaps significantly, from our current expectations. To the extent that such differences occur, our future financial performance may be materially and adversely different than that communicated herein and elsewhere.

Risks Relating to Insurance and Other Regulatory Matters

Our industry is highly regulated and we are subject to significant legal restrictions and these restrictions may have a material adverse effect on our business, financial condition, results of operations, liquidity, cash flows and prospects.

We are subject to a complex and extensive array of laws and regulations that are administered and enforced by many regulators, including the BMA, US state insurance regulators, US state securities administrators, US state banking authorities, the SEC, FINRA, the DOL, the IRS and the Office of the Comptroller of the Currency. See *Item 1. Business—Regulation* for a summary of certain of the laws and regulations applicable to our business. Failure to comply with these laws and regulations could subject us to administrative penalties imposed by a particular governmental or self-regulatory authority, unanticipated costs associated with remedying such failure or other claims, harm to our reputation, revocation of our certificate of incorporation or interruption of our operations, any of which could have a material and adverse effect on our financial position, results of operations and cash flows.

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In addition to the foregoing risks, the financial services industry is the focus of increased regulatory scrutiny as various US state and federal governmental agencies and self-regulatory organizations conduct inquiries and investigations into the products and practices of the companies within this industry. Governmental authorities in the United States and worldwide have become increasingly interested in potential risks posed by the insurance industry as a whole, and to commercial and financial activities and systems in general, as indicated by the adoption of the revised global insurance capital standard by the IAIS, as well as the US NAIC group capital calculation and liquidity stress test. See *Item 1. Business—Regulation—Regulation of an Insurance Group* for further discussion. While we cannot predict the exact nature, timing or scope of possible governmental initiatives, there may be increased regulatory intervention in the insurance and financial services industry in the future.

Our failure to obtain or maintain licenses and/or other regulatory approvals as required for the operations of our insurance subsidiaries may have a material adverse effect on our business, financial condition, results of operations, liquidity, cash flows and prospects.

Each regulator retains the authority to license insurers in its jurisdiction and an insurer generally may not operate in a jurisdiction in which it is not licensed. We have US domiciled insurance subsidiaries that collectively are currently licensed to do business in all 50 states, Puerto Rico and the District of Columbia. Our ability to retain these licenses depends on our and our subsidiaries' ability to meet requirements established by the NAIC and adopted by each state, such as RBC standards and surplus requirements. Some of the factors influencing these requirements, particularly factors such as changes in equity market levels, the value of certain derivative instruments that do not receive hedge accounting, the value and credit ratings of certain fixed-income and equity securities in our investment portfolio, interest rate changes, changes to the applicable RBC formulas and the interpretation of the NAIC's instructions with respect to RBC calculation methodologies, are out of our control.

In addition, licensing regulations differ as to products and jurisdictions and may be subject to interpretation as to whether certain licenses are required with respect to the manner in which we may sell or service some of our products in certain jurisdictions. The degree of complexity is heightened in the context of products that are issued through our institutional channel, including our pension group annuity products, where one product may cover risks in multiple jurisdictions.

If the factors discussed above adversely affect us or a state regulator interprets a licensing requirement differently than we do and we are unable to meet the requirements above, our subsidiaries could lose their licenses to do business in certain states; be subject to additional regulatory oversight; have their licenses suspended; be subject to rescission requests, fines, administrative penalties or payments to policyholders; or be subject to seizure of assets. A loss or suspension of any of our subsidiaries' licenses or an inability of any of our insurance subsidiaries to be able to sell or service certain of our insurance products in one or more jurisdictions may negatively impact our reputation in the insurance market and result in our subsidiaries' inability to write new business, distribute funds or pursue our investment/overall business strategy.

The licenses currently held by our insurance subsidiaries are limited in scope with respect to the products that may be sold within the respective jurisdictions. To the extent that our insurance subsidiaries seek to sell products for which we are not currently licensed, such subsidiaries would be required to become licensed in each of the respective jurisdictions in which such products are expected to be sold. There is no assurance that our insurance subsidiaries would be able to obtain the relevant licenses and the subsidiaries' inability to do so may impair our competitive position and reduce our growth prospects, causing our financial position, results of operations and cash flows to fall below our current expectations.

Our Bermuda reinsurance subsidiaries, as Bermuda domiciled insurers, are also required to maintain licenses. Each of our Bermuda reinsurance subsidiaries is licensed as a reinsurer in Bermuda. Bermuda insurance statutes and regulations and policies of the BMA require that our Bermuda reinsurance subsidiaries, among other things, maintain a minimum level of capital and surplus; satisfy solvency standards; restrict dividends, distributions and reductions of capital; obtain prior approval or provide notification to the BMA, as the case may be, of ownership, transfer and disposition of shareholder controller shares; maintain a head office and have certain officers resident in Bermuda; appoint and maintain a principal representative in Bermuda; and provide for the performance of certain periodic examinations of itself and its financial condition. A failure to meet these conditions may result in the suspension or revocation of a Bermuda reinsurance subsidiary's license to do business as a reinsurance company in Bermuda, which would mean that such Bermuda reinsurance subsidiary would not be able to enter into any new reinsurance contracts until the suspension ended or it became licensed in another jurisdiction. Any such suspension or revocation of a Bermuda reinsurance subsidiary's license would negatively impact its and our reputation in the reinsurance marketplace and could have a material adverse effect on our results of operations.

UK law imposes licensing and other regulatory requirements in respect of insurance and reinsurance business carried out in the UK. AHL and certain of its subsidiaries are UK tax resident companies but do not have the UK regulatory licenses required to write or carry out insurance business in the UK. Accordingly, their business does not involve transactions with UK domiciled clients and we believe that their operations and governance arrangements are otherwise undertaken to comply with UK regulatory requirements. ALReI is a Bermuda domiciled and regulated reinsurance subsidiary that is not a UK tax resident and does not have the UK regulatory licenses required to write or carry out insurance business in the UK. ALReI assumed reinsurance business from a UK domiciled client in December 2019, and will continue to seek other such opportunities going forward, in accordance with and as permitted under UK law. We believe ALReI's business, operations and governance arrangements are undertaken to comply with UK law. We will continue to monitor developments in UK regulation to seek to cause the UK Resident Companies and ALReI to comply with UK law and regulation at all times; however, there can be no assurance that the UK regulatory authorities will not interpret the application of the relevant rules in a manner that differs from our interpretation and challenge the existing or future arrangements.

The process of obtaining licenses is time consuming and costly, and we may not be able to become licensed in jurisdictions other than those in which our subsidiaries are currently licensed and/or for products for which we are currently licensed. The modification of the conduct of our

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business resulting from our and our subsidiaries becoming licensed in certain jurisdictions or for certain products could significantly and negatively affect our business. In addition, our inability to comply with insurance statutes and regulations could materially and adversely affect our business by limiting our ability to conduct business as well as subjecting us to penalties and fines.

Changes in the laws and regulations governing the insurance industry or otherwise applicable to our business, may have a material adverse effect on our business, financial condition, results of operations, liquidity, cash flows and prospects.

Certain of the laws and regulations to which we are subject are summarized in *Item 1. Business–Regulation*. Changes in the laws and regulations relevant to our business may have a material adverse effect on our business, financial condition, results of operations, liquidity, cash flows and prospects. Certain of the risks associated with changes in these laws and regulations are discussed in greater detail below.

The Dodd-Frank Act made sweeping changes to the regulation of financial services entities, products and markets. Historically, the federal government had not directly regulated the insurance business; however, the Dodd-Frank Act generally provides for enhanced federal supervision of financial institutions, including some insurance companies in defined circumstances, as well as financial activities that are deemed to represent a systemic risk to financial stability or the economy. Certain provisions of the Dodd-Frank Act are or may become applicable or relevant to us, our competitors or those entities with which we do business, including, but not limited to: the establishment of a comprehensive federal regulatory regime with respect to derivatives – see *Item 1. Business–Regulation–Regulation of OTC Derivatives* for further information; the establishment of consolidated federal regulation and resolution authority over SIFIs and/or systemically important financial activities; the establishment of the Federal Insurance Office; changes to the regulation of broker-dealers and investment advisors; changes to the regulation of reinsurance; changes to regulations affecting the rights of shareholders; the imposition of additional regulation over credit rating agencies; and the imposition of concentration limits on financial institutions that restrict the amount of credit that may be extended to a single person or entity.

Legislative or regulatory requirements imposed by or promulgated in connection with the Dodd-Frank Act may impact us in many ways, including, but not limited to: placing us at a competitive disadvantage relative to our competition or other financial services entities; changing the competitive landscape of the financial services sector or the insurance industry; making it more expensive for us to conduct our business; requiring the reallocation of significant company resources to government affairs; increasing our legal and compliance related activities and the costs associated therewith as the Dodd-Frank Act may permit the preemption of certain state laws when inconsistent with international agreements, such as the EU Covered Agreement and the UK Covered Agreement; and otherwise having a material adverse effect on the overall business climate as well as our financial condition and results of operations.

Heightened standards of sales conduct as a result of the implementation of SAT, including state adoption of a revised SAT version that includes a best interest concept, or the adoption of other similar proposed rules or regulations could also increase the compliance and regulatory burdens on our representatives, and could lead to increased litigation and regulatory risks, changes to our business model, a decrease in the number of our securities-licensed representatives and a reduction in the products we offer to our clients, any of which could have a material adverse effect on our business, financial condition and results of operations.

In addition, we expect the worldwide demographic trend of population aging will cause policymakers to continue to focus on the framework of US and non-US retirement systems, which may drive additional changes regarding the manner in which individuals plan for and fund their retirement, the extent of government involvement in retirement savings and funding, the regulation of retirement products and services and the oversight of industry participants. Any incremental requirements, costs and risks imposed on us in connection with such current or future legislative or regulatory changes, may constrain our ability to market our products and services to potential customers, and could negatively impact our profitability and make it more difficult for us to pursue our growth strategy.

Although we are subject to regulation in each state in which we conduct business, in many instances the state insurance laws and regulations emanate from the NAIC. State insurance regulators and the NAIC regularly re-examine existing laws and regulations applicable to insurance companies and their products. Any proposed or future legislation or NAIC initiatives, if adopted, may be more restrictive on our ability to conduct business than current regulatory requirements or may result in higher costs or increased statutory capital and reserve requirements. Changes in these laws and regulations or interpretations thereof are often made for the benefit of the consumer and at the expense of the insurer and could have a material adverse effect on our domestic insurance subsidiaries' businesses, financial condition and results of operations. We are also subject to the risk that compliance with any particular regulator's interpretation of a legal or accounting issue may not result in compliance with another regulator's interpretation of the same issue, particularly when compliance is judged in hindsight. There is an additional risk that any particular regulator's interpretation of a legal or accounting issue may change over time to our detriment, or that changes to the overall legal or market environment, even absent any change of interpretation by a particular regulator, may cause us to change our views regarding the actions we need to take from a legal risk management perspective, which could necessitate changes to our practices that may, in some cases, limit our ability to grow and improve profitability.

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Risks Relating to Taxation

The BEAT may significantly increase our tax liability.

The BEAT operates as a minimum tax and is generally calculated as a percentage (10% in 2019 – 2025, and 12.5% in 2026 and thereafter) of the “modified taxable income” of an “applicable taxpayer.” Modified taxable income is calculated by adding back to a taxpayer’s regular taxable income the amount of certain “base erosion tax benefits” with respect to certain payments made to foreign affiliates of the taxpayer, as well as the “base erosion percentage” of any net operating loss deductions. The BEAT applies for a taxable year only to the extent it exceeds a taxpayer’s regular corporate income tax liability for such year (determined without regard to certain tax credits).

Certain of our reinsurance agreements require our US subsidiaries (including any non-US subsidiaries subject to US federal income taxation) to pay or accrue substantial amounts to our non-US reinsurance subsidiaries that would be characterized as “base erosion payments” with respect to which there are “base erosion tax benefits.” These and any other “base erosion payments” may cause us to be subject to the BEAT.

The application of the BEAT to our reinsurance arrangements could be affected by further legislative action, administrative guidance or court decisions, any of which could have retroactive effect. In addition, tax authorities may disagree with our BEAT calculations, or the interpretations on which those calculations are based, and assess additional taxes, interest and penalties. We will establish our tax provision in accordance with GAAP.

However, there can be no assurance that this provision will accurately reflect the amount of US federal income tax that we ultimately pay, as that amount could differ materially from the estimate. There may be material adverse consequences to our business if tax authorities successfully challenge our BEAT calculations, in light of the uncertainties described above.

In addition, we have made estimates regarding the effective tax rate we expect to experience, which take into account the impacts of US federal income tax and the BEAT. The determination of each such figure, or range of figures, involves numerous estimates and assumptions, including estimates and assumptions regarding our BEAT calculations. Such estimates and assumptions may prove incorrect. To the extent that actual experience differs from the estimates and assumptions inherent in our projections, our future effective tax rate may deviate materially from the estimates provided and our financial condition and results of operations may be materially less favorable than are implied by the projections provided.

AHL or its non-US subsidiaries may be subject to US federal income taxation in an amount greater than expected.

AHL and certain of its subsidiaries are treated as foreign corporations under the Internal Revenue Code (such subsidiaries, the Non-US Subsidiaries, and together with AHL, the Non-US Companies). Any Non-US Company that is considered to be engaged in a trade or business in the US generally will be subject to US federal income taxation on a net basis on its income that is effectively connected with such US trade or business (including branch profits tax on the portion of its earnings and profits that is attributable to such income), unless otherwise provided under an applicable income tax treaty. In addition, a Non-US Company generally will be subject to US federal income taxation on a gross basis on certain US-source income, and a US federal excise tax on certain premiums earned on insurance with respect to US risks, that are not effectively connected with a US trade or business, unless otherwise provided under an applicable income tax treaty.

Each of the Non-US Companies currently intends to operate in a manner that will not cause it to be subject to US federal income taxation on a net basis in any material amount. However, there is considerable uncertainty as to when a foreign corporation is engaged in a trade or business in the US, as the law is unclear and the determination is highly factual and must be made annually, and therefore there can be no assurance that the IRS will not successfully contend that a Non-US Company that does not intend to be treated as engaged in a trade or business in the US is nonetheless so engaged. If any such Non-US Company is treated as engaged in a trade or business in the US, it may incur greater tax costs than expected on any income not exempt from taxation under an applicable income tax treaty, which could have a material adverse effect on our financial condition, results of operations and cash flows.

AHL is currently a UK tax resident and expects to qualify for the benefits of the UK Treaty because its common shares are owned by AGM, the common shares of which are listed and regularly traded on the NYSE. In addition, our other UK Resident Companies expect to qualify for the benefits of the UK Treaty by reason of being subsidiaries of AGM or by reason of satisfying an ownership and base erosion test. Accordingly, our UK Resident Companies are expected to qualify for certain exemptions from, or reduced rates of, the US taxes described above that are provided for by the UK Treaty. However, there can be no assurances that our UK Resident Companies will continue to qualify for treaty benefits or satisfy all of the requirements for the tax exemptions and reductions they intend to claim. If any of our UK Resident Companies fails to qualify for such benefits or satisfy such requirements, it may incur greater tax costs than expected, which could have a material adverse effect on our financial condition, results of operations and cash flows.

Item 1A. Risk Factors

US persons who own our equity securities may be subject to US federal income taxation at ordinary income rates on our undistributed earnings and profits.

For any taxable year in which a Non-US Company is treated as a controlled foreign corporation (CFC), a “10% US Shareholder” of the Non-US Company that held our equity securities directly or indirectly through certain entities as of the last day in such taxable year that the Non-US Company was a CFC would generally be required to include in gross income as ordinary income its pro rata share of the Non-US Company’s income, regardless of whether that income was actually distributed to such US person (with certain adjustments). A “10% US Shareholder” of an entity treated as a foreign corporation for US federal income tax purposes is a US person who owns (directly, indirectly through certain entities or constructively) 10% or more of the total value of all classes of shares of the corporation or 10% or more of the total combined voting power of all classes of voting shares of the corporation. Any US person that owns (or is treated as owning) 10% or more of the value of AHL should consult with their tax advisor regarding their investment in AHL.

In general, a non-US corporation is a CFC if 10% US Shareholders, in the aggregate, own (or are treated as owning) stock of the non-US corporation possessing more than 50% of the voting power or value of such corporation’s stock. However, this threshold is lowered to 25% for purposes of taking into account the insurance income of a non-US corporation. Further, special rules apply for purposes of taking into account any related person insurance income (RPII) of a non-US corporation, as described below.

In addition, if a US person disposes of shares in a non-US corporation and the US person owned (directly, indirectly through certain entities or constructively) 10% or more of the total combined voting power of the voting stock of the corporation at any time when the corporation was a CFC during the five-year period ending on the date of disposition, any gain from the disposition will generally be treated as a dividend to the extent of the US person’s share of the corporation’s undistributed earnings and profits that were accumulated during the period or periods that the US person owned the shares while the corporation was a CFC (with certain adjustments). Also, a US person may be required to comply with specified reporting requirements, regardless of the number of shares owned.

Each of AHL and its Non-US Subsidiaries is currently a CFC. Accordingly, any US person that owns (or is treated as owning) 10% or more of the voting power or value of AHL should consult with their tax advisor regarding their investment in AHL.

US persons who own our equity securities may be subject to US federal income taxation at ordinary income rates on a disproportionate share of our undistributed earnings and profits attributable to RPII.

AHL owns, indirectly through certain entities, stock in certain non-US corporations engaged in the business of insurance. If any such non-US corporation is treated as recognizing RPII in a taxable year and is also treated as a CFC for such taxable year, each US person that owns our equity securities directly or indirectly through certain entities as of the last day in such taxable year must generally include in gross income its pro rata share of the RPII, determined as if the RPII were distributed proportionately only to all US persons who own (directly or indirectly through certain entities) stock in such non-US corporation, regardless of whether that income is distributed (with certain adjustments). For this purpose, a non-US corporation generally will be treated as a CFC if US persons in the aggregate are treated as owning (directly or indirectly through certain entities) 25% or more of the total voting power or value of the non-US corporation’s stock at any time during the taxable year. Certain of the non-US corporations in which we own an indirect interest may be treated as CFCs for this purpose.

RPII generally is any income of a non-US corporation attributable to insuring or reinsuring risks of a US person that owns (or is treated as owning) stock of such non-US corporation, or risks of a person that is “related” to such a US person. For this purpose, (1) a person is “related” to another person if such person “controls,” or is “controlled” by, such other person, or if both are “controlled” by the same persons, and (2) “control” of a corporation means ownership (or deemed ownership) of stock possessing more than 50% of the total voting power or value of such corporation’s stock and “control” of a partnership, trust or estate means ownership (or deemed ownership) of more than 50% by value of the beneficial interests in such partnership, trust or estate.

We have only a limited ability to determine whether any of the entities in which we directly or indirectly own stock is treated as recognizing RPII in a taxable year, the amount of any such RPII or any US person’s share of any such RPII, or to obtain the information necessary to accurately make such determinations. Accordingly, no assurances can be provided that the adverse RPII consequences described above will not apply to all US persons that hold our equity securities directly or indirectly through certain entities.

US persons who dispose of our equity securities may be required to treat any gain as ordinary income for US federal income tax purposes and comply with other specified reporting requirements.

If a US person disposes of shares in a non-US corporation that is an insurance company that had RPII and the 25% threshold described above is met at any time when the US person owned any shares in the corporation during the five-year period ending on the date of disposition, any gain from the disposition will generally be treated as a dividend to the extent of the US person’s share of the corporation’s undistributed earnings and profits that were accumulated during the period that the US person owned the shares (possibly whether or not those earnings and profits are attributable to RPII). In addition, the shareholder will be required to comply with specified reporting requirements, regardless of the amount of shares owned. We believe that these rules should not apply to a disposition of our equity securities because AHL is not itself directly engaged in the insurance business. We cannot assure you, however, that the IRS will not successfully assert that these rules apply to a disposition of our equity securities.

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US tax-exempt organizations that own our equity securities may recognize unrelated business taxable income.

A US tax-exempt organization that directly or indirectly owns our equity securities generally will recognize unrelated business taxable income and be subject to additional US tax filing obligations to the extent such tax-exempt organization is required to take into account any insurance income or RPII pursuant to the CFC and RPII rules described above. US tax-exempt organizations should consult their own tax advisors regarding the risk of recognizing unrelated business taxable income as a result of the ownership of our equity securities.

US persons who own our equity securities may be subject to adverse tax consequences if AHL is considered a passive foreign investment company for US federal income tax purposes.

If AHL is considered a passive foreign investment company for US federal income tax purposes (PFIC), a US person who directly or, in certain cases, indirectly owns our equity securities could be subject to adverse tax consequences, including a greater tax liability than might otherwise apply, an interest charge on certain taxes that are deemed deferred as a result of AHL's non-US status and additional US tax filing obligations, regardless of the number of shares owned. In general, AHL will be a PFIC during a taxable year if (1) 75% or more of its gross income constitutes passive income or (2) 50% or more of its assets produce, or are held for the production of, passive income. For these purposes, passive income includes interest, dividends and other investment income, with certain exceptions, and certain look-through rules apply with respect to interests in subsidiaries.

Based on the expected assets and income of AHL, we currently do not expect that AHL will be a PFIC in the current taxable year or the foreseeable future. However, we cannot assure you that AHL will not be treated as a PFIC in one or more taxable years. If AHL is treated as a PFIC, the adverse tax consequences described above generally would also apply with respect to a US person's indirect ownership interest in any PFICs in which AHL directly or, in certain cases, indirectly owns an interest.

Changes in US tax law might adversely affect us or holders of our equity securities.

The tax treatment of non-US companies and their US and non-US insurance subsidiaries may be the subject of further tax legislation. No prediction can be made as to whether any particular proposed legislation will be enacted or, if enacted, what the specific provisions or the effective date of any such legislation would be, or whether it would have any effect on us. As such, we cannot assure you that future legislative, administrative or judicial developments will not result in an increase in the amount of US tax payable by us or by an investor in our equity securities or reduce the attractiveness of our products. If any such developments occur, our business, financial condition, results of operations and cash flows could be materially and adversely affected.

Changes in US tax law might adversely affect demand for our products.

Many of the products that we sell and reinsure benefit from one or more forms of tax-favored status under current US federal and state income tax regimes. For example, we sell and reinsure annuity contracts that allow the policyholders to defer the recognition of taxable income earned within the contract. Future changes in US federal or state tax law, could reduce or eliminate the attractiveness of such products, which could affect the sale of our products or increase the expected lapse rate with respect to products that have already been sold. Decreases in product sales or increases in lapse rates, in either case, brought about by changes in US tax law, may result in a decrease in net invested assets and therefore investment income and may have a material and adverse effect on our business, financial position, results of operations and cash flows.

There is US income tax risk associated with reinsurance between US insurance companies and their Bermuda affiliates.

If a reinsurance agreement is entered into among related parties, the IRS is permitted to reallocate or recharacterize income, deductions or certain other items, and to make any other adjustment, to reflect the proper amount, source or character of the taxable income of each of the parties. If the IRS were to successfully challenge our reinsurance arrangements, our financial condition, results of operations and cash flows could be adversely affected.

We are subject to the risk that Bermuda tax laws may change and that we may become subject to new Bermuda taxes following the expiration of a current exemption after 2035.

The Bermuda Minister of Finance, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, as amended, has given us assurance that if any legislation is enacted in Bermuda that would impose tax computed on profits or income, or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, then the imposition of any such tax will not be applicable to us or any of our operations, shares, debentures or other obligations until March 31, 2035, except insofar as such tax applies to persons ordinarily resident in Bermuda or to any taxes payable by us in respect of real property owned or leased by us in Bermuda. Given the limited duration of the Bermuda Minister of Finance's assurance, we cannot assure you that we will not be subject to any Bermuda tax after March 31, 2035.

Item 1A. Risk Factors

The impact of the Organisation for Economic Co-operation and Development's recommendations on base erosion and profit shifting is uncertain and could impose adverse tax consequences on us.

In October 2015, the Organisation for Economic Co-operation and Development (OECD) published its final recommendations on base erosion and profit shifting (BEPS). These recommendations propose the development of rules directed at counteracting the effects of tax havens and preferential tax regimes in countries around the world.

The implementation of the BEPS recommendations has resulted in significant changes to local tax legislation and international double tax treaties over recent years. These changes include (amongst others) restrictions on interest and other deductions for tax purposes, the expansion of the definition of a “permanent establishment” (thereby extending the scope of jurisdictions' taxing rights), the introduction of broad anti-hybrid regimes and reform of controlled foreign company rules. The changes to double tax treaties resulting from the implementation and adoption of the OECD's Multilateral Instrument may also restrict our ability to rely on the terms of relevant double tax treaties in certain circumstances and the benefits provided under those treaties.

Further, recent BEPS developments include proposals for new profit allocation and nexus rules and for rules to ensure that the profits of multinational enterprises are subject to a minimum rate of tax, and the OECD/G20 Inclusive Framework (IF) has adopted a two-pillar approach as the basis for this ongoing project. In October 2020, the OECD released “Blueprints” for the so-called Pillar One and Pillar Two (commonly known as “BEPS 2.0”), which set out the status with respect to current proposals for consultation.

Changes of law in individual jurisdictions which may continue to develop as a result of the BEPS project (including in connection with future final recommendations around BEPS 2.0) may have an ongoing effect on our intra-group arrangements, operations and our results and may ultimately increase the tax base of our subsidiaries in certain jurisdictions or our worldwide tax exposure. These changes of law are also potentially relevant to our ability to efficiently fund and realize investments or repatriate income or capital gains from relevant jurisdictions, and could ultimately necessitate some restructuring of our subsidiaries or business operations.

Other BEPS-related changes focus on the goal of ensuring that transfer pricing outcomes are in line with value creation. Changes to tax laws resulting from the BEPS project could increase their complexity and the burden and costs of compliance. Additionally, such changes could also result in significant modifications to existing transfer pricing rules and could potentially have an impact on our taxable profits in various jurisdictions.

In response to the OECD's BEPS project, the European Commission introduced Council Directive (EU) 2017/952 of May 29, 2017 amending Council Directive (EU) 2016/1164 (ATAD II) on July 1, 2020 (with effect from January 1, 2022) to prevent hybrid mismatches giving rise to a double deduction or to a deduction without taxation in different tax jurisdictions. Under ATAD II, taxpayers may be denied the right to recognize tax deductible costs on payments subject to a double deduction.

In addition, on December 22, 2021, the EU published the draft Anti-Tax Avoidance Directive III (ATAD III) designed to impose new minimum substance rules to prevent the misuse of shell entities for improper tax purposes. ATAD III proposes to introduce reporting requirements for certain EU tax resident companies with mobile and/or passive income (such as interest, dividends and royalty income) that have inadequate economic substance (as prescribed under ATAD III). If an entity fails to meet these substance requirements, it will be denied benefits under double tax treaties and various EU directives. As currently drafted, EU member states will need to implement the proposed measures, once adopted, by June 30, 2023. ATAD III is currently in draft form and is subject to public consultation. The details of these rules are therefore subject to change.

In addition, domestic law implementation of BEPS has resulted in taxpayers and/or their advisers and intermediaries being required to engage in discussions and disclose information to tax authorities regarding their tax affairs and transactions. For example, since 2017 (and in consequence of the BEPS project), some countries in which we do business, including Bermuda, have required certain multinational enterprises, including ours, to report detailed information regarding allocation of revenue, profit, and other information, on a country-by-country basis. The information we are required to report pursuant to this country-by-country reporting (as well as information we are required to report pursuant to certain other exchange of information regimes (for example, pursuant to the Common Reporting Standard (which provides for an automatic exchange of financial account information between participating jurisdictions) and Council Directive 2018/822/EU (commonly known as “DAC6”)) could ultimately result in certain tax authorities having greater access to information enabling them to challenge our tax positions in a number of different areas, transfer pricing in particular.

The impact of DAC 6 and other mandatory disclosure rules.

On June 25, 2018, the EU implemented DAC 6, which introduced mandatory disclosure rules for cross-border arrangements which satisfy certain hallmarks. The scope of the arrangements and hallmarks which may trigger disclosure is very wide, and not limited to aggressive tax planning or indeed (for certain of the hallmarks) to arrangements which have any tax motive. Under DAC 6, the obligation to file disclosures will fall on persons acting as intermediaries, which in many cases may require our advisors and other service providers to file disclosures relating to arrangements we are party to, in the first instance. Other intermediaries may have reporting obligations to the extent that they could be reasonably expected to know that they provided aid, assistance or advice with respect to an arrangement to which we are a party.

Item 1A. Risk Factors

It is, however, likely that at least some relevant arrangements will need to be disclosed directly by us (whether because we are treated as the relevant intermediary for those purposes, or in certain circumstances because our advisors are exempt from disclosure under professional privilege rules). We intend to operate in compliance with DAC 6 mandatory disclosure rules. Achieving and maintaining compliance is likely to entail some cost to us, and any inadvertent failure to comply with our obligations may lead to fines and penalties, which would have an adverse effect on our results of operations.

On December 31, 2020 (as a consequence of the final terms of the UK's exit from the European Union), the UK put forward legislation to significantly narrow the scope of the hallmarks which may trigger disclosure under DAC 6 in the UK. As a result, only cross-border arrangements that meet hallmarks under Category D of DAC 6 (broadly, those that have the effect of circumventing reporting under the OECD's Common Reporting Standard rules and/or that are intended to hide the identity of the beneficial ownership of entities in the arrangements) will ultimately be reportable in the UK. On November 30, 2021, Her Majesty's Revenue and Customs (HMRC) published draft regulations (to replace the UK's DAC 6) in line with the OECD's mandatory disclosure rules (MDR). The draft regulations (which are expected to take effect in 2022) require taxpayers and intermediaries to disclose information regarding certain types of common reporting standard (CRS) avoidant arrangements and opaque offshore structures to HMRC. Under the draft regulations, AHL or its advisors or intermediaries may be required to make certain disclosures to HMRC regarding its arrangements and structure. The regulations are currently in draft form and are therefore subject to change.

Changes in UK tax law could increase the amount of UK tax we are required to pay.

Any changes or developments to UK tax law or the published practice of Her Majesty's Revenue and Customs (including its interpretation and/or application) could result in an increase in the amount of UK tax payable by one or more of our subsidiaries, including the UK Resident Companies. If this were to occur, the business, financial condition, results of the operations and cash flows of the UK Resident Companies could be adversely affected.

Without limitation, such changes or developments to UK tax law that may be relevant to the UK Resident Companies could include the application of: (1) the UK Treaty; (2) Chapter 3A of Part 2 of the Corporation Tax Act 2009 (being the UK profits of foreign permanent establishments regime); (3) Part 6A and Part 9A of the Taxation (International and Other Provisions) Act 2010 (being the UK anti-hybrids regime and the UK controlled foreign company regime respectively); and/or (4) Part 3 of and Schedule 16 to the Finance Act 2015 (being the UK diverted profits tax regime).

The UK corporation tax rate is currently 19%; however, this is expected to increase from 19% to 25% from April 1, 2023.

The UK diverted profits tax (DPT) (noted above) is separate from UK corporation tax and is charged at a higher rate of 25%. The rate of DPT will increase from 25% to 31% from April 1, 2023. It is an anti-avoidance measure aimed at protecting the UK tax base against the artificial diversion of profits that are being earned by activities carried out in the UK but which are not otherwise being taxed in the UK, in particular as a result of arrangements amongst companies in the same multinational group. The UK's network of double tax treaties does not offer protection from a DPT charge. In the event that the rules apply to certain arrangements, then upfront payment of HMRC's estimate of the deemed tax liability may be required. If any of our UK or non-UK companies is liable for DPT as a result of intra-group arrangements, this could have a material adverse effect on our results.

Risks Relating to Investment in Our Securities

Holders of our securities may have difficulty effecting service of process on us or enforcing judgments against us in the United States.

AHL is incorporated pursuant to the laws of Bermuda and is domiciled in Bermuda. In addition, certain of our directors and officers reside outside the United States, and a substantial portion of our assets are located in jurisdictions outside the United States. As such, we have been advised that there is doubt as to whether:

- a holder of our shares would be able to enforce, in the courts of Bermuda, judgments of US courts against us or against persons who reside in Bermuda based upon the civil liability provisions of the US federal securities laws; or
- a holder of our shares would be able to bring an original action in the Bermuda courts to enforce liabilities against us or our directors and officers who reside outside the United States based solely upon US federal securities laws.

Further, we have been advised that there is no treaty in effect between the United States and Bermuda providing for the enforcement of judgments of US courts, and there are grounds upon which Bermuda courts may not enforce judgments of US courts. Because judgments of US courts are not automatically enforceable in Bermuda, it may be difficult for you to recover against us based upon such judgments. Additionally, we have been advised that the United States and Bermuda do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. A Bermuda court may, however, impose civil liability on us or our directors or officers in a suit brought in the Supreme Court of Bermuda provided that the facts alleged constitute or give rise to a cause of action under Bermuda law. Certain remedies available under the laws of US jurisdictions, including certain remedies under the US federal securities laws, would not be allowed in Bermuda courts to the extent that they are contrary to public policy.

Item 1A. Risk Factors

Our choice of forum provisions in our bye-laws may limit your ability to bring suits against us or our directors and officers.

Our bye-laws currently provide that if any dispute arises concerning the Companies Act or out of or in connection with our bye-laws, including any question regarding the existence and scope of any bye-law and/or whether there has been a breach of the Companies Act or our bye-laws by an officer or director (whether or not such a claim is brought in the name of a shareholder or in the name of the Company), any such dispute shall be subject to the exclusive jurisdiction of the Supreme Court of Bermuda. This choice of forum provision may limit a shareholder's ability to bring a claim in a judicial forum that the shareholder believes is favorable for disputes with us or our directors or officers, which may discourage lawsuits against us and our directors and officers. Alternatively, if a court were to find this provision of our bye-laws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition, results of operations and cash flows.

US persons who own our securities may have more difficulty in protecting their interests than US persons who are securityholders of a US corporation.

The Companies Act, which applies to AHL, differs in certain material respects from laws generally applicable to US corporations and their securityholders. Set forth below is a summary of certain significant provisions of the Companies Act and our bye-laws which differ in certain respects from provisions of Delaware corporate law. Because the following statements are summaries, they do not discuss all aspects of Bermuda law that may be relevant to us and our securityholders.

Interested Directors

Bermuda law and our bye-laws provide that if a director has an interest in a material contract or proposed material contract with us or any of our subsidiaries or has a material interest in any person that is a party to such a contract, the director must disclose the nature of that interest at the first opportunity either at a meeting of directors or in writing to the directors. Our bye-laws provide that, after a director has made such a declaration of interest, he or she is allowed to be counted for purposes of determining whether a quorum is present and to vote on a transaction in which he or she has an interest, unless disqualified from doing so by the chairman of the relevant board meeting.

Under Delaware law such transaction would not be voidable if:

- the material facts as to such interested director's relationship or interests were disclosed or were known to the board of directors and the board of directors had in good faith authorized the transaction by the affirmative vote of a majority of the disinterested directors;
- such material facts were disclosed or were known to the securityholders entitled to vote on such transaction and the transaction was specifically approved in good faith by vote of the majority of securities entitled to vote thereon; or
- the transaction was fair to the corporation as of the time it was authorized, approved or ratified.

Under Delaware law, the interested director could be held liable for a transaction in which the director derived an improper personal benefit.

Suits by Securityholders

The rights of securityholders under Bermuda law are not as extensive as the rights of securityholders in many US jurisdictions. Class actions and derivative actions are generally not available to securityholders under the laws of Bermuda. However, the Bermuda courts ordinarily would be expected to follow English case law precedent, which would permit a securityholder to commence an action in the name of the company to remedy a wrong done to the company where an act is alleged to be beyond the corporate power of the company, is illegal or would result in the violation of our memorandum of association or bye-laws. Furthermore, a Bermuda court would consider acts that are alleged to constitute a fraud against the minority securityholders or acts requiring the approval of a greater percentage of our securityholders than actually approved it. The winning party in such an action generally would be able to recover a portion of attorneys' fees incurred in connection with such action. Class actions and derivative actions generally are available to securityholders under Delaware law for, among other things, breach of fiduciary duty, corporate waste and actions not taken in accordance with applicable law. In such actions, the court has discretion to permit the winning party to recover attorneys' fees incurred in connection with such action.

Indemnification of Directors

We have entered into indemnification agreements with our directors and officers which provide that we will indemnify our directors and officers or any person appointed to any committee by the board of directors acting in their capacity as such for any loss arising or liability attaching to them by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which such person may be guilty in relation to us other than in respect of his own fraud or dishonesty. We are also required to indemnify our directors and officers in any proceeding in which they are successful. The indemnification agreements are limited to those payments that are lawful under Bermuda law.

Furthermore, pursuant to our bye-laws, our shareholders have agreed to waive any claim or right of action such shareholder may have, whether individually or by or in right of AHL, against any director or officer of AHL on account of any action taken by such director or officer, or the failure of such director or officer to take any action in the performance of his or her duties with or for AHL or any subsidiary of AHL; provided that such waiver does not extend to any matter in respect of any fraud or dishonesty which may attach to such director or officer.

Item 1A. Risk Factors

AHL is a holding company with limited operations of its own. As a consequence, AHL's ability to pay dividends on its securities and to make timely payments on its debt obligations will depend on the ability of its subsidiaries to make distributions or other payments to it, which may be restricted by law.

AHL is a holding company with limited business operations of its own. AHL's primary subsidiaries are insurance and reinsurance companies that own substantially all of our assets and conduct substantially all of our operations. Accordingly, AHL's payment of dividends and ability to make timely payments on its debt obligations is dependent, to a significant extent, on the generation of cash flow by its subsidiaries and their ability to make such cash or other assets available to it, by dividend or otherwise. Dividends or distributions that may be paid by AHL's insurance subsidiaries are limited or restricted by applicable insurance or other laws that are based in part on the prior year's statutory income and surplus, or other sources. See *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Holding Company Liquidity—Dividends from Subsidiaries*.

AHL's subsidiaries may not be able to, or may not be permitted to, make distributions to enable AHL to meet its obligations and pay dividends. These limitations on AHL's subsidiaries' abilities to pay dividends to AHL may negatively impact AHL's financial condition, results of operations and cash flows. If AHL is not able to receive sufficient distributions from its subsidiaries, AHL may be required to raise funds through the incurrence of indebtedness, issuance of equity or sale of assets. AHL's ability to access funds through such methods is subject to market conditions and there can be no assurance that AHL would be able to raise funds on favorable terms or at all.

Each subsidiary is a distinct legal entity and legal and contractual restrictions may also limit AHL's ability to obtain cash from its subsidiaries. In addition to the specific restrictions described above, AHL's subsidiaries, as members of its insurance holding company system, are subject to various statutory and regulatory restrictions on their ability to pay dividends to AHL, as further described in *Item 1. Business—Regulation—Regulation of an Insurance Group—Insurance Holding Company Regulation*.

Dividends by AHL are also subject to restrictions included within the Credit Facility and may be subject to restrictions included in any indebtedness or credit agreement that AHL enters into in the future.

Risks Relating to the Merger between Us and AAM

Coordinating the businesses of AAM and AHL may be more difficult, costly or time-consuming than expected and AGM may fail to realize the anticipated benefits of the Mergers.

The success of the Mergers will depend on, among other things, the ability of AAM and AHL to coordinate their businesses under AGM in a manner that facilitates growth opportunities. However, AAM and AHL may not be able to successfully coordinate their respective businesses in a manner that permits anticipated growth to be realized, without adversely affecting current revenues and investments. If the combined company is not able to successfully achieve these objectives, the anticipated benefits of the merger may not be realized fully, or at all, or may take longer to realize than expected. Specifically, the following issues, among others, must be addressed in order to realize the anticipated benefits of the mergers so the combined company performs as expected:

- coordinating the businesses of AAM and AHL and meeting the capital requirements of the combined company, in a manner that permits the combined company to achieve the growth anticipated to result from the Mergers;
- coordinating the companies' technologies;
- coordinating the companies' operating practices, internal controls and other policies, procedures and processes;
- addressing possible differences in business backgrounds and corporate cultures;
- coordinating geographically dispersed organizations; and
- effecting actions that may be required in connection with obtaining regulatory approvals.

In addition, at times the attention of certain members of either company's or both companies' management and resources may be focused on the coordination of the AAM and AHL businesses under AGM and diverted from day-to-day business operations, which may disrupt each company's ongoing business and the business of the combined company.

Furthermore, the board of directors of AGM will consist of the current directors of AAM and certain directors of AHL. Combining the boards of directors of each company into a single AGM board could require the reconciliation of differing priorities and philosophies.

An inability to realize the full extent of the anticipated benefits of the Mergers and the other transactions contemplated by the Merger Agreement, as well as any delays encountered in the combination process, could have an adverse effect upon the revenues, level of expenses and operating results of us and the combined company. In addition, the actual coordination of the AAM and AHL businesses under AGM may result in additional and unforeseen expenses, and the anticipated benefits of the coordination plan may not be realized. If AAM and AHL are not able to adequately address coordination challenges, they may be unable to successfully coordinate their operations or realize the anticipated benefits of the coordination of the two companies.

Item 1A. Risk Factors

General Risk Factors

We may be the target or subject of, and may be required to defend against or respond to, litigation, regulatory investigations or enforcement actions.

We operate in an industry in which various practices are subject to potential litigation, including class actions, and regulatory scrutiny. We, like other financial services companies, are involved in litigation and arbitration in the ordinary course of business and may be the subject of regulatory proceedings (including investigations and enforcement actions). Plaintiffs may seek large or indeterminate amounts of damages in litigation and regulators may seek large fines in enforcement actions. Given the large or indeterminate amounts sometimes sought, and the inherent unpredictability of litigation and enforcement actions, it is possible that an unfavorable resolution of one or more matters could have a material and adverse effect on our business, financial condition, results of operations and cash flows. See *Item 3. Legal Proceedings* for certain matters to which we are a party. Even if we ultimately prevail in any litigation or receive positive results from investigations, we could incur material legal costs or our reputation could be materially adversely affected.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We own our headquarters for US operations, which is located in West Des Moines, IA and we lease our head office for Bermuda operations, which is located in Hamilton, Bermuda. Our Retirement Services segment includes our Iowa and Bermuda offices. We believe that for the foreseeable future our West Des Moines, Bermuda and other properties will be sufficient for us to conduct our current operations.

Item 3. Legal Proceedings

We are subject to litigation arising in the ordinary course of our business, including litigation principally relating to our FIA business. We cannot assure you that our insurance coverage will be adequate to cover all liabilities arising out of such claims. The outcomes of legal proceedings and claims brought against us are subject to significant uncertainty. There is significant judgment required in assessing both the probability of an adverse outcome and the determination as to whether an exposure can be reasonably estimated. In management's opinion, the ultimate disposition of any current legal proceedings or claims brought against us will not have a material effect on our financial condition, results of operations or cash flows. Litigation is, however, inherently uncertain and an adverse outcome from such litigation could have a material effect on the operating results of a particular reporting period.

From time to time, in the ordinary course of business and like others in the insurance and financial services industries, we receive requests for information from government agencies in connection with such agencies' regulatory or investigatory authority. Such requests can include financial or market conduct examinations, subpoenas or demand letters for documents to assist such agencies in audits or investigations. We and each of our US insurance subsidiaries review such requests and notices and take appropriate action. We have been subject to certain requests for information and investigations in the past and could be subject to them in the future.

For a description of certain legal proceedings affecting us, see *Note 15 – Commitments and Contingencies – Litigation, Claims and Assessments* to the consolidated financial statements.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information, Shareholders, Dividends and Securities Authorized for Issuance under Equity Compensation Plans

Not applicable.

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Securities

Purchases of common stock made by or on behalf of us or our affiliates during the three months ended December 31, 2021 are set forth below:

Period	(a) Total number of shares purchased ¹	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced programs ^{1,2}	(d) Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs ²
October 1 – October 31, 2021	—	\$ —	—	\$ 221,408,041
November 1 – November 30, 2021	—	\$ —	—	\$ 221,408,041
December 1 – December 31, 2021	12,304	\$ 78.71	—	\$ 221,408,041

¹ Differences in amounts between column (a) and (c) relate to shares withheld (under the terms of employee stock-based compensation plans) to offset tax withholding obligations that occur upon the delivery of outstanding shares underlying equity awards or upon the exercise of stock options.

² We completed our merger with Apollo and the share repurchase program was subsequently terminated.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with *Forward-Looking Statements*, *Item 1A. Risk Factors*, and *Item 8. Financial Statements and Supplementary Data* included within this report.

Overview

We are a leading financial services company specializing in retirement services that issues, reinsures and acquires retirement savings products designed for the increasing number of individuals and institutions seeking to fund retirement needs. We generate attractive financial results for our policyholders and shareholders by combining our two core competencies of (1) sourcing long-term, generally illiquid liabilities and (2) investing in a high-quality investment portfolio, which takes advantage of the illiquid nature of our liabilities. Our steady and significant base of earnings generates capital that we opportunistically invest across our business to source attractively priced liabilities and capitalize on opportunities. Effective January 1, 2022, as a result of the closing of the merger involving us and Apollo, Apollo Global Management, Inc. (NYSE: APO) became the beneficial owner of 100% of our Class A common shares and controls all of the voting power to elect members to our board of directors.

We have established a significant base of earnings and, as of December 31, 2021, have an expected annual net investment spread for our Retirement Services segment, which measures our investment performance less the total cost of our liabilities, of 1–2% over the 8.6 year weighted-average life of our reserve liabilities. The weighted-average life includes deferred annuities, pension group annuities, funding agreements, payout annuities and other products.

We operate our core business strategies out of one reportable segment, Retirement Services. In addition to Retirement Services, we report certain other operations in Corporate and Other. Retirement Services is comprised of our US and Bermuda operations which issue and reinsure retirement savings products and institutional products. Corporate and Other includes certain other operations related to our corporate activities.

Our total assets have grown to \$235.1 billion for the year ended December 31, 2021. Our book value per common share for the year ended December 31, 2021 was \$92.83. Our adjusted book value per common share was \$73.84. Our consolidated ROE for the year ended December 31, 2021 was 19.3% and our consolidated adjusted operating ROE was 23.1%. For the year ended December 31, 2021, in our Retirement Services segment, we generated a net investment spread of 1.77% and adjusted operating ROE of 25.1%. Our Retirement Services segment generated an investment margin on deferred annuities of 2.45%. As of December 31, 2021, our deferred annuities had a weighted-average life of 8.4 years and made up a significant portion of our reserve liabilities.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following table presents the inflows generated from our organic and inorganic channels:

(In millions, except percentages)	Years ended December 31,		
	2021	2020	2019
Retail	\$ 8,781	\$ 7,801	\$ 6,782
Flow reinsurance	2,564	6,002	3,950
Funding agreements ¹	11,852	8,277	1,301
Pension group annuities ²	13,837	5,467	6,042
Gross organic inflows	37,034	27,547	18,075
Gross inorganic inflows	—	28,792	—
Total gross inflows	37,034	56,339	18,075
Inflows attributable to ACRA noncontrolling interest	(10,239)	(19,448)	(544)
Net outflows ³	(14,761)	(11,949)	(10,991)
Net flows	\$ 12,034	\$ 24,942	\$ 6,540
Gross organic inflows	\$ 37,034	\$ 27,547	\$ 18,075
Organic inflows attributable to ACRA noncontrolling interest	(10,239)	(1,180)	(544)
Net organic inflows	26,795	26,367	17,531
Net outflows ³	(14,761)	(11,949)	(10,991)
Net organic flows	\$ 12,034	\$ 14,418	\$ 6,540
Net organic growth rate ⁴	7.4 %	10.8 %	5.7 %
Average net invested assets ⁴	\$ 161,654	\$ 133,687	\$ 115,719

¹ Funding agreements are comprised of funding agreements issued under our FABN and FABR programs, funding agreements issued to the FHLB and long-term repurchase agreements. ² Pension group annuities was previously referenced as pension risk transfer (PRT). ³ Net outflows consist of full and partial policyholder withdrawals on deferred annuities, death benefits, pension group annuity benefit payments, payments on payout annuities and funding agreement maturities net of the ACRA noncontrolling interest. In 2021, we revised the net outflows metric, for all periods presented, to include all outflows while previously this metric excluded inorganic business. ⁴ Net organic growth rate is calculated as net organic flows divided by average net invested assets, on an annualized basis. In 2021, we revised the net organic growth rate and average net invested assets metrics, for all periods presented, to include all outflows and net invested assets while previously these metrics excluded inorganic business.

Our organic channels, including retail, flow reinsurance and institutional products, provided gross inflows of \$37.0 billion, \$27.5 billion and \$18.1 billion for the years ended December 31, 2021, 2020 and 2019, respectively, which were underwritten to attractive, above target returns despite the historically low interest rate environment. Gross organic inflows for the year ended December 31, 2021 increased by \$9.5 billion, or 34% from 2020, reflecting the strength of our multi-channel distribution platform and our ability to quickly pivot into optimal and profitable channels as opportunities arise. Withdrawals on our deferred annuities, maturities of our funding agreements, payments on payout annuities and pension group annuity benefit payments (collectively, net outflows), in the aggregate and net of the ACRA noncontrolling interest, were \$14.8 billion, \$11.9 billion and \$11.0 billion for the years ended December 31, 2021, 2020 and 2019, respectively. The increase in net outflows compared to the prior year was consistent with our expectations and pricing assumptions as it was primarily related to a large number of 5 year MYGA contracts issued in 2016 through our flow reinsurance channel, which came out of the surrender charge period in 2021. Net organic growth rates were 7.4%, 10.8% and 5.7% for the years ended December 31, 2021, 2020 and 2019, respectively. The net organic growth rate for the year ended December 31, 2021 decreased from 2020 mainly due to an increase in organic inflows ceded to ACRA resulting in higher noncontrolling interests and the significant growth in our average net invested assets. We believe that our credit profile, our current product offerings and product design capabilities as well as our growing reputation as both a seasoned funding agreement issuer and a reliable pension group annuity counterparty will continue to enable us to grow our existing organic channels and allow us to source additional volumes of profitably underwritten liabilities in various market environments. We plan to continue to grow organically by expanding each of our retail, flow reinsurance and institutional distribution channels. We believe that we have the right people, infrastructure, scale and capital discipline to position us for continued growth.

Within our retail channel, we had fixed annuity sales of \$8.8 billion, \$7.8 billion and \$6.8 billion for the years ended December 31, 2021, 2020 and 2019, respectively. The increase in our retail channel was primarily driven by the strong performance of our FIA products in the IMO and broker-dealer channels, exhibiting strong sales execution despite the challenging sales environment. IMO sales rebounded back to historic levels, recovering from lower sales in 2020 as a result of the economic impact of COVID-19. We have maintained our disciplined approach to pricing, including with respect to targeted underwritten returns. We aim to grow our retail channel by deepening our relationships with our approximately 53 IMOs; approximately 65,000 independent agents; and our growing network of 16 banks and 119 regional broker-dealers. Our strong financial position and diverse, capital efficient products allow us to be dependable partners with IMOs, banks and broker-dealers as well as consistently write new business. We expect our retail channel to continue to benefit from our credit profile and recent product launches. We believe this should support growth in sales at our desired cost of funds through increased volumes via current IMOs, while also allowing us to continue to expand our bank and broker-dealer channels. Additionally, we continue to focus on hiring and training a specialized sales force and creating products to capture new potential distribution opportunities.

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In our flow reinsurance channel, we target reinsurance business consistent with our preferred liability characteristics and, as such, flow reinsurance provides another opportunistic channel for us to source liabilities with attractive crediting rates. We generated inflows through our flow reinsurance channel of \$2.6 billion, \$6.0 billion and \$4.0 billion for the years ended December 31, 2021, 2020 and 2019, respectively. The decrease in our flow reinsurance channel from prior year was driven by our rate discipline in the lower interest rate environment amid a very competitive market. During the third quarter 2021, we added a new Japanese partner reinsuring FIA products, increasing our presence in the Japanese market. We expect that our credit profile and our reputation as a solutions provider will help us continue to source additional reinsurance partners, which will further diversify our flow reinsurance channel.

Within our institutional channel, we generated inflows of \$25.7 billion, \$13.7 billion and \$7.3 billion for the years ended December 31, 2021, 2020 and 2019, respectively. The increase in our institutional channel was driven by significantly higher pension group annuity and funding agreement inflows. During the year ended December 31, 2021, we closed nine pension group annuity transactions, including our largest transaction to date of \$4.9 billion with Lockheed Martin, and issued annuity contracts in the aggregate principal amount of \$13.8 billion, \$5.5 billion and \$6.0 billion for the years ended December 31, 2021, 2020 and 2019, respectively. Since entering the pension group annuities channel in 2017 through December 31, 2021, we have closed 33 deals involving more than 375,000 plan participants resulting in the issuance or reinsurance of group annuities of \$30.2 billion. We issued funding agreements in the aggregate principal amount of \$11.9 billion, \$8.3 billion and \$1.3 billion for the years ended December 31, 2021, 2020 and 2019, respectively, including issuances in multiple currencies. Funding agreements are comprised of funding agreements issued under our FABN and FABR programs, funding agreements issued to the FHLB and repurchase agreements with maturities exceeding one year at issuance, with inflows in the aggregate principal amount of \$11.1 billion under our FABN program and \$750 million under our FHLB program for the year ended December 31, 2021. We expect to grow our institutional channel by continuing to engage in pension group annuity transactions and programmatic issuances of funding agreements.

Our inorganic channel has contributed significantly to our growth through both acquisitions and block reinsurance transactions. On June 18, 2020, we entered into an agreement with Jackson, effective June 1, 2020, pursuant to which we agreed to reinsure a block of fixed and fixed indexed annuities on a funds withheld coinsurance basis providing \$28.8 billion of gross inflows. Utilizing the strategic benefits of ACRA, approximately 63% of the total capital deployment for the transaction was funded by third-party investors and approximately 37% was funded by ALRe. As part of the Jackson reinsurance transaction, ACRA made an equity investment in Jackson, which closed on July 17, 2020. In September 2021, Prudential plc completed a dividend demerger transaction, which resulted in Jackson becoming a publicly traded company. We expect that our inorganic channel will continue to be an important source of profitable growth in the future. We believe our internal transactions team, with support from Apollo, has an industry-leading ability to source, underwrite and expeditiously close transactions. With support from Apollo, we are a solutions provider with a proven track record of closing transactions, which we believe makes us the ideal partner to insurance companies seeking to restructure their business.

Executing our growth strategy requires that we have sufficient capital available to deploy. We believe that we have significant capital available to us to support our growth aspirations. As of December 31, 2021, we estimate that we have approximately \$7.35 billion in capital available to deploy, consisting of approximately \$3.35 billion in excess capital, \$2.7 billion in untapped debt capacity (assuming a peer average adjusted debt to capitalization ratio of 25%) and \$1.3 billion in available undrawn capital at ACRA, subject, in the case of debt capacity, to favorable market conditions and general availability.

In order to support our growth strategies and capital deployment opportunities, we established ACRA as a long-duration, on-demand capital vehicle. Effective April 1, 2020, ALRe purchased additional shares in ACRA, increasing our ownership from 33% to 36.55% of the economic interests, with the remaining 63.45% of the economic interests being owned by ADIP, a series of funds managed by an affiliate of Apollo. ACRA participates in certain transactions by drawing a portion of the required capital for such transactions from third-party investors equal to ADIP's proportionate economic interest in ACRA. This shareholder-friendly, strategic capital solution allows us the flexibility to simultaneously deploy capital across multiple accretive avenues, while maintaining a strong financial position.

Strategic Transaction with Apollo

On February 28, 2020, we closed a strategic transaction with Apollo in which Apollo acquired an incremental stake in us for AOG units valued at \$1.1 billion, upon close, and \$350 million of cash. Additionally, we converted our Class B common shares to Class A common shares and our Class M common shares to Class A common shares and warrants, eliminating our multi-class share structure. Changes in the value of the AOG units are reflected within the change in fair value of Apollo investment, net of tax line item. Subsequent to our merger with AGM described in *Note 1 – Business, Basis of Presentation and Significant Accounting Policies*, our investment in Apollo was distributed to AGM. See *Note 14 – Related Parties* to the consolidated financial statements for further discussion.

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Merger with Apollo

On March 8, 2021, we entered into a Merger Agreement, by and among the Company, AGM, HoldCo, AHL Merger Sub, and AGM Merger Sub. The Company and AGM agreed, subject to the terms and conditions of the Merger Agreement, to effect an all-stock merger transaction to combine our respective businesses by: (1) AGM merging with AGM Merger Sub, with AGM surviving such merger as a direct wholly owned subsidiary of HoldCo, (2) the Company merging with AHL Merger Sub, with the Company surviving such merger as a direct wholly owned subsidiary of HoldCo, and (3) as of the effective time of the Mergers, changing the name of HoldCo to be Apollo Global Management, Inc.

On January 1, 2022, the Mergers were completed. The total preliminary purchase price for the transaction was approximately \$12.2 billion, subject to completion of the purchase accounting analysis. The preliminary purchase price was calculated based on AGM’s December 31, 2021 closing share price multiplied by the AGM common shares issued in the exchange, as well as the fair value of stock-based compensation awards acquired, fair value of warrants converted to AGM common shares and other equity consideration. At the closing of the Mergers, Athene became a direct wholly owned subsidiary of AGM.

Each issued and outstanding AHL Class A common share (other than AHL Class A common shares held by AHL Merger Sub, the AOG or the respective direct or indirect wholly owned subsidiaries of Athene or the AOG) was converted automatically into 1.149 shares of AGM common shares and any cash paid in lieu of fractional AGM common shares. In connection with the Mergers, AGM issued to Athene’s equity holders 158.2 million AGM common shares in exchange for 137.6 million AHL Class A common shares that were issued and outstanding as of the acquisition date, exclusive of the 54.6 million shares previously held by AGM immediately before the acquisition date.

Industry Trends and Competition

Market Conditions

During the fourth quarter of 2021, despite the impact of the emergence of another variant of COVID-19 (Omicron), equity and fixed income markets broadly rallied, with equity markets ending the quarter at or near record highs. However, the performance of equity markets was short-lived, with certain companies in the technology sector as well as companies that had benefited from social media platforms and blockchain enthusiasm experiencing underperformance. Investment grade credit widened during the fourth quarter of 2021 and continued to widen in January. The US Federal Reserve (Federal Reserve) has indicated that it expects rate hikes during 2022, which would be accompanied by underperformance of fixed income markets broadly.

Despite recent indications of easing of supply chain challenges, it is unlikely that we will see widespread improvement until mid-2022, if not later. As well, although some pressure on oil prices eased in late 2021, oil price per barrel is expected to move to new heights in 2022. Continued low mortgage interest rates and a severely distorted supply/demand housing imbalance are expected to move housing prices higher throughout 2022 and beyond, even as new supply is being brought online. These factors contribute to the increasing concern of longer-term inflation.

COVID-19 continues to disrupt the markets and the economy with the emergence of variants. While the recent variant, Omicron, may be less severe in terms of hospitalizations and deaths than its precursors, the transmissibility of such variant significantly outweighs prior variants. It is still too early to predict the full impact of Omicron on growth and growth projections.

Interest Rate Environment

The US anticipates higher rates for 2022. Eurodollar futures currently predict a Federal Reserve Funds rate at year end of 1.25%, with a further move to 2.00% by the end of 2023, in which case a US ten-year above 2.00% level should be expected in the first half of 2022. Curve flattening should also continue, with underperformance expected in the 2- to 5-year portion of the curve, as we have seen since the Federal Reserve’s change in its outlook on timing of rate hikes and inflation. Although we expect rates to generally increase across the board, energy price pressures as well as COVID-19 transmission rates are far more severe in Europe than they are at present in the US, which could result in an emerging bid for US Treasury yields. Growth elsewhere in the world, notably China, is also challenged, but given the Federal Reserve’s change in outlook and its commitment to combat inflation, the upward pressures on US rates seem likely to outweigh the emergence of a foreign bid which might create a ceiling on rates.

Our investment portfolio consists predominantly of fixed maturity investments. See *–Consolidated Investment Portfolio*. If prevailing interest rates were to rise, we believe the yield on our new investment purchases may also rise and our investment income from floating rate investments would increase, while the value of our existing investments may decline. If prevailing interest rates were to decline, it is likely that the yield on our new investment purchases may decline and our investment income from floating rate investments would decrease, while the value of our existing investments may increase. Recent periods of low interest rates during 2021, as expected, have led to a decrease in our investment income from floating rate investments, an overall decrease in asset yields and an increase in the value of our existing investments.

We address interest rate risk through managing the duration of the liabilities we source with assets we acquire through ALM modeling. As part of our investment strategy, we purchase floating rate investments, which we expect would perform well in a rising interest rate environment and which we expect would underperform in a declining rate environment, which was experienced in the prior year. Our investment portfolio includes \$34.8 billion of floating rate investments, or 20% of our net invested assets as of December 31, 2021.

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If prevailing interest rates were to rise, we believe our products would be more attractive to consumers and our sales would likely increase. If prevailing interest rates were to decline, it is likely that our products would be less attractive to consumers and our sales would likely decrease. In periods of prolonged low interest rates, the net investment spread may be negatively impacted by reduced investment income to the extent that we are unable to adequately reduce policyholder crediting rates due to policyholder guarantees in the form of minimum crediting rates or otherwise due to market conditions. As of December 31, 2021, most of our products were deferred annuities with 21% of our FIAs at the minimum guarantees and 38% of our fixed rate annuities at the minimum crediting rates. As of December 31, 2021, minimum guarantees on all of our deferred annuities, including those with crediting rates already at their minimum guarantees, were, on average, greater than 95 basis points below the crediting rates on such deferred annuities, allowing us room to reduce rates before reaching the minimum guarantees. Our remaining liabilities are associated with immediate annuities, pension group annuity obligations, funding agreements and life contracts for which we have little to no discretionary ability to change the rates of interest payable to the respective policyholder. A significant majority of our deferred annuity products have crediting rates that we may reset annually upon renewal following the expiration of the current guaranteed period. While we have the contractual ability to lower these crediting rates to the guaranteed minimum levels, our willingness to do so may be limited by competitive pressures.

See *Item 7A. Quantitative and Qualitative Disclosures About Market Risks*, which includes a discussion regarding interest rate and other significant risks and our strategies for managing these risks.

Discontinuation of LIBOR

On December 31, 2021, (1) most LIBOR settings (i.e., 24 out of 35, including 1-week and 2-month US Dollar (USD) LIBOR as well as all other non-USD LIBOR settings) ceased to be published and (2) a few of the most widely used GBP and JPY LIBOR settings (i.e., 1-, 3- and 6- month GBP and JPY LIBOR settings) were deemed permanently unrepresentative, but will continue to be published on a synthetic basis, for a limited time period for the purpose of all legacy contracts (except for cleared derivatives). The remaining USD LIBOR settings (i.e., 1-, 3-, 6- and 12-month USD LIBOR settings) will continue to be published, subject to limitations on use, and cease or become unrepresentative on June 30, 2023. Without the intervention of the UK Financial Conduct Authority using enhanced powers provided by the UK Government to compel continued panel bank contribution by the IBA, the LIBOR administrator, LIBOR will cease publication after June 30, 2023. The discontinuation of LIBOR could have a significant impact on the financial markets and represents a material uncertainty to our business. To manage the uncertainty surrounding the discontinuation of LIBOR, we have established a LIBOR transition team and a transition plan. We have created an Executive Steering Committee composed of senior executives to coordinate and oversee the execution of our plan.

It is difficult to predict the full impact of the transition away from LIBOR on our contracts whose value is tied to LIBOR. The value or profitability of these contracts may be adversely affected.

As of December 31, 2021, we had contracts tied to LIBOR in the notional amounts set forth in the table below:

<i>(In millions)</i>	Total Exposure	Extending Beyond June 30, 2023
Investments	\$ 34,581	\$ 26,447
Product Liabilities	16,701	3,589
Derivatives Hedging Product Liabilities	20,645	4,127
Other Derivatives	3,553	3,049
Other Contracts	1,663	1,113
Total notional of contracts tied to LIBOR	\$ 77,143	\$ 38,325

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Investments

As of December 31, 2021, our investments tied to LIBOR were in the following asset classes:

<i>(In millions)</i>	Total Exposure	Extending Beyond June 30, 2023
Multi-lateral Arrangements		
Corporates	\$ 792	\$ 566
RMBS	3,045	2,835
CMBS	676	369
CLO	15,586	15,185
ABS	6,586	3,226
Bank Loans	812	530
Total Multi-lateral Arrangements	27,497	22,711
Bi-lateral Arrangements		
CML	6,957	3,609
RML	127	127
Total Bi-lateral Arrangements	7,084	3,736
Total investments tied to LIBOR	\$ 34,581	\$ 26,447

Of the total notional value of investment-related contracts tied to LIBOR, extending beyond June 30, 2023, \$22.7 billion or 85.9% relate to multi-lateral arrangements. These arrangements are typically characterized by a large, diverse set of unrelated holders, the majority or all of whom must consent to amendments to the terms of the underlying investment instrument. Generally, when the amendments concern a material term such as the determination of interest, consent must be unanimous. Given the collective action issues inherent in such structures, such consent is typically impracticable and beyond our control. The existence and character of fallback provisions affected by the discontinuation of LIBOR vary widely from instrument to instrument. Many of our legacy contracts may not contemplate the permanent discontinuation of LIBOR and upon LIBOR’s discontinuation may result in the conversion of the instrument from a floating- to a fixed-rate instrument or may involve a significant degree of uncertainty as to the method of determining interest. To the extent that such legacy arrangements do not contemplate the permanent discontinuation of LIBOR, we would most likely look to some broad-based solution, such as the New York LIBOR transition law, to rectify such deficiency. To the extent that such a solution is ineffective, for example as a result of being ruled unconstitutional, we would likely be required to undertake a re-evaluation of affected investments, which might result in the disposition of individual positions. To the extent that individual positions are retained, we may incur adverse financial consequences, including any mark-to-market impacts resulting from those investments that convert from a floating to a fixed rate. To the extent that the fallback rates ultimately used to determine interest payable on structured securities do not align with the fallback rates used to determine interest payable on the underlying assets, economic losses could be sustained on the overall structure.

The remaining notional value of investment-related contracts tied to LIBOR extending beyond June 30, 2023 of \$3.7 billion or 14.1% relates to bi-lateral arrangements that are capable of being amended through negotiation with the relevant counterparty.

As our investment manager, Apollo maintains the documentation associated with the assets in our investment portfolio. We are therefore dependent upon Apollo for the successful completion of our LIBOR transition efforts relating to our investment portfolio. See *Part I–Item 1A. Risk Factors–Risks Relating to Our Business Operations–Uncertainty relating to the LIBOR Calculation process and the phasing out of LIBOR after a future date may adversely affect the value of our investment portfolio, our ability to achieve our hedging objectives and our ability to issue funding agreements bearing a floating rate of interest.* Apollo’s failure to fulfill its responsibilities could have an adverse impact on our results of operations and ability to timely report accurate financial information.

Product Liabilities and Associated Hedging Instruments

As of December 31, 2021, we had product liabilities with a notional value of approximately \$16.7 billion for which LIBOR is a component in the determination of interest credited, of which we expect \$3.6 billion to have a current crediting term that extends beyond June 30, 2023. For purposes of evaluating our exposure to LIBOR, we only consider our exposure to the current crediting term, which is typically one to two years. Upon renewal of the crediting term, we have the ability to migrate policyholders into new strategies not involving LIBOR. Generally, there are two categories of indices that use LIBOR in the determination of interest credited, “excess return” indices (return of index in excess of LIBOR) and indices that use LIBOR as a means to control volatility. The indices to which these products are tied are primarily proprietary indices for which key inputs are determined by the index sponsor. The index sponsor generally has the right to unilaterally change the reference rate upon the discontinuation of LIBOR. As a result, we do not anticipate any administrative concerns in connection with the transition from LIBOR to a replacement rate with respect to these products.

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As of December 31, 2021, we held derivatives with a notional value of approximately \$20.6 billion to hedge our exposure to these product liabilities, of which we expect \$4.1 billion to extend beyond June 30, 2023. Included within this category are \$4.4 billion of Eurodollar futures, of which we expect \$0.8 billion to extend beyond June 30, 2023. Exchange traded products, such as Eurodollar futures, will follow the CME Group Inc.’s approach regarding the discontinuation of LIBOR. The remaining derivatives in this category are primarily purchased to hedge the current crediting period. We will be required to purchase new derivatives in future periods to hedge future crediting periods associated with the related existing product liabilities, which will expose us to potential basis mismatch to the extent that the reference rate for the product liability is not the same as the reference rate for the derivative instrument. These derivatives are entered into pursuant to an ISDA Master Agreement and will transition to SOFR in accordance with the process described below under the caption *Other Derivatives*.

Other Derivatives

Our other derivative contracts tied to LIBOR are generally entered into pursuant to an ISDA Master Agreement. ISDA published the ISDA 2020 IBOR Fallbacks Protocol (Protocol) and released Supplement 70 to the 2006 ISDA Definitions (Supplement) on October 23, 2020. The Protocol and Supplement include appropriate fallbacks that contemplate the permanent discontinuation of LIBOR. In January 2021, we joined industry peers by adhering to the Protocol and terms of the Supplement, each of which became effective on January 25, 2021. With respect to future transactions, we anticipate adoption of the 2021 ISDA Interest Rate Definitions. To the extent that the fallbacks incorporated into our other derivative contracts result in the use of a replacement rate that differs from that employed in the contract being hedged, we may experience basis mismatch. The Protocol contains templates for possible bilateral amendments to legacy contracts for situations in which the fallbacks contemplated by the Protocol give rise to potential basis risk. We intend to evaluate whether and the extent to which we are subject to such basis risk, as well as the possibility of using the available templates to mitigate such risk.

Other Contracts and Other Sources of Exposure

The “Other Contracts” category is comprised of our LIBOR-based floating rate funding agreements, fixed-to-float Series A preference shares, and our credit agreement, if any amounts were to be outstanding, all of which contemplate the permanent discontinuation of LIBOR, are tied to LIBOR in a manner that is not expected to have a significant impact upon LIBOR’s discontinuation or have fallback provisions in place that provide for the determination of interest after the discontinuation of LIBOR. In addition to the other contracts for which we have quantified our exposure, we are party to contracts that are tied to LIBOR based upon the occurrence of some remote contingency, such as the accrual of penalty interest, or for which LIBOR is otherwise not a material term of the contract. These contracts do not lend themselves to quantification and are lower in priority in our LIBOR remediation efforts. Finally, LIBOR is used as a component in our internal derivative valuation models. We are in the process of transitioning the benchmark yield curve in such models from LIBOR to SOFR and we expect to complete the transition prior to the discontinuation of LIBOR. Such transition may affect the valuation of our derivative instruments.

We can provide no assurance that we will be successful at fully implementing our plan prior to the discontinuation of LIBOR. Completion of certain components of our plan are contingent upon market developments and are therefore not fully within our control. To the extent management effort and attention is focused on other matters, such as responding to the risks posed by COVID-19, the timely completion of our plan could become more difficult. Failure to fully implement our plan prior to the discontinuation of LIBOR may have a material adverse effect on our business, financial position, results of operations and cash flows and on our ability to timely report accurate financial information.

Demographics

Over the next four decades, the retirement-age population is expected to experience unprecedented growth. Technological advances and improvements in healthcare are projected to continue to contribute to increasing average life expectancy, and aging individuals must be prepared to fund retirement periods that will last longer than ever before. Further, many working households in the United States do not have adequate retirement savings. As a tool for addressing the unmet need for retirement planning, we believe that many Americans have begun to look to tax-efficient savings products with low-risk or guaranteed return features and potential equity market upside. Our tax-efficient savings products are well positioned to meet this increasing customer demand.

Competition

We operate in highly competitive markets. We face a variety of large and small industry participants, including diversified financial institutions, insurance and reinsurance companies and private equity firms. These companies compete in one form or another for the growing pool of retirement assets driven by a number of external factors such as the continued aging of the population and the reduction in safety nets provided by governments and private employers. In the markets in which we operate, scale and the ability to provide value-added services and build long-term relationships are important factors to compete effectively. We believe that our leading presence in the retirement market, diverse range of capabilities and broad distribution network uniquely position us to effectively serve consumers’ increasing demand for retirement solutions, particularly in the FIA market.

According to LIMRA, total fixed annuity market sales in the United States were \$98.1 billion for the nine months ended September 30, 2021, a 9.7% increase from the same time period in 2020, as a rise in interest rates and continued market gains driven by the economic recovery spurred growth in the US annuity market. In the total fixed annuity market, for the nine months ended September 30, 2021 (the most recent period for which specific market share data is available), we were the fifth largest company based on sales of \$5.6 billion, translating to a 5.7% market share. For the nine months ended September 30, 2020, our market share was 6.0% with sales of \$5.4 billion.

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According to LIMRA, total fixed annuity sales in the United States were \$120.4 billion for the year ended December 31, 2020, a 13.9% decrease from the year ended December 31, 2019. In the total fixed annuity market, for the year ended December 31, 2020, we were the fourth largest company based on sales of \$7.7 billion, translating to a 6.4% market share. For the year ended December 31, 2019, our market share was 4.8% with sales of \$6.8 billion.

According to LIMRA, total FIA sales in the United States were \$47.1 billion for the nine months ended September 30, 2021, a 13.8% increase from the same time period in 2020. In the total FIA market, for the nine months ended September 30, 2021 (the most recent period for which specific market share data is available), we were the largest provider of FIAs based on sales of \$5.3 billion, and our market share for the same period was 11.3%. For the nine months ended September 30, 2020, our market share was 9.6% with sales of \$4.0 billion.

According to LIMRA, total FIA sales in the United States were \$55.5 billion for the year ended December 31, 2020, a 24.5% decrease from the year ended December 31, 2019. In the total FIA market, for the year ended December 31, 2020, we were the largest provider of FIAs based on sales of \$5.8 billion, and our market share for the same period was 10.5%. For the year ended December 31, 2019, we were the second largest provider of FIAs based on sales of \$6.1 billion, translating to an 8.3% market share.

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. See *Non-GAAP Measure Reconciliations* for the appropriate reconciliations to the corresponding GAAP measures.

Adjusted Operating Income (Loss) Available to Common Shareholders

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

- **Investment Gains (Losses), Net of Offsets**—Consists of the realized gains and losses on the sale of AFS securities, the change in fair value of reinsurance assets, unrealized gains and losses, changes in the credit loss allowance, and other investment gains and losses. Unrealized, allowances and other investment gains and losses are comprised of the fair value adjustments of trading securities (other than CLOs) and investments held under the fair value option, derivative gains and losses not hedging FIA index credits, and the change in credit loss allowances recognized in operations net of the change in AmerUs Closed Block fair value reserve related to the corresponding change in fair value of investments. Investment gains and losses are net of offsets related to DAC, DSI, and VOBA amortization and changes to guaranteed lifetime withdrawal benefit (GLWB) and guaranteed minimum death benefit (GMDB) reserves (together, GLWB and GMDB reserves represent rider reserves) as well as the MVAs associated with surrenders or terminations of contracts.
- **Change in Fair Values of Derivatives and Embedded Derivatives – FIAs, Net of Offsets**—Consists of impacts related to the fair value accounting for derivatives hedging the FIA index credits and the related embedded derivative liability fluctuations from period to period. The index reserve is measured at fair value for the current period and all periods beyond the current policyholder index term. However, the FIA hedging derivatives are purchased to hedge only the current index period. Upon policyholder renewal at the end of the period, new FIA hedging derivatives are purchased to align with the new term. The difference in duration between the FIA hedging derivatives and the index credit reserves creates a timing difference in earnings. This timing difference of the FIA hedging derivatives and index credit reserves is included as a non-operating adjustment, net of offsets related to DAC, DSI, and VOBA amortization and changes to rider reserves.

We primarily hedge with options that align with the index terms of our FIA products (typically 1–2 years). On an economic basis, we believe this is suitable because policyholder accounts are credited with index performance at the end of each index term. However, because the term of an embedded derivative in an FIA contract is longer-dated, there is a duration mismatch which may lead to mismatches for accounting purposes.

- **Integration, Restructuring, and Other Non-operating Expenses**—Consists of restructuring and integration expenses related to acquisitions and block reinsurance costs as well as certain other expenses, which are not predictable or related to our underlying profitability drivers.

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- **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.
- **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 ROE

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

Adjusted Operating Earnings (Loss) Per Common Share, Weighted Average Common Shares Outstanding – Adjusted Operating and Adjusted Book Value Per Common Share

Adjusted operating earnings (loss) per common share, weighted average common shares outstanding – adjusted operating and adjusted book value per common share are non-GAAP measures used to evaluate our financial performance and financial condition. The non-GAAP measures adjust the number of shares included in the corresponding GAAP measures to reflect the conversion or settlement of all shares and other stock-based awards outstanding. We believe these measures represent an economic view of our share counts and provide a simplified and consistent view of our outstanding shares. Adjusted operating earnings (loss) per common share is calculated as the adjusted operating income (loss) available to common shareholders, over the weighted average common shares outstanding – adjusted operating. Adjusted book value per common share is calculated as the adjusted AHL common shareholders' equity divided by the adjusted operating common shares outstanding. Effective February 28, 2020, all Class B common shares were converted into Class A common shares and all Class M common shares were converted into warrants and Class A common shares. Our Class B common shares were economically equivalent to Class A common shares and were convertible to Class A common shares on a one-for-one basis at any time. Our Class M common shares were in the legal form of shares but economically functioned as options as they were convertible into Class A common shares after vesting and payment of the conversion price. In calculating Class A diluted earnings (loss) 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.

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Adjusted Debt to Capital Ratio

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

Retirement Services Net Investment Spread, Investment Margin on Deferred Annuities and Operating Expenses

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

Net investment earned rate is a non-GAAP measure we use to evaluate the performance of our net invested assets that does not correspond to GAAP net investment income. Net investment earned rate is computed as the income from our net invested assets divided by the average net invested assets, excluding the impacts of our investment in Apollo, for the relevant period. To enhance the ability to analyze these measures across periods, interim periods are annualized. The adjustments to net investment income to arrive at our net investment earned rate add (a) alternative investment gains and losses, (b) gains and losses related to trading securities for CLOs, (c) net VIE impacts (revenues, expenses and noncontrolling interest), (d) forward points gains and losses on foreign exchange derivative hedges and (e) the change in fair value of reinsurance assets, and removes the proportionate share of the ACRA net investment income associated with the ACRA noncontrolling interest as well as the gain or loss on our investment in Apollo. We include the income and assets supporting our change in fair value of reinsurance assets by evaluating the underlying investments of the funds withheld at interest receivables and we include the net investment income from those underlying investments which does not correspond to the GAAP presentation of change in fair value of reinsurance assets. We exclude the income and assets supporting business that we have exited through ceded reinsurance including funds withheld agreements. We believe the adjustments for reinsurance provide a net investment earned rate on the assets for which we have economic exposure.

Cost of funds includes liability costs related to cost of crediting on both deferred annuities and institutional products as well as other liability costs, but does not include the proportionate share of the ACRA cost of funds associated with the noncontrolling interest. Cost of funds is computed as the total liability costs divided by the average net invested assets, excluding our investment in Apollo, for the relevant period. To enhance the ability to analyze these measures across periods, interim periods are annualized.

Cost of crediting includes the costs for both deferred annuities and institutional products. Cost of crediting on deferred annuities is the interest credited to the policyholders on our fixed strategies as well as the option costs on the indexed annuity strategies. With respect to FIAs, the cost of providing index credits includes the expenses incurred to fund the annual index credits, and where applicable, minimum guaranteed interest credited. Cost of crediting on institutional products is comprised of (i) pension group annuity costs, including interest credited, benefit payments and other reserve changes, net of premiums received when issued, and (ii) funding agreement costs, including the interest payments and other reserve changes. Cost of crediting is computed as the cost of crediting for deferred annuities and institutional products divided by the average net invested assets, excluding the investment in Apollo, for the relevant periods. Cost of crediting on deferred annuities is computed as the net interest credited on fixed strategies and option costs on indexed annuity strategies divided by the average net account value of our deferred annuities. Cost of crediting on institutional products is computed as the pension group annuity 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.

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Net Invested Assets

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

Net Reserve Liabilities

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

Sales

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

Net Organic Growth Rate

Net organic growth rate is calculated as the net organic flows divided by average net invested assets. Net organic flows are comprised of net organic inflows less net outflows. Organic inflows are the deposits generated from our organic channels, which include retail, flow reinsurance and institutional. Net outflows are total liability outflows, including full and partial withdrawals on our deferred annuities, death benefits, pension group annuity benefit payments, payments on payout annuities and maturities of our funding agreements, net of outflows attributable to the ACRA noncontrolling interest. To enhance the ability to analyze these measures across periods, interim periods are annualized. We believe net organic growth rate provides a meaningful financial metric that enables investors to assess our growth from the channels that provide recurring inflows. Management uses net organic growth rate to monitor our business performance and the underlying profitability drivers of our business.

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Consolidated Results of Operations

The following summarizes the consolidated results of operations:

<i>(In millions, except per share data and percentages)</i>	Years ended December 31,		
	2021	2020	2019
Revenues	\$ 26,320	\$ 14,764	\$ 16,258
Benefits and expenses	22,134	12,558	13,956
Income before income taxes	4,186	2,206	2,302
Income tax expense	386	285	117
Net income	3,800	1,921	2,185
Less: Net income (loss) attributable to noncontrolling interests	(59)	380	13
Net income attributable to Athene Holding Ltd.	3,859	1,541	2,172
Less: Preferred stock dividends	141	95	36
Net income available to AHL common shareholders	\$ 3,718	\$ 1,446	\$ 2,136
Earnings per common share - basic Class A	\$ 19.40	\$ 8.51	\$ 11.44
Earnings per common share – diluted Class A ¹	\$ 18.71	\$ 8.34	\$ 11.41
ROE	19.3 %	10.0 %	19.7 %

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, for all stock-based awards, and for the years ended December 31, 2020 and 2019, the dilutive impacts, if any, of Class B and Class M common shares.

Year Ended December 31, 2021 Compared to the Year Ended December 31, 2020

In this section, references to 2021 refer to the year ended December 31, 2021 and references to 2020 refer to the year ended December 31, 2020.

Net Income Available to AHL Common Shareholders

Net income available to AHL common shareholders increased by \$2.3 billion, or 157%, to \$3.7 billion in 2021 from \$1.4 billion in 2020. ROE increased to 19.3% in 2021 from 10.0% in 2020. The increase in net income available to AHL common shareholders was driven by an \$11.6 billion increase in revenues and a \$439 million decrease in noncontrolling interests, partially offset by an increase of \$9.6 billion in benefits and expenses and a \$101 million increase in income tax expense.

Revenues

Revenues increased by \$11.6 billion to \$26.3 billion in 2021 from \$14.8 billion in 2020. The increase was driven by an increase in premiums, an increase in net investment income and an increase in investment related gains and losses.

Premiums increased by \$8.3 billion to \$14.3 billion in 2021 from \$6.0 billion in 2020, driven by higher pension group annuity premiums compared to the prior year.

Net investment income increased by \$2.3 billion to \$7.2 billion in 2021 from \$4.9 billion in 2020, primarily driven by growth in our investment portfolio attributed to strong net inflows during the previous twelve months as well as the Jackson reinsurance transaction, favorable alternative investment performance, the favorable change in the fair value of our investment in Apollo of \$639 million mainly attributable to the increase in valuation price compared to prior year and the early redemptions of two loans. These were partially offset by lower new money rates reflecting the prolonged low interest rate environment and lower floating rate investment income due to the low interest rate environment.

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Investment related gains and (losses) increased by \$879 million to \$4.2 billion in 2021 from \$3.3 billion in 2020, primarily due to the change in fair value of FIA hedging derivatives, foreign exchange gains on derivatives, an increase in the fair value of equity securities and an increase in realized gains on AFS securities, partially offset by the change in fair value of reinsurance assets and a decrease in the change in fair value of trading securities. The change in fair value of FIA hedging derivatives increased \$1.6 billion driven by more favorable performance of the indices upon which our call options are based and an increase in derivatives hedging our FIA products resulting from strong growth in our FIA block of business over the previous twelve months. The majority of our call options are based on the S&P 500 index which increased 26.9% in 2021, compared to an increase of 16.3% in 2020. The increase in foreign exchange gains on derivatives reflects additional business denominated in foreign currencies including recent funding agreement issuances. The increase in the fair value of equity securities was primarily due to an increase in the market value of our equity position in Jackson. The increase in realized gains on AFS securities was primarily driven by an increase in sales of corporate securities. The change in fair value of reinsurance assets decreased \$2.1 billion primarily driven by the change in the value of the underlying assets related to the increase in US Treasury rates compared to a decrease in the prior year. The unfavorable change in fair value of reinsurance assets was magnified by the growth in our reinsurance asset portfolio as a result of the Jackson reinsurance transaction. The unfavorable change in fair value of trading securities was primarily due to a decrease in AmerUs Closed Block assets of \$160 million primarily related to the increase in US Treasury rates.

Benefits and Expenses

Benefits and expenses increased by \$9.6 billion to \$22.1 billion in 2021 from \$12.6 billion in 2020. The increase was driven by an increase in future policy and other policy benefits, an increase in interest sensitive contract benefits, an increase in DAC, DSI and VOBA amortization and an increase in policy and other operating expenses. Our annual unlocking of assumptions resulted in an increase in benefits and expenses of \$47 million, compared to a decrease of \$77 million in 2020. The 2021 unlocking was driven by a decrease of \$59 million in FIA embedded derivative liabilities and an increase of \$107 million related to DAC, DSI, VOBA and rider reserves, compared to a decrease of \$110 million in FIA embedded derivative liabilities and an increase of \$34 million related to DAC, DSI, VOBA and rider reserves in 2020.

Future policy and other policy benefits increased by \$8.5 billion to \$15.7 billion in 2021 from \$7.2 billion in 2020, primarily attributable to higher pension group annuity obligations, higher pension group annuity benefit payments and an increase in the change in rider reserves, partially offset by a decrease in the AmerUs closed block liability. The change in rider reserves of \$170 million was primarily driven by the change in net FIA derivatives, unfavorable unlocking and higher gross profits, partially offset by more favorable change in actuarial experience and market impacts. Unlocking in 2021 was unfavorable \$97 million related to changes in lapse assumptions, partially offset by favorable income rider experience. The 2020 unlocking impacts were favorable \$26 million related to favorable income rider and mortality experience, partially offset by changes in lapse assumptions and long-term net investment earned rate assumptions.

Interest sensitive contract benefits increased by \$551 million to \$4.4 billion in 2021 from \$3.9 billion in 2020, driven by growth in the block of business, including the Jackson reinsurance transaction, and an increase in the change in FIA fair value embedded derivatives of \$150 million. The change in the FIA fair value embedded derivatives was primarily due to the performance of the equity indices to which our FIA policies are linked, primarily the S&P 500 index, which experienced an increase of 26.9% in 2021, compared to an increase of 16.3% in 2020, as well as an unfavorable change in unlocking compared to the prior year. These were partially offset by a favorable change in discount rates used in our embedded derivative calculations as the current year experienced an increase in discount rates compared to a decrease in rates in 2020. The FIA fair value embedded derivatives unlocking in 2021 was \$59 million favorable primarily due to higher lapse assumptions on recently issued business, while 2020 unlocking was \$110 million favorable primarily due to lowering future option budgets.

DAC, DSI and VOBA amortization increased by \$243 million to \$830 million in 2021 from \$587 million in 2020, primarily due to the change in net FIA derivatives, higher gross profits and growth in the block. These impacts were partially offset by the unfavorable change in fair value of reinsurance assets, the favorable change in actuarial experience and market impacts and the favorable change in unlocking. Unlocking in 2021 was \$10 million unfavorable, primarily related to changes in lapse assumptions and income rider experience, while unlocking in 2020 was \$60 million unfavorable related to changes in the long-term net investment earned rate assumptions and mortality experience, partially offset by lapse assumptions.

Policy and other operating expenses increased by \$246 million to \$1.1 billion in 2021 from \$855 million in 2020, primarily driven by significant growth in the business, the costs associated with the previously announced merger with Apollo, a \$53 million impairment of a Corporate-Owned Life Insurance (COLI) asset and interest expense on recent debt issuances.

Taxes

Income tax expense increased by \$101 million to \$386 million in 2021 from \$285 million in 2020, primarily driven by higher income subject to tax due to the favorable change in net FIA derivatives, unrealized gains on our investment in Apollo, an increase in net investment income and the tax impact from the COLI adjustment to deferred tax liabilities, partially offset by a \$63 million out-of-period adjustment in the third quarter of 2021 related to the correction of previously disclosed errors in taxable income by jurisdiction, which resulted in the misstatement of income tax expense, and an unfavorable change in the fair value of reinsurance assets.

Our effective tax rate in 2021 was 9% and 13% in 2020. Historically, our effective tax rates have varied period to period depending upon the relationship of income and loss subject to tax compared to consolidated income and loss before income taxes.

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Noncontrolling Interests

Noncontrolling interests decreased by \$439 million to \$(59) million in 2021 from \$380 million in 2020, driven by an unfavorable change in fair value of reinsurance assets as a result of more unrealized losses within reinsurance investment portfolios, magnified by the Jackson reinsurance transaction.

Preferred Stock Dividends

Preferred stock dividends increased by \$46 million to \$141 million in 2021 from \$95 million in 2020, driven by dividends paid on recent preferred stock issuances.

Year Ended December 31, 2020 Compared to the Year Ended December 31, 2019

See *Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Consolidated Results of Operations* in our Annual Report on Form 10-K for the year ended December 31, 2020 as filed with the SEC on February 19, 2021 (2020 Annual Report) for the results of operations discussion for the year ended December 31, 2020 compared to the year ended December 31, 2019.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations by Segment

The following summarizes our adjusted operating income available to common shareholders by segment:

<i>(In millions, except per share data and percentages)</i>	Years ended December 31,		
	2021	2020	2019
Net income available to AHL common shareholders	\$ 3,718	\$ 1,446	\$ 2,136
Non-operating adjustments			
Realized gains on sale of AFS securities	545	27	125
Unrealized, allowances and other investment gains (losses)	189	(152)	(4)
Change in fair value of reinsurance assets	(629)	792	1,411
Offsets to investment gains (losses)	55	(159)	(538)
Investment gains, net of offsets	160	508	994
Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets	692	(235)	(65)
Integration, restructuring and other non-operating expenses	(124)	(10)	(70)
Stock compensation expense	(2)	(11)	(12)
Income tax expense – non-operating	(74)	(48)	—
Less: Total non-operating adjustments	652	204	847
Adjusted operating income available to common shareholders	\$ 3,066	\$ 1,242	\$ 1,289
Adjusted operating income (loss) available to common shareholders by segment			
Retirement Services	\$ 2,423	\$ 1,266	\$ 1,322
Corporate and Other	643	(24)	(33)
Adjusted operating income available to common shareholders	\$ 3,066	\$ 1,242	\$ 1,289
Adjusted operating earnings per common share ¹	\$ 15.43	\$ 6.42	\$ 6.97
Adjusted operating ROE	23.1 %	12.1 %	14.1 %
Retirement Services adjusted operating ROE	25.1 %	16.9 %	17.3 %

¹ 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 dilutive impacts, if any, for all stock-based awards, and for the years ended December 31, 2020 and 2019, the dilutive impacts, if any, of Class B and Class M common shares, 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.

Year Ended December 31, 2021 Compared to the Year Ended December 31, 2020

Adjusted Operating Income Available to Common Shareholders

Adjusted operating income available to common shareholders increased by \$1.8 billion, or 147%, to \$3.1 billion in 2021 from \$1.2 billion in 2020. Adjusted operating ROE was 23.1%, up from 12.1% in 2020. Adjusted operating income available to common shareholders excluding the investment in Apollo, net of tax increased by \$1.3 billion, or 121%, to \$2.4 billion in 2021 from \$1.1 billion in 2020. The increase in adjusted operating income available to common shareholders was driven by an increase in our Retirement Services segment of \$1.2 billion and an increase in our Corporate and Other segment of \$667 million.

Our consolidated net investment earned rate was 4.42% in 2021, an increase from 4.01% in 2020, primarily due to the favorable performance of our alternative investment portfolio, partially offset by lower returns in our fixed and other investment portfolio. Alternative net investment earned rate was 21.37% in 2021, an increase from 8.01% in 2020, primarily driven by higher returns on real estate funds, Venerable, MidCap and an increase in the market value of our equity position in Jackson, partially offset by less favorable AmeriHome income. Additionally, the first half of the prior year experienced unfavorable performance of alternative investments attributed to the economic downturn from the spread of COVID-19. Fixed and other net investment earned rate was 3.51% in 2021, a decrease from 3.82% in 2020, primarily driven by lower new money rates reflecting the prolonged low interest rate environment, lower floating rate investment income and favorable prior year non-recurring adjustment on derivative collateral, partially offset by the early redemptions of two loans in the current year.

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Non-operating Adjustments

Non-operating adjustments increased by \$448 million to \$652 million in 2021 from \$204 million in 2020. The increase in non-operating adjustments was primarily driven by the change in net FIA derivatives and investment gains, partially offset by the unfavorable change in fair value of reinsurance assets and higher non-operating expenses. Net FIA derivatives were favorable by \$927 million primarily due to the favorable change in discount rates used in our embedded derivative calculations and more favorable performance of the equity indices to which our FIA policies are linked. FIA embedded derivative unlocking, net of DAC, DSI, VOBA, rider reserve and noncontrolling interest offsets, was favorable by \$32 million in both 2021 and 2020. The current year unlocking was primarily driven by higher lapse rates on recently issued business, while the 2020 unlocking was primarily driven by lowering future option budgets. Investment gains were primarily driven by realized gains on the sale of AFS securities, foreign exchange gains and a favorable change in the provision for credit losses. The increase in realized gains on AFS securities was primarily due to an increase in sales of corporate securities and the redeployment of the Jackson reinsurance portfolio. The increase in foreign exchange gains reflects additional business denominated in foreign currencies including recent funding agreement issuances. The favorable change in the provision for credit losses of \$73 million (net of noncontrolling interests) was primarily due to the initial establishment of the allowance in the first quarter of 2020 as well as unfavorable prior year impacts reflecting the economic downturn from the spread of COVID-19. The change in fair value of reinsurance assets was unfavorable by \$1.4 billion primarily driven by the increase in US Treasury rates in the current year compared to a decrease in the prior year. The increase in non-operating expenses was primarily due to the costs associated with the previously announced merger with Apollo and a \$53 million impairment of a COLI asset.

Year Ended December 31, 2020 Compared to the Year Ended December 31, 2019

See *Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations by Segment* in our 2020 Annual Report for the results of operations by segment discussion for the year ended December 31, 2020 compared to the year ended December 31, 2019.

Retirement Services

Retirement Services is comprised of our United States and Bermuda operations which issue and reinsure retirement savings products and institutional products. Retirement Services has retail operations, which provide annuity retirement solutions to our policyholders. Retirement Services also has reinsurance operations, which reinsure FIAs, MYGAs, traditional one year guarantee fixed deferred annuities, immediate annuities and institutional products from our reinsurance partners. In addition, our institutional operations, including funding agreements and pension group annuity obligations, are included in our Retirement Services segment.

Year Ended December 31, 2021 Compared to the Year Ended December 31, 2020

Adjusted Operating Income Available to Common Shareholders

Adjusted operating income available to common shareholders increased by \$1.2 billion, or 91%, to \$2.4 billion in 2021, from \$1.3 billion in 2020. Adjusted operating ROE was 25.1%, up from 16.9% in the prior period. The increase in adjusted operating income available to common shareholders was driven by higher net investment earnings and lower operating income taxes as a result of a decrease in taxable earnings, partially offset by higher cost of funds and higher operating expenses mainly attributed to significant growth in the business. Net investment earnings increased \$1.5 billion, primarily driven by the favorable alternative investment performance, \$27.2 billion of growth in our average net invested assets from prior year attributed to the strong growth in inflows as well as the Jackson reinsurance transaction and the early redemptions of two loans, partially offset by lower new money rates reflecting the prolonged low interest rate environment, lower floating rate investment income and a favorable prior year non-recurring adjustment on derivative collateral. Cost of funds were \$418 million higher primarily related to an increase in cost of crediting as a result of growth in the blocks of business. Other liability costs were higher primarily driven by higher gross profits and the unfavorable change in unlocking of \$97 million, partially offset by the favorable change in rider reserves and DAC amortization reflecting the more favorable change in actuarial experience and market impacts. Unlocking, net of noncontrolling interest, was unfavorable \$91 million reflecting unfavorable lapse assumptions, partially offset by income rider experience, compared to favorable unlocking of \$6 million in 2020 primarily driven by favorable income rider experience and mortality updates, largely offset by long-term net investment earned rate and lapse assumptions.

Net Investment Spread

	Years ended December 31,		
	2021	2020	2019
Net investment earned rate	4.30 %	4.04 %	4.43 %
Cost of funds	2.53 %	2.73 %	2.93 %
Net investment spread	1.77 %	1.31 %	1.50 %

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Net investment spread, which measures the spread on our investment performance less the total cost of our liabilities, increased 46 basis points to 1.77% in 2021 from 1.31% in 2020. Net investment earned rate increased 26 basis points due to a higher alternative net investment earned rate, partially offset by the decline in the fixed and other net investment earned rate. The alternative net investment earned rate increased to 21.30% in 2021, from 9.25% in 2020, primarily driven by higher returns on real estate funds, higher Venerable returns attributed to a valuation increase related to the announced reinsurance agreement with Equitable Financial Life Insurance Company and higher MidCap returns as a result of a valuation increase in the year relating to capital raise price at premium compared to a decrease in valuation in the prior year, partially offset by less favorable AmeriHome income as a result of the sale in April of 2021 and strong earnings in the prior year. Additionally, the first half of the prior year experienced unfavorable performance of alternative investments attributed to the economic downturn from the spread of COVID-19. The fixed and other net investment earned rate decreased to 3.51% in 2021, from 3.82% in 2020, primarily attributed to lower new money rates reflecting the prolonged low interest rate environment, lower floating rate investment income and a favorable prior year non-recurring adjustment on derivative collateral, partially offset by the early redemptions of two loans in the current year.

Cost of funds decreased by 20 basis points to 2.53% in 2021, from 2.73% in 2020, due to lower cost of crediting and other liability costs. Cost of crediting decreased 10 basis points primarily driven by lower rates on recent funding agreement issuances and pension group annuity transactions and favorable deferred annuity rates due to favorable rate actions and lower option costs, partially offset by an increase in the mix of the higher crediting rate institutional block. Other liability costs decreased 10 basis points primarily driven by the favorable change in rider reserves and DAC amortization attributed to the favorable change in actuarial experience and market impacts, partially offset by higher gross profits and unfavorable unlocking.

Investment Margin on Deferred Annuities

	Years ended December 31,		
	2021	2020	2019
Net investment earned rate	4.30 %	4.04 %	4.43 %
Cost of crediting on deferred annuities	1.85 %	1.95 %	1.97 %
Investment margin on deferred annuities	2.45 %	2.09 %	2.46 %

Investment margin on deferred annuities, which measures our investment performance less the cost of crediting for our deferred annuities, increased by 36 basis points to 2.45% in 2021, from 2.09% in 2020, driven by an increase in the net investment earned rate and a decrease in the cost of crediting on deferred annuities from the prior year related to favorable rate actions and lower option costs, as we continue to focus on pricing discipline, managing interest rates credited to policyholders and managing the cost of options to fund the annual index credits on our FIA products.

Year Ended December 31, 2020 Compared to the Year Ended December 31, 2019

See *Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Retirement Services* in our 2020 Annual Report for the results of operations discussion for the Retirement Services segment for the year ended December 31, 2020 compared to the year ended December 31, 2019.

Corporate and Other

Corporate and Other includes certain other operations related to our corporate activities such as corporate allocated expenses, merger and acquisition costs, debt costs, preferred stock dividends, certain integration and restructuring costs, certain stock-based compensation and intersegment eliminations. In addition, we also hold capital in excess of the level of capital we hold in Retirement Services to support our operating strategy.

Adjusted Operating Income (Loss) Available to Common Shareholders

Adjusted operating income (loss) available to common shareholders increased by \$667 million to \$643 million in 2021, from \$(24) million in 2020. The increase in adjusted operating income (loss) available to common shareholders was primarily driven by a favorable change of \$517 million in the fair value of our investment in Apollo, net of tax, mainly attributable to the increase in valuation price compared to prior year. Additionally, our alternative investment performance was favorable due to an increase in the market value of our equity position in Jackson as well as higher credit fund income and higher natural resources income both related to the unfavorable economic conditions in the prior year. These items were partially offset by higher preferred stock dividends and interest expense due to more recent preferred share and senior debt issuances.

Year Ended December 31, 2020 Compared to the Year Ended December 31, 2019

See *Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Corporate and Other* in our 2020 Annual Report for the results of operations discussion for Corporate and Other for the year ended December 31, 2020 compared to the year ended December 31, 2019.

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Consolidated Investment Portfolio

We had consolidated investments, including related parties, of \$212.5 billion and \$182.4 billion as of December 31, 2021 and 2020, respectively. Our investment strategy seeks to achieve sustainable risk-adjusted returns through the disciplined management of our investment portfolio against our long-duration liabilities, coupled with the diversification of risk. The investment strategies utilized by our investment manager focuses primarily on a buy and hold asset allocation strategy that may be adjusted periodically in response to changing market conditions and the nature of our liability profile. Substantially all of our investment portfolio is managed by Apollo, which provides a full suite of services, including direct investment management, asset allocation, mergers and acquisition asset diligence, and certain operational support services, including investment compliance, tax, legal and risk management support. Our relationship with Apollo allows us to take advantage of our generally illiquid liability profile by identifying investment opportunities with an emphasis on earning incremental yield by taking liquidity and complexity risk rather than assuming solely credit risk. Apollo's investment team and credit portfolio managers utilize their deep experience to assist us in sourcing and underwriting complex asset classes. Apollo has selected a diverse array of corporate bonds and more structured, but highly rated asset classes. We also maintain holdings in floating rate and less rate-sensitive instruments, including CLOs, non-agency RMBS and various types of structured products. In addition to our fixed income portfolio, we opportunistically allocate approximately 5%-6% of our portfolio to alternative investments where we primarily focus on fixed income-like, cash flow-based investments.

Net investment income on the condensed consolidated statements of income included management fees under our investment management arrangements with Apollo. For the years ended December 31, 2021, 2020 and 2019, we incurred management fees, inclusive of base and sub-allocation fees, of \$592 million, \$490 million, and \$426 million respectively. The total amounts we incurred, directly and indirectly, from Apollo and its affiliates were \$936 million, \$716 million and \$630 million, respectively, for the years ended December 31, 2021, 2020 and 2019. Such amounts include (1) fees associated with investment management agreements, which exclude sub-advisory fees paid to ISG for the benefit of third-party sub-advisors but include fees charged by Apollo to third-party cedants with respect to assets supporting obligations reinsured to us (such fees directly reduce the settlement payments that we receive from the third-party cedant and, as such, we, as beneficiaries of the services performed, indirectly pay such fees), (2) fees associated with fund investments, which include total management fees, carried interest (including unrealized but accrued carried interest fees) and other fees on Apollo-managed funds and our other alternative investments and (3) other fees resulting from shared services, advisory and other agreements with Apollo or its affiliates; net of fees incurred directly and indirectly attributable to ACRA, based upon the economic ownership of the noncontrolling interest in ACRA.

Our net invested assets, which are those that directly back our net reserve liabilities as well as surplus assets, were \$175.3 billion and \$150.2 billion as of December 31, 2021 and 2020, respectively. Apollo's knowledge of our funding structure and regulatory requirements allows it to design customized strategies and investments for our portfolio. Apollo manages our asset portfolio within the limits and constraints set forth in our Investment and Credit Risk Policy. Under this policy, we set limits on investments in our portfolio by asset class, such as corporate bonds, emerging markets securities, municipal bonds, non-agency RMBS, CMBS, CLOs, commercial mortgage whole loans and mezzanine loans and investment funds. We also set credit risk limits for exposure to a single issuer that vary based on the issuer's ratings. In addition, our investment portfolio is constrained by its scenario-based capital ratio limit and its stressed liquidity limit.

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The following table presents the carrying values of our total investments and investments in related parties:

<i>(In millions, except percentages)</i>	December 31, 2021		December 31, 2020	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
AFS securities, at fair value	\$ 100,159	47.1 %	\$ 82,853	45.4 %
Trading securities, at fair value	2,056	1.0 %	2,093	1.2 %
Equity securities	1,170	0.6 %	532	0.3 %
Mortgage loans, net of allowances	22,557	10.6 %	15,264	8.4 %
Investment funds	1,407	0.7 %	803	0.4 %
Policy loans	312	0.1 %	369	0.2 %
Funds withheld at interest	43,907	20.7 %	48,612	26.7 %
Derivative assets	4,387	2.1 %	3,523	1.9 %
Short-term investments, at fair value	139	0.1 %	222	0.1 %
Other investments, net of allowances	1,473	0.7 %	572	0.3 %
Total investments	177,567	83.7 %	154,843	84.9 %
Investments in related parties				
AFS securities, at fair value	10,402	4.9 %	6,520	3.6 %
Trading securities, at fair value	1,781	0.8 %	1,529	0.8 %
Equity securities, at fair value	284	0.1 %	72	— %
Mortgage loans, net of allowances	1,591	0.7 %	674	0.4 %
Investment funds	8,459	4.0 %	5,284	2.9 %
Funds withheld at interest	12,207	5.7 %	13,030	7.1 %
Other investments, net of allowances	222	0.1 %	469	0.3 %
Total related party investments	34,946	16.3 %	27,578	15.1 %
Total investments including related party	\$ 212,513	100.0 %	\$ 182,421	100.0 %

The increase in our total investments, including related party, as of December 31, 2021 of \$30.1 billion compared to December 31, 2020 was primarily driven by growth from gross organic inflows of \$37.0 billion in excess of gross liability outflows of \$17.5 billion, reinvestment of earnings, an increase in the market valuations of several investment funds, the deployment of proceeds from the issuances of \$2.5 billion of uncommitted short-term repurchase obligations and \$1.0 billion of debt, and an increase in derivative assets. These increases were partially offset by unrealized losses on AFS securities in the year ended December 31, 2021 of \$2.9 billion attributed to an increase in US Treasury rates.

Our investment portfolio consists largely of high quality fixed maturity securities, loans and short-term investments, as well as additional opportunistic holdings in investment funds and other instruments, including equity holdings. Fixed maturity securities and loans include publicly issued corporate bonds, government and other sovereign bonds, privately placed corporate bonds and loans, mortgage loans, CMBS, RMBS, CLOs and ABS.

While the substantial majority of our investment portfolio has been allocated to corporate bonds and structured credit products, a key component of our investment strategy is the opportunistic acquisition of investment funds with attractive risk and return profiles. Our investment fund portfolio consists of funds that employ various strategies including real estate and other real asset funds, credit funds and private equity funds. We have a strong preference for assets that have some or all of the following characteristics, among others: (1) investments that constitute a direct investment or an investment in a fund with a high degree of co-investment; (2) investments with credit- or debt-like characteristics (for example, a stipulated maturity and par value), or alternatively, investments with reduced volatility when compared to pure equity; or (3) investments that we believe have less downside risk.

We hold derivatives for economic hedging purposes to reduce our exposure to the cash flow variability of assets and liabilities, equity market risk, interest rate risk, credit risk and foreign exchange risk. Our primary use of derivative instruments relates to providing the income needed to fund the annual indexed credits on our FIA products. We primarily use fixed indexed options to economically hedge FIA products that guarantee the return of principal to the policyholder and credit interest based on a percentage of the gain in a specific market index.

With respect to derivative positions, we transact with highly rated counterparties, and expect the counterparties to fulfill their obligations under the contracts. We generally use industry standard agreements and annexes with bilateral collateral provisions to further reduce counterparty credit exposure.

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Related Party Investments

We hold investments in related party assets primarily comprised of AFS securities, trading securities, investment funds and funds withheld at interest reinsurance receivables which are primarily a result of investments over which Apollo can exercise influence. As of December 31, 2021 and 2020, these investments totaled \$34.9 billion, or 14.8%, and \$27.6 billion, or 13.5%, of our total assets, respectively. Related party AFS and trading securities primarily consist of structured securities for which Apollo is the manager of the underlying securitization vehicle and securities issued by Apollo direct origination platforms including Wheels/Donlen, PK AirFinance, MidCap and, until its sale in April 2021, AmeriHome. In each case, the underlying collateral, borrower or other credit party is generally unaffiliated with us. Related party investment funds include strategic investments in direct origination platforms and insurance companies, investments in Apollo managed funds and our investment in Apollo. The funds withheld at interest related party amounts are primarily comprised of the Venerable reinsurance portfolios, which are considered related party even though a significant majority of the underlying assets within the investment portfolios do not have a related party affiliation.

As of December 31, 2021, the majority of the related party investments, or 9.2% of our total assets, were related to the Venerable reinsurance portfolio and securities for which Apollo is the manager of the securitization vehicle, but the underlying collateral, borrower or other credit party is unaffiliated with us. Approximately 5.6% of total assets were comprised of strategic investments in affiliated companies or Apollo funds. The related party net invested assets, which look through to the underlying assets of the funds withheld and modco reinsurance portfolios’ investments, were \$29.4 billion, or 16.8% of our total net invested assets as of December 31, 2021. Approximately 7.8% of net invested assets were comprised of securitizations where Apollo was the manager of the securitization vehicle but the underlying collateral, borrower or other credit party is unaffiliated with us, while 9.0% was comprised of strategic investments in affiliated companies or Apollo funds.

AFS Securities

We invest in AFS securities and attempt to source investments that match our future cash flow needs. However, we may sell any of our investments in advance of maturity to timely satisfy our liabilities as they become due or in order to respond to a change in the credit profile or other characteristics of the particular investment.

AFS securities are carried at fair value, less allowances for expected credit losses, on our consolidated balance sheets. Changes in fair value of our AFS securities, net of related DAC, DSI and VOBA amortization and the change in rider reserves, are charged or credited to other comprehensive income, net of tax. All changes in the allowance for expected credit losses, whether due to passage of time, change in expected cash flows or change in fair value are recorded through credit loss expense within investment related gains (losses) on the consolidated statements of income.

The distribution of our AFS securities, including related parties, by type is as follows:

	December 31, 2021					
	Amortized Cost	Allowance for Credit Losses	Unrealized Gains	Unrealized Losses	Fair Value	Percent of Total
<i>(In millions, except percentages)</i>						
AFS securities						
US government and agencies	\$ 231	\$ —	\$ 2	\$ (10)	\$ 223	0.2 %
US state, municipal and political subdivisions	1,081	—	134	(2)	1,213	1.1 %
Foreign governments	1,110	—	35	(17)	1,128	1.0 %
Corporate	62,817	—	4,060	(651)	66,226	59.9 %
CLO	13,793	—	44	(185)	13,652	12.4 %
ABS	8,890	(17)	151	(35)	8,989	8.1 %
CMBS	2,764	(3)	56	(59)	2,758	2.5 %
RMBS	5,772	(103)	326	(25)	5,970	5.4 %
Total AFS securities	96,458	(123)	4,808	(984)	100,159	90.6 %
AFS securities – related party						
Corporate	842	—	19	(2)	859	0.8 %
CLO	2,573	—	5	(29)	2,549	2.3 %
ABS	6,986	—	61	(53)	6,994	6.3 %
Total AFS securities – related party	10,401	—	85	(84)	10,402	9.4 %
Total AFS securities including related party	\$ 106,859	\$ (123)	\$ 4,893	\$ (1,068)	\$ 110,561	100.0 %

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(In millions, except percentages)	December 31, 2020					
	Amortized Cost	Allowance for Credit Losses	Unrealized Gains	Unrealized Losses	Fair Value	Percent of Total
AFS securities						
US government and agencies	\$ 349	\$ —	\$ 3	\$ (1)	\$ 351	0.4 %
US state, municipal and political subdivisions	864	—	169	—	1,033	1.2 %
Foreign governments	330	—	38	—	368	0.4 %
Corporate	51,934	(6)	6,368	(116)	58,180	65.1 %
CLO	9,631	(1)	145	(206)	9,569	10.7 %
ABS	4,259	(6)	140	(123)	4,270	4.8 %
CMBS	2,165	(10)	85	(71)	2,169	2.4 %
RMBS	6,568	(80)	447	(22)	6,913	7.7 %
Total AFS securities	76,100	(103)	7,395	(539)	82,853	92.7 %
AFS securities – related party						
Corporate	213	—	2	—	215	0.2 %
CLO	1,511	(1)	23	(13)	1,520	1.7 %
ABS	4,720	—	95	(30)	4,785	5.4 %
Total AFS securities – related party	6,444	(1)	120	(43)	6,520	7.3 %
Total AFS securities including related party	\$ 82,544	\$ (104)	\$ 7,515	\$ (582)	\$ 89,373	100.0 %

We maintain a diversified AFS portfolio of corporate fixed maturity securities across industries and issuers, and a diversified portfolio of structured securities. The composition of our AFS securities, including related parties, is as follows:

(In millions, except percentages)	December 31, 2021		December 31, 2020	
	Fair Value	Percent of Total	Fair Value	Percent of Total
Corporate				
Industrial other ¹	\$ 23,882	21.6 %	\$ 20,637	23.1 %
Financial	21,537	19.5 %	17,759	19.9 %
Utilities	14,290	12.9 %	13,471	15.1 %
Communication	3,492	3.2 %	3,155	3.5 %
Transportation	3,884	3.5 %	3,373	3.8 %
Total corporate	67,085	60.7 %	58,395	65.4 %
Other government-related securities				
US state, municipal and political subdivisions	1,213	1.1 %	1,033	1.2 %
Foreign governments	1,128	1.0 %	368	0.4 %
US government and agencies	223	0.2 %	351	0.4 %
Total non-structured securities	69,649	63.0 %	60,147	67.4 %
Structured securities				
CLO	16,201	14.7 %	11,089	12.4 %
ABS	15,983	14.4 %	9,055	10.1 %
CMBS	2,758	2.5 %	2,169	2.4 %
RMBS				
Agency	23	— %	29	— %
Non-agency	5,947	5.4 %	6,884	7.7 %
Total structured securities	40,912	37.0 %	29,226	32.6 %
Total AFS securities including related party	\$ 110,561	100.0 %	\$ 89,373	100.0 %

¹ Includes securities within various industry segments including capital goods, basic industry, consumer cyclical, consumer non-cyclical, industrial and technology.

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The fair value of our AFS securities, including related parties, was \$110.6 billion and \$89.4 billion as of December 31, 2021 and 2020, respectively. The increase was mainly driven by strong growth from organic inflows in excess of liability outflows, reinvestment of earnings and the deployment of proceeds from the issuance of debt. These increases were partially offset by unrealized losses on AFS securities in the year ended December 31, 2021 of \$2.9 billion attributed to an increase in US Treasury rates.

The Securities Valuation Office (SVO) of the NAIC is responsible for the credit quality assessment and valuation of securities owned by state regulated insurance companies. Insurance companies report ownership of securities to the SVO when such securities are eligible for filing on the relevant schedule of the NAIC Financial Statement. The SVO conducts credit analysis on these securities for the purpose of assigning an NAIC designation and/or unit price. Generally, the process for assigning an NAIC designation varies based upon whether a security is considered “filing exempt” (General Designation Process). Subject to certain exceptions, a security is typically considered “filing exempt” if it has been rated by a Nationally Recognized Statistical Rating Organization (NRSRO). For securities that are not “filing exempt,” insurance companies assign temporary designations based upon a subjective evaluation of credit quality. The insurance company generally must then submit the securities to the SVO within 120 days of acquisition to receive an NAIC designation. For securities considered “filing exempt,” the SVO utilizes the NRSRO rating and assigns an NAIC designation based upon the following system:

NAIC designation ¹	NRSRO equivalent rating
1 A-G	AAA/AA/A
2 A-C	BBB
3 A-C	BB
4 A-C	B
5 A-C	CCC
6	CC and lower

¹ As of December 31, 2020, the NAIC introduced 20 NAIC designation modifiers to be applied to each NAIC designation to determine a security’s NAIC designation category (NAIC 1.A through 1.G, NAIC 2.A through 2.C, NAIC 3.A through 3.C, NAIC 4.A through 4.C, NAIC 5.A through 5.C and NAIC 6). The NAIC has approved new unique risk-based capital charges for each of the 20 designated categories for reporting effective December 31, 2021.

An important exception to the General Designation Process occurs in the case of certain loan-backed and structured securities (LBaSS). The NRSRO ratings methodology is focused on the likelihood of recovery of all contractual payments, including principal at par, regardless of an investor’s carrying value. In effect, the NRSRO rating assumes that the holder is the original purchaser at par. In contrast, the SVO’s LBaSS methodology is focused on determining the risk associated with the recovery of the amortized cost of each security. Because the NAIC’s methodology explicitly considers amortized cost and the likelihood of recovery of such amount, we view the NAIC’s methodology as the most appropriate means of evaluating the credit quality of our fixed maturity portfolio since a large portion of our holdings were purchased and are carried at significant discounts to par.

The SVO has developed a designation process and provides instruction on modeled LBaSS. For modeled LBaSS, the process is specific to the non-agency RMBS and CMBS asset classes. In order to establish ratings at the individual security level, the SVO obtains loan-level analysis of each RMBS and CMBS using a selected vendor’s proprietary financial model. The SVO ensures that the vendor has extensive internal quality-control processes in place and the SVO conducts its own quality-control checks of the selected vendor’s valuation process. The SVO has retained the services of Blackrock, Inc. (Blackrock) to model non-agency RMBS and CMBS owned by US insurers for all years presented herein. Blackrock provides five prices (breakpoints), based on each US insurer’s statutory book value price, to utilize in determining the NAIC designation for each modeled LBaSS.

The NAIC designation determines the associated level of risk-based capital that an insurer is required to hold for all securities owned by the insurer. In general, under the modeled LBaSS process, the larger the discount to par value at the time of determination, the higher the NAIC designation the LBaSS will have.

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A summary of our AFS securities, including related parties, by NAIC designation is as follows:

(In millions, except percentages)	December 31, 2021			December 31, 2020		
	Amortized Cost	Fair Value	Percent of Total	Amortized Cost	Fair Value	Percent of Total
NAIC designation						
1 A-G	\$ 49,639	\$ 51,514	46.6 %	\$ 38,171	\$ 41,532	46.5 %
2 A-C	51,587	53,398	48.3 %	38,231	41,704	46.7 %
Total investment grade	101,226	104,912	94.9 %	76,402	83,236	93.2 %
3 A-C	4,199	4,247	3.8 %	4,777	4,853	5.4 %
4 A-C	1,113	1,100	1.0 %	1,191	1,145	1.3 %
5 A-C	94	88	0.1 %	149	114	0.1 %
6	227	214	0.2 %	25	25	— %
Total below investment grade	5,633	5,649	5.1 %	6,142	6,137	6.8 %
Total AFS securities including related party	\$ 106,859	\$ 110,561	100.0 %	\$ 82,544	\$ 89,373	100.0 %

A significant majority of our AFS portfolio, 94.9% and 93.2% as of December 31, 2021 and 2020, respectively, was invested in assets considered investment grade with a NAIC designation of 1 or 2.

A summary of our AFS securities, including related parties, by NRSRO ratings is set forth below:

(In millions, except percentages)	December 31, 2021		December 31, 2020	
	Fair Value	Percent of Total	Fair Value	Percent of Total
NRSRO rating agency designation				
AAA/AA/A	\$ 44,501	40.2 %	\$ 33,553	37.5 %
BBB	47,636	43.1 %	34,404	38.5 %
Non-rated ¹	10,754	9.7 %	12,732	14.3 %
Total investment grade	102,891	93.0 %	80,689	90.3 %
BB	3,713	3.4 %	4,020	4.5 %
B	946	0.9 %	1,030	1.2 %
CCC	1,356	1.2 %	1,557	1.7 %
CC and lower	755	0.7 %	973	1.1 %
Non-rated ¹	900	0.8 %	1,104	1.2 %
Total below investment grade	7,670	7.0 %	8,684	9.7 %
Total AFS securities including related party	\$ 110,561	100.0 %	\$ 89,373	100.0 %

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 rating methodology.

Consistent with the NAIC Process and Procedures Manual, an NRSRO rating was assigned based on the following criteria: (a) the equivalent S&P rating when the security is rated by one NRSRO; (b) the equivalent S&P rating of the lowest NRSRO when the security is rated by two NRSROs; and (c) the equivalent S&P rating of the second lowest NRSRO when the security is rated by three or more NRSROs. If the lowest two NRSRO ratings are equal, then such rating will be the assigned rating. NRSRO ratings available for the periods presented were S&P, Fitch, Moody’s Investor Service, DBRS, and Kroll Bond Rating Agency, Inc.

The portion of our AFS portfolio that was considered below investment grade based on NRSRO ratings was 7.0% and 9.7% as of December 31, 2021 and 2020, respectively. The primary driver of the difference in the percentage of securities considered below investment grade by NRSRO as compared to the securities considered below investment grade by the NAIC is the difference in methodologies between the NRSRO and NAIC for RMBS due to investments acquired and/or carried at a discount to par value, as discussed above.

As of December 31, 2021 and 2020, non-rated securities were comprised 73% and 54%, respectively, of corporate private placement securities for which we have not sought individual ratings from an NRSRO, and 17% and 18%, respectively, of RMBS, many of which were acquired at a significant discount to par. We rely on internal analysis and designations assigned by the NAIC to evaluate the credit risk of our portfolio. As of each of December 31, 2021 and 2020, 92% of the non-rated securities were designated NAIC 1 or 2.

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Asset-backed Securities – We invest in ABS which are securitized by pools of assets such as consumer loans, automobile loans, student loans, insurance-linked securities, operating cash flows of corporations and cash flows from various types of business equipment. Our ABS holdings were \$16.0 billion and \$9.1 billion as of December 31, 2021 and 2020, respectively.

A summary of our ABS portfolio, including related parties, by NAIC designations and NRSRO quality ratings is as follows:

<i>(In millions, except percentages)</i>	December 31, 2021		December 31, 2020	
	Fair Value	Percent of Total	Fair Value	Percent of Total
NAIC designation				
1 A-G	\$ 8,089	50.6 %	\$ 4,056	44.8 %
2 A-C	7,047	44.1 %	4,018	44.4 %
Total investment grade	15,136	94.7 %	8,074	89.2 %
3 A-C	643	4.0 %	700	7.7 %
4 A-C	200	1.3 %	265	2.9 %
5 A-C	4	— %	16	0.2 %
6	—	— %	—	— %
Total below investment grade	847	5.3 %	981	10.8 %
Total AFS ABS including related party	\$ 15,983	100.0 %	\$ 9,055	100.0 %
NRSRO rating agency designation				
AAA/AA/A	\$ 7,892	49.4 %	\$ 3,311	36.6 %
BBB	6,975	43.5 %	1,580	17.4 %
Non-rated	232	1.5 %	3,106	34.3 %
Total investment grade	15,099	94.4 %	7,997	88.3 %
BB	680	4.3 %	451	5.0 %
B	200	1.3 %	154	1.7 %
CCC	4	— %	7	0.1 %
CC and lower	—	— %	—	— %
Non-rated	—	— %	446	4.9 %
Total below investment grade	884	5.6 %	1,058	11.7 %
Total AFS ABS including related party	\$ 15,983	100.0 %	\$ 9,055	100.0 %

As of December 31, 2021 and 2020, a substantial majority of our AFS ABS portfolio, 94.7% and 89.2%, respectively, was invested in assets considered to be investment grade based upon application of the NAIC’s methodology while 94.4% and 88.3%, respectively, of securities were considered investment grade based on NRSRO ratings. The increase in our ABS portfolio was primarily driven by the deployment of strong inflows into ABS securities primarily related to the assets from the SoftBank and Wheels fleet lease transactions.

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Collateralized Loan Obligations – We also invest in CLOs which pay principal and interest from cash flows received from underlying corporate loans. These holdings were \$16.2 billion and \$11.1 billion as of December 31, 2021 and 2020, respectively.

A summary of our AFS CLO portfolio, including related parties, by NAIC designations and NRSRO quality ratings is as follows:

<i>(In millions, except percentages)</i>	December 31, 2021		December 31, 2020	
	Fair Value	Percent of Total	Fair Value	Percent of Total
NAIC designation				
1 A-G	\$ 9,957	61.5 %	\$ 6,786	61.2 %
2 A-C	6,096	37.6 %	3,934	35.5 %
Total investment grade	16,053	99.1 %	10,720	96.7 %
3 A-C	124	0.8 %	356	3.2 %
4 A-C	24	0.1 %	9	0.1 %
5 A-C	—	— %	4	— %
6	—	— %	—	— %
Total below investment grade	148	0.9 %	369	3.3 %
Total AFS CLO including related party	\$ 16,201	100.0 %	\$ 11,089	100.0 %
NRSRO rating agency designation				
AAA/AA/A	\$ 9,943	61.4 %	\$ 6,781	61.2 %
BBB	6,101	37.6 %	3,930	35.4 %
Non-rated	—	— %	9	0.1 %
Total investment grade	16,044	99.0 %	10,720	96.7 %
BB	130	0.8 %	356	3.2 %
B	27	0.2 %	9	0.1 %
CCC	—	— %	4	— %
CC and lower	—	— %	—	— %
Non-rated	—	— %	—	— %
Total below investment grade	157	1.0 %	369	3.3 %
Total AFS CLO including related party	\$ 16,201	100.0 %	\$ 11,089	100.0 %

As of December 31, 2021 and 2020, a substantial majority of our AFS CLO portfolio, 99.1% and 96.7%, respectively, was invested in assets considered to be investment grade based upon application of the NAIC’s methodology. The increase in our CLO portfolio was mainly driven by the deployment of strong organic inflows in the current year.

Commercial Mortgage-backed Securities – A portion of our AFS portfolio is invested in CMBS. CMBS are constructed from pools of commercial mortgages. These holdings were \$2.8 billion and \$2.2 billion as of December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, our CMBS portfolio included \$2.0 billion (74% of the total) and \$1.6 billion (72% of the total), respectively, of securities that are considered investment grade based on NAIC designations, while \$2.1 billion (75% of the total) and \$1.6 billion (75% of the total), respectively, of securities were considered investment grade based on NRSRO ratings.

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Residential Mortgage-backed Securities – A portion of our AFS portfolio is invested in RMBS, which are securities constructed from pools of residential mortgages. These holdings were \$6.0 billion and \$6.9 billion as of December 31, 2021 and 2020, respectively.

A summary of our AFS RMBS portfolio by NAIC designations and NRSRO quality ratings is as follows:

<i>(In millions, except percentages)</i>	December 31, 2021		December 31, 2020	
	Fair Value	Percent of Total	Fair Value	Percent of Total
NAIC designation				
1 A-G	\$ 5,097	85.4 %	\$ 6,196	89.6 %
2 A-C	331	5.5 %	232	3.4 %
Total investment grade	5,428	90.9 %	6,428	93.0 %
3 A-C	327	5.5 %	323	4.7 %
4 A-C	172	2.9 %	120	1.7 %
5 A-C	29	0.5 %	37	0.5 %
6	14	0.2 %	5	0.1 %
Total below investment grade	542	9.1 %	485	7.0 %
Total AFS RMBS	\$ 5,970	100.0 %	\$ 6,913	100.0 %
NRSRO rating agency designation				
AAA/AA/A	\$ 1,110	18.6 %	\$ 872	12.6 %
BBB	522	8.7 %	635	9.2 %
Non-rated ¹	1,648	27.6 %	2,187	31.6 %
Total investment grade	3,280	54.9 %	3,694	53.4 %
BB	184	3.1 %	233	3.4 %
B	193	3.2 %	261	3.8 %
CCC	1,281	21.5 %	1,509	21.8 %
CC and lower	733	12.3 %	971	14.1 %
Non-rated ¹	299	5.0 %	245	3.5 %
Total below investment grade	2,690	45.1 %	3,219	46.6 %
Total AFS RMBS	\$ 5,970	100.0 %	\$ 6,913	100.0 %

¹ Securities denoted as non-rated by the NRSRO were classified as investment or non-investment grade according to the security’s respective NAIC designations. The NAIC designation methodology differs in significant respects from the NRSRO rating methodology.

A significant majority of our RMBS portfolio, 90.9% and 93.0% as of December 31, 2021 and 2020, respectively, was invested in assets considered to be investment grade based upon an application of the NAIC designations. The NAIC’s methodology with respect to RMBS gives explicit effect to the amortized cost at which an insurance company carries each such investment. Because we invested in RMBS after the stresses related to US housing had caused significant downward pressure on prices of RMBS, we carry most of our investments in RMBS at significant discounts to par value, which results in an investment grade NAIC designation. In contrast, our understanding is that in setting ratings, NRSROs focus on the likelihood of recovering all contractual payments, including principal at par value. As a result of a fundamental difference in approach, as of December 31, 2021 and 2020, NRSRO characterized 54.9% and 53.4%, respectively, of our RMBS portfolio as investment grade.

Unrealized Losses

Our investments in AFS securities, including related parties, are reported at fair value with changes in fair value recorded in other comprehensive income. Certain of our AFS securities, including related parties, have experienced declines in fair value that we consider temporary in nature. These investments are held to support our product liabilities, and we currently have the intent and ability to hold these securities until recovery of the amortized cost basis prior to sale or maturity. As of December 31, 2021, our AFS securities, including related party, had a fair value of \$110.6 billion, which was 3.5% above amortized cost of \$106.9 billion. As of December 31, 2020, our AFS securities, including related party, had a fair value of \$89.4 billion, which was 8.3% above amortized cost of \$82.5 billion.

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The following tables reflect the unrealized losses on the AFS portfolio, including related parties, for which an allowance for credit losses has not been recorded, by NAIC designations:

	December 31, 2021					
	Amortized Cost of AFS Securities with Unrealized Loss	Gross Unrealized Losses	Fair Value of AFS Securities with Unrealized Loss	Fair Value to Amortized Cost Ratio	Fair Value of Total AFS Securities	Gross Unrealized Losses to Total AFS Fair Value
<i>(In millions, except percentages)</i>						
NAIC designation						
1 A-G	\$ 19,369	\$ (338)	\$ 19,031	98.3 %	\$ 51,514	(0.7)%
2 A-C	20,849	(475)	20,374	97.7 %	53,398	(0.9)%
Total investment grade	40,218	(813)	39,405	98.0 %	104,912	(0.8)%
3 A-C	1,494	(82)	1,412	94.5 %	4,247	(1.9)%
4 A-C	410	(26)	384	93.7 %	1,100	(2.4)%
5 A-C	41	(6)	35	85.4 %	88	(6.8)%
6	61	(14)	47	77.0 %	214	(6.5)%
Total below investment grade	2,006	(128)	1,878	93.6 %	5,649	(2.3)%
Total	\$ 42,224	\$ (941)	\$ 41,283	97.8 %	\$ 110,561	(0.9)%

	December 31, 2020					
	Amortized Cost of AFS Securities with Unrealized Loss	Gross Unrealized Losses	Fair Value of AFS Securities with Unrealized Loss	Fair Value to Amortized Cost Ratio	Fair Value of Total AFS Securities	Gross Unrealized Losses to Total AFS Fair Value
<i>(In millions, except percentages)</i>						
NAIC designation						
1 A-G	\$ 5,010	\$ (129)	\$ 4,881	97.4 %	\$ 41,532	(0.3)%
2 A-C	4,732	(168)	4,564	96.4 %	41,704	(0.4)%
Total investment grade	9,742	(297)	9,445	97.0 %	83,236	(0.4)%
3 A-C	1,646	(119)	1,527	92.8 %	4,853	(2.5)%
4 A-C	563	(61)	502	89.2 %	1,145	(5.3)%
5 A-C	54	(11)	43	79.6 %	114	(9.6)%
6	1	—	1	100.0 %	25	— %
Total below investment grade	2,264	(191)	2,073	91.6 %	6,137	(3.1)%
Total	\$ 12,006	\$ (488)	\$ 11,518	95.9 %	\$ 89,373	(0.5)%

The gross unrealized losses on AFS securities, including related parties, were \$941 million and \$488 million as of December 31, 2021 and 2020, respectively.

As of December 31, 2021 and 2020, we held \$7.4 billion and \$6.9 billion, respectively, in energy sector fixed maturity securities, or 7% and 8%, respectively, of the total fixed maturity securities, including related parties. The gross unrealized capital losses on these securities were \$35 million and \$28 million, or 4% and 6% of the total unrealized losses, respectively.

Provision for Credit Losses

For our credit loss accounting policies and the assumptions used in the allowances, see *Note 1 – Business, Basis of Presentation and Significant Accounting Policies* and *Note 2 – Investments* to the consolidated financial statements.

As of December 31, 2021 and December 31, 2020, we held an allowance for credit losses on AFS securities of \$123 million and \$104 million, respectively. During the year ended December 31, 2021, we recorded a change in provision for credit losses on AFS securities of \$19 million, of which \$9 million had an income statement impact and \$10 million related to PCD securities. During the year ended December 31, 2020, we recorded a change in provision for credit losses on AFS securities of \$87 million, of which \$32 million had an income statement impact. These changes were primarily driven by the establishment of the allowance for credit losses in the first quarter of 2020 as well as an increase in RMBS and corporate allowances in the prior year as a result of the spread of COVID-19. The intent-to-sell impairments for the year ended December 31, 2021 and 2020 were \$4 million and \$17 million, respectively.

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International Exposure

A portion of our AFS securities are invested in securities with international exposure. As of December 31, 2021 and 2020, 35% and 34%, respectively, of the carrying value of our AFS securities, including related parties, was comprised of securities of issuers based outside of the United States and debt securities of foreign governments. These securities are either denominated in US dollars or do not expose us to significant foreign currency risk as a result of foreign currency swap arrangements.

The following table presents our international exposure in our AFS portfolio, including related parties, by country or region:

<i>(In millions, except percentages)</i>	December 31, 2021			December 31, 2020		
	Amortized Cost	Fair Value	Percent of Total	Amortized Cost	Fair Value	Percent of Total
Country of risk						
Ireland	\$ 5,172	\$ 5,052	13.0 %	\$ 2,407	\$ 2,597	8.6 %
Italy	30	31	0.1 %	6	8	— %
Spain	216	213	0.5 %	51	59	0.2 %
Total Ireland, Italy, Greece, Spain and Portugal ¹	5,418	5,296	13.6 %	2,464	2,664	8.8 %
Other Europe	8,618	8,974	23.1 %	7,991	8,925	29.6 %
Total Europe	14,036	14,270	36.7 %	10,455	11,589	38.4 %
Non-US North America	17,218	17,387	44.8 %	13,188	13,335	44.3 %
Australia & New Zealand	2,441	2,557	6.6 %	1,925	2,143	7.1 %
Central & South America	1,347	1,346	3.5 %	620	666	2.2 %
Africa & Middle East	1,966	2,019	5.2 %	1,599	1,680	5.6 %
Asia/Pacific	1,256	1,262	3.2 %	661	712	2.4 %
Supranational	—	—	— %	1	1	— %
Total	<u>\$ 38,264</u>	<u>\$ 38,841</u>	<u>100.0 %</u>	<u>\$ 28,449</u>	<u>\$ 30,126</u>	<u>100.0 %</u>

¹ As of each of the respective periods, we had no holdings in Greece or Portugal.

Approximately 96.7% and 94.8% of these securities are investment grade by NAIC designation as of December 31, 2021 and 2020, respectively. As of December 31, 2021, 10% of our AFS securities, including related parties, were invested in CLOs of Cayman Islands issuers (included in Non-US North America) for which underlying investments are largely loans to US issuers and 25% were invested in securities of other non-US issuers.

Portugal, Ireland, Italy, Greece and Spain continue to represent credit risk as economic conditions in these countries continue to be volatile, especially within the financial and banking sectors. We had \$5.3 billion and \$2.7 billion of exposure in these countries as of December 31, 2021 and 2020, respectively. A significant majority of these assets relate to Ireland and are primarily made up of Euro denominated CLOs, for which the SPV is domiciled in Ireland, but the underlying leveraged loans involve borrowers from the broader European region.

As of December 31, 2021, we held United Kingdom and Channel Islands AFS securities of \$4.1 billion, or 3.7% of our AFS securities, including related parties. As of December 31, 2021, these securities were in a net unrealized gain position of \$146 million. Our investment managers analyze each holding for credit risk by economic and other factors of each country and industry.

Trading Securities

Trading securities, including related parties, were \$3.8 billion and \$3.6 billion as of December 31, 2021 and 2020, respectively. Trading securities are primarily comprised of AmerUs Closed Block securities for which we have elected the fair value option valuation, CLO and ABS equity tranche securities, MidCap profit participating notes, structured securities with embedded derivatives and investments which support various reinsurance arrangements.

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Mortgage Loans

The following is a summary of our mortgage loan portfolio by collateral type:

<i>(In millions, except percentages)</i>	December 31, 2021		December 31, 2020	
	Net Carrying Value	Percent of Total	Net Carrying Value	Percent of Total
Property type				
Office building	\$ 4,870	20.1 %	\$ 3,589	22.5 %
Retail	2,022	8.4 %	2,083	13.1 %
Apartment	4,626	19.2 %	2,441	15.3 %
Hotels	1,727	7.2 %	1,294	8.1 %
Industrial	2,336	9.7 %	1,362	8.5 %
Other commercial ¹	1,316	5.4 %	679	4.3 %
Total net commercial mortgage loans	16,897	70.0 %	11,448	71.8 %
Residential loans	7,251	30.0 %	4,490	28.2 %
Total mortgage loans, net of allowances	\$ 24,148	100.0 %	\$ 15,938	100.0 %

¹ Other commercial loans include investments in nursing homes, other healthcare institutions, parking garages, storage facilities and other commercial properties.

We invest a portion of our investment portfolio in mortgage loans, which are generally comprised of high quality commercial first lien and mezzanine real estate loans. Our mortgage loan holdings were \$24.1 billion and \$15.9 billion as of December 31, 2021 and 2020, respectively. This included \$1.9 billion of mezzanine mortgage loans as of December 31, 2021 and 2020 respectively. We have acquired mortgage loans through acquisitions and reinsurance arrangements, as well as through an active program to invest in new mortgage loans. We invest in CMLs on income producing properties including hotels, apartments, retail and office buildings, and other commercial and industrial properties. Our RML portfolio primarily consists of first lien RMLs collateralized by properties located in the US. Loan-to-value ratios at the time of loan approval are generally 75% or less.

Our mortgage loans are primarily stated at unpaid principal balance, adjusted for any unamortized premium or discount, and net of credit loss allowances. Interest income is accrued on the principal amount of the loan based on the loan’s contractual interest rate. Amortization of premiums and discounts is recorded using the effective interest method. Interest income, amortization of premiums and discounts, and prepayment fees are reported in net investment income.

It is our policy to cease to accrue interest on loans that are over 90 days delinquent. For loans less than 90 days delinquent, interest is accrued unless it is determined that the accrued interest is not collectible. If a loan becomes over 90 days delinquent, it is our general policy to initiate foreclosure proceedings unless a workout arrangement to bring the loan current is in place. As of December 31, 2021 and 2020, we had \$990 million and \$128 million, respectively, of mortgage loans that were 90 days past due, of which \$54 million and \$38 million, respectively, were in the process of foreclosure. As of December 31, 2021 and 2020, \$856 million and \$0 million of mortgage loans that were 90 days past due were related to Government National Mortgage Association (GNMA) early buyouts that are fully or partially guaranteed and are accruing interest. We will continue to evaluate these policies with regard to the economic downturn brought about by the spread of COVID-19. Our ability to initiate foreclosure proceedings may be limited by legislation passed and executive orders issued in response to the spread of COVID-19.

See Note 2 – Investments to the consolidated financial statements for information regarding credit loss allowance for collection loss, loan-to-value, and debt service coverage.

As of December 31, 2021, we had a mortgage loan valuation allowance of \$237 million comprised of \$167 million of CML and \$70 million of RML allowances. As of December 31, 2020, we had a mortgage loan valuation allowance of \$246 million comprised of \$167 million of CML and \$79 million of RML allowances. During the year ended December 31, 2021, we recorded a change in provision for credit losses on CMLs of \$0 million and RMLs of \$(14) million in the consolidated statements of income. During the year ended December 31, 2020, we recorded a change in provision for credit losses on CMLs of \$(10) million and RMLs of \$29 million in the consolidated statements of income.

Investment Funds

Our investment funds investment strategy primarily focuses on funds with core holdings of credit assets, real assets, real estate, preferred equity and income producing assets. Our investment funds generally meet the definition of a VIE, and in certain cases these investment funds are consolidated in our financial statements because we meet the criteria of the primary beneficiary.

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The following table illustrates our investment funds, including related party:

	December 31, 2021		December 31, 2020	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
<i>(In millions, except percentages)</i>				
Investment funds				
Real estate	\$ 856	8.7 %	348	5.7 %
Credit funds	86	0.9 %	107	1.8 %
Private equity	343	3.5 %	267	4.4 %
Real assets	122	1.2 %	81	1.3 %
Total investment funds	1,407	14.3 %	803	13.2 %
Investment funds – related parties				
Differentiated investments				
Athora	743	7.5 %	709	11.6 %
Wheels/Donlen	700	7.1 %	—	— %
Catalina	441	4.5 %	334	5.5 %
Venerable	219	2.2 %	123	2.0 %
A-A Mortgage ¹	26	0.3 %	444	7.3 %
Other	433	4.4 %	279	4.6 %
Total differentiated investments	2,562	26.0 %	1,889	31.0 %
Real estate	1,507	15.3 %	828	13.5 %
Credit funds	1,198	12.1 %	375	6.2 %
Private equity	751	7.6 %	473	7.8 %
Natural resources	172	1.7 %	113	1.9 %
Real assets	157	1.6 %	172	2.8 %
Public equities ²	—	— %	110	1.8 %
Investment in Apollo	2,112	21.4 %	1,324	21.8 %
Total investment funds – related parties	8,459	85.7 %	5,284	86.8 %
Total investment funds, including related parties	\$ 9,866	100.0 %	\$ 6,087	100.0 %

¹ In April of 2021, we sold our investment in AmeriHome which is held by A-A Mortgage. Following the sale of AmeriHome, A-A Mortgage distributed the majority of the proceeds, with the remaining residual investment expected to be distributed within the next year. ² In December of 2021, we sold all remaining shares of our public equity investment in OneMain Holdings, Inc. (ticker: OMF).

Overall, the total investment funds, including related party, were \$9.9 billion and \$6.1 billion as of December 31, 2021 and 2020, respectively. See Note 2 – Investments to the consolidated financial statements for further discussion regarding how we account for our investment funds. Our investment fund portfolio is subject to a number of market related risks including interest rate risk and equity market risk. Interest rate risk represents the potential for changes in the investment fund’s net asset values resulting from changes in the general level of interest rates. Equity market risk represents potential for changes in the investment fund’s net asset values resulting from changes in equity markets or from other external factors which influence equity markets. These risks expose us to potential volatility in our earnings period-over-period. We actively monitor our exposure to these risks. The increase in investment funds, including related party, was primarily driven by the deployment into real assets, real estate and credit funds, an increase in the valuations of our investments in Apollo and Venerable and an investment in Wheels/Donlen, partially offset by the sale of AmeriHome and OneMain.

Funds Withheld at Interest

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. Generally, assets equal to statutory reserves are withheld and legally owned by the ceding company. We hold funds withheld at interest receivables, including those held with VIAC, Lincoln and Jackson. As of December 31, 2021, the majority of the ceding companies holding the assets pursuant to such reinsurance agreements had a financial strength rating of A or better (based on an A.M. Best scale).

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The funds withheld at interest is comprised of the host contract and an embedded derivative. We are subject to the investment performance on the withheld assets with the total return directly impacting the host contract and the embedded derivative. Interest accrues at a risk-free rate on the host receivable and is recorded as net investment income in the consolidated statements of income. The embedded derivative in our reinsurance agreements is similar to a total return swap on the income generated by the underlying assets held by the ceding companies. The change in the embedded derivative is recorded in investment related gains (losses). Although we do not legally own the underlying investments in the funds withheld at interest, in each instance the ceding company has hired Apollo to manage the withheld assets in accordance with our investment guidelines.

The following summarizes the underlying investment composition of the funds withheld at interest, including related parties:

	December 31, 2021		December 31, 2020	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
<i>(In millions, except percentages)</i>				
Fixed maturity securities				
US government and agencies	\$ 50	0.1 %	\$ —	— %
US state, municipal and political subdivisions	338	0.6 %	513	0.8 %
Foreign governments	553	1.0 %	301	0.5 %
Corporate	26,143	46.5 %	34,057	55.2 %
CLO	5,322	9.5 %	5,912	9.6 %
ABS	7,951	14.2 %	5,212	8.5 %
CMBS	1,661	3.0 %	2,374	3.8 %
RMBS	1,586	2.8 %	2,270	3.7 %
Equity securities	243	0.4 %	119	0.2 %
Mortgage loans	9,437	16.8 %	8,201	13.3 %
Investment funds	1,807	3.2 %	1,155	1.9 %
Derivative assets	208	0.4 %	200	0.3 %
Short-term investments	54	0.1 %	608	1.0 %
Other investments	—	— %	15	— %
Cash and cash equivalents	1,049	1.9 %	906	1.5 %
Other assets and liabilities	(288)	(0.5)%	(201)	(0.3)%
Total funds withheld at interest including related party	\$ 56,114	100.0 %	\$ 61,642	100.0 %

As of December 31, 2021 and 2020, we held \$56.1 billion and \$61.6 billion, respectively, of funds withheld at interest receivables, including related party. Approximately 93.5% and 94.1% of the fixed maturity securities within the funds withheld at interest are investment grade by NAIC designation as of December 31, 2021 and 2020, respectively. The decrease in funds withheld at interest, including related party, was primarily driven by run-off of the underlying blocks of business and unrealized losses in the year ended December 31, 2021 attributed to an increase in US Treasury rates.

Derivative Instruments

We hold derivative instruments for economic hedging purposes to reduce our exposure to cash flow variability of assets and liabilities, equity market risk, interest rate risk, credit risk and foreign exchange risk. The types of derivatives we may use include interest rate swaps, foreign currency swaps and forward contracts, total return swaps, credit default swaps, variance swaps, futures and equity options.

A discussion regarding our derivative instruments and how such instruments are used to manage risk is included in *Note 3 – Derivative Instruments* to the consolidated financial statements.

As part of our risk management strategies, management continually evaluates our derivative instrument holdings and the effectiveness of such holdings in addressing risks identified in our operations.

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Net Invested Assets

The following summarizes our net invested assets:

	December 31, 2021		December 31, 2020	
	Net Invested Asset Value ¹	Percent of Total	Net Invested Asset Value ¹	Percent of Total
<i>(In millions, except percentages)</i>				
Corporate	\$ 75,163	42.9 %	\$ 71,040	47.3 %
CLO	17,892	10.2 %	14,609	9.7 %
Credit	93,055	53.1 %	85,649	57.0 %
RMBS	6,969	4.0 %	8,337	5.6 %
CML	21,438	12.2 %	16,778	11.2 %
RML	7,116	4.1 %	4,774	3.2 %
CMBS	3,440	2.0 %	3,227	2.1 %
Real estate	38,963	22.3 %	33,116	22.1 %
ABS	20,376	11.6 %	13,137	8.7 %
Alternative investments	9,873	5.6 %	6,793	4.5 %
State, municipal, political subdivisions and foreign government	2,505	1.4 %	2,136	1.4 %
Equity securities	754	0.4 %	478	0.3 %
Short-term investments	111	0.1 %	479	0.3 %
US government and agencies	212	0.1 %	206	0.2 %
Other investments	33,831	19.2 %	23,229	15.4 %
Cash and equivalents	6,086	3.5 %	5,417	3.6 %
Policy loans and other	1,296	0.7 %	1,455	1.0 %
Net invested assets excluding investment in Apollo	173,231	98.8 %	148,866	99.1 %
Investment in Apollo	2,112	1.2 %	1,324	0.9 %
Net invested assets	\$ 175,343	100.0 %	\$ 150,190	100.0 %

¹ See *Key Operating and Non-GAAP Measures for the definition of net invested assets.*

Our net invested assets were \$175.3 billion and \$150.2 billion as of December 31, 2021 and 2020, respectively. As of December 31, 2021, our net invested assets were mainly comprised of 42.9% of corporate securities, 27.8% of structured securities, 16.3% of mortgage loans and 5.6% of alternative investments. Corporate securities included \$23.0 billion of private placements, which represented 13.1% of our net invested assets. The increase in net invested assets as of December 31, 2021 from 2020 was primarily driven by growth from net organic inflows over liability outflows, reinvestment of earnings, an increase in valuation of several alternative investments and the deployment of proceeds from the issuances of short-term repurchase obligations and debt.

In managing our business, we utilize net invested assets as presented in the above table. Net invested assets do not correspond to total investments, including related parties, on our consolidated balance sheets, as discussed previously in *Key Operating and Non-GAAP Measures*. Net invested assets represent the investments that directly back our net reserve liabilities and surplus assets. We believe this view of our portfolio provides a view of the assets for which we have economic exposure. 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. We also adjust for VIEs to show the net investment in the funds, which are included in the alternative investments line above as well as adjust for the allowance for credit losses. Net invested assets includes our proportionate share of ACRA investments, based on our economic ownership, but excludes the proportionate share of investments associated with the noncontrolling interest.

Net invested assets is utilized by management to evaluate our investment portfolio. Net invested assets, excluding our strategic 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 is also used in our risk management processes for asset purchases, product design and underwriting, stress scenarios, liquidity, and ALM.

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Net Alternative Investments

The following summarizes our net alternative investments:

	December 31, 2021		December 31, 2020	
	Net Invested Asset Value	Percent of Total	Net Invested Asset Value	Percent of Total
<i>(In millions, except percentages)</i>				
Retirement Services				
Differentiated investments				
MidCap	\$ 666	6.7 %	\$ 611	9.0 %
Wheels/Donlen	590	6.0 %	—	— %
Catalina	442	4.6 %	334	4.9 %
Venerable	219	2.2 %	123	1.8 %
A-A Mortgage ¹	32	0.3 %	546	8.0 %
Other	1,090	11.0 %	339	5.0 %
Total differentiated investments	3,039	30.8 %	1,953	28.7 %
Real estate	2,673	27.1 %	1,537	22.6 %
Credit	1,163	11.8 %	941	13.9 %
Private equity	1,298	13.1 %	831	12.2 %
Real assets	330	3.3 %	296	4.4 %
Natural resources	115	1.2 %	60	0.9 %
Other	23	0.2 %	—	— %
Total Retirement Services alternative investments	8,641	87.5 %	5,618	82.7 %
Corporate and Other				
Athora	743	7.5 %	661	9.7 %
Credit	118	1.2 %	93	1.4 %
Natural resources	238	2.5 %	238	3.5 %
Equities ²	133	1.3 %	183	2.7 %
Total Corporate and Other alternative investments	1,232	12.5 %	1,175	17.3 %
Net alternative investments	\$ 9,873	100.0 %	\$ 6,793	100.0 %

¹ In April of 2021, we sold our investment in AmeriHome which is held by A-A Mortgage. Following the sale of AmeriHome, A-A Mortgage distributed the majority of the proceeds, with the remaining residual investment expected to be distributed within a year after the sale.

² As of December 31, 2021, equities included our public equity position in Jackson (ticker: JXN). In December of 2021, we sold all remaining shares of our public equity investment in OneMain.

Net alternative investments were \$9.9 billion and \$6.8 billion as of December 31, 2021 and 2020, respectively, representing 5.6% and 4.5% of our net invested assets portfolio as of December 31, 2021 and 2020, respectively. The increase in net alternative investments was primarily driven by deployment into real estate, credit and private equity funds; investments in Wheels/Donlen, FWD Group Holdings and Challenger; and an increase in the valuation of Venerable less the sale of a portion of our investment, partially offset by the sales of AmeriHome and OneMain.

Net alternative investments do not correspond to the total investment funds, including related parties, on our consolidated balance sheets. As discussed above in the net invested assets section, we adjust the GAAP presentation for funds withheld, modco and VIEs. The investment in Apollo is excluded from our alternative investments, while we include CLO and ABS equity tranche securities in alternative investments due to their underlying characteristics and equity-like features.

Through our relationship with Apollo, we have indirectly invested in companies that meet the key characteristics we look for in net alternative investments. Our two largest alternative investments are Athora and MidCap. MidCap is an asset originator which, from time to time, provides us with access to assets for our investment portfolio, while Athora is a strategic investment. We previously held a stake in AmeriHome, which was also an asset originator that provided access to assets for our investment portfolio.

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Athora

Athora is a specialized insurance and reinsurance group fully focused on the European market. Athora's principal operational subsidiaries are Athora Netherlands N.V. in the Netherlands, Athora Belgium SA in Belgium, Athora Lebensversicherung AG in Germany, Athora Ireland plc in Ireland, and Athora Life Re Ltd in Bermuda. Athora deploys capital and resources to further its mission to build a stand-alone independent and integrated insurance and reinsurance business. Athora's growth is achieved primarily through acquisitions, portfolio transfers and reinsurance. Athora is building a European insurance brand and has successfully acquired, integrated, and transformed four insurance companies: Delta Lloyd Deutschland AG (2015), Aegon Ireland plc (2018), Generali Belgium SA (2019) and VIVAT NV (2020).

Our alternative investment in Athora had a carrying value of \$743 million and \$661 million as of December 31, 2021 and 2020, respectively. Our investment in Athora represents our proportionate share of its net asset value, which largely reflects any contributions to and distributions from Athora and changes in its fair value. Athora returned a net investment earned rate of 10.52%, 15.94% and 7.51% for the years ended December 31, 2021, 2020 and 2019, respectively. Alternative investment income from Athora was \$76 million, \$66 million and \$10 million for the years ended December 31, 2021, 2020 and 2019, respectively. The increase in alternative investment income for the year ended December 31, 2021 compared to 2020 was primarily due to an upside in the investment in the fourth quarter of 2020.

MidCap

MidCap is a commercial finance company that provides various financial products to middle-market businesses in multiple industries, primarily located in the US. MidCap primarily originates and invests in commercial and industrial loans, including senior secured corporate loans, working capital loans collateralized mainly by accounts receivable and inventory, senior secured loans collateralized by portfolios of commercial and consumer loans and related products and secured loans to highly capitalized pharmaceutical and medical device companies, and commercial real estate loans, including multifamily independent-living properties, assisted living, skilled nursing and medical office properties, warehouse, office building, hotel and other commercial use properties and multifamily properties. MidCap originates and acquires loans using borrowings under financing arrangements that it has in place with numerous financial institutions. MidCap's earnings are primarily driven by the difference between the interest earned on its loan portfolio and the interest accrued under its outstanding borrowings. As a result, MidCap is primarily exposed to the credit risk of its loan counterparties and prepayment risk. Additionally, financial results are influenced by related levels of middle-market business investment and interest rates.

Our alternative investment in MidCap had a carrying value of \$666 million and \$611 million as of December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, this alternative investment was comprised of our equity investment in MidCap of \$659 million and \$534 million, respectively, and redeemable preferred stock of \$7 million and \$77 million, respectively. The MidCap equity investment returned a net investment earned rate of 16.34%, 1.90% and 11.56% for the years ended December 31, 2021, 2020 and 2019, respectively. Alternative investment income from equity investment in MidCap was \$102 million, \$13 million and \$65 million for the years ended December 31, 2021, 2020 and 2019, respectively. The increase in alternative investment income for the year ended December 31, 2021 compared to 2020 was mainly driven by an increase in valuation associated with a capital raise priced at a slight premium and the decrease in valuation in the prior year reflecting an increase in loan loss assumptions and lower origination volumes due to the interest rate environment. The redeemable preferred stock returned a net investment earned rate of 25.86%, 39.09% and 0.00% for the years ended December 31, 2021, 2020 and 2019, respectively. Alternative investment income from the redeemable preferred stock was \$9 million, \$18 million and \$0 million for the years ended December 31, 2021, 2020 and 2019, respectively. The decrease in alternative investment income from the redeemable preferred stock for the year ended December 31, 2021 compared to 2020 was primarily driven by a decrease in net asset value due to the partial early redemption of the preferred stock in the second quarter of 2021.

AmeriHome

Our equity investment in AmeriHome was held indirectly through A-A Mortgage, of which AmeriHome was the fund's only investment. AmeriHome is a mortgage origination platform and an aggregator of mortgage servicing rights. AmeriHome acquires mortgage loans from retail originators and re-sells the loans to the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association and other investors. AmeriHome retains the mortgage servicing rights on the loans that it sells and employs a subservicer to perform servicing operations, including payment collection. AmeriHome's earnings are primarily driven by two sources: gains or losses on the sale of mortgage loans and the difference between the fee that it charges for mortgage servicing and the fee charged by the subservicer. As a result, AmeriHome's financial results are influenced by interest rates and related housing demand. AmeriHome is primarily exposed to credit risk related to the accuracy of the representations and warranties in the loans that AmeriHome acquires and prepayment risk, which prematurely terminates fees related to mortgage servicing.

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On February 16, 2021, Apollo, Athene and AmeriHome announced the sale of AmeriHome to a subsidiary of Western Alliance Bancorporation and the transaction closed on April 7, 2021. Our alternative investment in A-A Mortgage had a carrying value of \$32 million and \$546 million as of December 31, 2021 and 2020, respectively. Our investment in A-A Mortgage represents our proportionate share of its net asset value, which largely reflects any contributions to and distributions from A-A Mortgage and, prior to the sale, the fair value of AmeriHome. Following the sale of AmeriHome, A-A Mortgage distributed the majority of the proceeds, with the remaining residual investment expected to be distributed within a year after the sale. A-A Mortgage returned a net investment earned rate of 62.90%, 44.30% and 14.00% for the years ended December 31, 2021, 2020 and 2019, respectively. Alternative investment income from A-A Mortgage was \$188 million, \$297 million and \$81 million for the years ended December 31, 2021, 2020 and 2019, respectively. The decrease in alternative investment income for the year ended December 31, 2021 compared to 2020 was primarily due to the sale of AmeriHome in April as well as strong investment performance in the prior year, partially offset by an increase in valuation resulting from the April sale reflecting a premium of the platform sale, net of carry and transaction expenses.

Public Equities

We hold a public equity position in Jackson, previously held as a private equity investment, after Jackson’s former parent company, Prudential plc, completed a dividend demerger transaction in September 2021 which resulted in Jackson becoming a publicly traded company. Although the net invested asset value of this equity position is not significant, it has the ability to create volatility in our statements of income. As of December 31, 2021, we held approximately 3.4 million shares of Jackson, reflective of the sale of approximately 0.4 million shares in December, with a market value of \$133 million, net of the ACRA noncontrolling interest. Alternative investment income (loss) from Jackson was \$75 million, \$(84) million and \$0 million for the years ended December 31, 2021, 2020 and 2019, respectively. The increase in alternative investment income was driven by the increase in Jackson’s share price after the completion of the dividend demerger transaction and a write-down of the investment in the prior year.

Prior to the sale of our remaining shares in OneMain in December, we indirectly held a public equity position in OneMain through our equity investment in an alternative investment. Although the net invested asset value of this security was not significant, such securities have resulted in volatility in our statements of income. As of December 31, 2021 and 2020, we indirectly held approximately 0.0 million and 2.8 million shares of OneMain with a market value of \$0 million and \$110 million, respectively. Alternative investment income from OneMain was \$33 million, \$33 million and \$64 million for the years ended December 31, 2021, 2020 and 2019, respectively.

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Non-GAAP Measure Reconciliations

The reconciliations to the nearest GAAP measure for adjusted operating income available to common shareholders is included in the *Consolidated Results of Operations* section.

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

	Years ended December 31,		
	2021	2020	2019
Basic earnings per share – Class A common shares	\$ 19.40	\$ 8.51	\$ 11.44
Non-operating adjustments			
Realized gains on sale of AFS securities	2.74	0.14	0.68
Unrealized, allowances and other investment gains (losses)	0.95	(0.79)	(0.02)
Change in fair value of reinsurance assets	(3.16)	4.09	7.64
Offsets to investment gains (losses)	0.28	(0.82)	(2.91)
Investment gains, net of offsets	0.81	2.62	5.39
Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets	3.48	(1.22)	(0.36)
Integration, restructuring and other non-operating expenses	(0.63)	(0.05)	(0.37)
Stock compensation expense	(0.01)	(0.06)	(0.07)
Income tax expense – non-operating	(0.37)	(0.25)	—
Less: Total non-operating adjustments	3.28	1.04	4.59
Less: Effect of items convertible to or settled in Class A common shares	0.69	1.05	(0.12)
Adjusted operating earnings per common share	\$ 15.43	\$ 6.42	\$ 6.97

The reconciliation of basic weighted average common shares outstanding - Class A to weighted average common shares outstanding - adjusted operating, which is included in adjusted operating earnings per common share, is as follows:

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Basic weighted average common shares outstanding – Class A	191.6	184.9	153.9
Conversion of Class B common shares to Class A common shares	—	4.2	25.4
Conversion of Class M common shares to Class A common shares	—	0.7	5.1
Effect of other stock compensation plans	7.1	3.7	0.4
Weighted average common shares outstanding – adjusted operating	198.7	193.5	184.8

The reconciliation of total AHL shareholders’ equity to total adjusted AHL common shareholders’ equity, which is included in adjusted book value per common share, adjusted debt to capital ratio and adjusted operating ROE, is as follows:

<i>(In millions)</i>	December 31,		
	2021	2020	2019
Total AHL shareholders’ equity	\$ 20,130	\$ 18,657	\$ 13,391
Less: Preferred stock	2,312	2,312	1,172
Total AHL common shareholders’ equity	17,818	16,345	12,219
Less: AOCI	2,430	3,971	2,281
Less: Accumulated change in fair value of reinsurance assets	585	1,142	493
Total adjusted AHL common shareholders’ equity	\$ 14,803	\$ 11,232	\$ 9,445
Segment adjusted AHL common shareholders’ equity			
Retirement Services	\$ 11,453	\$ 7,732	\$ 7,443
Corporate and Other	3,350	3,500	2,002
Total adjusted AHL common shareholders’ equity	\$ 14,803	\$ 11,232	\$ 9,445

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The reconciliation of average AHL shareholders’ equity to average adjusted AHL common shareholders’ equity, which is included in adjusted operating ROE is as follows:

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Average AHL shareholders’ equity	\$ 19,295	\$ 14,528	\$ 10,834
Less: Average preferred stock	2,312	1,633	586
Less: Average AOCI	2,954	2,030	905
Less: Average accumulated change in fair value of reinsurance assets	776	575	209
Average adjusted AHL common shareholders’ equity	<u>\$ 13,253</u>	<u>\$ 10,290</u>	<u>\$ 9,134</u>
Segment average adjusted AHL common shareholders’ equity			
Retirement Services	\$ 9,663	\$ 7,491	\$ 7,625
Corporate and Other	3,590	2,799	1,509
Average adjusted AHL common shareholders’ equity	<u>\$ 13,253</u>	<u>\$ 10,290</u>	<u>\$ 9,134</u>

The reconciliation of Class A common shares outstanding to adjusted operating common shares outstanding, which is included in adjusted book value per common share, is as follows:

<i>(In millions)</i>	December 31,	
	2021	2020
Class A common shares outstanding	191.9	191.2
Effect of other stock compensation plans	8.6	6.0
Adjusted operating common shares outstanding	<u>200.5</u>	<u>197.2</u>

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

	December 31,	
	2021	2020
Book value per common share	\$ 92.83	\$ 85.51
AOCI	(12.66)	(20.77)
Accumulated change in fair value of reinsurance assets	(3.05)	(5.98)
Effect of items convertible to or settled in Class A common shares	(3.28)	(1.81)
Adjusted book value per common share	<u>\$ 73.84</u>	<u>\$ 56.95</u>

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The reconciliation of debt to capital ratio to adjusted debt to capital ratio is as follows:

<i>(In millions, except percentages)</i>	December 31,	
	2021	2020
Total debt	\$ 2,964	\$ 1,976
Total AHL shareholders’ equity	20,130	18,657
Total capitalization	23,094	20,633
Less: AOCI	2,430	3,971
Less: Accumulated change in fair value of reinsurance assets	585	1,142
Total adjusted capitalization	<u>\$ 20,079</u>	<u>\$ 15,520</u>
Debt to capital ratio	12.8 %	9.6 %
AOCI	1.6 %	2.4 %
Accumulated change in fair value of reinsurance assets	0.4 %	0.7 %
Adjusted debt to capital ratio	<u>14.8 %</u>	<u>12.7 %</u>

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

<i>(In millions, except percentages)</i>	Years ended December 31,					
	2021		2020		2019	
	Dollar	Rate	Dollar	Rate	Dollar	Rate
GAAP net investment income	\$ 7,177	4.49 %	\$ 4,885	3.68 %	\$ 4,596	3.97 %
Change in fair value of reinsurance assets	1,451	0.90 %	1,408	1.06 %	680	0.59 %
Alternative gains (losses)	144	0.09 %	(102)	(0.08)%	1	— %
ACRA noncontrolling interest	(943)	(0.59)%	(559)	(0.42)%	(61)	(0.05)%
Apollo investment (gain)	(864)	(0.54)%	(225)	(0.17)%	—	— %
Held for trading amortization and other	114	0.07 %	(79)	(0.06)%	(37)	(0.03)%
Total adjustments to arrive at net investment earnings/earned rate	<u>(98)</u>	<u>(0.07)%</u>	<u>443</u>	<u>0.33 %</u>	<u>583</u>	<u>0.51 %</u>
Total net investment earnings/earned rate	<u>\$ 7,079</u>	<u>4.42 %</u>	<u>\$ 5,328</u>	<u>4.01 %</u>	<u>\$ 5,179</u>	<u>4.48 %</u>
Retirement Services	\$ 6,791	4.30 %	\$ 5,287	4.04 %	\$ 5,062	4.43 %
Corporate and Other	288	14.73 %	41	2.17 %	117	8.33 %
Total net investment earnings/earned rate	<u>\$ 7,079</u>	<u>4.42 %</u>	<u>\$ 5,328</u>	<u>4.01 %</u>	<u>\$ 5,179</u>	<u>4.48 %</u>
Retirement Services average net invested assets	\$ 158,064		\$ 130,887		\$ 114,310	
Corporate and Other average net invested assets ex. Apollo investment	1,955		1,863		1,409	
Consolidated average net invested assets ex. Apollo investment	<u>\$ 160,019</u>		<u>\$ 132,750</u>		<u>\$ 115,719</u>	

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

<i>(In millions, except percentages)</i>	Years ended December 31,					
	2021		2020		2019	
	Dollar	Rate	Dollar	Rate	Dollar	Rate
GAAP interest sensitive contract benefits	\$ 4,442	2.81 %	\$ 3,891	2.97 %	\$ 4,557	3.99 %
Interest credited other than deferred annuities and institutional products	405	0.26 %	312	0.24 %	232	0.20 %
FIA option costs	1,125	0.71 %	1,101	0.84 %	1,109	0.97 %
Product charges (strategy fees)	(165)	(0.10)%	(136)	(0.10)%	(119)	(0.10)%
Reinsurance embedded derivative impacts	49	0.03 %	57	0.04 %	57	0.05 %
Change in fair value of embedded derivatives – FIAs	(2,500)	(1.58)%	(2,404)	(1.84)%	(3,644)	(3.19)%
Negative VOBA amortization	18	0.01 %	21	0.02 %	36	0.03 %
ACRA noncontrolling interest	(637)	(0.40)%	(433)	(0.33)%	(42)	(0.03)%
Other changes in interest sensitive contract liabilities	31	0.01 %	8	0.01 %	(7)	(0.01)%
Total adjustments to arrive at cost of crediting	(1,674)	(1.06)%	(1,474)	(1.12)%	(2,378)	(2.08)%
Retirement Services cost of crediting	<u>\$ 2,768</u>	<u>1.75 %</u>	<u>\$ 2,417</u>	<u>1.85 %</u>	<u>\$ 2,179</u>	<u>1.91 %</u>
Retirement Services cost of crediting on deferred annuities	\$ 1,939	1.85 %	\$ 1,884	1.95 %	\$ 1,774	1.97 %
Retirement Services cost of crediting on institutional products	829	2.52 %	533	3.05 %	405	3.47 %
Retirement Services cost of crediting	<u>\$ 2,768</u>	<u>1.75 %</u>	<u>\$ 2,417</u>	<u>1.85 %</u>	<u>\$ 2,179</u>	<u>1.91 %</u>
Retirement Services average net invested assets	\$ 158,064		\$ 130,887		\$ 114,310	
Average account value on deferred annuities	104,874		96,848		89,878	
Average net institutional reserve liabilities	32,911		17,505		11,632	

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

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
GAAP benefits and expenses	\$ 22,134	\$ 12,558	\$ 13,956
Premiums	(14,262)	(5,963)	(6,382)
Product charges	(621)	(571)	(524)
Other revenues	(72)	(36)	(37)
Cost of crediting	(1,594)	(1,259)	(1,013)
Change in fair value of embedded derivatives – FIA, net of offsets	(2,989)	(2,261)	(3,577)
DAC, DSI and VOBA amortization related to investment gains and losses	115	(95)	(477)
Rider reserves related to investment gains and losses	(4)	(10)	(58)
Policy and other operating expenses, excluding policy acquisition expenses	(772)	(533)	(488)
AmerUs closed block fair value liability	57	(104)	(152)
ACRA noncontrolling interest	(759)	(527)	(74)
Other changes in benefits and expenses	(8)	(41)	(2)
Total adjustments to arrive at other liability costs	(20,909)	(11,400)	(12,784)
Other liability costs	<u>\$ 1,225</u>	<u>\$ 1,158</u>	<u>\$ 1,172</u>
Retirement Services	\$ 1,225	\$ 1,158	\$ 1,172
Corporate and Other	—	—	—
Consolidated other liability costs	<u>\$ 1,225</u>	<u>\$ 1,158</u>	<u>\$ 1,172</u>

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

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
GAAP policy and other operating expenses	\$ 1,101	\$ 855	\$ 744
Interest expense	(139)	(114)	(67)
Policy acquisition expenses, net of deferrals	(329)	(322)	(256)
Integration, restructuring and other non-operating expenses	(134)	(10)	(70)
Stock compensation expenses	(2)	(11)	(12)
ACRA noncontrolling interest	(93)	(58)	(5)
Other changes in policy and other operating expenses	(9)	(2)	—
Total adjustments to arrive at operating expenses	(706)	(517)	(410)
Operating expenses	\$ 395	\$ 338	\$ 334
Retirement Services	\$ 316	\$ 275	\$ 266
Corporate and Other	79	63	68
Consolidated operating expenses	\$ 395	\$ 338	\$ 334

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

<i>(In millions)</i>	December 31,	
	2021	2020
Total investments, including related parties	\$ 212,513	\$ 182,421
Derivative assets	(4,387)	(3,523)
Cash and cash equivalents (including restricted cash)	10,429	8,442
Accrued investment income	968	905
Payables for collateral on derivatives	(3,934)	(3,203)
Reinsurance funds withheld and modified coinsurance	(1,035)	(2,459)
VIE and VOE assets, liabilities and noncontrolling interest	(539)	(136)
Unrealized (gains) losses	(4,057)	(7,275)
Ceded policy loans	(169)	(204)
Net investment receivables (payables)	75	99
Allowance for credit losses	361	357
Total adjustments to arrive at gross invested assets	(2,288)	(6,997)
Gross invested assets	210,225	175,424
ACRA noncontrolling interest	(34,882)	(25,234)
Net invested assets	\$ 175,343	\$ 150,190

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

<i>(In millions)</i>	December 31,	
	2021	2020
Investment funds, including related parties	\$ 9,866	\$ 6,087
Equity securities	156	165
CLO and ABS equities included in trading securities	2,134	971
Investment in Apollo	(2,112)	(1,324)
Investment funds within funds withheld at interest	1,807	1,155
Royalties and other assets included in other investments	(722)	66
Unrealized (gains) losses and other adjustments	14	(44)
ACRA noncontrolling interest	(1,270)	(283)
Total adjustments to arrive at alternative investments	7	706
Net alternative investments	\$ 9,873	\$ 6,793

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The reconciliation of total liabilities to net reserve liabilities is as follows:

<i>(In millions)</i>	December 31,	
	2021	2020
Total liabilities	\$ 212,968	\$ 182,631
Long-term debt	(2,964)	(1,976)
Derivative liabilities	(472)	(298)
Payables for collateral on derivatives	(6,446)	(3,203)
Funds withheld liability	(439)	(452)
Other liabilities	(2,997)	(2,040)
Reinsurance ceded receivables	(4,594)	(4,848)
Policy loans ceded	(169)	(204)
ACRA noncontrolling interest	(32,933)	(24,618)
Other	(3)	(3)
Total adjustments to arrive at net reserve liabilities	(51,017)	(37,642)
Net reserve liabilities	\$ 161,951	\$ 144,989

Liquidity and Capital Resources

There are two forms of liquidity relevant to our business, funding liquidity and balance sheet liquidity. Funding liquidity relates to the ability to fund operations. Balance sheet liquidity relates to our ability to liquidate or rebalance our balance sheet without incurring significant costs from fees, bid-offer spreads, or market impact. We manage our liquidity position by matching projected cash demands with adequate sources of cash and other liquid assets. Our principal sources of liquidity, in the ordinary course of business, are operating cash flows and holdings of cash, cash equivalents and other readily marketable assets.

Our investment portfolio is structured to ensure a strong liquidity position over time in order to permit timely payment of policy and contract benefits without requiring asset sales at inopportune times or at depressed prices. In general, liquid assets include cash and cash equivalents, highly rated corporate bonds, unaffiliated preferred stock and unaffiliated public common stock, all of which generally have liquid markets with a large number of buyers. The carrying value of these assets, excluding assets within modified coinsurance and funds withheld portfolios, as of December 31, 2021 was \$92.5 billion. Assets included in modified coinsurance and funds withheld portfolios are available to fund the benefits for the associated obligations but are restricted from other uses. The carrying value of the underlying assets in these modified coinsurance and funds withheld portfolios that we consider liquid as of December 31, 2021 was \$31.1 billion. Although our investment portfolio does contain assets that are generally considered illiquid for liquidity monitoring purposes (primarily mortgage loans, policy loans, real estate, investment funds, and affiliated common stock), there is some ability to raise cash from these assets if needed. In periods of economic downturn, such as the one brought about by the spread of COVID-19, we may maintain higher cash balances than required to manage our liquidity risk and to take advantage of market dislocations as they arise. We have access to additional liquidity through our \$1.25 billion credit agreement, which was undrawn as of December 31, 2021 and had a remaining term of more than two years, subject to up to two one-year extensions. We also have access to more than \$2.0 billion of committed repurchase facilities. Our registration statement on Form S-3 ASR (Shelf Registration Statement) provides us access to the capital markets, subject to market conditions and other factors. We are also party to repurchase agreements with several different financial institutions, pursuant to which we may obtain short-term liquidity, to the extent available. In addition, through our membership in the FHLB, we are eligible to borrow under variable rate short-term federal funds arrangements to provide additional liquidity.

We proactively manage our liquidity position to meet cash needs while minimizing adverse impacts on investment returns. We analyze our cash-flow liquidity over the upcoming 12 months by modeling potential demands on liquidity under a variety of scenarios, taking into account the provisions of our policies and contracts in force, our cash flow position, and the volume of cash and readily marketable securities in our portfolio.

Liquidity risk is monitored, managed and mitigated through a number of stress tests and analyses to assess our ability to meet our cash flow requirements, as well as the ability of our reinsurance and insurance subsidiaries to meet their collateral obligations, under various stress scenarios. We further seek to mitigate liquidity risk by maintaining access to alternative, external sources of liquidity as described below.

Our liquidity risk management framework is codified in the company’s Liquidity Risk Policy that is reviewed and approved by our board of directors.

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Insurance Subsidiaries' Liquidity

Operations

The primary cash flow sources for our insurance subsidiaries include retirement services product inflows (premiums), investment income, principal repayments on our investments, net transfers from separate accounts and financial product inflows. Uses of cash include investment purchases, payments to policyholders for surrenders, withdrawals and payout benefits, interest and principal payments on funding agreements, payments to satisfy pension group annuity obligations, policy acquisition costs and general operating costs.

Our policyholder obligations are generally long-term in nature. However, one liquidity risk is an extraordinary level of early policyholder withdrawals. We include provisions within our annuity policies, such as surrender charges and MVAs, which are intended to protect us from early withdrawals. As of December 31, 2021 and 2020, approximately 74% and 75%, respectively, of our deferred annuity liabilities were subject to penalty upon surrender. In addition, as of December 31, 2021 and 2020, approximately 54% and 56%, respectively, of policies contained MVAs that may also have the effect of limiting early withdrawals if interest rates increase, but may encourage early withdrawals by effectively subsidizing a portion of surrender charges when interest rates decrease. Our funding agreements, group annuities and payout annuities are generally non-surrenderable.

Membership in Federal Home Loan Bank

Through our membership in the FHLB, we are eligible to borrow under variable rate short-term federal funds arrangements to provide additional liquidity. The borrowings must be secured by eligible collateral such as mortgage loans, eligible CMBS or RMBS, government or agency securities and guaranteed loans. As of each of December 31, 2021 and 2020, we had \$0 million of outstanding borrowings under these arrangements.

We have issued funding agreements to the FHLB. These funding agreements were issued in an investment spread strategy, consistent with other investment spread operations. As of December 31, 2021 and 2020, we had funding agreements outstanding with the FHLB in the aggregate principal amount of \$2.8 billion and \$2.0 billion, respectively.

The maximum FHLB indebtedness by a member is determined by the amount of collateral pledged and cannot exceed a specified percentage of the member's total statutory assets dependent on the internal credit rating assigned to the member by the FHLB. As of December 31, 2021, the total maximum borrowings under the FHLB facilities were limited to \$40.2 billion. However, our ability to borrow under the facilities is constrained by the availability of assets that qualify as eligible collateral under the facilities and certain other limitations. Considering these limitations, we estimate that as of December 31, 2021 we had the ability to draw up to a total of approximately \$3.7 billion, inclusive of borrowings then outstanding. This estimate is based on our internal analysis and assumptions and may not accurately measure collateral which is ultimately acceptable to the FHLB.

Securities Repurchase Agreements

We engage in repurchase transactions whereby we sell fixed income securities to third parties, primarily major brokerage firms or commercial banks, with a concurrent agreement to repurchase such securities at a determined future date. We require that, at all times during the term of the repurchase agreements, we maintain sufficient cash or other liquid assets sufficient to allow us to fund substantially all of the repurchase price. Proceeds received from the sale of securities pursuant to these arrangements are generally invested in short-term investments, with the offsetting obligation to repurchase the security included within payables for collateral on derivatives and securities to repurchase on the consolidated balance sheets. As per the terms of the repurchase agreements, we monitor the market value of the securities sold and may be required to deliver additional collateral (which may be in the form of cash or additional securities) to the extent that the value of the securities sold decreases prior to the repurchase date.

As of December 31, 2021 and 2020, the payables for repurchase agreements were \$3.1 billion and \$598 million, respectively, while the fair value of securities and collateral held by counterparties backing the repurchase agreements was \$3.2 billion and \$644 million, respectively. As of December 31, 2021, payables for repurchase agreements were comprised of \$2.5 billion of short-term and \$598 million of long-term repurchase agreements. As of December 31, 2020, payables for repurchase agreements were comprised of \$0 million of short-term and \$598 million of long-term repurchase agreements.

On May 1, 2020, we signed a \$1.0 billion committed repurchase facility with BNP Paribas. The facility has an initial commitment period of 12 months and automatically renews for successive 12-month periods until terminated by either party. During the commitment period, we may sell and BNP Paribas is required to purchase eligible investment grade corporate bonds pursuant to repurchase transactions at pre-agreed discounts in exchange for a commitment fee. As of December 31, 2021, we had no outstanding payables under this facility.

On July 26, 2021, we entered into a \$1.0 billion committed repurchase facility with Societe Generale. The facility has a commitment term of 5 years, however, either party may terminate the facility upon 24-months' notice, in which case the facility will end upon the earlier of (1) such designated termination date, or (2) July 26, 2026. During the commitment period, we may sell and Societe Generale is required to purchase eligible investment grade corporate bonds pursuant to repurchase transactions at pre-agreed rates in exchange for an ongoing commitment fee for the facility. As of December 31, 2021, we had no outstanding payables under this facility.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Cash Flows

Our cash flows were as follows:

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Net income	\$ 3,800	\$ 1,921	\$ 2,185
Payment at inception or recapture of reinsurance agreements, net	—	(723)	—
Non-cash revenues and expenses	6,492	2,956	471
Net cash provided by operating activities	10,292	4,154	2,656
Sales, maturities and repayments of investments	42,063	18,712	17,776
Purchases of investments	(70,220)	(33,230)	(27,687)
Other investing activities	225	(299)	(45)
Net cash used in investing activities	(27,932)	(14,817)	(9,956)
Issuance of common stock	11	351	—
Net proceeds and repayments of debt	997	917	475
Inflows on investment-type policies and contracts	21,447	18,836	11,569
Withdrawals on investment-type policies and contracts	(7,042)	(7,067)	(6,548)
Net capital contributions and distributions to/from noncontrolling interests	758	194	575
Net change in cash collateral posted for derivative transactions and securities to repurchase	3,243	546	2,286
Issuance of preferred stock, net of expenses	—	1,140	1,172
Preferred stock dividends	(141)	(95)	(36)
Repurchase of common stock	(8)	(428)	(832)
Other financing activities	364	95	(124)
Net cash provided by financing activities	19,629	14,489	8,537
Effect of exchange rate changes on cash and cash equivalents	(2)	(26)	—
Net increase (decrease) in cash and cash equivalents ¹	\$ 1,987	\$ 3,800	\$ 1,237

¹ Includes cash and cash equivalents and restricted cash.

Cash flows from operating activities

The primary cash inflows from operating activities include net investment income, annuity considerations and insurance premiums. The primary cash outflows from operating activities are comprised of benefit payments and operating expenses. Our operating activities generated cash flows totaling \$10.3 billion, \$4.2 billion and \$2.7 billion for the years ended December 31, 2021, 2020 and 2019, respectively. The increase in cash provided by operating activities was primarily driven by higher cash received from pension group annuity transactions and the prior year restructuring of a coinsurance agreement to a funds withheld agreement with an existing reinsurance partner.

Cash flows from investing activities

The primary cash inflows from investing activities are the sales, maturities and repayments of investments. The primary cash outflows from investing activities are the purchases and acquisitions of new investments. Our investing activities used cash flows totaling \$27.9 billion, \$14.8 billion and \$10.0 billion for the years ended December 31, 2021, 2020 and 2019, respectively. The increase in cash used in investing activities was primarily attributed to an increase in purchases of investments due to the deployment of significant cash inflows from organic growth over the previous twelve months, the redeployment of the Jackson reinsurance investment portfolio and the redeployment of debt issuances.

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Cash flows from financing activities

The primary cash inflows from financing activities are inflows on our investment-type policies, changes of cash collateral posted for derivative transactions, capital contributions, proceeds from the issuance of stock and proceeds from borrowing activities. The primary cash outflows from financing activities are withdrawals on our investment-type policies, changes of cash collateral posted for derivative transactions, repayments of outstanding borrowings, repurchases of common stock and payment of preferred stock dividends. Our financing activities provided cash flows totaling \$19.6 billion, \$14.5 billion and \$8.5 billion for the years ended December 31, 2021, 2020 and 2019, respectively. The increase in cash provided by financing activities was primarily attributed to higher organic inflows from retail and funding agreements net of withdrawals. Additionally, other drivers of the increase include additional collateral received on derivative assets, net capital contributions from noncontrolling interests and a decrease in repurchases of common stock, partially offset by the issuance of preferred stock in the prior year and the issuance of common stock in connection with the strategic transaction with Apollo in the prior year.

Material Cash Obligations

The following table summarizes estimated future cash obligations as of December 31, 2021:

<i>(In millions)</i>	Payments Due by Period				
	Total	2022	2023-2024	2025-2026	2027 and thereafter
Interest sensitive contract liabilities	\$ 156,325	\$ 16,903	\$ 34,596	\$ 30,729	\$ 74,097
Future policy benefits	42,488	1,955	3,000	2,915	34,618
Other policy claims and benefits	138	138	—	—	—
Dividends payable to policyholders	101	5	9	9	78
Long-term debt ¹	4,802	125	253	253	4,171
Securities to repurchase ²	3,157	2,526	26	605	—
Total	\$ 207,011	\$ 21,652	\$ 37,884	\$ 34,511	\$ 112,964

¹ The obligations for long-term debt payments include contractual maturities of principal and estimated future interest payments based on the terms of the debt agreements, as described in Note 9 – Debt to the consolidated financial statements.

² The obligations for securities to repurchase payments include contractual maturities of principal and estimated future interest payments based on the terms of the agreements.

Holding Company Liquidity

Dividends Declared

Our board of directors declared common stock cash dividends of \$750 million on December 31, 2021, payable to holders of AHL’s Class A shares with a record date and payment date following the completion of our merger with AGM, as discussed further in *Note 1 – Business, Basis of Presentation and Significant Accounting Policies*. The dividend was paid on January 4, 2022.

Dividends from Subsidiaries

AHL is a holding company whose primary liquidity needs include the cash-flow requirements relating to its corporate activities, including its day-to-day operations, debt servicing, preferred stock dividend payments and strategic transactions, such as acquisitions. The primary source of AHL’s cash flow is dividends from its subsidiaries, which are expected to be adequate to fund cash flow requirements based on current estimates of future obligations.

The ability of AHL’s insurance subsidiaries to pay dividends is limited by applicable laws and regulations of the jurisdictions where the subsidiaries are domiciled, as well as agreements entered into with regulators. These laws and regulations require, among other things, the insurance subsidiaries to maintain minimum solvency requirements and limit the amount of dividends these subsidiaries can pay.

Subject to these limitations and prior notification to the appropriate regulatory agency, the US insurance subsidiaries are permitted to pay ordinary dividends based on calculations specified under insurance laws of the relevant state of domicile. Any distributions above the amount permitted by statute in any twelve month period are considered to be extraordinary dividends, and require the approval of the appropriate regulator prior to payment. AHL does not currently plan on having the US subsidiaries pay any dividends to their parents.

Dividends from ALRe are projected to be the primary source of AHL’s liquidity. Under the Bermuda Insurance Act, ALRe is prohibited from paying a dividend in an amount exceeding 25% of the prior year’s statutory capital and surplus, unless at least two members of ALRe’s board of directors and its principal representative in Bermuda sign and submit to the BMA an affidavit attesting that a dividend in excess of this amount would not cause ALRe to fail to meet its relevant margins. In certain instances, ALRe would also be required to provide prior notice to the BMA in advance of the payment of dividends. In the event that such an affidavit is submitted to the BMA in accordance with the Bermuda Insurance Act, and further subject to ALRe meeting its relevant margins, ALRe is permitted to distribute up to the sum of 100% of statutory surplus and an amount less than 15% of its total statutory capital. Distributions in excess of this amount require the approval of the BMA. As of December 31, 2021 and 2020, ALRe was permitted to dividend or distribute up to \$7.1 billion and \$10.0 billion, respectively.

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The maximum distribution permitted by law or contract is not necessarily indicative of our actual ability to pay such distributions, which may be further restricted by business and other considerations, such as the impact of such distributions on surplus, which could affect our ratings or competitive position and the amount of premiums that can be written. Specifically, the level of capital needed to maintain desired financial strength ratings from rating agencies, including S&P, A.M. Best and Fitch, is of particular concern when determining the amount of capital available for distributions. AHL believes its insurance subsidiaries have sufficient statutory capital and surplus, combined with additional capital available to be provided by AHL, to meet their financial strength ratings objectives. Finally state insurance laws and regulations require that the statutory surplus of our insurance subsidiaries following any dividend or distribution must be reasonable in relation to their outstanding liabilities and adequate for the insurance subsidiaries’ financial needs.

Other Sources of Funding

We may seek to secure additional funding at the holding company level by means other than dividends from subsidiaries, such as by drawing on our undrawn \$1.25 billion credit agreement or by pursuing future issuances of debt or equity securities to third-party investors. See *Note 9 – Debt* to the consolidated financial statements for more information regarding our credit agreement. However, such additional funding may not be available on terms favorable to us or at all, depending on our financial condition, results of operations or prevailing market conditions. Certain other sources of liquidity potentially available at the holding company level are discussed below. Certain covenants in our credit agreement prohibit us from maintaining debt in excess of specified thresholds. Specifically, our credit agreement prohibits us from permitting the Consolidated Debt to Capitalization Ratio (as such term is defined in the credit agreement) to exceed 35% as of the end of any quarter.

Shelf Registration – Under our Shelf Registration Statement, subject to market conditions, we have the ability to issue, in indeterminate amounts, debt securities, preference shares, depositary shares, Class A common shares, warrants and units.

Debt – The following summarizes our outstanding long-term senior notes (in millions, except percentages):

Issuance	Issue Date	Maturity Date	Interest Rate	Principal Balance
2028 Senior Unsecured Notes	January 12, 2018	2028	4.125%	\$1,000
2030 Senior Unsecured Notes	April 3, 2020	2030	6.150%	\$500
2031 Senior Unsecured Notes	October 8, 2020	2031	3.500%	\$500
2051 Senior Unsecured Notes	May 25, 2021	2051	3.950%	\$500
2052 Senior Unsecured Notes	December 13, 2021	2052	3.450%	\$500

See *Note 9 – Debt* to the consolidated financial statements for further information on debt.

Preferred Stock – The following summarizes our perpetual non-cumulative preferred stock issuances (in millions, except share, per share data and percentages):

Issuance	Fixed/Floating	Rate	Issue Date	Shares Issued	Par Value Per Share	Liquidation Value Per Share	Aggregate Net Proceeds
Series A	Fixed-to-Floating Rate	6.350%	June 10, 2019	34,500	\$1.00	\$25,000	\$839
Series B	Fixed-Rate	5.625%	September 19, 2019	13,800	\$1.00	\$25,000	\$333
Series C	Fixed-Rate Reset	6.375%	June 11, 2020	24,000	\$1.00	\$25,000	\$583
Series D	Fixed-Rate	4.875%	December 18, 2020	23,000	\$1.00	\$25,000	\$557

See *Note 10 – Equity* to the consolidated financial statements for further information on preferred stock.

Intercompany Note – AHL has an unsecured revolving note payable with ALRe, which permits AHL to borrow up to \$2 billion with a fixed interest rate of 2.29% and a maturity date of December 15, 2028. As of December 31, 2021 and 2020, the revolving note payable had an outstanding balance of \$158 million and \$0 million, respectively.

Use of Captives

While our business strategy does not involve the use of captives, we ceded certain liabilities to a captive reinsurer that we acquired in connection with the Aviva USA acquisition. The captive reinsurer was formed in 2011 and is domiciled in the state of Vermont. The statutory reserves of the affiliated captive reinsurer are supported by a combination of funds withheld receivable assets and letters of credit issued by an unaffiliated financial institution. The reinsurance activities within the captive reinsurer are eliminated in consolidation. As discussed in *Note 13 – Statutory Requirements* to the consolidated financial statements, a permitted practice of the state of Vermont allows the captive to include issued and outstanding letters of credit in the amount of \$117 million and \$134 million as of December 31, 2021 and 2020, respectively, as admitted assets in its statutory financial statements. The NAIC and certain state insurance departments have scrutinized insurance companies’ use of affiliated captive reinsurers. Regulatory changes regarding the use of captives could affect our financial position and results of operations.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Capital Resources

We believe that we have a strong capital position and that we are well positioned to meet policyholder and other obligations. We measure capital sufficiency using an internal capital model which reflects management's view on the various risks inherent to our business, the amount of capital required to support our core operating strategies and the amount of capital necessary to maintain our current ratings in a recessionary environment. The amount of capital required to support our core operating strategies is determined based upon internal modeling and analysis of economic risk, as well as inputs from rating agency capital models and consideration of both NAIC RBC and Bermuda capital requirements. Capital in excess of this required amount is considered excess equity capital, which is available to deploy.

As of December 31, 2021 and 2020, our US insurance companies' TAC, as defined by the NAIC, was \$3.0 billion and \$2.7 billion, respectively, and our US RBC ratio was 377% and 425%, respectively. The decrease was primarily driven by strong growth in our organic channels, a recent NAIC update to C-1 factors, higher unfunded commitments and the impairment of a COLI asset, partially offset by higher total adjusted capital largely from capital contributions. Each US domestic insurance subsidiary's state of domicile imposes minimum RBC requirements that were developed by the NAIC. The formulas for determining the amount of RBC specify various weighting factors that are applied to financial balances or various levels of activity based on the perceived degree of risk. Regulatory compliance is determined by a ratio of TAC to its authorized control level RBC (ACL). Our TAC was significantly in excess of all regulatory standards as of December 31, 2021 and 2020, respectively.

Bermuda statutory capital and surplus for our Bermuda insurance companies in aggregate was \$14.6 billion and \$13.5 billion as of December 31, 2021 and 2020, respectively. Our Bermuda insurance companies adhere to BMA regulatory capital requirements to maintain statutory capital and surplus to meet the MMS and maintain minimum EBS capital and surplus to meet the ECR. Under the EBS framework, assets are recorded at market value and insurance reserves are determined by reference to nine prescribed scenarios, with the scenario resulting in the highest reserve balance being ultimately required to be selected. The Bermuda group's EBS capital and surplus was \$19.7 billion and \$17.2 billion, resulting in a BSCR ratio of 232% and 254% as of December 31, 2021 and 2020, respectively. The decrease was primarily driven by strong growth in our organic channels and the declared dividend. The Bermuda group's BSCR ratio includes the capital and surplus of ALRe, AARe, ALRel and all of their subsidiaries, and including AUSA and its subsidiaries. An insurer must have a BSCR ratio of 100% or greater to be considered solvent by the BMA. As of December 31, 2021 and 2020, our Bermuda insurance companies held the appropriate capital to adhere to these regulatory standards. As of December 31, 2021 and 2020, our Bermuda RBC was 410% and 460%, respectively. The decrease was primarily driven by strong growth in our organic channels, a recent NAIC update to C-1 factors and the declared dividend. The Bermuda RBC ratio is calculated by applying the NAIC RBC factors to the statutory financial statements of our non-US reinsurance subsidiaries on an aggregate basis with certain adjustments made by management as described in the glossary. We exclude our interests in the AOG units and other subsidiary holding companies from our capital base for purposes of calculating Bermuda RBC, but do reflect such interests within our capital analysis, net of risk charges.

Repurchase of Securities

Share Repurchase Program

In December of 2018, our board of directors established a share repurchase program with an initial authorization for the repurchase of up to \$250 million of our Class A common shares. In 2019, our board of directors approved four additional authorizations under our share repurchase program for the purchase of up to an additional \$1.3 billion of our Class A common shares, in the aggregate, for a total authorization of \$1.6 billion. We have repurchased, in the aggregate, 35.6 million Class A common shares for \$1.3 billion since inception of our share repurchase program. On February 8, 2022, our board of directors terminated our prior repurchase authorization and as a result we have \$0 million of repurchase authorization remaining.

Repurchase of Other Securities

We may from time to time seek to retire or purchase our other outstanding debt or equity securities through cash purchases and/or exchanges for other securities, purchases in the open market, privately negotiated transactions or otherwise. Any such repurchases will be dependent upon several factors, including our liquidity requirements, contractual restrictions, general market conditions and applicable regulatory, legal and accounting factors. Whether or not we repurchase any of our other securities and the size and timing of any such repurchases will be determined at our discretion.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Critical Accounting Estimates and Judgments

The preparation of consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Amounts based on such estimates involve numerous assumptions subject to varying and potentially significant degrees of judgment and uncertainty, particularly related to the future performance of the underlying business, and will likely change in the future as additional information becomes available. Critical estimates and assumptions are evaluated on an ongoing basis based on historical developments, market conditions, industry trends and other information that is reasonable under the circumstances. There can be no assurance that actual results will conform to estimates and assumptions and that reported results of operations will not be materially affected by the need to make future accounting adjustments to reflect periodic changes in these estimates and assumptions. Critical accounting estimates are impacted significantly by our methods, judgments and assumptions used in the preparation of the consolidated financial statements and should be read in conjunction with our significant accounting policies described in *Note 1 – Business, Basis of Presentation and Significant Accounting Policies* to the consolidated financial statements. The following summary of our critical accounting estimates is intended to enhance one’s ability to assess our financial condition and results of operations and the potential volatility due to changes in estimates.

Investments

We are responsible for the fair value measurement of certain investments presented in our consolidated financial statements. We perform regular analysis and review of our valuation techniques, assumptions and inputs used in determining fair value to evaluate if the valuation approaches are appropriate and consistently applied, and the various assumptions are reasonable. We also perform quantitative and qualitative analysis and review of the information and prices received from commercial pricing services and broker-dealers, to verify it represents a reasonable estimate of the fair value of each investment. In addition, we use both internally-developed and commercially-available cash flow models to analyze the reasonableness of fair values using credit spreads and other market assumptions, where appropriate. For investment funds, we typically recognize our investment, including those for which we have elected the fair value option, based on net asset value information provided by the general partner or related asset manager. For a discussion of our investment funds for which we have elected the fair value option, see *Note 5 – Fair Value* to the consolidated financial statements.

Valuation of Fixed Maturity and Equity Securities

The following table presents the fair value of fixed maturity and equity securities, including those with related parties and those held by consolidated VIEs, by pricing source and fair value hierarchy:

	December 31, 2021			
	Total	Level 1	Level 2	Level 3
<i>(In millions, except for percentages)</i>				
Fixed maturity securities				
AFS securities				
Priced via commercial pricing services	\$ 39,857	\$ —	\$ 39,848	\$ 9
Priced via independent broker-dealer quotations	59,538	214	57,899	1,425
Priced via affiliated broker-dealer quotations	11,166	—	266	10,900
Priced via other methods	—	—	—	—
Trading securities				
Priced via commercial pricing services	126	—	126	—
Priced via independent broker-dealer quotations	1,919	3	1,852	64
Priced via affiliated broker-dealer quotations	1,792	—	16	1,776
Priced via other methods	—	—	—	—
Total fixed maturity securities including related party	114,398	217	100,007	14,174
Equity securities				
Priced via commercial pricing services	171	—	—	171
Priced via independent broker-dealer quotations	892	86	290	516
Priced via affiliated broker-dealer quotations	391	—	365	26
Priced via other methods	—	—	—	—
Total equity securities including related party	1,454	86	655	713
Total fixed maturity and equity securities including related party	\$ 115,852	\$ 303	\$ 100,662	\$ 14,887
Percent of total	100.0 %	0.3 %	86.9 %	12.8 %

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We measure the fair value of our securities based on assumptions used by market participants in pricing the assets, which may include inherent risk, restrictions on the sale or use of an asset, or nonperformance risk. The estimate of fair value is the price that would be received to sell a security in an orderly transaction between market participants in the principal market, or the most advantageous market in the absence of a principal market, for that security. Market participants are assumed to be independent, knowledgeable, able and willing to transact an exchange while not under duress. The valuation of securities involves judgment, is subject to considerable variability and is revised as additional information becomes available. As such, changes in, or deviations from, the assumptions used in such valuations can significantly affect our consolidated financial statements.

Financial markets are susceptible to severe events evidenced by rapid depreciation in security values accompanied by a reduction in asset liquidity. Our ability to sell securities, or the price ultimately realized upon the sale of securities, depends upon the demand and liquidity in the market and increases the use of judgment in determining the estimated fair value of certain securities. Accordingly, estimates of fair value are not necessarily indicative of the amounts that could be realized in a current or future market exchange.

For fixed maturity securities, we obtain the fair values, when available, based on quoted prices in active markets that are regularly and readily obtainable. Generally, these are liquid securities and the valuation does not require significant management judgment. When quoted prices in active markets are not available, fair value is based on market standard valuation techniques, giving priority to observable inputs. We obtain the fair value for most marketable bonds without an active market from several commercial pricing services. The pricing services incorporate a variety of market observable information in their valuation techniques, including benchmark yields, broker-dealer quotes, credit quality, issuer spreads, bids, offers, and other reference data. For certain fixed maturity securities without an active market, an internally-developed discounted cash flow or other approach is utilized to calculate the fair value. A discount rate is used, which adjusts a market comparable base rate for securities with similar characteristics for credit spread, market illiquidity or other adjustments. The fair value of privately placed fixed maturity securities are based on the credit quality and duration of comparable marketable securities, which may be securities of another issuer with similar characteristics. In some instances, we use a matrix-based pricing model, which considers the current level of risk-free interest rates, corporate spreads, credit quality of the issuer, and cash flow characteristics of the security. We also consider additional factors, such as net worth of the borrower, value of collateral, capital structure of the borrower, presence of guarantees, and our evaluation of the borrower’s ability to compete in its relevant market.

For equity securities, we obtain the fair value, when available, based on quoted market prices. Other equity securities, typically private equities or equity securities not traded on an exchange, are valued based on other sources, such as commercial pricing services or brokers.

Future Policy Benefits

The future policy benefit liabilities associated with long duration contracts include term and whole-life products, accident and health, disability, and deferred and immediate annuities with life contingencies. Liabilities for non-participating long duration contracts are established using accepted actuarial valuation methods which require us to make certain assumptions regarding expenses, investment yields, mortality, morbidity, and persistency, with a provision for adverse deviation, at the date of issue or acquisition. As of December 31, 2021, the reserve investment yield assumptions for non-participating contracts range from 2.3% to 5.4% and are specific to our expected earned rate on the asset portfolio supporting the reserves. We base other key assumptions, such as mortality and morbidity, on industry standard data adjusted to align with actual company experience, if necessary. Premium deficiency tests are performed periodically using current assumptions, without provisions for adverse deviation, in order to test the appropriateness of the established reserves. If the reserves using current assumptions are greater than the existing reserves, the excess is recorded and the initial assumptions are revised.

Liabilities for Guaranteed Living Withdrawal Benefits and Guaranteed Minimum Death Benefits

We issue and reinsure deferred annuity contracts which contain GLWB and GMDB riders. We establish future policy benefits for GLWB and GMDB by estimating the expected value of withdrawal and death benefits in excess of the projected account balance. We recognize the excess proportionally over the accumulation period based on total actual and expected assessments. The methods we use to estimate the liabilities have assumptions about policyholder behavior, which includes lapses, withdrawals and utilization of the benefit riders; mortality; and market conditions affecting the account balance.

Projected policyholder lapse and withdrawal behavior assumptions are set in one of two ways. For certain blocks of business, this behavior is a function of our predictive analytics model which considers various observable inputs. For the remaining blocks of business, these assumptions are set at the product level by grouping individual policies sharing similar features and guarantees and reviewed periodically against experience. Base lapse rates consider the level of surrender charges and are dynamically adjusted based on the level of current interest rates relative to the guaranteed rates and the amount by which any rider guarantees are in a net positive position. Rider utilization assumptions consider the number and timing of policyholders electing the riders. We track and update this assumption as experience emerges. Mortality assumptions are set at the product level and generally based on standard industry tables, adjusted for historical experience and a provision for mortality improvement. Projected guaranteed benefit amounts in excess of the underlying account balances are considered over a range of scenarios in order to capture our exposure to the guaranteed withdrawal and death benefits.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The assessments used to accrue liabilities are based on interest margins, rider charges, surrender charges and realized gains (losses). As such, future reserve changes are sensitive to changes in investment results and the impacts of shadow adjustments, which represent the impact of assuming unrealized gains (losses) are realized in future periods. As of December 31, 2021, the GLWB and GMDB liability balance, including the impacts of shadow adjustments, totaled \$5.3 billion. The increase (decrease) to the GLWB and GMDB liability balance, including the impacts of shadow adjustments from hypothetical changes in projected assessments, changes in the discount rate and annual equity growth is summarized as follows:

<i>(In millions)</i>	December 31, 2021
+10% assessments	\$ (156)
–10% assessments	171
+100 bps discount rate	147
–100 bps discount rate	(161)
1% higher annual equity growth	(40)
1% lower annual equity growth	38

Derivatives

Valuation of Embedded Derivatives on FIAs

We issue and reinsure products, primarily FIA products, or purchase investments that contain embedded derivatives. If we determine the embedded derivative has economic characteristics not clearly and closely related to the economic characteristics of the host contract, and a separate instrument with the same terms would qualify as a derivative instrument, the embedded derivative is bifurcated from the host contract and accounted for separately, unless the fair value option is elected on the host contract. Under the fair value option, bifurcation of the embedded derivative is not necessary as the entire contract is carried at fair value with all related gains and losses recognized in investment related gains (losses) on the consolidated statements of income. Embedded derivatives are carried on the consolidated balance sheets at fair value in the same line item as the host contract.

FIA and indexed universal life insurance contracts allow the policyholder to elect a fixed interest rate return or an equity market component for which interest credited is based on the performance of certain stock market indices. The equity market option is an embedded derivative, similar to a call option. The benefit reserve is equal to the sum of the fair value of the embedded derivative and the host (or guaranteed) component of the contracts. The fair value of the embedded derivatives is computed as the present value of benefits attributable to the excess of the projected policy contract values over the projected minimum guaranteed contract values. The projections of policy contract values are based on assumptions for future policy growth, which include assumptions for expected index credits on the next policy anniversary date, future equity option costs, volatility, interest rates, and policyholder behavior. The projections of minimum guaranteed contract values include the same assumptions for policyholder behavior as were used to project policy contract values. The embedded derivative cash flows are discounted using a rate that reflects our own credit rating. The host contract is established at contract inception as the initial account value less the initial fair value of the embedded derivative and accreted over the policy’s life. The host contract accretion rate is updated each quarter so that the present value of actual and expected guaranteed cash flows is equal to the initial host value. Changes in the fair value of embedded derivatives associated with FIAs and indexed universal life insurance contracts are reflected in interest sensitive contract benefits on the consolidated statements of income.

In general, the change in the fair value of the embedded derivatives will not directly correspond to the change in fair value of the hedging derivative assets. The derivatives are intended to hedge the index credits expected to be granted at the end of the current term. The options valued in the embedded derivatives represent the rights of the policyholder to receive index credits over the entire period the FIAs are expected to be in force, which are typically much longer than the current term of the options. From an economic basis we believe it is suitable to hedge with options that align with index terms of our FIA products because policyholder accounts are credited with index performance at the end of each index term. However, because the value of an embedded derivative in an FIA contract is longer-dated, there is a duration mismatch which may lead to differences in the recognition of income and expense for accounting purposes.

A significant assumption in determining policy liabilities for FIAs is the vector of rates used to discount the excess projected contract values. The change in risk free rates is expected to drive most of the movement in the discount rates between periods. Changes to credit spreads for a given credit rating as well as any change to our credit rating requiring a revised level of nonperformance risk would also be factors in the changes to the discount rate. If the discount rates used to discount the excess projected contract values were to fluctuate, there would be a resulting change in reserves for FIAs recorded through the consolidated statements of income.

As of December 31, 2021, we had embedded derivative liabilities classified as Level 3 in the fair value hierarchy of \$14.9 billion. The increase (decrease) to the embedded derivatives on FIA products from hypothetical changes in discount rates is summarized as follows:

<i>(In millions)</i>	December 31, 2021
+100 bps discount rate	\$ (1,112)
–100 bps discount rate	1,208

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

However, these estimated effects do not take into account potential changes in other variables, such as equity price levels and market volatility, which can also contribute significantly to changes in carrying values. Therefore, the quantitative impact presented in the table above does not necessarily correspond to the ultimate impact on the consolidated financial statements. In determining the ranges, we have considered current market conditions, as well as the market level of discount rates that can reasonably be anticipated over the near-term. For additional information regarding sensitivities to interest rate risk and public equity risk, see *Item 7A. Quantitative and Qualitative Disclosures About Market Risks*.

Deferred Acquisition Costs, Deferred Sales Inducements, and Value of Business Acquired

Costs related directly to the successful acquisition of new or renewal insurance or investment contracts are deferred to the extent they are recoverable from future premiums or gross profits. These costs consist of commissions and policy issuance costs, as well as sales inducements credited to policyholder account balances. We perform periodic tests, including at issuance, to determine if the deferred costs are recoverable. If it is determined that the deferred costs are not recoverable, we record a cumulative charge to the current period.

Deferred costs related to universal life-type policies and investment contracts with significant revenue streams from sources other than investment of the policyholder funds are amortized over the lives of the policies, based upon the proportion of the present value of actual and expected deferred costs to the present value of actual and expected gross profits to be earned over the life of the policies. Gross profits include investment spread margins, surrender charge income, policy administration, changes in the GLWB and GMDB reserves, and realized gains (losses) on investments. Current period gross profits for FIAs also include the change in fair value of both freestanding and embedded derivatives.

Our estimates of expected gross profits and margins are based on assumptions using accepted actuarial methods related to policyholder behavior, including lapses and the utilization of benefit riders, mortality, yields on investments supporting the liabilities, future interest credited amounts (including indexed related credited amounts on fixed indexed annuity products), and other policy changes as applicable, and the level of expenses necessary to maintain the policies over their expected lives. Each reporting period, we update estimated gross profits with actual gross profits as part of the amortization process. We also periodically revise the key assumptions used in the amortization calculation which results in revisions to the estimated future gross profits. The effects of changes in assumptions are recorded as unlocking in the period in which the changes are made.

We establish VOBA for blocks of insurance contracts acquired through the acquisition of insurance entities. The fair value of the liabilities purchased is determined using market participant assumptions at the time of acquisition and represents the amount an acquirer would expect to be compensated to assume the contracts. We record the fair value of the liabilities assumed in two components: reserves and VOBA. Reserves are established using our best estimate assumptions, as previously discussed in future policy benefits. VOBA is the difference between the fair value of the liabilities and the reserves. VOBA can be either positive or negative. Any negative VOBA is recorded to the same financial statement line on the consolidated balance sheets as the associated reserves. Positive VOBA is recorded in DAC, DSI and VOBA on the consolidated balance sheets.

VOBA associated with immediate annuity contracts classified as long-duration contracts is amortized at a constant rate in relation to net policyholder liabilities. For universal life-type policies and investment contracts with significant revenue streams from sources other than investment of policyholder funds, VOBA is amortized in relation to the present value of estimated gross profits using methods consistent with those used to amortize DAC and DSI. Negative VOBA is amortized at a constant rate in relation to applicable net policyholder liabilities.

Estimated future gross profits vary based on a number of factors but are typically most sensitive to changes in investment spread margins, which are the most significant component of gross profits. If estimated gross profits for all future years on business in force were to change, including the impacts of shadow adjustments, there would be a resulting increase or decrease to the balances of DAC, DSI and VOBA recorded as an increase or decrease to amortization of DAC, DSI, and VOBA on the consolidated statements of income or AOCI.

Actual gross profits will depend on actual margins, including the changes in the value of embedded derivatives. The most sensitive assumption in determining the value of the embedded derivative is the vector of rates used to discount the excess projected contract values. If the discount rates used to discount the excess projected contract values were to change, there would be a resulting increase or decrease to the balances of DAC, DSI and VOBA recorded as an increase or decrease in amortization of DAC, DSI, and VOBA on the consolidated statements of income.

As of December 31, 2021, DAC, DSI and VOBA totaled \$5.4 billion. The increases (decreases) to DAC, DSI and VOBA from hypothetical changes in estimated future gross profits and the embedded derivative discount rate are summarized as follows:

<i>(In millions)</i>	December 31, 2021			
	DAC	DSI	VOBA	Total
+10% estimated future gross profits	\$ 163	\$ 44	\$ 48	\$ 255
-10% estimated future gross profits	(184)	(49)	(52)	(285)
+100 bps discount rate	(178)	(68)	(35)	(281)
-100 bps discount rate	196	75	36	307

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Consolidation

We consolidate all entities in which we hold a controlling financial interest as of the financial statement date whether through a majority voting interest or otherwise, including those investment funds that meet the definition of a VIE in which we are determined to be the primary beneficiary. If we are not the primary beneficiary, the general partner or another limited partner may consolidate the investment fund, and we record the investment as an equity method investment. See *Note 4 – Variable Interest Entities* to the consolidated financial statements.

The determination as to whether an entity qualifies as a VIE depends on the underlying facts and circumstances surrounding each entity. Our assessment of whether an entity is a VIE may require significant judgment. Those judgments may include, but are not limited to: (1) determining whether the total equity investment at risk is sufficient to permit the entity to finance its activities without additional subordinated financial support; (2) evaluating whether the holders of the equity investment at risk, as a group, lack any characteristics of a controlling financial interest, such as the obligation to absorb losses, right to receive expected residual returns or the ability to make decisions that have a significant effect on the success of the entity; and (3) determining whether the equity investors' voting rights are not proportional to their economic rights, and whether substantially all of the activities of the entity either involve or are conducted on behalf of an investor with disproportionately fewer voting rights.

Judgments are also made in determining whether we, as a variable interest holder, are required to consolidate the VIE as its primary beneficiary. Determining whether we are the primary beneficiary may require significant judgment. Generally, the primary beneficiary is the party that has both the power to direct the activities that most significantly impact the VIE's economic performance and the right to receive benefits or obligation to absorb losses that could be potentially significant to the VIE. This analysis considers related party and de-facto agent relationships, as well as indirect interests we may hold in the entity being evaluated. For example, we may not be deemed to control the VIE; however, to the extent the controlling party is a related party or a de-facto agent, we perform an additional assessment to determine if substantially all of the activities of the VIE are conducted on our behalf and we are therefore the primary beneficiary. This assessment is primarily qualitative and focused on the relationship between us and the VIE being evaluated, but also includes an analysis of the VIE's economic impacts we receive. Additionally, in situations where the related parties share power or are under common control, we evaluate the nature of the relationship and activities of the parties involved to determine which party within the related-party group is most closely associated with the VIE and therefore required to consolidate.

Additionally, determining whether a VIE meets the criteria of an investment company is qualitative in nature and may involve significant judgment. The significance of this distinction relates to whether the investment fund retains the specialized accounting afforded investment companies.

To be deemed an investment company an entity must, at a minimum, meet the following fundamental criteria: (1) obtain funds from one or more investors and provide the investor(s) with defined investment management services, (2) commit to its investor(s) that its business purpose and only substantive activities are investing funds solely for returns from capital appreciation, investment income, or both, and (3) it or its affiliates do not obtain or have the objective of obtaining returns or benefits from an investee or its affiliates that are not normally attributable to ownership interests or that are other than capital appreciation or investment income.

If the three fundamental characteristics are met, we evaluate whether the entity possesses some or all of the following typical characteristics that are generally associated with an investment company: (1) has more than one investment, (2) has more than one investor, (3) has investors that are not related parties of the parent entity (if there is a parent) and the investment manager, (4) has ownership interests in the form of equity or partnership interests, and (5) manages substantially all of its investments on a fair value basis. Lacking one or more of these characteristics does not preclude an entity from being considered an investment company. All relevant facts and circumstances are taken into consideration in making a final determination.

Income Taxes

In determining our income taxes, management is required to interpret complex income tax laws and regulations. We are subject to examinations by federal, state, local and foreign income tax authorities that may give rise to different interpretations of these complex laws and regulations. Due to the nature of the examination process, it generally takes years before these examinations are completed and these matters are resolved. We recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by the relevant taxing authorities based on the technical merits of our position. For those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The aggregate amount of any additional income tax liabilities that may result from these examinations, if any, is not expected to have a material impact on our consolidated financial results. For more information regarding income taxes, see *Note 12 – Income Taxes* to the consolidated financial statements.

Accounting for income taxes involves numerous estimates and assumptions regarding various events and transactions based on management's judgment and interpretation of the laws and regulations enacted as of the reporting date. Deferred tax assets and liabilities resulting from temporary differences between the financial reporting and tax basis of assets and liabilities are measured at the balance sheet date using enacted tax rates expected to apply to taxable income in the years the temporary differences are expected to reverse. We routinely evaluate the likelihood of realizing the benefit of our deferred tax assets and may record a valuation allowance if, based on all available evidence, we determine that it is more-likely-than-not some portion of the tax benefit will not be realized. We have deferred tax assets primarily related to reserve valuation differences, net operating losses, DAC and employee benefit plans.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

On a quarterly basis, we test the value of deferred tax assets for impairment at the taxpaying-component level within each tax jurisdiction. Significant judgment and estimates are required in determining whether valuation allowances should be established as well as the amount of such allowances. When making such determination, consideration is given to, among other things, the following:

- whether sufficient taxable income exists within the allowed carryback or carryforward periods;
- whether future reversals of existing taxable temporary differences will occur, including any tax planning strategies that could be used;
- nature or character (e.g., ordinary vs. capital) of the deferred tax assets and liabilities; and
- whether future taxable income exclusive of reversing temporary differences and carryforwards exists.

We may be required to change the provision for income taxes in certain circumstances. Examples of such circumstances include when the ultimate deductibility of certain items is challenged by taxing authorities, when it becomes clear that certain items will not be challenged, when forecasted results used in determining valuation allowances on deferred tax assets significantly change, or when receipt of new information indicates the need for adjustment in valuation allowances. Additionally, future events such as changes in tax legislation could have an impact on the provision for income tax and the effective tax rate. Any such changes could significantly affect the amounts reported in our consolidated financial statements in the period to which these changes apply.

We expect that earnings from AHL’s US subsidiaries will not be subject to US dividend withholding tax under the UK Treaty. Any dividends remitted from ALRe are not subject to withholding tax.

Impact of Recent Accounting Pronouncements

For a discussion of new accounting pronouncements affecting us, see *Note 1 – Business, Basis of Presentation and Significant Accounting Policies* to the consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risks

Risk Management Framework

The function of our risk management framework is to identify, assess and prioritize risks to ensure that both senior management and the board of directors understand and can manage our risk profile. The processes supporting risk management are designed to ensure that our risk profile is consistent with our stated risk appetite and that we maintain sufficient capital to support our corporate plan, while meeting the requirements imposed by our policyholders, shareholders, and regulators. Risk management strives to enable us to maximize the value of our existing business platform to shareholders, preserve our ability to realize business and market opportunities under moderately stressful market conditions, and to withstand the impact of severely adverse events.

The risk management framework includes a governance committee structure that supports accountability in current risk-based decision making, and effective risk management. Governance committees are established at three levels: the board of directors, AHL management, and subsidiary management. We utilize a host of assessment tools to monitor and assess our risk profile, results of which are shared with senior management periodically at management level committees such as the management risk committee (MRC) and the management investment and asset liability committee (MIALC) and with the board of directors quarterly. Business management retains the primary responsibility for day-to-day management of risk.

Risk Management

The risk management team structure consists of an enterprise risk management (ERM) team, a derivatives trading team and an asset risk team. The risk management team is led by our Chief Risk Officer, who reports to the chair of the AHL Risk Committee. Our risk management team is comprised of approximately 43 dedicated, full-time employees.

Asset and Liability Management

Asset and liability risk management is a joint effort that spans business management and the entire risk management team. Processes established to analyze and manage the risks of our assets and liabilities include but are not limited to:

- analyzing our liabilities to ascertain their sensitivity to behavioral variations and changes in market conditions and actuarial assumptions;
- analyzing interest rate risk, cash flow mismatch, and liquidity risk management;
- performing scenario and stress analyses to examine their impacts on capital and earnings;
- performing cash flow testing and capital modeling;
- modeling the values of the derivatives embedded in our policy liabilities so that they can be effectively hedged;
- hedging unwanted risks, including from embedded derivatives, interest rate exposures and currency risks;
- reviewing our corporate plan and strategic objectives, and identifying prospective risks to those objectives under normal and stressed economic, behavioral and actuarial conditions; and
- providing appropriate risk reports that show consolidated risk exposures from assets and liabilities as well as the economic consequences of stress events and scenarios.

Market Risk and Management of Market Risk Exposures

Market risk is the risk of incurring losses due to adverse changes in market rates and prices. Included in market risk are potential losses in value due to credit and counterparty risk, interest rate risk, currency risk, commodity price risk, equity price risk and inflation risk. We are primarily exposed to credit risk, interest rate risk, equity price risk and inflation risk.

Credit Risk and Counterparty Risk

In order to operate our business model, which is based on earning spread income, we must bear credit risk. However, as we assume credit risk through our investment, reinsurance and hedging activities, we endeavor to ensure that risk exposures remain diversified, that we are adequately compensated for the risks we assume and that the level of risk is consistent with our risk appetite and objectives.

Credit risk is a key risk taken in the asset portfolio, as the credit spread on our investments is what drives our spread income. We manage credit risk by avoiding idiosyncratic risk concentrations, understanding and managing our systematic exposure to economic and market conditions through stress testing, monitoring investment activity daily and distinguishing between price and default risk from credit exposures. Concentration and portfolio limits are designed to ensure that exposure to default and impairment risk is sufficiently modest so as to not represent a solvency risk to us, even in severe economic conditions.

The investment teams within Apollo, which manage substantially all of our fixed income assets, focus on in-depth, bottom-up portfolio construction, and disciplined risk management. Their approach to taking credit risk is formulated based on:

- a fundamental view on existing and potential opportunities at the security level;
- an assessment of the current risk/reward proposition for each market segment;
- identification of downside risks and assigning a probability for those risks; and
- establishing a plan for best execution of the investment action.

Item 7A. Quantitative and Qualitative Disclosures About Market Risks

A dedicated set of AHL risk managers, who are on-site with Apollo, monitor the asset risks to ensure that such risks are consistent with our risk appetite, standards for committing capital, and overall strategic objectives. Our risk management team is also a key contributor to the credit impairment evaluation process.

In addition to credit-risk exposures from our investment portfolio, we are also exposed to credit risk from our counterparty exposures from our derivative hedging and reinsurance activities. Derivative counterparty risk is managed by trading on a collateralized basis with counterparties under International Swaps and Derivatives Association documents with a credit support annex having low or zero-dollar collateral thresholds.

We utilize reinsurance to mitigate risks that are inconsistent with our strategy or objectives. For example, we have reinsured much of the mortality risk we would otherwise have accumulated through our various acquisitions, allowing us to focus on our core annuity business. These reinsurance agreements expose us to the credit risk of our counterparties. We manage this risk to avoid counterparty risk concentrations through various mechanisms: utilization of reinsurance structures such as funds withheld or modco so as to retain ownership of the assets and limit counterparty risk to the cost of replacing the counterparty; diversification across counterparties; and when possible, novating policies to eliminate counterparty risk altogether.

Interest Rate Risk

Significant interest rate risk may arise from mismatches in the timing of cash flows from our assets and liabilities. Management of interest rate risk at the company-wide level, and at the various operating company levels, is one of the main risk management activities in which senior management engages.

Depending upon the materiality of the risk and our assessment of how we would perform across a spectrum of interest rate environments, we may seek to mitigate interest rate risk using on-balance-sheet strategies (portfolio management) or off-balance-sheet strategies (derivative hedges such as interest rate swaps and futures). We monitor ALM metrics (such as key-rate durations and convexity) and employ quarterly cash flow testing requirements across all of our insurance companies to assure the asset and liability portfolios are managed to maintain net interest rate exposures at levels that are consistent with our risk appetite. We have established a set of exposure and stress limits to communicate our risk tolerance and to ensure adherence to those risk tolerance levels. Risk management personnel and the MRC and/or MIALC (together, management committees) are notified in the event that risk tolerance levels are exceeded. Depending on the specific risk threshold that is exceeded, the appropriate management committee then makes a decision as to what actions, if any, should be undertaken.

Active portfolio management is performed by the investment managers at Apollo, with direction from the management committees. ALM risk is also managed by the management committees. The performance of our investment portfolio managed by Apollo is reviewed periodically by the management committees and the board of directors. The management committees strive to improve returns to shareholders and protect policyholders, while dynamically managing the risk within our expectations.

Equity Risk

Our FIAs require us to make payments to policyholders that are dependent on the performance of equity market indices. We seek to minimize the equity risk from our liabilities by economically defeasing this equity exposure with granular, policy-level-based hedging. In addition, our investment portfolio can be invested in strategies involving public and private equity positions, though in general, we have limited appetite for passive, public equity investments.

The equity index hedging framework implemented is one of static and dynamic replication. Unique policy-level liability options are matched with static OTC options and residual risk arising from policyholder behavior and other trading constraints (for example minimum trade size) are managed dynamically by decomposing the risk of the portfolio (asset and liability positions) into market risk measures which are managed to pre-established risk limits. The portfolio risks are measured overnight and rebalanced daily to ensure that the risk profile remains within risk appetite. Valuation is done at the position level, and risks are aggregated and shown at the level of each underlying index. Risk measures that have term structure sensitivity, such as index volatility risk, and interest rate risk, are monitored and risk managed along the term structure.

We are also exposed to equity risk in our alternative investment portfolio. The form of those investments is typically a limited partnership interest in a fund. We currently target fund investments that have characteristics resembling fixed income investments versus those resembling pure equity investments, but as holders of partnership positions, our investments are generally held as equity positions. Alternative investments are comprised of several categories, including at the most liquid end of the spectrum “liquid strategies,” (which is mostly exposure to publicly traded equities), followed by “differentiated investments”, “credit funds”, “private equity” and “real assets.”

Our investment mandate in our alternative investment portfolio is inherently opportunistic. Each investment is examined and analyzed on its own merits to gain a full understanding of the risks present, and with a view toward determining likely return scenarios, including the ability to withstand stress in a downturn. We have a strong preference for alternative investments that have some or all of the following characteristics, among others: (1) investments that constitute a direct investment or an investment in a fund with a high degree of co-investment; (2) investments with credit- or debt-like characteristics (for example, a stipulated maturity and par value), or alternatively, investments with reduced volatility when compared to pure equity; or (3) investments that we believe have less downside risk.

Item 7A. Quantitative and Qualitative Disclosures About Market Risks

The alternative investment portfolio is monitored to ensure diversification across asset classes and strategy, and the portfolio's performance under stress scenarios is evaluated routinely as part of management and board reviews. Since alternative investments are marked-to-market on the balance sheet, risk analyses focus on potential changes in market value across a variety of market stresses.

Currency Risk

We manage our currency risk so as to maintain minimal exposure to currency fluctuations. We attempt to hedge completely the currency risk arising in our investment portfolio, funding agreements or FIA products. In general, we match currency exposure of assets and liabilities. When the currency denominations of the assets and liabilities do not match, we generally undertake hedging activities to eliminate or mitigate currency mismatch risk.

Inflation Risk

We manage our inflation risk so as to maintain minimal exposure to changes in purchasing power. In general, we attempt to match inflation exposure of assets and liabilities. When the inflation exposure profiles of assets and liabilities do not match, we generally undertake hedging activities to eliminate or mitigate inflation mismatch risk. We attempt to hedge the majority of inflation risk arising from the pension group annuities business that we reinsure.

Scenario Analysis

We evaluate our exposure to market risk by analyzing our portfolio's performance during simulated periods of economic stress. We manage our business, capital and liquidity needs to withstand stress scenarios and target capital we believe will maintain our current ratings in a moderate recession scenario and maintain investment grade ratings under a substantially severe financial crisis akin to the Lehman scenario in 2008. In the recession scenario, we calibrate recessionary shocks to several key risk factors (including but not limited to, S&P 500, BBB corporate spreads, high yield corporate spreads and 2 year and 10 year US Treasury yields) using data from the 1991, 2001, and 2008 recessions, and estimate mark to market impacts to the various sectors in our portfolio using regression analysis of their credit spreads to the key risk factors. In the Lehman scenario, we use credit spread and interest rate movements from the 2008–2009 period to estimate mark to market changes, and we use default probabilities from the same 2008–2009 period, along with stressed recovery and ratings migration rates, to estimate impairment impacts. Management reviews the impacts of our stress test analyses on a quarterly basis.

Sensitivities

Interest Rate Risk

We assess interest rate exposure for financial assets and financial liabilities using hypothetical stress tests and exposure analyses. Assuming all other factors are constant, if there was an immediate parallel increase in interest rates of 25 basis points from levels as of December 31, 2021, we estimate a net decrease to our point-in-time pre-tax income from changes in the fair value of these financial instruments of \$511 million. The net change in fair value for these financial instruments would directly impact the current period gross profits and assessments used in the calculations of DAC, DSI, and VOBA amortization and changes to rider reserves, resulting in an offsetting increase to our pre-tax income of \$17 million. If there were a similar parallel increase in interest rates from levels as of December 31, 2020, we estimate a net decrease to our point-in-time pre-tax income from changes in the fair value of these financial instruments of \$691 million with an offsetting increase to pre-tax income of \$35 million from DAC, DSI, and VOBA amortization and changes in rider reserves. The decline in sensitivity was primarily due to the redeployment of the investment portfolio from the Jackson reinsurance transaction and continued run-off of the third party reinsurance. The financial instruments included in the sensitivity analysis are carried at fair value and changes in fair value are recognized in earnings. These financial instruments include derivative instruments, embedded derivatives and certain fixed maturity securities. The sensitivity analysis excludes those financial instruments carried at fair value for which changes in fair value are recognized in equity, such as AFS fixed maturity securities.

Assuming a 25 basis point increase in interest rates that persists for a 12-month period, the estimated impact to adjusted operating income would be an increase of approximately \$25 – \$35 million, and a 25 basis point decrease would generally result in a similar decrease. This is driven by a change in investment income from floating rate assets and liabilities, offset by DAC, DSI, and VOBA amortization and rider reserve change, all calculated without regard to future changes to assumptions. We are unable to make forward-looking estimates regarding the impact on net income of changes in interest rates that persist for a period of time as a result of an inability to determine how such changes will affect certain of the items that we characterize as “non-operating adjustments” in our reconciliation between net income available to AHL common shareholders and adjusted operating income available to common shareholders. See *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations by Segment* for the reconciliation of net income available to AHL common shareholders to adjusted operating income available to common shareholders. The impact of changing rates on these non-operating adjustments is likely to be significant. See above for a discussion regarding the estimated impact on net income of an immediate, parallel increase in interest rates of 25 basis points from levels as of December 31, 2021, which discussion encompasses the impact of such an increase on certain of the non-operating adjustment items.

Item 7A. Quantitative and Qualitative Disclosures About Market Risks

The models used to estimate the impact of a 25 basis point change in market interest rates incorporate numerous assumptions, require significant estimates and assume an immediate change in interest rates without any discretionary management action to counteract such a change. Consequently, potential changes in our valuations indicated by these simulations will likely be different from the actual changes experienced under any given interest rate scenarios and these differences may be material. Because we actively manage our assets and liabilities, the net exposure to interest rates can vary over time. However, any such decreases in the fair value of fixed maturity securities, unless related to credit concerns of the issuer requiring recognition of credit losses, would generally be realized only if we were required to sell such securities at losses to meet liquidity needs.

Public Equity Risk

We assess public equity market risk for financial assets and financial liabilities using hypothetical stress tests and exposure analyses. Assuming all other factors are constant, if there were a decline in public equity market prices of 10% as of December 31, 2021, we estimate a net decrease to our pre-tax income from changes in the fair value of these financial instruments of \$392 million. The net change in fair value for these financial instruments would directly impact the current period gross profits and assessments used in the calculations of DAC, DSI, and VOBA amortization and changes to rider reserves, resulting in an offsetting increase to our pre-tax income of \$131 million. As of December 31, 2020, we estimate that a decline in public equity market prices of 10% would cause a net decrease to our pre-tax income from changes in the fair value of these financial instruments of \$508 million with an offsetting increase to our pre-tax income of \$110 million from DAC, DSI, and VOBA amortization and changes in rider reserves. The decline in the sensitivity as of December 31, 2021 when compared to that as of December 31, 2020 is driven by the distribution of our investment in Apollo to AGM after our merger. This is partially offset by equity market performance during 2021 which has resulted in more equity exposure to public equity market price declines. The financial instruments included in the sensitivity analysis are carried at fair value and changes in fair value are recognized in earnings. These financial instruments include public equity investments, derivative instruments and the FIA embedded derivative.

Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
of Athene Holding Ltd.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Athene Holding Ltd. and its subsidiaries (the “Company”) as of December 31, 2021 and 2020, and the related consolidated statements of income, of comprehensive income, of equity and of cash flows for each of the three years in the period ended December 31, 2021, including the related notes and financial statement schedules listed in the index appearing under Item 15(2) (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of certain structured fixed maturity securities

As described in Notes 2 and 5 to the consolidated financial statements, structured fixed maturity securities include collateralized loan obligations (CLO), asset-backed securities (ABS), residential mortgage-backed securities (RMBS), and commercial mortgage-backed securities (CMBS), which represented approximately 18% of the Company's total \$177,567 million in investments and 32% of the Company's \$34,946 million in investments in related parties as of December 31, 2021. Management utilized third-party commercial pricing services; third-party brokers; industry-standard, vendor modeling software that uses market observable inputs; and other internal modeling techniques based on projected cash flows and unobservable inputs to value certain of its structured fixed maturity securities. The significant unobservable inputs included discount rates, issue specific credit adjustments, material non-public financial information, estimation of future earnings and cash flows, default rate assumptions, liquidity assumptions and indicative quotes from market makers.

The principal considerations for our determination that performing procedures relating to the valuation of certain structured fixed maturity securities is a critical audit matter are (i) the significant judgment by management in determining the fair value of these investments as the valuation uses significant unobservable inputs related to the discount rate, estimation of cash flows, and liquidity assumptions, which led to a high degree of auditor judgment, subjectivity and effort in performing the procedures relating to the estimate; and (ii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of certain structured fixed maturity securities, including controls over the development of the model and the significant unobservable inputs. These procedures also included, among others, developing an independent estimate of the value for a sample of the securities by obtaining independent pricing from third party vendors, if available. For a sample of structured fixed maturity securities, professionals with specialized skill and knowledge were used to assist in developing an independent range of prices and comparing management's estimate to the independently developed ranges. Developing the independent estimate involved utilizing a range of available market inputs and assumptions specific to the discount rate, estimation of cash flows, and liquidity assumptions, and testing the completeness and accuracy of data provided by management.

Valuation of embedded derivatives of fixed indexed annuities

As described in Notes 1, 3 and 5 to the consolidated financial statements, the Company issues and reinsures fixed indexed annuity products that contain embedded derivatives, valued at \$14,907 million as of December 31, 2021. Fixed indexed annuity contracts allow the policyholder to elect a fixed interest rate return or an equity market component for which interest credited is based on the performance of certain stock market indices. The equity market option is an embedded derivative. The fair value of the embedded derivatives is computed as the present value of benefits attributable to the excess of the projected policy contract values over the projected minimum guaranteed contract values. The projections of policy contract values are based on assumptions for future policy growth, which included assumptions for expected index credits on the next policy anniversary date, future equity option costs, volatility, interest rates, and policyholder behavior assumptions including lapses and the use of benefit riders.

The principal considerations for our determination that performing procedures relating to the valuation of embedded derivatives of fixed indexed annuities is a critical audit matter are (i) the significant judgment by management in estimating the fair value of embedded derivatives, specifically the significant policyholder behavior assumptions related to lapse and the use of benefit riders, which in turn led to a high degree of auditor judgment, subjectivity and effort in evaluating the audit evidence relating to the significant assumptions, and (ii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of embedded derivatives of fixed indexed annuities, including controls over the development of significant assumptions. These procedures also included, among others, testing the completeness and accuracy of key data underlying the development of the significant assumptions, and the involvement of professionals with specialized skill and knowledge to assist in testing management's process for determining the valuation of embedded derivatives for fixed indexed annuities, which included (i) evaluating the appropriateness of the methods used in the valuation of the embedded derivatives of fixed indexed annuities, and (ii) evaluating the reasonableness of management's significant assumptions of policyholder behavior assumptions related to lapses and the use of benefit riders.

Valuation of guaranteed lifetime withdrawal benefits (GLWB)

As described in Note 1 to the consolidated financial statements, the Company issues and reinsures fixed indexed annuity products, which contain GLWB riders. The Company establishes future policy benefits reserve for GLWB by estimating the expected value of withdrawal benefits in excess of the projected policyholder account balance. The excess is recognized proportionally over the accumulation period based on total actual and expected assessments. The methods used to estimate future policy benefit reserve have assumptions about policyholder behavior, which includes lapses, withdrawals and utilization of benefit riders; mortality; expected yield on investments supporting the liability; and market conditions affecting the account balance growth.

The principal considerations for our determination that performing procedures relating to the valuation of the GLWB is a critical audit matter are (i) the significant judgment by management in estimating the future policy benefit reserve of the GLWB rider, specifically the significant policyholder behavior assumptions related to lapses and use of benefit riders, and the expected yield on investments supporting the liability which in turn led to a high degree of auditor judgment, subjectivity and effort in evaluating the audit evidence relating to the significant assumptions and (ii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of GLWB, including controls over the development of significant assumptions. These procedures also included, among others, testing the completeness and accuracy of key data underlying the development of the significant assumptions, and the involvement of professionals with specialized skill and knowledge to assist in testing management's process for determining the valuation of GLWB, which included (i) evaluating the appropriateness of the method used in the valuation of GLWB, and (ii) evaluating the reasonableness of management's significant assumptions about policyholder behavior related to lapses and use of benefit riders, and the expected yield on investments supporting the liability.

Valuation of deferred acquisition costs (DAC)

As described in Notes 1 and 7 to the consolidated financial statements, costs related directly to the successful acquisition of new, or renewal of, insurance or investment contracts are deferred to the extent they are recoverable from future premiums or gross profits. Deferred costs related to universal life-type policies and investment contracts with significant revenue streams from sources other than investment of the policyholder funds are amortized over the lives of the policies, based upon the proportion of the present value of actual and expected deferred costs to the present value of actual and expected gross profits to be earned over the life of the policies. Estimates of the expected gross profits are based on assumptions using accepted actuarial methods related to policyholder behavior, including lapses and the utilization of benefit riders, mortality, yields on investments supporting the liabilities, future interest credited amounts (including indexed related credited amounts on fixed indexed annuity products), and other policy changes as applicable, and the level of expenses necessary to maintain the policies over their expected lives.

The principal considerations for our determination that performing procedures relating to the valuation of DAC is a critical audit matter are (i) the significant judgment by management in estimating the future gross profits used to amortize the DAC, specifically the significant policyholder behavior assumptions related to lapses and the use of benefit riders and yields on investments supporting the liabilities, which in turn led to a high degree of auditor judgment, subjectivity, and judgment in evaluating the audit evidence related to the significant assumptions and (ii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of DAC, including controls over the development of significant assumptions. These procedures also included, among others, testing the completeness and accuracy of key data underlying the development of the significant assumptions, and the involvement of professionals with specialized skill and knowledge to assist in testing management's process for determining the valuation of DAC, which included (i) evaluating the appropriateness of the actuarial methods used in the valuation of DAC, and (ii) evaluating the reasonableness of management's significant assumptions related to lapses and the use of benefit riders and yields on investments supporting the liabilities.

/s/ PricewaterhouseCoopers LLP
Des Moines, Iowa
February 25, 2022

We have served as the Company's auditor since 2015.

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ATHENE HOLDING LTD.
Consolidated Balance Sheets

<i>(In millions)</i>	December 31,	
	2021	2020
Assets		
Investments		
Available-for-sale securities, at fair value (amortized cost: 2021 – \$96,458 and 2020 – \$76,100; allowance for credit losses: 2021 – \$123 and 2020 – \$103)	\$ 100,159	\$ 82,853
Trading securities, at fair value	2,056	2,093
Equity securities (portion at fair value: 2021 – \$1,170 and 2020 – \$330)	1,170	532
Mortgage loans (allowance for credit losses: 2021 – \$232 and 2020 – \$232; portion at fair value: 2021 – \$17 and 2020 – \$19; consolidated variable interest entities: 2021 – \$1,809 and 2020 – \$1,880)	22,557	15,264
Investment funds (portion at fair value: 2021 – \$412 and 2020 – \$161; consolidated variable interest entities: 2021 – \$229 and 2020 – \$0)	1,407	803
Policy loans	312	369
Funds withheld at interest (portion at fair value: 2021 – \$782 and 2020 – \$1,944)	43,907	48,612
Derivative assets	4,387	3,523
Short-term investments, at fair value	139	222
Other investments (allowance for credit losses: 2021 – \$0 and 2020 – \$3; portion at fair value: 2021 – \$130 and 2020 – \$105)	1,473	572
Total investments	177,567	154,843
Cash and cash equivalents (consolidated variable interest entities: 2021 – \$154 and 2020 – \$0)	9,633	7,704
Restricted cash	796	738
Investments in related parties		
Available-for-sale securities, at fair value (amortized cost: 2021 – \$10,401 and 2020 – \$6,444; allowance for credit losses: 2021 – \$0 and 2020 – \$1)	10,402	6,520
Trading securities, at fair value	1,781	1,529
Equity securities, at fair value	284	72
Mortgage loans (allowance for credit losses: 2021 – \$5 and 2020 – \$14; consolidated variable interest entities: 2021 – \$231 and 2020 – \$0)	1,591	674
Investment funds (portion at fair value: 2021 – \$4,026 and 2020 – \$2,119; consolidated variable interest entities: 2021 – \$1,068 and 2020 – \$0)	8,459	5,284
Funds withheld at interest (portion at fair value: 2021 – \$578 and 2020 – \$862)	12,207	13,030
Other investments (allowance for credit losses: 2021 – \$0 and 2020 – \$4)	222	469
Accrued investment income (related party: 2021 – \$54 and 2020 – \$38)	968	905
Reinsurance recoverable (portion at fair value: 2021 – \$1,991 and 2020 – \$2,100)	4,594	4,848
Deferred acquisition costs, deferred sales inducements and value of business acquired	5,362	4,906
Other assets (consolidated variable interest entities: 2021 – \$26 and 2020 – \$1)	1,283	1,249
Total assets	\$ 235,149	\$ 202,771

(Continued)

See accompanying notes to consolidated financial statements

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ATHENE HOLDING LTD.
Consolidated Balance Sheets

	December 31,	
	2021	2020
<i>(In millions, except per share data)</i>		
Liabilities and Equity		
Liabilities		
Interest sensitive contract liabilities (related party: 2021 – \$12,948 and 2020 – \$14,150; portion at fair value: 2021 – \$16,142 and 2020 – \$14,181)	\$ 156,325	\$ 144,566
Future policy benefits (related party: 2021 – \$1,853 and 2020 – \$1,610; portion at fair value: 2021 – \$2,262 and 2020 – \$2,376)	42,488	29,258
Other policy claims and benefits	138	130
Dividends payable to policyholders	101	110
Long-term debt	2,964	1,976
Derivative liabilities	472	298
Payables for collateral on derivatives and securities to repurchase	7,044	3,801
Funds withheld liability (portion at fair value: 2021 – \$45 and 2020 – \$59)	439	452
Other liabilities (related party: 2021 – \$936 and 2020 – \$112; consolidated variable interest entities: 2021 – \$461 and 2020 – \$134)	2,997	2,040
Total liabilities	212,968	182,631
Commitments and Contingencies (Note 15)		
Equity		
Preferred stock		
Series A – par value \$1 per share; \$863 aggregate liquidation preference; authorized, issued and outstanding: 2021 and 2020 – 0.0 shares	—	—
Series B – par value \$1 per share; \$345 aggregate liquidation preference; authorized, issued and outstanding: 2021 and 2020 – 0.0 shares	—	—
Series C – par value \$1 per share; \$600 aggregate liquidation preference; authorized, issued and outstanding: 2021 and 2020 – 0.0 shares	—	—
Series D – par value \$1 per share; \$575 aggregate liquidation preference; authorized, issued and outstanding: 2021 and 2020 – 0.0 shares	—	—
Common stock		
Class A – par value \$0.001 per share; authorized: 2021 and 2020 – 425.0 shares; issued and outstanding: 2021 – 192.2 and 2020 – 191.5 shares	—	—
Additional paid-in capital	6,667	6,613
Retained earnings	11,033	8,073
Accumulated other comprehensive income (related party: 2021 – \$33 and 2020 – \$59)	2,430	3,971
Total Athene Holding Ltd. shareholders' equity	20,130	18,657
Noncontrolling interests	2,051	1,483
Total equity	22,181	20,140
Total liabilities and equity	\$ 235,149	\$ 202,771

(Concluded)

See accompanying notes to consolidated financial statements

ATHENE HOLDING LTD.
Consolidated Statements of Income

	Years ended December 31,		
	2021	2020	2019
<i>(In millions, except per share data)</i>			
Revenues			
Premiums (related party: 2021 – \$298, 2020 – \$322 and 2019 – \$243)	\$ 14,262	\$ 5,963	\$ 6,382
Product charges (related party: 2021 – \$43, 2020 – \$51 and 2019 – \$54)	621	571	524
Net investment income (related party investment income: 2021 – \$2,498, 2020 – \$1,101 and 2019 – \$779; consolidated variable interest entities: 2021 – \$77, 2020 – \$51 and 2019 – \$74; and related party investment expense: 2021 – \$592, 2020 – \$490 and 2019 – \$426)	7,177	4,885	4,596
Investment related gains (losses) (related party: 2021 – \$252, 2020 – \$702 and 2019 – \$1,009; and consolidated variable interest entities: 2021 – \$(27), 2020 – \$22 and 2019 – \$5)	4,188	3,309	4,719
Other revenues	72	36	37
Total revenues	26,320	14,764	16,258
Benefits and expenses			
Interest sensitive contract benefits (related party: 2021 – \$392, 2020 – \$295 and 2019 – \$511)	4,442	3,891	4,557
Amortization of deferred sales inducements	198	66	74
Future policy and other policy benefits (related party: 2021 – \$365, 2020 – \$405 and 2019 – \$365)	15,734	7,187	7,587
Amortization of deferred acquisition costs and value of business acquired	632	521	958
Dividends to policyholders	27	38	36
Policy and other operating expenses (related party: 2021 – \$51, 2020 – \$53 and 2019 – \$45)	1,101	855	744
Total benefits and expenses	22,134	12,558	13,956
Income before income taxes	4,186	2,206	2,302
Income tax expense	386	285	117
Net income	3,800	1,921	2,185
Less: Net income (loss) attributable to noncontrolling interests	(59)	380	13
Net income attributable to Athene Holding Ltd. shareholders	3,859	1,541	2,172
Less: Preferred stock dividends	141	95	36
Net income available to Athene Holding Ltd. common shareholders	\$ 3,718	\$ 1,446	\$ 2,136
Earnings (loss) per share			
Basic – Class A	\$ 19.40	\$ 8.51	\$ 11.44
Basic – Classes B, M-1, M-2, M-3 and M-4	N/A	(3.87)	11.44
Diluted – Class A	18.71	8.34	11.41
Diluted – Class B	N/A	(3.87)	11.44
Diluted – Class M-1	N/A	(3.87)	11.44
Diluted – Class M-2	N/A	(3.87)	11.44
Diluted – Class M-3	N/A	(3.87)	11.44
Diluted – Class M-4	N/A	(3.87)	9.94

N/A – Not applicable. See Note 11 – Earnings Per Share.

See accompanying notes to consolidated financial statements

ATHENE HOLDING LTD.

Consolidated Statements of Comprehensive Income

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Net income	\$ 3,800	\$ 1,921	\$ 2,185
Other comprehensive income (loss), before tax			
Unrealized investment gains (losses) on available-for-sale securities, net of offsets	(2,283)	2,358	3,438
Unrealized gains (losses) on hedging instruments	232	(106)	29
Foreign currency translation and other adjustments	(10)	18	1
Other comprehensive income (loss), before tax	(2,061)	2,270	3,468
Income tax expense (benefit) related to other comprehensive income (loss)	(371)	413	698
Other comprehensive income (loss)	(1,690)	1,857	2,770
Comprehensive income	2,110	3,778	4,955
Less: Comprehensive income (loss) attributable to noncontrolling interests	(208)	541	(4)
Comprehensive income attributable to Athene Holding Ltd. shareholders	\$ 2,318	\$ 3,237	\$ 4,959

See accompanying notes to consolidated financial statements

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ATHENE HOLDING LTD.
Consolidated Statements of Equity

<i>(In millions)</i>	Preferred stock	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total Athene Holding Ltd. shareholders' equity	Noncontrolling interests	Total equity
Balance at December 31, 2018	\$ —	\$ —	\$ 3,462	\$ 5,286	\$ (472)	\$ 8,276	\$ —	\$ 8,276
Net income	—	—	—	2,172	—	2,172	13	2,185
Other comprehensive income (loss)	—	—	—	—	2,787	2,787	(17)	2,770
Issuance of preferred shares, net of expenses	—	—	1,172	—	—	1,172	—	1,172
Issuance of common shares, net of expenses	—	—	3	—	—	3	—	3
Stock-based compensation	—	—	28	—	—	28	—	28
Retirement or repurchase of shares	—	—	(349)	(483)	—	(832)	—	(832)
Preferred stock dividends	—	—	—	(36)	—	(36)	—	(36)
Subsidiary issuance of equity interests	—	—	(145)	—	(34)	(179)	754	575
Balance at December 31, 2019	—	—	4,171	6,939	2,281	13,391	750	14,141
Adoption of accounting standards	—	—	—	(117)	(6)	(123)	(2)	(125)
Net income	—	—	—	1,541	—	1,541	380	1,921
Other comprehensive income	—	—	—	—	1,696	1,696	161	1,857
Issuance of preferred shares, net of expenses	—	—	1,140	—	—	1,140	—	1,140
Issuance of common shares, net of expenses	—	—	1,510	—	—	1,510	—	1,510
Stock-based compensation	—	—	25	—	—	25	—	25
Retirement or repurchase of shares	—	—	(233)	(195)	—	(428)	—	(428)
Preferred stock dividends	—	—	—	(95)	—	(95)	—	(95)
Contributions from noncontrolling interests	—	—	—	—	—	—	240	240
Distributions to noncontrolling interests	—	—	—	—	—	—	(46)	(46)
Balance at December 31, 2020	—	—	6,613	8,073	3,971	18,657	1,483	20,140
Net income (loss)	—	—	—	3,859	—	3,859	(59)	3,800
Other comprehensive loss	—	—	—	—	(1,541)	(1,541)	(149)	(1,690)
Issuance of common shares, net of expenses	—	—	11	—	—	11	—	11
Stock-based compensation	—	—	43	—	—	43	—	43
Retirement or repurchase of shares	—	—	—	(8)	—	(8)	—	(8)
Preferred stock dividends	—	—	—	(141)	—	(141)	—	(141)
Common stock dividends declared	—	—	—	(750)	—	(750)	—	(750)
Contributions from noncontrolling interests	—	—	—	—	—	—	758	758
Other changes in equity of noncontrolling interests	—	—	—	—	—	—	18	18
Balance at December 31, 2021	\$ —	\$ —	\$ 6,667	\$ 11,033	\$ 2,430	\$ 20,130	\$ 2,051	\$ 22,181

See accompanying notes to consolidated financial statements

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ATHENE HOLDING LTD.
Consolidated Statements of Cash Flows

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Cash flows from operating activities			
Net income	\$ 3,800	\$ 1,921	\$ 2,185
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization of deferred acquisition costs and value of business acquired	632	521	958
Amortization of deferred sales inducements	198	66	74
Net accretion of net investment premiums, discounts and other	(192)	(203)	(94)
Payment at inception or recapture of reinsurance agreements, net	—	(723)	—
Net investment income (related party: 2021 – \$(1,380), 2020 – \$(363) and 2019 – \$(171))	(1,493)	(395)	(167)
Net recognized (gains) losses on investments and derivatives (related party: 2021 – \$(180), 2020 – \$(27) and 2019 – \$(16))	(3,632)	(687)	(2,484)
Policy acquisition costs deferred	(698)	(633)	(645)
Changes in operating assets and liabilities:			
Accrued investment income (related party: 2021 – \$(16), 2020 – \$(13) and 2019 – \$(2))	(63)	(130)	(128)
Interest sensitive contract liabilities (related party: 2021 – \$398, 2020 – \$276 and 2019 – \$471)	3,357	3,347	4,003
Future policy benefits, other policy claims and benefits, dividends payable to policyholders and reinsurance recoverable (related party: 2021 – \$246, 2020 – \$291 and 2019 – \$295)	8,742	3,246	1,171
Funds withheld assets and liabilities (related party: 2021 – \$(419), 2020 – \$(902) and 2019 – \$(1,317))	(646)	(2,241)	(2,582)
Other assets and liabilities	287	65	365
Net cash provided by operating activities	10,292	4,154	2,656
Cash flows from investing activities			
Sales, maturities and repayments of:			
Available-for-sale securities (related party: 2021 – \$2,040, 2020 – \$282 and 2019 – \$252)	\$ 28,620	\$ 11,384	\$ 12,762
Trading securities (related party: 2021 – \$76, 2020 – \$31 and 2019 – \$74)	201	170	309
Equity securities (related party: 2021 – \$12, 2020 – \$5 and 2019 – \$123)	209	820	305
Mortgage loans (related party: 2021 – \$16, 2020 – \$12 and 2019 – \$4)	2,900	2,162	2,070
Investment funds (related party: 2021 – \$1,433, 2020 – \$691 and 2019 – \$296)	1,823	788	429
Derivative instruments and other invested assets (related party: 2021 – \$330, 2020 – \$0 and 2019 – \$0)	5,185	2,505	1,503
Short-term investments (related party: 2021 – \$2,732, 2020 – \$28 and 2019 – \$0)	3,125	883	398
Purchases of:			
Available-for-sale securities (related party: 2021 – \$(6,057), 2020 – \$(3,127) and 2019 – \$(2,897))	(47,181)	(23,404)	(17,237)
Trading securities (related party: 2021 – \$(267), 2020 – \$(278) and 2019 – \$(6))	(489)	(341)	(495)
Equity securities (related party: 2021 – \$(216), 2020 – \$(19) and 2019 – \$(262))	(931)	(1,362)	(451)
Mortgage loans (related party: 2021 – \$(918), 2020 – \$(61) and 2019 – \$(366))	(11,131)	(4,091)	(6,391)
Investment funds (related party: 2021 – \$(3,140), 2020 – \$(1,372) and 2019 – \$(838))	(3,807)	(1,536)	(1,012)
Derivative instruments and other invested assets (related party: 2021 – \$(75), 2020 – \$0 and 2019 – \$(100))	(3,636)	(1,879)	(1,299)
Short-term investments (related party: 2021 – \$(2,734), 2020 – \$(28) and 2019 – \$0)	(3,045)	(617)	(802)
Other investing activities, net	225	(299)	(45)
Net cash used in investing activities	(27,932)	(14,817)	(9,956)

(Continued)

See accompanying notes to consolidated financial statements

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ATHENE HOLDING LTD.
Consolidated Statements of Cash Flows

	Years ended December 31,		
	2021	2020	2019
<i>(In millions)</i>			
Cash flows from financing activities			
Issuance of common stock	\$ 11	\$ 351	\$ —
Proceeds from short-term debt	—	—	475
Repayment of short-term debt	—	(75)	—
Proceeds from long-term debt	997	992	—
Deposits on investment-type policies and contracts (related party: 2021 – \$82, 2020 – \$86 and 2019 – \$146)	21,447	18,836	11,569
Withdrawals on investment-type policies and contracts (related party: 2021 – \$(420), 2020 – \$(382) and 2019 – \$(455))	(7,042)	(7,067)	(6,548)
Payments for coinsurance agreements on investment-type contracts, net	(9)	(27)	(44)
Capital contributions from noncontrolling interests	758	240	575
Capital distributions to noncontrolling interests	—	(46)	—
Net change in cash collateral posted for derivative transactions and securities to repurchase	3,243	546	2,286
Issuance of preferred stock, net of expenses	—	1,140	1,172
Preferred stock dividends	(141)	(95)	(36)
Repurchase of common stock	(8)	(428)	(832)
Other financing activities, net	373	122	(80)
Net cash provided by financing activities	19,629	14,489	8,537
Effect of exchange rate changes on cash and cash equivalents	(2)	(26)	—
Net increase (decrease) in cash and cash equivalents	1,987	3,800	1,237
Cash and cash equivalents at beginning of year ¹	8,442	4,642	3,405
Cash and cash equivalents at end of year ¹	\$ 10,429	\$ 8,442	\$ 4,642
Supplementary information			
Cash paid for taxes	\$ 192	\$ 168	\$ 36
Cash paid for interest	125	99	49
Non-cash transactions			
Deposits on investment-type policies and contracts through reinsurance agreements (related party: 2021 – \$330, 2020 – \$344 and 2019 – \$217)	2,103	30,172	782
Withdrawals on investment-type policies and contracts through reinsurance agreements (related party: 2021 – \$1,532, 2020 – \$1,435 and 2019 – \$1,753)	8,098	5,010	3,393
Investments received from settlements on reinsurance agreements	124	53	56
Investments received from settlements on related party reinsurance agreements	41	—	149
Investments received from pension group annuity (formerly referred to as pension risk transfer) premiums	4,971	2,364	5,235
Investments exchanged for related party investments	139	—	—
Related party investment funds exchanged for related party investments	—	516	—
Reduction in investments and other assets and liabilities relating to recapture of reinsurance agreement	—	4,298	—
Decrease in investments due to novation of related party reinsurance transactions	—	—	320
Related party investments received in exchange for the issuance of Class A common shares	—	1,147	—
Assets contributed to consolidated VIEs	169	—	—
Short-term debt converted to funding agreements	—	400	—

¹ Includes cash and cash equivalents and restricted cash.

(Concluded)

See accompanying notes to consolidated financial statements

ATHENE HOLDING LTD.

Notes to Consolidated Financial Statements

1. Business, Basis of Presentation and Significant Accounting Policies

Athene Holding Ltd. (AHL), a Bermuda exempted company, together with its subsidiaries (collectively, Athene, we, our, us, or the Company), is a leading financial services company specializing in retirement services that issues, reinsures and acquires retirement savings products in the United States (US) and internationally.

We conduct business primarily through the following consolidated subsidiaries:

- Our non-US reinsurance subsidiaries, to which AHL's other insurance subsidiaries and third-party ceding companies directly and indirectly reinsure a portion of their liabilities, including Athene Life Re Ltd. (ALRe), a Bermuda exempted company, and Athene Life Re International Ltd. (ALReI); and
- Athene USA Corporation, an Iowa corporation (together with its subsidiaries, AUSA).

Consolidation and Basis of Presentation—Our consolidated financial statements include our wholly owned subsidiaries and investees in which we hold a controlling financial interest, including variable interest entities (VIEs). Investees in which we do not hold a controlling financial interest, but have the ability to exercise significant influence over operating and financing decisions, other than investments for which we have elected the fair value option, are accounted for under the equity method. Intercompany balances and transactions have been eliminated.

For entities that are consolidated, but not wholly owned, we allocate a portion of the income or loss and corresponding equity to the owners other than us. We include the aggregate of the income or loss and corresponding equity that is not owned by us in noncontrolling interests in the consolidated financial statements.

We report investments in related parties separately, as further described in the accounting policies that follow.

We have prepared the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual experience could materially differ from these estimates and assumptions. Our principal estimates impact:

- fair value of investments;
- impairment of investments and allowances for expected credit losses;
- derivatives valuation, including embedded derivatives;
- deferred acquisition costs (DAC), deferred sales inducements (DSI) and value of business acquired (VOBA);
- future policy benefit reserves; and
- valuation allowances on deferred tax assets.

Additional details around these principal estimates and assumptions are discussed in the significant accounting policies that follow and the related footnote disclosures.

Merger—On March 8, 2021, we entered into an Agreement and Plan of Merger (Merger Agreement), by and among the Company, Apollo Global Management, Inc., a Delaware corporation (AGM, and together with its subsidiaries other than us or our subsidiaries, Apollo), Tango Holdings, Inc., a Delaware corporation and a direct wholly owned subsidiary of AGM (HoldCo), Blue Merger Sub, Ltd., a Bermuda exempted company and a direct wholly owned subsidiary of HoldCo (AHL Merger Sub), and Green Merger Sub, Inc., a Delaware corporation and a direct wholly owned subsidiary of HoldCo (AGM Merger Sub). The Company and AGM agreed, subject to the terms and conditions of the Merger Agreement, to effect an all-stock merger transaction to combine our respective businesses by: (1) AGM merging with AGM Merger Sub, with AGM surviving such merger as a direct wholly owned subsidiary of HoldCo (AGM Merger), (2) the Company merging with AHL Merger Sub, with the Company surviving such merger as a direct wholly owned subsidiary of HoldCo (AHL Merger and, together with the AGM Merger, Mergers), and (3) as of the effective time of the Mergers, changing the name of HoldCo to be Apollo Global Management, Inc.

On January 1, 2022, the Mergers were completed. The total preliminary purchase price for the transaction was approximately \$12.2 billion, subject to completion of the purchase accounting analysis. The preliminary purchase price was calculated based on AGM's December 31, 2021 closing share price multiplied by the AGM common shares issued in the exchange, as well as the fair value of stock-based compensation awards acquired, fair value of warrants converted to AGM common shares and other equity consideration. At the closing of the Mergers, we became a direct wholly owned subsidiary of AGM.

Each issued and outstanding AHL Class A common share (other than AHL Class A common shares held by AHL Merger Sub, the Apollo Operating Group (AOG) or the respective direct or indirect wholly owned subsidiaries of Athene or the AOG) was converted automatically into 1.149 shares of AGM common shares and any cash paid in lieu of fractional AGM common shares. In connection with the Mergers, AGM issued to AHL Class A common shareholders 158.2 million AGM common shares in exchange for 137.6 million AHL Class A common shares that were issued and outstanding as of the acquisition date, exclusive of the 54.6 million shares previously held by AGM immediately before the acquisition date.

ATHENE HOLDING LTD.

Notes to Consolidated Financial Statements

Summary of Significant Accounting Policies

Investments

Fixed Maturity Securities – Fixed maturity securities includes bonds, collateralized loan obligations (CLO), asset-backed securities (ABS), residential mortgage-backed securities (RMBS), commercial mortgage-backed securities (CMBS) and redeemable preferred stock. We classify fixed maturity securities as available-for-sale (AFS) or trading at the time of purchase and subsequently carry them at fair value. Fair value hierarchy and valuation methodologies are discussed in *Note 5 – Fair Value*. Classification is dependent on a variety of factors including our expected holding period, election of the fair value option and asset and liability matching.

AFS Securities – AFS securities are held at fair value on the consolidated balance sheets with unrealized gains and losses, net of allowances for expected credit losses, tax and adjustments to DAC, DSI, VOBA and future policy benefits, if applicable, generally reflected in accumulated other comprehensive income (loss) (AOCI) on the consolidated balance sheets. Unrealized gains or losses relating to identified risks within AFS securities in fair value hedging relationships are reflected in investment related gains (losses) on the consolidated statements of income.

Trading Securities – We elected the fair value option for certain fixed maturity securities. These fixed maturity securities are classified as trading, with changes to fair value included in investment related gains (losses) on the consolidated statements of income. Although the securities are classified as trading, the trading activity related to these investments is primarily focused on asset and liability matching activities and is not intended to be an income strategy based on active trading. As such, the activity related to these investments on the consolidated statements of cash flows is classified as investing activities.

We generally record security transactions on a trade date basis, with any unsettled trades recorded in other assets or other liabilities on the consolidated balance sheets. Bank loans, private placements and investment funds are recorded on settlement date basis.

Equity Securities – Equity securities includes common stock, mutual funds and non-redeemable preferred stock. Equity securities with readily determinable fair values are carried at fair value with subsequent changes in fair value recognized in net income. We have elected to account for certain equity securities without readily determinable fair values that do not qualify for the practical expedient to estimate fair values based on net asset value (NAV) per share (or its equivalent) at cost less impairment, subject to adjustments based on observable price changes in orderly transactions for identical or similar investments of the same issuer.

Purchased Credit Deteriorated (PCD) Investments – We purchase certain structured securities, primarily RMBS, and re-performing mortgage loans having experienced a more-than-insignificant deterioration in credit quality since their origination which upon our assessment have been determined to meet the definition of PCD investments. Additionally, structured securities classified as beneficial interests follow the initial measurement guidance for PCD investments if there is a significant difference between contractual cash flows adjusted for expected prepayments and expected cash flows at the date of recognition. The initial allowance for credit losses for PCD investments is recorded through a gross-up adjustment to the initial amortized cost. For mortgage loans, the initial allowance is determined using the methodology described in the *Credit Losses – Assets Held at Amortized Cost and Off-Balance Sheet Credit Exposures* section. For structured securities classified as beneficial interests, the initial allowance is calculated as the present value of the difference between contractual cash flows adjusted for expected prepayments and expected cash flows at the date of recognition. The non-credit purchase discount or premium is amortized into investment income using the effective interest method. The credit discount, represented by the allowance for expected credit losses, is remeasured each period following the policies for measuring credit losses described in the *Credit Losses – Assets Held at Amortized Cost and Off-Balance Sheet Credit Exposures* and *Credit Losses – Available-for-Sale Securities* sections below.

Purchased Credit Impaired (PCI) Investments – Prior to January 1, 2020, certain securities purchased with deterioration in credit quality since their issuance were accounted for as PCI investments. The difference between the undiscounted expected future cash flows of the PCI investment and the recorded investment represented the initial accretable yield, which was accreted into investment income, net of related expenses, over its remaining life on a level-yield basis. The difference between the contractually required payments on the PCI investment and the undiscounted expected future cash flows represented the non-accretable difference at acquisition. Over time, based on actual payments received and changes in estimates of undiscounted expected future cash flows, the accretable yield and the non-accretable difference could change. PCI investments are presented on the consolidated financial statements consistent with AFS securities or mortgage loans depending on the underlying investment. Quarterly, we evaluated the undiscounted expected future cash flows associated with PCI investments based on updates to key assumptions.

Mortgage Loans – Mortgage loans are primarily stated at unpaid principal balance, adjusted for any unamortized premium or discount, and net of allowances for expected credit losses. Interest income is accrued on the principal amount of the loan based on its contractual interest rate. We record amortization of premiums and discounts using the effective yield method and contractual cash flows on the underlying loan. We accrue interest on loans until it is probable we will not receive interest or the loan is 90 days past due. Interest income, amortization of premiums and discounts, and prepayment fees are reported in net investment income on the consolidated statements of income. We have also elected the fair value option on a portion of our mortgage loans.

ATHENE HOLDING LTD.

Notes to Consolidated Financial Statements

Investment Funds – We invest in certain non-fixed income, alternative investments in the form of limited partnerships or similar legal structures (investment funds). For investment funds in which we do not hold a controlling financial interest, and therefore are not required to consolidate, we typically account for these investments using the equity method, where the cost is recorded as an investment in the fund, or we have elected the fair value option. Adjustments to the carrying amount reflect our pro rata ownership percentage of the operating results as indicated by NAV in the investment fund financial statements, which can be on a lag of up to three months when investee information is not received in a timely manner.

We record our proportionate share of investment fund income within net investment income on the consolidated statements of income. Contributions paid or distributions received by us are recorded directly to the investment fund balance as an increase to carrying value or as a return of capital, respectively.

Policy Loans – Policy loans are funds provided to policyholders in return for a claim on the policyholder’s account balance. The funds provided are limited to a specified percentage of the account balance. The majority of policy loans do not have a stated maturity and the balances and accrued interest are repaid with proceeds from the policyholder’s account balance. Policy loans are reported at the unpaid principal balance. Interest income is recorded as earned using the contract interest rate and is reported in net investment income on the consolidated statements of income.

Funds Withheld at Interest – Funds withheld at interest represents a receivable for amounts contractually withheld by ceding companies in accordance with funds withheld coinsurance (funds withheld) and modified coinsurance (modco) reinsurance agreements in which we are the reinsurer. Generally, assets equal to statutory reserves are withheld and legally owned by the ceding company, and any excess or shortfall is settled periodically. The underlying agreements contain embedded derivatives as discussed below.

Short-term Investments – Short-term investments consists of financial instruments with maturities of greater than three months but less than twelve months when purchased. Short-term debt securities are accounted for as trading or AFS consistent with our policies for those investments. Short-term loans are carried at amortized cost. Fair values are determined consistent with methodologies described in *Note 5 – Fair Value* for the respective investment type.

Other Investments – Other investments includes, but is not limited to, term loans collateralized by mortgages on residential and commercial real estate. Mortgage collateralized term loans are stated at unpaid principal balance, adjusted for any unamortized premium or discount, and net of allowances for expected credit losses. Interest income is accrued on the principal amount of the loan based on its contractual interest rate. We record amortization of premiums and discounts using the effective interest method and contractual cash flows on the underlying loan. We accrue interest on loans until it is probable we will not receive interest or the loan is 90 days past due. Interest income, amortization of premiums and discounts, and prepayment and other fees are reported in net investment income on the consolidated statements of income.

Securities Repurchase and Reverse Repurchase Agreements – Securities repurchase and reverse repurchase transactions involve the temporary exchange of securities for cash or other collateral of equivalent value, with agreement to redeliver a like quantity of the same or similar securities at a future date and at a fixed and determinable price. We evaluate transfers of securities under these agreements to repurchase or resell to determine whether they satisfy the criteria for accounting treatment as secured borrowing or lending arrangements. Agreements not meeting the criteria would require recognition of the transferred securities as sales or purchases, with related forward repurchase or resale commitments. All of our securities repurchase transactions are accounted for as secured borrowings and are included in payables for collateral on derivatives and securities to repurchase on the consolidated balance sheets. Earnings from investing activities related to the cash received under our securities repurchase arrangements are included in net investment income on the consolidated statements of income. The associated borrowing cost is included in policy and other operating expenses on the consolidated statements of income. The investments purchased in reverse repurchase agreements, which represent collateral on a secured lending arrangement, are not reflected in our consolidated balance sheets; however, the secured lending arrangement is recorded as a short-term investment for the principal amount loaned under the agreement.

Investment Income – We recognize investment income as it accrues or is legally due, net of investment management and custody fees. Investment income on fixed maturity securities includes coupon interest, as well as the amortization of any premium and the accretion of any discount. Investment income on equity securities represents dividend income and preferred coupons interest. Realized gains and losses on sales of investments are included in investment related gains (losses) on the consolidated statements of income. Realized gains and losses on investments sold are determined based on a first-in first-out method.

Credit Losses – Assets Held at Amortized Cost and Off-Balance Sheet Credit Exposures – We establish an allowance for expected credit losses at the time of purchase for assets held at amortized cost, which primarily includes our residential and commercial mortgage loan portfolios, but also includes certain other loans and reinsurance assets. The allowance for expected credit losses represents the portion of the asset's amortized cost basis that we do not expect to collect due to credit losses over the asset's contractual life, considering past events, current conditions, and reasonable and supportable forecasts of future economic conditions or macroeconomic forecasts. We use a quantitative probability of default and loss given default methodology to develop our estimate of expected credit loss. We develop the estimate on a collective basis factoring in the risk characteristics of the assets in the portfolio. If an asset does not share similar risk characteristics with other assets, the asset is individually assessed.

ATHENE HOLDING LTD.

Notes to Consolidated Financial Statements

Allowance estimates are highly dependent on expectations of future economic conditions and macroeconomic forecasts, which involve significant judgment and subjectivity. We use quantitative modeling to develop the allowance for expected credit losses. Key inputs into the model include data pertaining to the characteristics of the assets, historical losses and current market conditions. Additionally, the model incorporates management's expectations around future economic conditions and macroeconomic forecasts over a reasonable and supportable forecast period, after which the model reverts to historical averages. These inputs, the reasonable and supportable forecast period, and reversion to historical average technique are subject to a formal governance and review process by management. Additionally, management considers qualitative adjustments to the model output to the extent that any relevant information regarding the collectability of the asset is available and not already considered in the quantitative model. If we determine that a financial asset has become collateral dependent, which we determine to be the point at which foreclosure is probable, the allowance is measured as the difference between amortized cost and the fair value of the collateral, less any expected costs to sell.

The initial allowance for invested assets held at amortized cost other than for PCD investments, and subsequent changes in the allowance including PCD investments, are recorded through a charge to credit loss expense within investment related gains (losses) on the consolidated statements of income. Credit loss expense for reinsurance assets held at amortized cost is recorded through policy and other operating expenses on the consolidated statements of income.

We limit accrued interest income on loans to 90 days of interest. Once a loan becomes 90 days past due, the loan is put on non-accrual status and any accrued interest is written off. Once a loan is on non-accrual status, we first apply any payments received to the principal of the loan, and once the principal is repaid, we include amounts received in net investment income. We have elected to present accrued interest receivable separately in accrued investment income on the consolidated balance sheets. We have also elected the practical expedient to exclude the accrued interest receivable from the amortized cost balance used to calculate the allowance given our policy to write off such balances in a timely manner. Any write-off of accrued interest is recorded through a reversal of net investment income on the consolidated statements of income.

Upon determining that all or a portion of the amortized cost of an asset is uncollectible, which is generally when all efforts for collection are exhausted, the amortized cost is written off against the existing allowance. Any write off in excess of the existing allowance is recorded through credit loss expense within investment related gains (losses) on the consolidated statements of income.

We also have certain off-balance sheet credit exposures for which we establish a liability for expected credit losses. These exposures primarily relate to commitments to fund commercial or residential mortgage loans that are not unconditionally cancellable. The methodology for estimating the liability for these credit exposures is consistent with that described above, with the additional consideration pertaining to the probability of funding. At the time the commitment expires or is funded, the liability is reversed and an allowance for expected credit losses is established, as applicable. The liability for off-balance sheet credit exposures is included in other liabilities on the consolidated balance sheets. The establishment of the initial liability and all subsequent changes are recorded through credit loss expense within investment related gains (losses) on the consolidated statements of income.

Credit Losses – Available-for-Sale Securities – We evaluate AFS securities with a fair value that has declined below amortized cost to determine how the decline in fair value should be recognized. If we determine, based on the facts and circumstances related to the specific security, that we intend to sell a security or it is more likely than not that we would be required to sell a security before the recovery of its amortized cost, any existing allowance for expected credit losses is reversed and the amortized cost of the security is written down to fair value. If neither of these conditions exist, we evaluate whether the decline in fair value has resulted from a credit loss or other factors.

For non-structured AFS securities, we qualitatively consider relevant facts and circumstances in evaluating whether a decline below fair value is credit-related. Relevant facts and circumstances include but are not limited to: (1) the extent to which the fair value is less than amortized cost; (2) changes in agency credit ratings, (3) adverse conditions related to the security's industry or geographical area, (4) failure to make scheduled payments, and (5) other known changes in the financial condition of the issuer or quality of any underlying collateral or credit enhancements. For structured AFS securities meeting the definition of beneficial interests, the qualitative assessment is bypassed, and any securities having experienced a decline in fair value below amortized cost move directly to a quantitative analysis.

If upon completion of this analysis it is determined that a potential credit loss exists, an allowance for expected credit losses is established equal to the amount by which the present value of expected cash flows is less than amortized cost, limited by the amount by which fair value is less than amortized cost. A non-structured security's cash flow estimates are derived from scenario-based outcomes of expected corporate restructurings or the disposition of assets using security-specific facts and circumstances including timing, security interests and loss severity. A structured security's cash flow estimates are based on security-specific facts and circumstances that may include collateral characteristics, expectations of delinquency and default rates, loss severity, prepayments and structural support, including subordination and guarantees. The expected cash flows are discounted at the effective interest rate implicit to the security at the date of purchase or the current yield to accrete a structured security. For securities with a contractual interest rate that varies based on changes in an independent factor, such as an index or rate, the effective interest rate is calculated based on the factor as it changes over the life of the security. Inherently under the discounted cash flow model, both the timing and amount of expected cash flows affect the measurement of the allowance for expected credit losses.

The allowance for expected credit losses is remeasured each period for the passage of time, any change in expected cash flows, and changes in the fair value of the security. All impairments, whether intent or requirement to sell or credit-related, are recorded through a charge to credit loss expense within investment related gains (losses) on the consolidated statements of income. All changes in the allowance for expected credit losses are recorded through credit loss expense within investment related gains (losses) on the consolidated statements of income.

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Notes to Consolidated Financial Statements

We have elected to present accrued interest receivable separately in accrued investment income on the consolidated balance sheets. We have also elected the practical expedient to exclude the accrued interest receivable from the amortized cost balance used to calculate the allowance for expected credit losses, as we have a policy to write off such balances in a timely manner, when they become 90 days past due. Any write-off of accrued interest is recorded through a reversal of net investment income on the consolidated statements of income.

Upon determining that all or a portion of the amortized cost of an asset is uncollectible, which is generally when all efforts for collection are exhausted, the amortized cost is written off against the existing allowance. Any write off in excess of the existing allowance is recorded through credit loss expense within investment related gains (losses) on the consolidated statements of income.

Derivative Instruments—We invest in derivatives to hedge the risks experienced in our ongoing operations, such as equity, interest rate and cash flow risks, or for other risk management purposes, which primarily involve managing liability risks associated with our indexed annuity products and reinsurance agreements. Derivatives are financial instruments with values that are derived from interest rates, foreign exchange rates, financial indices or other combinations of an underlying and notional. Derivative assets and liabilities are carried at fair value on the consolidated balance sheets. We elect to present any derivatives subject to master netting provisions as a gross asset or liability and gross of collateral. Disclosures regarding balance sheet presentation of derivatives subject to master netting agreements are discussed in *Note 3 – Derivative Instruments*. We may designate derivatives as cash flow, fair value or net investment hedges.

Hedge Documentation and Hedge Effectiveness – To qualify for hedge accounting, at the inception of the hedging relationship, we formally document our designation of the hedge as a cash flow, fair value or net investment hedge and our risk management objective and strategy for undertaking the hedging transaction. In this documentation, we identify how the hedging instrument is expected to hedge the designated risks related to the hedged item and the method that will be used to retrospectively and prospectively assess the hedge effectiveness and the method which will be used to measure ineffectiveness. A derivative designated as a hedging instrument must be assessed as being highly effective in offsetting the designated risk of the hedged item. Hedge effectiveness is formally assessed at inception and periodically throughout the life of the hedge accounting relationship.

For a cash flow hedge, all changes in the fair value of the hedging derivative are reported within AOCI and the related gains or losses on the derivative are reclassified into the consolidated statements of income when the cash flows of the hedged item affect earnings.

For a fair value hedge, changes in the fair value of the hedging derivative and changes in the fair value of the hedged item related to the designated risk being hedged are reported on the consolidated statements of income according to the nature of the risk being hedged. Additionally, changes in the fair value of amounts excluded from the assessment of effectiveness are recorded in AOCI and amortized into income over the life of the hedge accounting relationship.

For a net investment hedge, changes in the fair value of the hedging derivative are reported within AOCI to offset the translation adjustments for subsidiaries with functional currencies other than US dollar.

We discontinue hedge accounting prospectively when: (1) we determine the derivative is no longer highly effective in offsetting changes in the estimated cash flows or fair value of a hedged item; (2) the derivative expires, is sold, terminated, or exercised; or (3) the derivative is de-designated as a hedging instrument. When hedge accounting is discontinued, the derivative continues to be carried on the consolidated balance sheets at fair value, with changes in fair value recognized in investment related gains (losses) on the consolidated statements of income.

For a derivative not designated as a hedge, changes in the derivative's fair value and any income received or paid on derivatives at the settlement date are included in investment related gains (losses) on the consolidated statements of income.

Embedded Derivatives – We issue and reinsure products, primarily fixed indexed annuity products, or purchase investments that contain embedded derivatives. If we determine the embedded derivative has economic characteristics not clearly and closely related to the economic characteristics of the host contract, and a separate instrument with the same terms would qualify as a derivative instrument, the embedded derivative is bifurcated from the host contract and accounted for separately, unless the fair value option is elected on the host contract. Under the fair value option, bifurcation of the embedded derivative is not necessary as the entire contract is carried at fair value with all related gains and losses recognized in investment related gains (losses) on the consolidated statements of income. Embedded derivatives are carried on the consolidated balance sheets at fair value in the same line item as the host contract.

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Notes to Consolidated Financial Statements

Fixed indexed annuity, index-linked variable annuity and indexed universal life insurance contracts allow the policyholder to elect a fixed interest rate return or an equity market component for which interest credited is based on the performance of certain stock market indices. The equity market option is an embedded derivative. The benefit reserve is equal to the sum of the fair value of the embedded derivative and the host (or guaranteed) component of the contracts. The fair value of the embedded derivatives is computed as the present value of benefits attributable to the excess of the projected policy contract values over the projected minimum guaranteed contract values. The projections of policy contract values are based on assumptions for future policy growth, which include assumptions for expected index credits on the next policy anniversary date, future equity option costs, volatility, interest rates and policyholder behavior assumptions including lapses and the use of benefit riders. The projections of minimum guaranteed contract values include the same assumptions for policyholder behavior as were used to project policy contract values. The embedded derivative cash flows are discounted using a rate that reflects our own credit rating. The host contract is established at contract inception as the initial account value less the initial fair value of the embedded derivative and accreted over the policy's life. The host contract accretion rate is updated each quarter so that the present value of actual and expected guaranteed cash flows is equal to the initial host value. Changes in the fair value of embedded derivatives associated with fixed indexed annuities, index-linked variable annuities and indexed universal life insurance contracts are included in interest sensitive contract benefits on the consolidated statements of income.

Additionally, reinsurance agreements written on a funds withheld or modco basis contain embedded derivatives. We have determined that the right to receive or obligation to pay the total return on the assets supporting the funds withheld at interest or funds withheld liability, respectively, represents a total return swap with a floating rate leg. The fair value of embedded derivatives on funds withheld and modco agreements is computed as the unrealized gain (loss) on the underlying assets and is included within funds withheld at interest and funds withheld liability on the consolidated balance sheets for assumed and ceded agreements, respectively. The change in the fair value of the embedded derivatives is recorded in investment related gains (losses) on the consolidated statements of income. Assumed and ceded earnings from funds withheld at interest, funds withheld liability and changes in the fair value of embedded derivatives are reported in operating activities on the consolidated statements of cash flows. Contributions to and withdrawals from funds withheld at interest and funds withheld liability are reported in operating activities on the consolidated statements of cash flows.

Variable Interest Entities—An entity that does not have sufficient equity to finance its activities without additional financial support, or in which the equity investors, as a group, do not have the characteristics typically afforded to common shareholders is a VIE. The determination as to whether an entity qualifies as a VIE depends on the facts and circumstances surrounding each entity and may require significant judgment. Our investment funds typically qualify as VIEs and are evaluated for consolidation under the VIE model.

We are required to consolidate a VIE if we are the primary beneficiary, defined as the variable interest holder with both the power to direct the activities that most significantly impact the VIE's economic performance and rights to receive benefits or obligations to absorb losses that could be potentially significant to the VIE. We determine whether we are the primary beneficiary of an entity based on a qualitative assessment of the VIE's capital structure, contractual terms, nature of the VIE's operations and purpose and our relative exposure to the related risks of the VIE. Since affiliates of AGM, a related party, are the decision makers in certain of the investment funds, we and a member of our related party group may together have the characteristics of the primary beneficiary of an investment fund. In this situation, we have concluded we are not under common control, as defined by GAAP, with the related party, and therefore we do not consolidate because the related party, whom is the decision maker, holds a significant indirect financial interest in the investee through its ownership interest in us. We reassess the VIE and primary beneficiary determinations on an ongoing basis.

For entities that we do not consolidate but can exercise significant influence over the entities' operating and financing decisions, we record our investment under the equity method. If we do not consolidate and do not have significant influence, generally on investment funds in which we own a less than 3% interest, we elect the fair value option.

See *Note 4 – Variable Interest Entities* for discussion of our interest in entities that meet the definition of a VIE.

Reinsurance—We assume and cede insurance and investment contracts under coinsurance, funds withheld and modco. We follow reinsurance accounting for transactions that provide indemnification against loss or liability relating to insurance risk (risk transfer). To meet risk transfer requirements, a reinsurance agreement must transfer insurance risk arising from uncertainties about both underwriting and timing risks. Cessions under reinsurance do not discharge our obligations as the primary insurer, unless the requirements of assumption reinsurance have been met. We generally have the right of offset on reinsurance contracts, but have elected to present reinsurance settlement amounts due to and from us on a gross basis.

Assets and liabilities assumed or ceded under coinsurance, funds withheld, or modco are presented gross on the consolidated balance sheets. For investment contracts, the change in assumed and ceded reserves are presented net in interest sensitive contract benefits on the consolidated statements of income. For insurance contracts, the change in assumed and ceded reserves and benefits are presented net in future policy and other policy benefits on the consolidated statements of income. Assumed or ceded premiums are included in premiums on the consolidated statements of income.

Accounting for reinsurance requires the use of assumptions, particularly related to the future performance of the underlying business and the potential impact of counterparty credit risks. We attempt to minimize our counterparty credit risk through the structuring of the terms of our reinsurance agreements, including the use of trusts, and we monitor credit ratings of counterparties for signs of declining credit quality. When a ceding company does not report information on a timely basis, we record accruals based on the best available information at the time, which includes the reinsurance agreement terms and historical experience. We periodically compare actual and anticipated experience to the assumptions used to establish reinsurance assets and liabilities. See *Note 6 – Reinsurance* for more information.

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Funds Withheld and ModCo – For business assumed or ceded on a funds withheld or modco basis, a funds withheld segregated portfolio, comprised of invested assets and other assets is maintained by the ceding entity, which is sufficient to support the current balance of statutory reserves. The fair value of the funds withheld is recorded as a funds withheld asset or liability and any excess or shortfall in relation to statutory reserves is settled periodically.

Cash and Cash Equivalents—Cash and cash equivalents include deposits and short-term highly liquid investments with an original maturity of less than 90 days from the date of acquisition. Amounts included are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

Restricted Cash—Restricted cash primarily consists of cash and cash equivalents held in funds in trust as part of certain coinsurance agreements to secure statutory reserves and liabilities of the coinsured parties. Restricted cash is reported separately on the consolidated balance sheets, but is included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period amounts shown on the consolidated statements of cash flows.

Investments in Related Parties—Investments in related parties and associated earnings, other comprehensive income and cash flows are separately identified on the consolidated financial statements and accounted for consistently with the policies described above for each category of investment. Investments in related parties are primarily comprised of investments over which Apollo can exercise significant influence.

Deferred Acquisition Costs, Deferred Sales Inducements and Value of Business Acquired

Deferred Acquisition Costs and Deferred Sales Inducements – Costs related directly to the successful acquisition of new, or renewal of, insurance or investment contracts are deferred to the extent they are recoverable from future premiums or gross profits. These costs consist of commissions and policy issuance costs, as well as sales inducements credited to policyholder account balances, and are included in deferred acquisition costs, deferred sales inducements and value of business acquired on the consolidated balance sheets. We perform periodic tests, including at issuance, to determine if the deferred costs are recoverable. If we determine that the deferred costs are not recoverable, we record a cumulative charge to the current period.

Deferred costs related to universal life-type policies and investment contracts with significant revenue streams from sources other than investment of the policyholder funds are amortized over the lives of the policies, based upon the proportion of the present value of actual and expected deferred costs to the present value of actual and expected gross profits to be earned over the life of the policies. Gross profits include investment spread margins, surrender charge income, policy administration charges and expenses, changes in the guaranteed lifetime withdrawal benefit (GLWB) and guaranteed minimum death benefit (GMDB) reserves and realized gains and losses on investments. Current period gross profits for fixed indexed annuities also include the change in fair value of both freestanding and embedded derivatives. Estimates of the expected gross profits and margins are based on assumptions using accepted actuarial methods related to policyholder behavior, including lapses and the utilization of benefit riders, mortality, yields on investments supporting the liabilities, future interest credited amounts (including indexed related credited amounts on fixed indexed annuity products), and other policy changes as applicable, and the level of expenses necessary to maintain the policies over their expected lives. Each reporting period, we update estimated gross profits with actual gross profits as part of the amortization process and adjust the DAC and DSI balances due to the other comprehensive income (OCI) effects of unrealized investment gains and losses on AFS securities. We also periodically revise the key assumptions used in the amortization calculation, which results in revisions to the estimated future gross profits. The effects of changes in assumptions are recorded as unlocking in the period in which the changes are made.

Deferred costs related to investment contracts without significant revenue streams from sources other than investment of the policyholder funds are amortized using the effective interest method. The effective interest method amortizes the deferred costs by discounting the future liability cash flows at a break-even rate. The break-even rate is solved for such that the present value of future liability cash flows is equal to the net liability at the inception of the contract.

Value of Business Acquired – We establish VOBA for blocks of insurance contracts acquired through the acquisition of insurance entities. We record the fair value of the liabilities assumed in two components: reserves and VOBA. Reserves are established using our best estimate assumptions consistent with the policies described below for future policy benefits and interest sensitive contract liabilities. VOBA is the difference between the fair value of the liabilities and the reserves. VOBA can be either positive or negative. Any negative VOBA is recorded to the same financial statement line on the consolidated balance sheets as the associated reserves. Positive VOBA is recorded in deferred acquisition costs, deferred sales inducements and value of business acquired on the consolidated balance sheets. We perform periodic tests to determine if the VOBA remains recoverable. If we determine that VOBA is not recoverable, we record a cumulative charge to the current period.

VOBA associated with investment contracts without significant revenue streams from sources other than investment of the policyholder funds is amortized using the effective interest method. VOBA associated with immediate annuity contracts classified as long duration contracts is amortized at a constant rate in relation to net policyholder liabilities. For universal life-type policies and investment contracts with significant revenue streams from sources other than investment of policyholder funds, VOBA is amortized in relation to the present value of estimated gross profits using methods consistent with those used to amortize DAC and DSI. Negative VOBA is amortized at a constant rate in relation to applicable net policyholder liabilities. See *Note 7 – Deferred Acquisition Costs, Deferred Sales Inducements and Value of Business Acquired* for further discussion.

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Interest Sensitive Contract Liabilities—Universal life-type policies and investment contracts include fixed indexed and traditional fixed annuities in the accumulation phase, funding agreements, universal life insurance, fixed indexed universal life insurance and immediate annuities without significant mortality risk (which includes pension group annuities without life contingencies). We carry liabilities for fixed annuities, universal life insurance and funding agreements at the account balances without reduction for potential surrender or withdrawal charges, except for a block of universal life business ceded to Global Atlantic Financial Group Limited (together with its subsidiaries, Global Atlantic) which we carry at fair value. Liabilities for immediate annuities without significant mortality risk are calculated as the present value of future liability cash flows and policy maintenance expenses discounted at contractual interest rates. For a discussion regarding our indexed products, refer above to the embedded derivative discussion.

Changes in the interest sensitive contract liabilities, excluding deposits and withdrawals, are recorded in interest sensitive contract benefits or product charges on the consolidated statements of income. Interest sensitive contract liabilities are not reduced for amounts ceded under reinsurance agreements which are reported as reinsurance recoverable on the consolidated balance sheets. See the reinsurance accounting policy discussed in *–Reinsurance* above and *Note 6 – Reinsurance* for more information on reinsurance.

Future Policy Benefits—We issue contracts classified as long-duration, which includes term and whole life, accident and health, disability, and deferred and immediate annuities with life contingencies (which includes pension group annuities with life contingencies). Liabilities for non-participating long-duration contracts are established using accepted actuarial valuation methods which require the use of assumptions related to expenses, investment yields, mortality, morbidity and persistency, with a provision for adverse deviation, at the date of issue or acquisition. As of December 31, 2021, the reserve investment yield assumptions for non-participating contracts range from 2.3% to 5.4% and are specific to our expected earned rate on the asset portfolio supporting the reserves. We base other key assumptions, such as mortality and morbidity, on industry standard data adjusted to align with actual company experience, if necessary.

For long-duration contracts, the assumptions are locked in at contract inception and only modified if we deem the reserves to be inadequate. We periodically review actual and anticipated experience compared to the assumptions used to establish policy benefits. If the net GAAP liability (gross reserves less DAC, DSI and VOBA) is less than the gross premium liability, impairment is deemed to have occurred, and the DAC, DSI and VOBA asset balances are reduced until the net GAAP liability is equal to the gross premium liability. If the DAC, DSI and VOBA asset balances are completely written off and the net GAAP liability is still less than the gross premium liability, then an additional liability is recorded to arrive at the gross premium liability.

We issue and reinsure deferred annuity contracts which contain GLWB and GMDB riders. We establish future policy benefits for GLWB and GMDB riders by estimating the expected value of withdrawal and death benefits in excess of the projected policyholder account balances. We recognize the excess proportionally over the accumulation period based on total actual and expected assessments. The methods we use to estimate the liabilities have assumptions about policyholder behavior, which includes lapses, withdrawals and utilization of benefit riders; mortality, expected yield on investments supporting the liability; and market conditions affecting the account balance growth.

Future policy benefits includes liabilities for no-lapse guarantees on universal life insurance and fixed indexed universal life insurance. We establish future policy benefits for no-lapse guarantees by estimating the expected value of death benefits paid after policyholder account balances have been exhausted. We recognize these benefits proportionally over the life of the contracts based on total actual and expected assessments. The methods we use to estimate the liabilities have assumptions about policyholder behavior, mortality, expected yield on investments supporting the liability, and market conditions affecting policyholder account balance growth.

For the liabilities associated with GLWB and GMDB riders and no-lapse guarantees, each reporting period, we update expected excess benefits and assessments with actual excess benefits and assessments and adjust the liability balances due to the OCI effects of unrealized investment gains and losses on AFS securities. We also periodically revise the key assumptions used in the calculation of the liabilities which results in revisions to the expected excess benefits and assessments. The effects of changes in assumptions are recorded as unlocking in the period in which the changes are made.

Changes in future policy benefits other than the adjustment for the OCI effects of unrealized investment gains and losses on AFS securities, are recorded in future policy and other policy benefits on the consolidated statements of income. Future policy benefits are not reduced for amounts ceded under reinsurance agreements which are reported as reinsurance recoverable on the consolidated balance sheets. See the reinsurance accounting policy discussed in *–Reinsurance* above and *Note 6 – Reinsurance* for more information on reinsurance.

Closed Block Business—We established closed blocks of policies in connection with the reorganization of two predecessor subsidiaries from mutual companies to stock companies, collectively referred to as the Closed Blocks, and individually referred to as the AmerUs Life Insurance Company (AmerUs) closed block (AmerUs Closed Block) and the Indianapolis Life Insurance Company (ILICO) closed block (ILICO Closed Block). Insurance policies which had a dividend scale in effect as of each closed block establishment date were included in the respective closed block. The Closed Blocks were designed to give reasonable assurance to owners of insurance policies included therein that, after the reorganization, assets would be available to maintain the dividend scales and interest credits in effect prior to the reorganization, if the experience underlying such scales and crediting continued. The assets, including related revenue, allocated to the Closed Blocks will accrue solely to the benefit of the policyholders included in the Closed Blocks until they no longer exist. A policyholder dividend obligation is required to be established for earnings in the Closed Blocks that are not available to the shareholders. We have elected the fair value option for the AmerUs Closed Block and the ILICO Closed Block. See *Note 8 – Closed Block* for more information on the Closed Blocks.

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Other Policy Claims and Benefits—Other policy claims and benefits include amounts payable relating to in course of settlements (ICOS) and incurred but not reported (IBNR) liabilities associated with interest sensitive contract liabilities and future policy benefits. For traditional life and universal life policies, ICOS claim liabilities are established when we are notified of the death of the policyholder but the claim has not been paid as of the reporting date. For immediate annuities and supplemental contracts, ICOS claim liabilities are established to accrue suspended benefit payments between the date of notification of death and the date of verification of death.

We determine IBNR claim liabilities using studies of past experience. The time that elapses from the death or claim date to when the claim is reported to us can vary significantly by product type, but generally ranges between one to six months for life business. We estimate IBNR claims on an undiscounted basis, using actuarial estimates of historical claims expense, adjusted for current trends and conditions. These estimates are continually reviewed and the ultimate liability may vary significantly from the amount recognized.

Dividends Payable to Policyholders—Participating policies entitle the policyholders to receive dividends based on actual interest, mortality, morbidity and expense experience for the year. Dividends are distributed to the policyholders through annual or terminal dividends which the board of directors of the applicable insurance subsidiary approves. As of December 31, 2021 and 2020, 10% of life policies, inclusive of ceded policies, were participating, and the related liability is recorded in dividends payable to policyholders on the consolidated balance sheets. Premiums related to participating policies represented 32%, 32% and 30% of total life insurance direct premiums and deposits for the years ended December 31, 2021, 2020 and 2019, respectively.

Policyholder dividend liabilities are recorded in dividends payable to policyholders on the consolidated balance sheets and policyholder dividends are recorded in dividends to policyholders on the consolidated statements of income.

Share Repurchase—When shares are repurchased, we can choose to record treasury shares or account for the repurchase as a constructive retirement. We have accounted for share repurchases as constructive retirement, whereby we reduce common stock and additional paid-in capital by the amount of the original issuance, with any excess purchase price recorded as a reduction to retained earnings. Under this method, issued and outstanding shares are reduced by the shares repurchased, and no treasury stock is recognized on the consolidated balance sheets.

Earnings Per Share—We compute basic earnings per share (EPS) by dividing unrounded net income available to Athene Holding Ltd. shareholders by the weighted average number of common shares eligible for earnings and outstanding for the period. As a result, it may not be possible to recalculate EPS as presented in our consolidated financial statements. Diluted earnings per share includes the effect of all potentially dilutive instruments, such as common shares, options, warrants and restricted stock units (RSUs), outstanding during the period. See *Note 11 – Earnings Per Share* for further information.

Foreign Currency—The accounts of foreign-based subsidiaries and equity method investments are measured using their functional currency. Revenue and expenses of these subsidiaries are translated into US dollars at the average exchange rate for the period. Assets and liabilities are translated at the exchange rate as of the end of the reporting period. For the equity method investments, our proportionate share of the investee's income is translated into US dollars at the average exchange rate for the period and our investment is translated using the exchange rate as of the end of the reporting period. The resulting translation adjustments are included in equity as a component of AOCI. Gains or losses arising from transactions denominated in a currency other than the functional currency of the entity that is party to the transaction are included in net income. The impacts of any non-US dollar denominated AFS securities are included in AOCI along with the change in its fair value unless in a fair value hedging relationship as discussed in *–Derivative Instruments* above.

Recognition of Revenues and Related Expenses—Revenues for universal life-type policies and investment contracts, including surrender and market value adjustments, costs of insurance, policy administration, GMDB, GLWB and no-lapse guarantee charges, are earned when assessed against policyholder account balances during the period. Interest credited to policyholder account balances and the change in fair value of embedded derivatives within fixed indexed annuity contracts is included in interest sensitive contract benefits on the consolidated statements of income.

Premiums for long-duration contracts, including products with fixed and guaranteed premiums and benefits, are recognized as revenue when due from policyholders. When premiums are due over a significantly shorter period than the period over which benefits are provided, such as immediate annuities with life contingencies (which includes pension group annuities), a deferred profit liability is established equal to the excess of the gross premium over the net premium. The deferred profit liability is recognized in future policy benefits on the consolidated balance sheets and amortized into income in a constant relationship to the benefit reserve through future policy and other policy benefits on the consolidated statements of income.

All insurance related revenue is reported net of reinsurance ceded.

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Income Taxes—We compute income taxes using the asset and liability method, under which deferred income taxes are provided for the temporary differences between the financial statement carrying amounts and the tax basis of our assets and liabilities using estimated tax rates expected to be in effect for the year in which the differences are expected to reverse. Such temporary differences are primarily due to the tax basis of reserves, DAC, VOBA, unrealized investment gains/losses, reinsurance related differences, embedded derivatives and net operating loss carryforwards. Changes in deferred income tax assets and liabilities associated with components of OCI are recorded directly to OCI. We evaluate the likelihood of realizing the benefit of our deferred tax assets and may record a valuation allowance if, based on all available evidence, we determine that it is more likely than not that some portion of the tax benefit will not be realized. We adjust the valuation allowance if, based on our evaluation, there is a change in the amount of deferred income tax assets that are deemed more-likely-than-not to be realized. Changes in deferred tax assets and liabilities attributable to changes in enacted income tax rates are recorded through net income in the period of enactment. We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the relevant taxing authorities, based on the technical merits of our position. For those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. We recognize any income tax interest and penalties in income tax expense.

See *Note 12 – Income Taxes* for discussion on withholding taxes for undistributed earnings of subsidiaries.

Reclassifications—Certain reclassifications have been made to conform with current year presentation.

Adopted Accounting Pronouncements

Codification Improvements to Subtopic 310-20, Receivables – Nonrefundable Fees and Other Costs (ASU 2020-08)

The amendments in this update clarify that callable debt securities should be reevaluated each reporting period to determine if the amortized cost exceeds the amount repayable by the issuer at the next earliest call date and, if so, the excess should be amortized to the next call date. We adopted this update January 1, 2021 on a prospective basis for existing or newly purchased callable debt securities. The adoption of this update did not have a material effect on our consolidated financial statements.

Clarifying the Interactions between Topic 321, Topic 323, and Topic 815 (ASU 2020-01)

The amendments in this update are related to certain equity securities without a readily determinable fair value that apply the measurement alternative to measure based on cost, minus impairment, if any, adjusted for any observable price changes in orderly transactions of identical or similar investments of the same issuer. The amendment clarifies that an entity should consider observable transactions that require it to either apply or discontinue the equity method of accounting for the purposes of applying the measurement alternative immediately before applying or upon discontinuing the equity method. The amendment further clarifies that for the purpose of applying accounting for certain forward contracts or purchased options, an entity should not consider whether the underlying securities would be accounted for under the equity method or the fair value option upon settlement or exercise. We adopted this update on a prospective basis effective January 1, 2021. This update did not have a material effect on our consolidated financial statements.

Income Taxes – Simplifying the Accounting for Income Taxes (ASU 2019-12)

The amendments in this update simplify the accounting for income taxes by eliminating certain exceptions to the tax accounting guidance related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period, and the recognition of deferred tax liabilities related to foreign investment ownership changes. It also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill and allocating consolidated income taxes to separate financial statements of entities not subject to income tax. We adopted this update January 1, 2021 and applied certain aspects of the update retrospectively while other aspects were applied on a modified retrospective basis. The adoption of this update did not have a material effect on our consolidated financial statements.

Recently Issued Accounting Pronouncements

Insurance – Targeted Improvements to the Accounting for Long-Duration Contracts (ASU 2020-11, ASU 2019-09, ASU 2018-12)

These updates amend four key areas pertaining to the accounting and disclosures for long-duration insurance and investment contracts.

- The update requires cash flow assumptions used to measure the liability for future policy benefits to be updated at least annually and no longer allows a provision for adverse deviation. The remeasurement of the liability associated with the update of assumptions is required to be recognized in net income. Loss recognition testing is eliminated for traditional and limited-payment contracts. The update also requires the discount rate used in measuring the liability to be an upper-medium grade fixed-income instrument yield, which is to be updated at each reporting date. The change in liability due to changes in the discount rate is to be recognized in other comprehensive income.
- The update simplifies the amortization of deferred acquisition costs and other balances amortized in proportion to premiums, gross profits, or gross margins, requiring such balances to be amortized on a constant level basis over the expected term of the contracts. Deferred costs are required to be written off for unexpected contract terminations but are not subject to impairment testing.
- The update requires certain contract features meeting the definition of market risk benefits to be measured at fair value. Among the features included in this definition are the GLWB and GMDB riders attached to our annuity products. The change in fair value of the market risk benefits is to be recognized in net income, excluding the portion attributable to changes in instrument-specific credit risk which is recognized in other comprehensive income.

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- The update also introduces disclosure requirements around the liability for future policy benefits, policyholder account balances, market risk benefits, separate account liabilities, and deferred acquisition costs. This includes disaggregated rollforwards of these balances and information about significant inputs, judgments, assumptions and methods used in their measurement.

We are required to adopt these updates on January 1, 2023. Certain provisions of the update are required to be adopted on a fully retrospective basis, while others may be adopted on a modified retrospective basis. Early adoption is permitted. We are currently evaluating the impact of this guidance on our consolidated financial statements.

2. Investments

AFS Securities—The following table represents the amortized cost, allowance for credit losses, gross unrealized gains and losses and fair value of our AFS investments by asset type:

<i>(In millions)</i>	December 31, 2021				
	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities					
US government and agencies	\$ 231	\$ —	\$ 2	\$ (10)	\$ 223
US state, municipal and political subdivisions	1,081	—	134	(2)	1,213
Foreign governments	1,110	—	35	(17)	1,128
Corporate	62,817	—	4,060	(651)	66,226
CLO	13,793	—	44	(185)	13,652
ABS	8,890	(17)	151	(35)	8,989
CMBS	2,764	(3)	56	(59)	2,758
RMBS	5,772	(103)	326	(25)	5,970
Total AFS securities	96,458	(123)	4,808	(984)	100,159
AFS securities – related party					
Corporate	842	—	19	(2)	859
CLO	2,573	—	5	(29)	2,549
ABS	6,986	—	61	(53)	6,994
Total AFS securities – related party	10,401	—	85	(84)	10,402
Total AFS securities including related party	\$ 106,859	\$ (123)	\$ 4,893	\$ (1,068)	\$ 110,561

<i>(In millions)</i>	December 31, 2020				
	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities					
US government and agencies	\$ 349	\$ —	\$ 3	\$ (1)	\$ 351
US state, municipal and political subdivisions	864	—	169	—	1,033
Foreign governments	330	—	38	—	368
Corporate	51,934	(6)	6,368	(116)	58,180
CLO	9,631	(1)	145	(206)	9,569
ABS	4,259	(6)	140	(123)	4,270
CMBS	2,165	(10)	85	(71)	2,169
RMBS	6,568	(80)	447	(22)	6,913
Total AFS securities	76,100	(103)	7,395	(539)	82,853
AFS securities – related party					
Corporate	213	—	2	—	215
CLO	1,511	(1)	23	(13)	1,520
ABS	4,720	—	95	(30)	4,785
Total AFS securities – related party	6,444	(1)	120	(43)	6,520
Total AFS securities including related party	\$ 82,544	\$ (104)	\$ 7,515	\$ (582)	\$ 89,373

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The amortized cost and fair value of AFS securities, including related party, are shown by contractual maturity below:

<i>(In millions)</i>	December 31, 2021	
	Amortized Cost	Fair Value
AFS securities		
Due in one year or less	\$ 958	\$ 968
Due after one year through five years	9,374	9,622
Due after five years through ten years	17,411	17,858
Due after ten years	37,496	40,342
CLO, ABS, CMBS and RMBS	31,219	31,369
Total AFS securities	<u>96,458</u>	<u>100,159</u>
AFS securities – related party		
Due after one year through five years	23	24
Due after five years through ten years	673	687
Due after ten years	146	148
CLO and ABS	9,559	9,543
Total AFS securities – related party	<u>10,401</u>	<u>10,402</u>
Total AFS securities including related party	<u>\$ 106,859</u>	<u>\$ 110,561</u>

Actual maturities can differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Unrealized Losses on AFS Securities—The following summarizes the fair value and gross unrealized losses for AFS securities, including related party, for which an allowance for credit losses has not been recorded, aggregated by asset type and length of time the fair value has remained below amortized cost:

<i>(In millions)</i>	December 31, 2021					
	Less than 12 months		12 months or more		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
AFS securities						
US government and agencies	\$ 164	\$ (8)	\$ 22	\$ (2)	\$ 186	\$ (10)
US state, municipal and political subdivisions	122	(2)	1	—	123	(2)
Foreign governments	387	(17)	1	—	388	(17)
Corporate	18,995	(523)	863	(59)	19,858	(582)
CLO	7,685	(124)	1,537	(35)	9,222	(159)
ABS	4,038	(16)	165	(12)	4,203	(28)
CMBS	880	(29)	177	(22)	1,057	(51)
RMBS	437	(9)	274	(5)	711	(14)
Total AFS securities	<u>32,708</u>	<u>(728)</u>	<u>3,040</u>	<u>(135)</u>	<u>35,748</u>	<u>(863)</u>
AFS securities – related party						
Corporate	313	(2)	—	—	313	(2)
CLO	1,245	(20)	163	(3)	1,408	(23)
ABS	3,801	(52)	13	(1)	3,814	(53)
Total AFS securities – related party	<u>5,359</u>	<u>(74)</u>	<u>176</u>	<u>(4)</u>	<u>5,535</u>	<u>(78)</u>
Total AFS securities including related party	<u>\$ 38,067</u>	<u>\$ (802)</u>	<u>\$ 3,216</u>	<u>\$ (139)</u>	<u>\$ 41,283</u>	<u>\$ (941)</u>

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<i>(In millions)</i>	December 31, 2020					
	Less than 12 months		12 months or more		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
AFS securities						
US government and agencies	\$ 31	\$ (1)	\$ —	\$ —	\$ 31	\$ (1)
US state, municipal and political subdivisions	9	—	6	—	15	—
Foreign governments	2	—	—	—	2	—
Corporate	2,218	(66)	248	(24)	2,466	(90)
CLO	1,649	(33)	3,179	(167)	4,828	(200)
ABS	1,169	(73)	84	(18)	1,253	(91)
CMBS	710	(37)	48	(13)	758	(50)
RMBS	548	(11)	37	(2)	585	(13)
Total AFS securities	6,336	(221)	3,602	(224)	9,938	(445)
AFS securities – related party						
CLO	336	(3)	232	(10)	568	(13)
ABS	1,012	(30)	—	—	1,012	(30)
Total AFS securities – related party	1,348	(33)	232	(10)	1,580	(43)
Total AFS securities including related party	\$ 7,684	\$ (254)	\$ 3,834	\$ (234)	\$ 11,518	\$ (488)

The following summarizes the number of AFS securities that were in an unrealized loss position, including related party, for which an allowance for credit losses has not been recorded:

	December 31, 2021	
	Unrealized loss position	Unrealized loss position 12 months or more
AFS securities	4,104	435
AFS securities – related party	78	9

The unrealized losses on AFS securities can primarily be attributed to changes in market interest rates since acquisition. We did not recognize the unrealized losses in income as we intend to hold these securities and it is not more likely than not we will be required to sell a security before the recovery of its amortized cost.

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Allowance for Credit Losses—The following table summarizes the activity in the allowance for credit losses for AFS securities by asset type:

<i>(In millions)</i>	Year ended December 31, 2021					
	Beginning balance	Additions		Reductions		Ending Balance
		Initial credit losses	Initial credit losses on PCD securities	Securities sold during the period	Additions (reductions) to previously impaired securities	
AFS securities						
Corporate	\$ 6	\$ 3	\$ —	\$ (7)	\$ (2)	\$ —
CLO	1	7	—	(1)	(7)	—
ABS	6	5	—	(2)	8	17
CMBS	10	4	—	—	(11)	3
RMBS	80	2	25	(20)	16	103
Total AFS securities	103	21	25	(30)	4	123
AFS securities – related party, CLO	1	5	—	(1)	(5)	—
Total AFS securities including related party	\$ 104	\$ 26	\$ 25	\$ (31)	\$ (1)	\$ 123

<i>(In millions)</i>	Year ended December 31, 2020					
	Beginning balance	Additions		Reductions		Ending Balance
		Initial credit losses	Initial credit losses on PCD securities	Securities sold during the period	Additions (reductions) to previously impaired securities	
AFS securities						
Corporate	\$ —	\$ 44	\$ —	\$ (14)	\$ (24)	\$ 6
CLO	—	1	—	—	—	1
ABS	—	7	—	—	(1)	6
CMBS	—	24	—	(1)	(13)	10
RMBS	17	51	66	(17)	(37)	80
Total AFS securities	17	127	66	(32)	(75)	103
AFS securities – related party, CLO	—	2	—	(1)	—	1
Total AFS securities including related party	\$ 17	\$ 129	\$ 66	\$ (33)	\$ (75)	\$ 104

Net Investment Income—Net investment income by asset class consists of the following:

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
AFS securities	\$ 3,668	\$ 3,225	\$ 3,088
Trading securities	260	192	189
Equity securities	19	14	16
Mortgage loans	875	742	670
Investment funds	1,912	721	382
Funds withheld at interest	781	269	527
Other	271	226	159
Investment revenue	7,786	5,389	5,031
Investment expenses	(609)	(504)	(435)
Net investment income	\$ 7,177	\$ 4,885	\$ 4,596

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Investment Related Gains (Losses)—Investment related gains (losses) by asset class consists of the following:

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
AFS securities			
Gross realized gains on investment activity	\$ 936	\$ 602	\$ 178
Gross realized losses on investment activity	(633)	(415)	(56)
Net realized investment gains on AFS securities	303	187	122
Net recognized investment gains (losses) on trading securities	(70)	33	151
Net recognized investment gains (losses) on equity securities	237	(218)	25
Derivative gains	3,525	3,430	4,443
Provision for credit losses	(5)	(69)	—
Other gains (losses)	198	(54)	(22)
Investment related gains (losses)	\$ 4,188	\$ 3,309	\$ 4,719

Proceeds from sales of AFS securities were \$11,092 million, \$7,911 million and \$6,886 million for the years ended December 31, 2021, 2020 and 2019, respectively.

The following table summarizes the change in unrealized gains (losses) on trading and equity securities, including related party and consolidated VIEs, we held as of the respective year end:

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Trading securities	\$ (78)	\$ 130	\$ 193
Trading securities – related party	56	(37)	(18)
Equity securities	213	(9)	19
Equity securities – related party	9	—	(18)

Purchased Financial Assets with Credit Deterioration—The following table summarizes our PCD investment purchases with the following amounts at the time of purchase:

<i>(In millions)</i>	Year ended December 31, 2021	
	Fixed maturity securities	Mortgage loans
Purchase price	\$ 35	\$ 335
Allowance for credit losses at acquisition	25	6
Discount (premiums) attributable to other factors	(3)	(26)
Par value	<u>\$ 57</u>	<u>\$ 315</u>

Repurchase Agreements—The following table summarizes the maturities of our repurchase agreements:

<i>(In millions)</i>	December 31, 2021					
	Remaining Contractual Maturity					
	Overnight and continuous	Less than 30 days	30–90 days	91 days to 1 year	Greater than 1 year	Total
Payables for repurchase agreements ¹	\$ —	\$ 2,512	\$ —	\$ —	\$ 598	\$ 3,110

¹ Included in payables for collateral on derivatives and securities to repurchase on the consolidated balance sheets.

<i>(In millions)</i>	December 31, 2020					
	Remaining Contractual Maturity					
	Overnight and continuous	Less than 30 days	30–90 days	91 days to 1 year	Greater than 1 year	Total
Payables for repurchase agreements ¹	\$ —	\$ —	\$ —	\$ —	\$ 598	\$ 598

¹ Included in payables for collateral on derivatives and securities to repurchase on the consolidated balance sheets.

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The following table summarizes the securities pledged as collateral for repurchase agreements:

<i>(In millions)</i>	December 31,			
	2021		2020	
	Amortized cost	Fair value	Amortized cost	Fair value
AFS securities – Corporate	\$ 2,923	\$ 3,208	\$ 559	\$ 644

Mortgage Loans, including related party—Mortgage loans, net of allowances, consists of the following:

<i>(In millions)</i>	December 31,	
	2021	2020
Commercial mortgage loans	\$ 16,565	\$ 11,383
Commercial mortgage loans under development	499	232
Total commercial mortgage loans	17,064	11,615
Allowance for credit losses on commercial mortgage loans	(167)	(167)
Commercial mortgage loans, net of allowances	16,897	11,448
Residential mortgage loans	7,321	4,569
Allowance for credit losses on residential mortgage loans	(70)	(79)
Residential mortgage loans, net of allowances	7,251	4,490
Mortgage loans, net of allowances	\$ 24,148	\$ 15,938

We primarily invest in commercial mortgage loans on income producing properties including office and retail buildings, apartments, hotels, and industrial properties. We diversify the commercial mortgage loan portfolio by geographic region and property type to reduce concentration risk. We evaluate mortgage loans based on relevant current information to confirm if properties are performing at a consistent and acceptable level to secure the related debt.

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The distribution of commercial mortgage loans, including those under development, net of allowances, by property type and geographic region, is as follows:

<i>(In millions, except for percentages)</i>	December 31,			
	2021		2020	
	Net carrying value	Percentage of total	Net carrying value	Percentage of total
Property type				
Office building	\$ 4,870	28.8 %	\$ 3,589	31.4 %
Retail	2,022	12.0 %	2,083	18.2 %
Apartment	4,626	27.4 %	2,441	21.3 %
Hotels	1,727	10.2 %	1,294	11.3 %
Industrial	2,336	13.8 %	1,362	11.9 %
Other commercial	1,316	7.8 %	679	5.9 %
Total commercial mortgage loans	\$ 16,897	100.0 %	\$ 11,448	100.0 %
US region				
East North Central	\$ 1,697	10.0 %	\$ 1,209	10.5 %
East South Central	470	2.8 %	402	3.5 %
Middle Atlantic	3,637	21.5 %	3,069	26.8 %
Mountain	460	2.7 %	487	4.2 %
New England	453	2.7 %	350	3.1 %
Pacific	3,994	23.6 %	2,746	24.0 %
South Atlantic	2,817	16.7 %	1,773	15.5 %
West North Central	271	1.6 %	145	1.3 %
West South Central	997	5.9 %	640	5.6 %
Total US region	14,796	87.5 %	10,821	94.5 %
International region				
United Kingdom	1,279	7.6 %	—	— %
Other International ¹	822	4.9 %	627	5.5 %
Total International region	2,101	12.5 %	627	5.5 %
Total commercial mortgage loans	\$ 16,897	100.0 %	\$ 11,448	100.0 %

¹ Represents all other countries, with each individual country comprising less than 5% of the portfolio.

Our residential mortgage loan portfolio includes first lien residential mortgage loans collateralized by properties in various geographic locations and is summarized by proportion of the portfolio in the following table:

	December 31,	
	2021	2020
US states		
California	28.4 %	24.8 %
Florida	11.4 %	13.3 %
New York	4.8 %	6.2 %
New Jersey	5.1 %	4.0 %
Other ¹	38.5 %	37.1 %
Total US residential mortgage loan percentage	88.2 %	85.4 %
International		
Ireland	6.4 %	12.9 %
Other ²	5.4 %	1.7 %
Total International residential mortgage loan percentage	11.8 %	14.6 %
Total residential mortgage loan percentage	100.0 %	100.0 %

¹ Represents all other states, with each individual state comprising less than 5% of the portfolio.

² Represents all other countries, with each individual country comprising less than 5% of the portfolio.

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Loan Valuation Allowance—The allowances for our mortgage loan portfolio and other loans are summarized as follows:

<i>(In millions)</i>	Year ended December 31, 2021			
	Commercial mortgage	Residential mortgage	Other investments	Total
Beginning balance	\$ 167	\$ 79	\$ 7	\$ 253
Provision (reversal) for expected credit losses	—	(14)	(7)	(21)
Initial credit losses on PCD loans	—	6	—	6
Loans charged-off	—	(1)	—	(1)
Ending balance	\$ 167	\$ 70	\$ —	\$ 237

<i>(In millions)</i>	Year ended December 31, 2020			
	Commercial mortgage	Residential mortgage	Other investments	Total
Beginning balance	\$ 10	\$ 1	\$ —	\$ 11
Adoption of accounting standard	167	43	11	221
Provision (reversal) for expected credit losses	(10)	29	(4)	15
Initial credit losses on PCD loans	—	7	—	7
Loans charged-off	—	(1)	—	(1)
Ending balance	\$ 167	\$ 79	\$ 7	\$ 253

Commercial mortgage loans – Our allowance model for commercial mortgage loans is based on the characteristics of the loans in our portfolio, historical economic data and loss information, and current and forecasted economic conditions. Key loan characteristics affecting the estimate include, among others: time to maturity, delinquency status, loan-to-value ratios, debt service coverage ratios, etc. Key macroeconomic variables include unemployment rates, London Inter-bank Offered Rate (LIBOR), commercial real estate price index, and market liquidity score. Management reviews and approves forecasted macroeconomic variables, along with the reasonable and supportable forecast period and mean reversion technique. Management also evaluates assumptions from independent third parties and these assumptions have a high degree of subjectivity. The mean reversion technique varies by macroeconomic variable and may vary by geographic location. As of December 31, 2021, our reasonable and supportable forecast period was one year, after which we revert to the 20-year or greater historical average over one year.

Residential mortgage loans – Our allowance model for residential mortgage loans is based on the characteristics of the loans in our portfolio, historical economic data and loss information, and current and forecasted economic conditions. Key loan characteristics affecting the estimate include, among others: time to maturity, delinquency status, original credit scores and loan-to-value ratios. Key macroeconomic variables include unemployment rates and the housing price index. Management reviews and approves forecasted macroeconomic variables, along with the reasonable and supportable forecast period and mean reversion technique. Management also evaluates assumptions from independent third parties and these assumptions have a high degree of subjectivity. The mean reversion technique varies by macroeconomic variable and may vary by geographic location. As of December 31, 2021, our reasonable and supportable forecast period was one year, after which we revert to the 30-year or greater historical average over a period of up to one year and then continue at those averages through the contractual life of the loan.

Other investments – The allowance model for the loans included in other investments and related party other investments derives an estimate based on historical loss data available for similarly rated unsecured corporate debt obligations, while also incorporating management’s expectations around prepayment. See *Note 14 – Related Parties* for further information on the related party loans.

Credit Quality Indicators

Residential mortgage loans – The underwriting process for our residential mortgage loans includes an evaluation of relevant credit information including past loan performance, credit scores, loan-to-value and other relevant information. Subsequent to purchase or origination, we closely monitor economic conditions and loan performance to manage and evaluate our exposure to credit risk in our residential mortgage loan portfolio. The primary credit quality indicator monitored for residential mortgage loans is loan performance. Nonperforming residential mortgage loans are 90 days or more past due and/or are in non-accrual status.

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The following represents our residential loan portfolio by origination year and performance status:

<i>(In millions)</i>	December 31, 2021						
	2021	2020	2019	2018	2017	Prior	Total
Current (less than 30 days past due)	\$ 2,398	\$ 319	\$ 37	\$ 383	\$ 54	\$ 2,568	\$ 5,759
30 to 59 days past due	100	37	3	3	6	223	372
60 to 89 days past due	36	16	3	2	7	136	200
90 days or more past due ¹	27	133	82	87	141	520	990
Total residential mortgages	\$ 2,561	\$ 505	\$ 125	\$ 475	\$ 208	\$ 3,447	\$ 7,321

¹ Includes \$856 million of residential mortgage loans that are guaranteed by US government-sponsored agencies.

<i>(In millions)</i>	December 31, 2020 ¹						
	2020	2019	2018	2017	2016	Prior	Total
Current (less than 30 days past due)	\$ 274	\$ 68	\$ 845	\$ 72	\$ 7	\$ 2,993	\$ 4,259
30 to 59 days past due	28	1	3	—	—	121	153
60 to 89 days past due	2	—	1	—	—	47	50
90 days or more past due	—	8	5	—	—	94	107
Total residential mortgages	\$ 304	\$ 77	\$ 854	\$ 72	\$ 7	\$ 3,255	\$ 4,569

¹ Previously reported amounts have been revised to correct a misstatement, which was not material, in the classification of residential mortgage loans by origination year.

As of December 31, 2021 and 2020, we had \$856 million and \$0 million, respectively, of residential mortgage loans that were 90 days or more past due and are accruing interest.

The following represents our residential loan portfolio in non-accrual status:

<i>(In millions)</i>	December 31,	
	2021	2020
Beginning amortized cost of residential mortgage loans in non-accrual status	\$ 107	\$ 67
Ending amortized cost of residential mortgage loans in non-accrual status	134	107
Amortized cost of residential mortgage loans in non-accrual status without a related allowance for credit losses	76	13

During the years ended December 31, 2021 and 2020, we recognized \$8 million and \$5 million, respectively, of interest income on residential mortgage loans in non-accrual status.

Commercial mortgage loans – The following represents our commercial mortgage loan portfolio by origination year and loan performance status:

<i>(In millions)</i>	December 31, 2021						
	2021	2020	2019	2018	2017	Prior	Total
Current (less than 30 days past due)	\$ 6,003	\$ 1,852	\$ 4,129	\$ 2,731	\$ 952	\$ 1,255	\$ 16,922
30 to 59 days past due	52	—	—	—	90	—	142
Total commercial mortgages	\$ 6,055	\$ 1,852	\$ 4,129	\$ 2,731	\$ 1,042	\$ 1,255	\$ 17,064

<i>(In millions)</i>	December 31, 2020						
	2020	2019	2018	2017	2016	Prior	Total
Current (less than 30 days past due)	\$ 1,913	\$ 4,400	\$ 2,617	\$ 987	\$ 130	\$ 1,452	\$ 11,499
30 to 59 days past due	—	20	45	25	—	5	95
90 days or more past due	—	—	—	—	—	21	21
Total commercial mortgages	\$ 1,913	\$ 4,420	\$ 2,662	\$ 1,012	\$ 130	\$ 1,478	\$ 11,615

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The following represents our commercial mortgage loan portfolio in non-accrual status:

<i>(In millions)</i>	December 31,	
	2021	2020
Beginning amortized cost of commercial mortgage loans in non-accrual status	\$ 38	\$ —
Ending amortized cost of commercial mortgage loans in non-accrual status	62	38
Amortized cost of commercial mortgage loans in non-accrual status without a related allowance for credit losses	—	—

During the years ended December 31, 2021 and 2020, no interest income was recognized on commercial mortgage loans in non-accrual status.

Loan-to-value and debt service coverage ratios are measures we use to assess the risk and quality of commercial mortgage loans other than those under development. Loans under development are not evaluated using these ratios as the properties underlying these loans are generally not yet income-producing and the value of the underlying property significantly fluctuates based on the progress of construction. Therefore, the risk and quality of loans under development are evaluated based on the aging and geographical distribution of such loans as shown above.

The loan-to-value ratio is expressed as a percentage of the amount of the loan relative to the value of the underlying property. A loan-to-value ratio in excess of 100% indicates the unpaid loan amount exceeds the value of the underlying collateral. Loan-to-value information is updated annually as part of the re-underwriting process supporting the National Association of Insurance Commissioners (NAIC) risk-based capital rating criteria. The following represents the loan-to-value ratio of the commercial mortgage loan portfolio, excluding those under development, by origination year:

<i>(In millions)</i>	December 31, 2021						
	2021	2020	2019	2018	2017	Prior	Total
Less than 50%	\$ 491	\$ 211	\$ 633	\$ 293	\$ 166	\$ 957	\$ 2,751
50% to 59%	2,127	566	1,275	629	381	191	5,169
60% to 69%	1,748	544	1,786	1,326	369	71	5,844
70% to 79%	1,442	417	360	420	101	—	2,740
80% to 99%	—	—	—	—	25	—	25
100% or greater	—	—	—	—	—	36	36
Commercial mortgage loans	\$ 5,808	\$ 1,738	\$ 4,054	\$ 2,668	\$ 1,042	\$ 1,255	\$ 16,565

<i>(In millions)</i>	December 31, 2020						
	2020	2019	2018	2017	2016	Prior	Total
Less than 50%	\$ 431	\$ 600	\$ 201	\$ 152	\$ 44	\$ 1,153	\$ 2,581
50% to 59%	315	1,320	765	300	40	147	2,887
60% to 69%	583	1,988	1,222	440	46	106	4,385
70% to 79%	478	485	375	95	—	13	1,446
80% to 99%	—	—	—	25	—	21	46
100% or greater	—	—	—	—	—	38	38
Commercial mortgage loans	\$ 1,807	\$ 4,393	\$ 2,563	\$ 1,012	\$ 130	\$ 1,478	\$ 11,383

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The debt service coverage ratio is expressed as a percentage of a property's net operating income to its debt service payments. A debt service ratio of less than 1.0 indicates a property's operations do not generate enough income to cover debt payments. Debt service coverage ratios are updated as more recent financial statements become available, at least annually or as frequently as quarterly in some cases. The following represents the debt service coverage ratio of the commercial mortgage loan portfolio, excluding those under development, by origination year:

(In millions)	December 31, 2021						
	2021	2020	2019	2018	2017	Prior	Total
Greater than 1.20x	\$ 4,370	\$ 1,123	\$ 2,216	\$ 2,163	\$ 860	\$ 1,095	\$ 11,827
1.00x – 1.20x	1,018	496	1,429	66	—	82	3,091
Less than 1.00x	420	119	409	439	182	78	1,647
Commercial mortgage loans	\$ 5,808	\$ 1,738	\$ 4,054	\$ 2,668	\$ 1,042	\$ 1,255	\$ 16,565

(In millions)	December 31, 2020						
	2020	2019	2018	2017	2016	Prior	Total
Greater than 1.20x	\$ 1,274	\$ 2,964	\$ 2,440	\$ 846	\$ 129	\$ 1,369	\$ 9,022
1.00x – 1.20x	533	1,122	36	70	1	101	1,863
Less than 1.00x	—	307	87	96	—	8	498
Commercial mortgage loans	\$ 1,807	\$ 4,393	\$ 2,563	\$ 1,012	\$ 130	\$ 1,478	\$ 11,383

Investment Funds—Our investment fund portfolio consists of funds that employ various strategies and include investments in real estate, real assets, credit, equity and natural resources. Investment funds can meet the definition of VIEs, which are discussed further in *Note 4 – Variable Interest Entities*. Our investment funds do not specify timing of distributions on the funds' underlying assets.

The following summarizes our investment funds, including related party:

(In millions, except for percentages)	December 31,			
	2021		2020	
	Carrying value	Percent of total	Carrying value	Percent of total
Investment funds				
Real estate	\$ 856	60.8 %	\$ 348	43.3 %
Credit funds	86	6.1 %	107	13.3 %
Private equity	343	24.4 %	267	33.3 %
Real assets	122	8.7 %	81	10.1 %
Total investment funds	1,407	100.0 %	803	100.0 %
Investment funds – related parties				
Differentiated investments				
Athora Holding Ltd. (Athora) ¹	743	8.8 %	709	13.4 %
Athene Freedom Holdings LP ¹	700	8.3 %	—	— %
Catalina Holdings Ltd. (Catalina)	441	5.2 %	334	6.3 %
Venerable Holdings, Inc. (Venerable) ¹	219	2.6 %	123	2.3 %
A-A Mortgage Opportunities, L.P. (A-A Mortgage) ¹	26	0.3 %	444	8.4 %
Other	433	5.1 %	279	5.3 %
Total differentiated investments	2,562	30.3 %	1,889	35.7 %
Real estate	1,507	17.8 %	828	15.7 %
Credit funds	1,198	14.1 %	375	7.1 %
Private equity	751	8.9 %	473	8.9 %
Natural resources	172	2.0 %	113	2.1 %
Real assets	157	1.9 %	172	3.3 %
Public equities	—	— %	110	2.1 %
Investment in Apollo ¹	2,112	25.0 %	1,324	25.1 %
Total investment funds – related parties	8,459	100.0 %	5,284	100.0 %
Total investment funds including related party	\$ 9,866		\$ 6,087	

¹ Our Venerable investment is in its parent company, VA Capital Company LLC (VA Capital). See further discussion on this investment and our investments in Apollo, Athora, A-A Mortgage and Athene Freedom Holdings LP in Note 14 – Related Parties.

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Summarized Ownership of Investment Funds—The following is the aggregated summarized financial information of equity method investees, including those for which we elected the fair value option and would otherwise be accounted for as an equity method investment, and may be presented on a lag due to the availability of financial information from the investee:

<i>(In millions)</i>	December 31,	
	2021	2020
Assets	\$ 142,045	\$ 130,807
Liabilities	108,525	109,654
Equity	33,520	21,153

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Net income	\$ 6,335	\$ 2,196	\$ 817

The following table presents the carrying value by ownership percentage of equity method investment funds, including related party investment funds:

<i>(In millions)</i>	December 31,	
	2021	2020
Ownership Percentage		
100%	\$ 649	\$ 717
50% – 99%	2,111	678
3% – 49%	2,668	2,412
Equity method investment funds	<u>\$ 5,428</u>	<u>\$ 3,807</u>

The following table presents the carrying value by ownership percentage of investment funds held at fair value, either due to election of the fair value option or requirement, including related party investment funds:

<i>(In millions)</i>	December 31,	
	2021	2020
Ownership Percentage		
100%	\$ 229	\$ —
50% – 99%	201	28
3% – 49%	3,697	2,109
Less than 3%	311	143
Fair value investment funds	<u>\$ 4,438</u>	<u>\$ 2,280</u>

Non-Consolidated Securities and Investment Funds

Fixed maturity securities – We invest in securitization entities as a debt holder or an investor in the residual interest of the securitization vehicle. These entities are deemed VIEs due to insufficient equity within the structure and lack of control by the equity investors over the activities that significantly impact the economics of the entity. In general, we are a debt investor within these entities and, as such, hold a variable interest; however, due to the debt holders’ lack of ability to control the decisions within the trust that significantly impact the entity, and the fact the debt holders are protected from losses due to the subordination of the equity tranche, the debt holders are not deemed the primary beneficiary. Securitization vehicles in which we hold the residual tranche are not consolidated because we do not unilaterally have substantive rights to remove the general partner, or when assessing related party interests, we are not under common control, as defined by GAAP, with the related party, nor are substantially all of the activities conducted on our behalf; therefore, we are not deemed the primary beneficiary. Debt investments and investments in the residual tranche of securitization entities are considered debt instruments and are held at fair value on the balance sheet and classified as AFS or trading.

Investment funds – Investment funds include non-fixed income, alternative investments in the form of limited partnerships or similar legal structures.

Equity securities – We invest in preferred equity securities issued by entities deemed to be VIEs due to insufficient equity within the structure.

Our risk of loss associated with our non-consolidated investments depends on the investment. Investment funds, equity securities and trading securities are limited to the carrying value plus unfunded commitments. AFS securities are limited to amortized cost plus unfunded commitments.

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The following summarizes the carrying value and maximum loss exposure of these non-consolidated investments:

<i>(In millions)</i>	December 31,			
	2021		2020	
	Carrying Value	Maximum Loss Exposure	Carrying Value	Maximum Loss Exposure
Investment funds	\$ 1,407	\$ 2,225	\$ 803	\$ 1,265
Investment in related parties – investment funds	8,459	12,136	5,284	7,989
Investment in fixed maturity securities	31,769	31,622	23,325	23,027
Investment in related parties – fixed maturity securities	11,324	12,681	7,834	8,126
Investment in related parties – equity securities	284	284	72	72
Total non-consolidated investments	<u>\$ 53,243</u>	<u>\$ 58,948</u>	<u>\$ 37,318</u>	<u>\$ 40,479</u>

3. Derivative Instruments

We use a variety of derivative instruments to manage risks, primarily equity, interest rate, credit, foreign currency and market volatility. See *Note 1 – Business, Basis of Presentation and Significant Accounting Policies* for a description of our accounting policies for derivatives and *Note 5 – Fair Value* for information about the fair value hierarchy for derivatives.

The following table presents the notional amount and fair value of derivative instruments:

<i>(In millions)</i>	December 31,					
	2021			2020		
	Notional Amount	Fair Value		Notional Amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
Derivatives designated as hedges						
Foreign currency hedges						
Swaps	6,371	\$ 281	\$ 56	4,417	\$ 134	\$ 181
Forwards	6,395	189	2	2,038	3	9
Interest rate swaps	2,783	—	173	—	—	—
Forwards on net investments	231	—	4	173	—	2
Interest rate swaps	500	—	1	—	—	—
Total derivatives designated as hedges		470	236		137	192
Derivatives not designated as hedges						
Equity options	57,890	3,629	115	53,666	3,209	22
Futures	33	67	—	24	58	2
Total return swaps	231	10	—	97	6	—
Foreign currency swaps	2,592	57	19	1,510	96	—
Interest rate swaps	483	78	1	803	—	34
Credit default swaps	10	—	3	10	—	4
Foreign currency forwards	7,382	76	98	3,595	17	44
Embedded derivatives						
Funds withheld including related party		1,360	45		2,806	59
Interest sensitive contract liabilities		—	14,907		—	12,873
Total derivatives not designated as hedges		5,277	15,188		6,192	13,038
Total derivatives		<u>\$ 5,747</u>	<u>\$ 15,424</u>		<u>\$ 6,329</u>	<u>\$ 13,230</u>

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Derivatives Designated as Hedges

Cash Flow Hedges – We use foreign currency swaps to convert foreign currency denominated cash flows of investments or liabilities to US dollars to reduce cash flow fluctuations due to changes in currency exchange rates. These swaps will expire by March 2052. The following is a summary of the gains (losses) related to cash flow hedges:

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Foreign currency swaps – Other comprehensive income (loss)	\$ 254	\$ (106)	\$ 29
Foreign currency swaps – Investment related gains (losses)	14	—	—

There were no amounts deemed ineffective during the years ended December 31, 2021, 2020 or 2019. As of December 31, 2021, no amounts are expected to be reclassified to income within the next 12 months.

Fair Value Hedges – We use foreign currency forward contracts, foreign currency interest rate swaps and interest rate swaps that are designated and accounted for as fair value hedges to hedge certain exposures to foreign currency risk and interest rate risk. The foreign currency forward price is agreed upon at the time of the contract and payment is made at a specified future date.

The following represents the carrying amount and the cumulative fair value hedging adjustments included in the hedged assets or liabilities:

<i>(In millions)</i>	December 31, 2021		December 31, 2020	
	Carrying amount of the hedged assets or liabilities ¹	Cumulative amount of fair value hedging gains (losses)	Carrying amount of the hedged assets or liabilities ¹	Cumulative amount of fair value hedging gains (losses)
AFS securities – Foreign currency forwards	\$ 4,224	\$ (136)	\$ 1,932	\$ 117
Mortgage loans – Foreign currency forwards	1,686	(44)	—	—
Interest sensitive contract liabilities				
Foreign currency forwards	—	—	65	(1)
Foreign currency interest rate swaps	2,773	121	—	—
Interest rate swaps	500	—	—	—

¹ The carrying amount disclosed for AFS securities is amortized cost.

The following is a summary of the gains (losses) related to the derivatives and related hedged items in fair value hedge relationships:

<i>(In millions)</i>	Derivatives	Hedged Items	Net	Amounts Excluded	
				Recognized in income through amortization approach	Recognized in income through changes in fair value
Year ended December 31, 2021					
Investment related gains (losses)					
Foreign currency forwards	\$ 420	\$ (440)	\$ (20)	\$ 21	\$ 16
Foreign currency interest rate swaps	(102)	99	(3)	—	—
Interest rate swaps	(1)	1	—	—	—
Interest sensitive contract benefits					
Foreign currency interest rate swaps	23	(21)	2	—	—
Year ended December 31, 2020					
Investment related gains (losses) – Foreign currency forwards	(118)	116	(2)	—	—
Interest sensitive contract benefits – Foreign currency forwards	1	(1)	—	—	—
Year ended December 31, 2019					
Investment related gains (losses) – Foreign currency forwards	2	—	2	—	—

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Foreign currency forward gains and losses excluded from the assessment of hedge effectiveness that were recognized in OCI were losses of \$22 million, \$0 million and \$0 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Net Investment Hedges – We use foreign currency forwards to hedge the foreign currency exchange rate risk of our investments in subsidiaries that have a reporting currency other than the US dollar. We assess hedge effectiveness based on the changes in forward rates. During the years ended December 31, 2021, 2020 and 2019, these derivatives had gains of \$1 million and \$2 million and losses of \$2 million, respectively. These derivatives are included in foreign currency translation and other adjustments on the consolidated statements of comprehensive income. As of December 31, 2021 and 2020, the cumulative foreign currency translation recorded in AOCI related to these net investment hedges were gains of \$1 million and \$0 million, respectively. There were no amounts deemed ineffective for the years ended December 31, 2021, 2020 and 2019.

Derivatives Not Designated as Hedges

Equity options – We use equity indexed options to economically hedge fixed indexed annuity products that guarantee the return of principal to the policyholder and credit interest based on a percentage of the gain in a specified market index, primarily the S&P 500. To hedge against adverse changes in equity indices, we enter into contracts to buy equity indexed options. The contracts are net settled in cash based on differentials in the indices at the time of exercise and the strike price.

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

Total return swaps – We purchase total rate of return swaps to gain exposure and benefit from a reference asset or index without ownership. Total rate of return swaps are contracts in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of the underlying asset or index, which includes both the income it generates and any capital gains.

Interest rate swaps – We use interest rate swaps to reduce market risks from interest rate changes and to alter interest rate exposure arising from duration mismatches between assets and liabilities. With an interest rate swap, we agree with another party to exchange the difference between fixed-rate and floating-rate interest amounts tied to an agreed-upon notional principal amount at specified intervals.

Credit default swaps – Credit default swaps provide a measure of protection against the default of an issuer or allow us to gain credit exposure to an issuer or traded index. We use credit default swaps coupled with a bond to synthetically create the characteristics of a reference bond. These transactions have a lower cost and are generally more liquid relative to the cash market. We receive a periodic premium for these transactions as compensation for accepting credit risk.

Hedging credit risk involves buying protection for existing credit risk. The exposure resulting from the agreements, which is usually the notional amount, is equal to the maximum proceeds that must be paid by a counterparty for a defaulted security. If a credit event occurs on a reference entity, then a counterparty who sold protection is required to pay the buyer the trade notional amount less any recovery value of the security.

Embedded derivatives – We have embedded derivatives which are required to be separated from their host contracts and reported as derivatives. Host contracts include reinsurance agreements structured on modco or funds withheld basis and indexed annuity products.

The following is a summary of the gains (losses) related to derivatives not designated as hedges:

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Equity options	\$ 2,452	\$ 819	\$ 2,169
Futures	81	123	(13)
Swaps	15	82	43
Foreign currency forwards	37	(127)	(2)
Embedded derivatives on funds withheld	572	2,651	2,246
Amounts recognized in investment related gains (losses)	3,157	3,548	4,443
Embedded derivatives in indexed annuity products ¹	(1,451)	(1,384)	(2,526)
Total net gains on derivatives not designated as hedges	\$ 1,706	\$ 2,164	\$ 1,917

¹ Included in interest sensitive contract benefits on the consolidated statements of income.

Credit Risk—We may be exposed to credit-related losses in the event of counterparty nonperformance on derivative financial instruments. Generally, the current credit exposure of our derivative contracts is the fair value at the reporting date less any collateral received from the counterparty.

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We manage credit risk related to over-the-counter derivatives by entering into transactions with creditworthy counterparties. Where possible, we maintain collateral arrangements and use master netting agreements that provide for a single net payment from one counterparty to another at each due date and upon termination. We have also established counterparty exposure limits, where possible, in order to evaluate if there is sufficient collateral to support the net exposure.

Collateral arrangements typically require the posting of collateral in connection with its derivative instruments. Collateral agreements often contain posting thresholds, some of which may vary depending on the posting party's financial strength ratings. Additionally, a decrease in our financial strength rating to a specified level can result in settlement of the derivative position.

The estimated fair value of our net derivative and other financial assets and liabilities after the application of master netting agreements and collateral were as follows:

<i>(In millions)</i>	Gross amount recognized ¹	Gross amounts not offset on the consolidated balance sheets		Net amount	Off-balance sheet securities collateral ³	Net amount after securities collateral
		Financial instruments ²	Collateral (received)/pledged			
December 31, 2021						
Derivative assets	\$ 4,387	\$ (430)	\$ (3,934)	\$ 23	\$ —	\$ 23
Derivative liabilities	(472)	430	32	(10)	—	(10)
December 31, 2020						
Derivative assets	\$ 3,523	\$ (165)	\$ (3,196)	\$ 162	\$ (46)	\$ 116
Derivative liabilities	(298)	165	144	11	—	11

¹ The gross amounts of recognized derivative assets and derivative liabilities are reported on the consolidated balance sheets. As of December 31, 2021 and 2020, amounts not subject to master netting or similar agreements were immaterial.

² Represents amounts offsetting derivative assets and derivative liabilities that are subject to an enforceable master netting agreement or similar agreement that are not netted against the gross derivative assets or gross derivative liabilities for presentation on the consolidated balance sheets.

³ For non-cash collateral received, we do not recognize the collateral on our balance sheet unless the obligor (transferor) has defaulted under the terms of the secured contract and is no longer entitled to redeem the pledged asset. Amounts do not include any excess of collateral pledged or received.

Certain derivative instruments contain provisions for credit-related events, such as downgrades in our credit ratings or for a negative credit event of a credit default swap's reference entity. If a credit event were to occur, we may be required to settle an outstanding liability. The following is a summary of our exposure to credit-related events:

<i>(In millions)</i>	December 31,	
	2021	2020
Fair value of derivative liabilities with credit related provisions	\$ 3	\$ 4
Maximum exposure for credit default swaps	10	10

As of December 31, 2021 and 2020, no additional collateral would be required if a default or termination event were to occur.

4. Variable Interest Entities

As of December 31, 2021, we consolidate the following primary VIEs:

- Hamlet Securitization Trust 2020-CRE1 (Hamlet)
- A-A Debt Euro Investment Fund (Lux) SCSP and A-A Euro Investment Fund (Lux) SCSP (collectively, A-A Euro)
- AOP Finance Partners, LP (AOP)
- NNN AGP Opportunities Fund, L.P., NNN AGP Opportunities Fund II, L.P., and NNN AGP Opportunities Fund III, L.P. (collectively, NNN AGP Opportunities)
- A-A SPN-9 (ASREII - ACRASP), L.P. and A-A SPN-9 (ASREII - ALRESP), L.P. (collectively, A-A SPN-9)
- A-A Offshore 2021-1 (Java), L.P. (Java)

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The following summarizes the investments of these consolidated VIEs:

<i>(In millions)</i>	December 31,	
	2021	2020
Mortgage loans		
Hamlet	\$ 1,793	\$ 1,880
A-A Euro	231	—
Other	16	—
Investment funds		
AOP	747	—
NNN AGP Opportunities	264	—
A-A SPN-9	194	—
Java	35	—
A-A Euro	57	—

Hamlet was formed to securitize a portion of our commercial mortgage loan portfolio as CMBS securities held by AHL subsidiaries and third-party cedant portfolios. Securitization of these commercial mortgage loans allows retention of the full economics of these assets while being able to pledge these assets as collateral to the Federal Home Loan Bank (FHLB) under the funding agreement program. As substantially all of the activities and economics of Hamlet are conducted on our behalf, we are the primary beneficiary. Additionally, as Hamlet is in the form of a trust, the commercial mortgage loan assets are included in the pledged assets and funds in trust table in *Note 15 – Commitments and Contingencies*.

A-A Euro are investment funds formed to purchase investments in European real estate. We are both the general partner and a limited partner in the entities and receive a significant portion of their economic benefits and losses. As the general partner, we hired an Apollo affiliate as the related party investment manager who receives management fees and service fees, as applicable. As we control these entities and receive a significant portion of the economic benefits and losses, we are deemed to be the primary beneficiary of the VIE.

AOP is an investment fund formed to participate in a platform that originates loans. We are a limited partner in this entity and receive a significant portion of its economic benefits and losses, other than management fees and carried interest, as applicable, paid to the general partner, which is an Apollo affiliate and related party. We do not have any direct voting rights as a limited partner, but we do have a unilateral ability to dissolve the entity; therefore, we are deemed to be the primary beneficiary of the VIE.

NNN AGP Opportunities are investment funds formed to purchase US-based net lease properties. We are both the general partner and a limited partner of the funds. As the general partner, we hired an Apollo affiliate as the related party investment manager who receives management fees and service fees, as applicable. As we control these entities and receive a significant portion of the economic benefits and losses, we are deemed to be the primary beneficiary of the VIEs.

A-A SPN-9 is comprised of limited partnership entities that invest in an underlying investment fund. We are a limited partner in these entities and receive a significant portion of the economic benefits and losses, other than management fees and carried interest, as applicable, paid to the general partner in each entity, which are Apollo affiliates and related parties. We do not have any direct voting rights as a limited partner at the A-A SPN-9 level, but we do have an ability to dissolve the underlying investment that results in dissolution of the entities. Therefore, as we have a unilateral ability to ultimately dissolve the entities and also receive a significant portion of the economics of each of the entities, we are deemed to be the primary beneficiary of the VIEs.

Java is an investment fund. We are both the general partner and the only limited partner in this investment fund and receive all of the economic benefits and losses. As the general partner, we hired an Apollo affiliate as the related party investment manager who receives management fees and service fees, as applicable. We hold both the power, as a general partner, and significant economics, as a limited partner, satisfying the primary beneficiary criteria.

No arrangement exists requiring us to provide additional funding in excess of our committed capital investment, liquidity, or the funding of losses or an increase to our loss exposure in excess of our investment in any of the consolidated VIEs.

We consolidated the following VIEs during the year ended December 31, 2019:

- AAA Investments (Co-Invest VI), L.P. (CoInvest VI);
- AAA Investments (Co-Invest VII), L.P. (CoInvest VII);
- AAA Investments (Other), L.P. (CoInvest Other);
- ALR Aircraft Investment Ireland Limited (ALR) and
- Entities included under our agreement to purchase funds managed by Apollo entities (Strategic Partnership). See *Note 14 – Related Parties* for further discussion on the Strategic Partnership.

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We were the only limited partner or holder of profit participating notes in these investment funds and received all of the economic benefits and losses, other than management fees and carried interest, as applicable, paid to the general partner in each entity, or a related entity, which are related parties. We did not have any voting rights as limited partner and, as the limited partner or holder of profit participating notes, did not solely satisfy the power criteria to direct the activities that significantly impact the economics of the VIE. However, the criteria for the primary beneficiary were satisfied by our related party group and, because substantially all of the activities were conducted on our behalf, we consolidated the investment funds.

CoInvest VI, CoInvest VII and CoInvest Other were formed to make investments, including co-investments alongside private equity funds sponsored by Apollo. Investments held by CoInvest VI, CoInvest VII and CoInvest Other were related party investments because Apollo affiliates exercised significant influence over the management or operations of the investees. We received our interests in CoInvest VI, CoInvest VII and CoInvest Other as part of a contribution agreement in 2012 with AAA Guarantor – Athene, L.P. and its subsidiary, Apollo Life Re Ltd., in order to provide a capital base to support future acquisitions.

During 2020, as a result of the AGM share transaction discussed further in *Note 14 – Related Parties*, we reassessed the consolidation conclusions for the following VIEs, which are managed by Apollo affiliates:

- CoInvest VI;
- CoInvest VII;
- CoInvest Other; and
- Entities included under the Strategic Partnership.

Following the AGM share transaction, we determined that we are no longer the primary beneficiary of CoInvest VI, CoInvest VII, CoInvest Other and the Strategic Partnership, as a result of Apollo receiving significant economics of these entities through their increased economic ownership in us. We did not recognize a gain or loss upon deconsolidation of these previously consolidated VIEs, as the deconsolidated VIEs accounted for their assets and liabilities at fair value. The investments remaining from the deconsolidated VIEs are included at NAV in related party investment funds on the consolidated balance sheets.

ALR was formed to invest in a joint venture that provides airplane lease financing to a major commercial airline. During 2020, we received final payment on the profit participating notes and no longer consolidate ALR.

5. Fair Value

Fair value is the price we would receive to sell an asset or pay to transfer a liability (exit price) in an orderly transaction between market participants. We determine fair value based on the following fair value hierarchy:

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

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

- Quoted prices for similar assets or liabilities in active markets,
- Observable inputs other than quoted market prices, and
- Observable inputs derived principally from market data through correlation or other means.

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

NAV – Investment funds are typically measured using NAV as a practical expedient in determining fair value and are not classified in the fair value hierarchy. Our carrying value reflects our pro rata ownership percentage as indicated by NAV in the investment fund financial statements, which we may adjust if we determine NAV is not calculated consistent with investment company fair value principles. The underlying investments of the investment funds may have significant unobservable inputs, which may include but are not limited to, comparable multiples and weighted average cost of capital rates applied in valuation models or a discounted cash flow model.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the instrument's fair value measurement.

We use a number of valuation sources to determine fair values. Valuation sources can include quoted market prices; third-party commercial pricing services; third-party brokers; industry-standard, vendor modeling software that uses market observable inputs; and other internal modeling techniques based on projected cash flows. We periodically review the assumptions and inputs of third-party commercial pricing services through internal valuation price variance reviews, comparisons to internal pricing models, back testing to recent trades, or monitoring trading volumes.

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The following represents the hierarchy for our assets and liabilities measured at fair value on a recurring basis:

<i>(In millions)</i>	December 31, 2021				
	Total	NAV	Level 1	Level 2	Level 3
Assets					
AFS securities					
US government and agencies	\$ 223	\$ —	\$ 214	\$ 9	\$ —
US state, municipal and political subdivisions	1,213	—	—	1,213	—
Foreign governments	1,128	—	—	1,126	2
Corporate	66,226	—	—	64,887	1,339
CLO	13,652	—	—	13,638	14
ABS	8,989	—	—	5,370	3,619
CMBS	2,758	—	—	2,715	43
RMBS	5,970	—	—	5,970	—
Total AFS securities	100,159	—	214	94,928	5,017
Trading securities					
US government and agencies	6	—	3	3	—
US state, municipal and political subdivisions	101	—	—	101	—
Foreign governments	19	—	—	19	—
Corporate	1,530	—	—	1,530	—
CLO	11	—	—	6	5
ABS	141	—	—	96	45
CMBS	94	—	—	94	—
RMBS	154	—	—	135	19
Total trading securities	2,056	—	3	1,984	69
Equity securities	1,170	—	86	655	429
Mortgage loans	17	—	—	—	17
Investment funds	412	165	—	—	247
Funds withheld at interest – embedded derivative	782	—	—	—	782
Derivative assets	4,387	—	67	4,320	—
Short-term investments	139	—	49	61	29
Other investments	130	—	—	130	—
Cash and cash equivalents	9,633	—	9,633	—	—
Restricted cash	796	—	796	—	—
Investments in related parties					
AFS securities					
Corporate	859	—	—	189	670
CLO	2,549	—	—	2,347	202
ABS	6,994	—	—	549	6,445
Total AFS securities – related party	10,402	—	—	3,085	7,317
Trading securities					
CLO	52	—	—	10	42
ABS	1,729	—	—	—	1,729
Total trading securities – related party	1,781	—	—	10	1,771
Equity securities	284	—	—	—	284
Investment funds	4,026	103	—	—	3,923
Funds withheld at interest – embedded derivative	578	—	—	—	578
Reinsurance recoverable	1,991	—	—	—	1,991
Total assets measured at fair value	\$ 138,743	\$ 268	\$ 10,848	\$ 105,173	\$ 22,454

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<i>(In millions)</i>	December 31, 2021				
	Total	NAV	Level 1	Level 2	Level 3
Liabilities					
Interest sensitive contract liabilities					
Embedded derivative	\$ 14,907	\$ —	\$ —	\$ —	\$ 14,907
Universal life benefits	1,235	—	—	—	1,235
Future policy benefits					
AmerUs Closed Block	1,520	—	—	—	1,520
ILICO Closed Block and life benefits	742	—	—	—	742
Derivative liabilities	472	—	—	469	3
Funds withheld liability – embedded derivative	45	—	—	45	—
Total liabilities measured at fair value	\$ 18,921	\$ —	\$ —	\$ 514	\$ 18,407

(Concluded)

<i>(In millions)</i>	December 31, 2020				
	Total	NAV	Level 1	Level 2	Level 3
Assets					
AFS securities					
US government and agencies	\$ 351	\$ —	\$ 332	\$ 19	\$ —
US state, municipal and political subdivisions	1,033	—	—	999	34
Foreign governments	368	—	—	366	2
Corporate	58,180	—	—	57,402	778
CLO	9,569	—	—	9,361	208
ABS	4,270	—	—	3,470	800
CMBS	2,169	—	—	2,126	43
RMBS	6,913	—	—	6,913	—
Total AFS securities	82,853	—	332	80,656	1,865
Trading securities					
US government and agencies	6	—	3	3	—
US state, municipal and political subdivisions	106	—	—	106	—
Corporate	1,577	—	—	1,577	—
CLO	4	—	—	—	4
ABS	128	—	—	93	35
CMBS	52	—	—	52	—
RMBS	220	—	—	173	47
Total trading securities	2,093	—	3	2,004	86
Equity securities	330	—	57	262	11
Mortgage loans	19	—	—	—	19
Investment funds	161	144	—	—	17
Funds withheld at interest – embedded derivative	1,944	—	—	—	1,944
Derivative assets	3,523	—	58	3,465	—
Short-term investments	222	—	146	74	2
Other investments	105	—	—	105	—
Cash and cash equivalents	7,704	—	7,704	—	—
Restricted cash	738	—	738	—	—

(Continued)

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(In millions)	December 31, 2020				
	Total	NAV	Level 1	Level 2	Level 3
Investments in related parties					
AFS securities					
Corporate	215	—	—	20	195
CLO	1,520	—	—	1,520	—
ABS	4,785	—	—	676	4,109
Total AFS securities – related party	6,520	—	—	2,216	4,304
Trading securities					
CLO	54	—	—	4	50
ABS	1,475	—	—	—	1,475
Total trading securities – related party	1,529	—	—	4	1,525
Equity securities					
Investment funds	2,119	86	—	—	2,033
Funds withheld at interest – embedded derivative	862	—	—	—	862
Reinsurance recoverable	2,100	—	—	—	2,100
Total assets measured at fair value	\$ 112,894	\$ 230	\$ 9,038	\$ 88,786	\$ 14,840
Liabilities					
Interest sensitive contract liabilities					
Embedded derivative	\$ 12,873	\$ —	\$ —	\$ —	\$ 12,873
Universal life benefits	1,308	—	—	—	1,308
Future policy benefits					
AmerUs Closed Block	1,600	—	—	—	1,600
ILICO Closed Block and life benefits	776	—	—	—	776
Derivative liabilities	298	—	2	292	4
Funds withheld liability – embedded derivative	59	—	—	59	—
Total liabilities measured at fair value	\$ 16,914	\$ —	\$ 2	\$ 351	\$ 16,561

(Concluded)

Fair Value Valuation Methods—We used the following valuation methods and assumptions to estimate fair value:

AFS and trading securities – We obtain the fair value for most marketable securities without an active market from several commercial pricing services. These are classified as Level 2 assets. The pricing services incorporate a variety of market observable information in their valuation techniques, including benchmark yields, trading activity, credit quality, issuer spreads, bids, offers and other reference data. This category typically includes US and non-US corporate bonds, US agency and government guaranteed securities, CLO, ABS, CMBS and RMBS.

We also have fixed maturity securities priced based on indicative broker quotes or by employing market accepted valuation models. For certain fixed maturity securities, the valuation model uses significant unobservable inputs and are included in Level 3 in our fair value hierarchy. Significant unobservable inputs used include: discount rates, issue specific credit adjustments, material non-public financial information, estimation of future earnings and cash flows, default rate assumptions, liquidity assumptions and indicative quotes from market makers. These inputs are usually considered unobservable, as not all market participants have access to this data.

We value privately placed fixed maturity securities based on the credit quality and duration of comparable marketable securities, which may be securities of another issuer with similar characteristics. In some instances, we use a matrix-based pricing model. These models consider the current level of risk-free interest rates, corporate spreads, credit quality of the issuer and cash flow characteristics of the security. We also consider additional factors such as net worth of the borrower, value of collateral, capital structure of the borrower, presence of guarantees and our evaluation of the borrower’s ability to compete in its relevant market. Privately placed fixed maturity securities are classified as Level 2 or 3.

Equity securities – Fair values of publicly traded equity securities are based on quoted market prices and classified as Level 1. Other equity securities, typically private equities or equity securities not traded on an exchange, we value based on other sources, such as commercial pricing services or brokers, and are classified as Level 2 or 3.

Mortgage loans – Mortgage loans for which we have elected the fair value option or those held for sale are carried at fair value. We estimate fair value on a monthly basis using discounted cash flow analysis and rates being offered for similar loans to borrowers with similar credit ratings. Loans with similar characteristics are aggregated for purposes of the calculations. The discounted cash flow model uses unobservable inputs, including estimates of discount rates and loan prepayments. Mortgage loans are classified as Level 3.

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Investment funds – Certain investment funds for which we elected the fair value option are included in Level 3 and are priced based on market accepted valuation models. The valuation models use significant unobservable inputs, which include material non-public financial information, estimation of future distributable earnings and demographic assumptions. These inputs are usually considered unobservable, as not all market participants have access to this data.

Funds withheld at interest embedded derivative – We estimate the fair value of the embedded derivative based on the change in the fair value of the assets supporting the funds withheld payable under modco and funds withheld reinsurance agreements. As a result, the fair value of the embedded derivative is classified as Level 2 or 3 based on the valuation methods used for the assets held supporting the reinsurance agreements.

Derivatives – Derivative contracts can be exchange traded or over-the-counter. Exchange-traded derivatives typically fall within Level 1 of the fair value hierarchy depending on trading activity. Over-the-counter derivatives are valued using valuation models or an income approach using third-party broker valuations. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit curves, measures of volatility, prepayment rates and correlation of the inputs. We consider and incorporate counterparty credit risk in the valuation process through counterparty credit rating requirements and monitoring of overall exposure. We also evaluate and include our own nonperformance risk in valuing derivatives. The majority of our derivatives trade in liquid markets; therefore, we can verify model inputs and model selection does not involve significant management judgment. These are typically classified within Level 2 of the fair value hierarchy.

Cash and cash equivalents, including restricted cash – The carrying amount for cash equals fair value. We estimate the fair value for cash equivalents based on quoted market prices. These assets are classified as Level 1.

Interest sensitive contract liabilities embedded derivative – Embedded derivatives related to interest sensitive contract liabilities with fixed indexed annuity products are classified as Level 3. The valuations include significant unobservable inputs associated with economic assumptions and actuarial assumptions for policyholder behavior.

AmerUs Closed Block – We elected the fair value option for the future policy benefits liability in the AmerUs Closed Block. Our valuation technique is to set the fair value of policyholder liabilities equal to the fair value of assets. There is an additional component which captures the fair value of the open block's obligations to the closed block business. This component is the present value of the projected release of required capital and future earnings before income taxes on required capital supporting the AmerUs Closed Block, discounted at a rate which represents a market participant's required rate of return, less the initial required capital. Unobservable inputs include estimates for these items. The AmerUs Closed Block policyholder liabilities and any corresponding reinsurance recoverable are classified as Level 3.

ILICO Closed Block – We elected the fair value option for the ILICO Closed Block. Our valuation technique is to set the fair value of policyholder liabilities equal to the fair value of assets. There is an additional component which captures the fair value of the open block's obligations to the closed block business. This component uses the present value of future cash flows which include commissions, administrative expenses, reinsurance premiums and benefits, and an explicit cost of capital. The discount rate includes a margin to reflect the business and nonperformance risk. Unobservable inputs include estimates for these items. The ILICO Closed Block policyholder liabilities and corresponding reinsurance recoverable are classified as Level 3.

Universal life liabilities and other life benefits – We elected the fair value option for certain blocks of universal and other life business ceded to Global Atlantic. We use a present value of liability cash flows. Unobservable inputs include estimates of mortality, persistency, expenses, premium payments and a risk margin used in the discount rates that reflects the riskiness of the business. These universal life policyholder liabilities and corresponding reinsurance recoverable are classified as Level 3.

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Fair Value Option—The following represents the gains (losses) recorded for instruments for which we have elected the fair value option, including related parties:

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Trading securities	\$ (70)	\$ 33	\$ 151
Investment funds	826	295	(3)
Future policy benefits	80	(54)	(103)
Total gains (losses)	\$ 836	\$ 274	\$ 45

Gains and losses on trading securities are recorded in investment related gains (losses) on the consolidated statements of income. For fair value option mortgage loans, we record interest income in net investment income and subsequent changes in fair value in investment related gains (losses) on the consolidated statements of income. Gains and losses related to investment funds, including related party investment funds, are recorded in net investment income on the consolidated statements of income. We record the change in fair value of future policy benefits to future policy and other policy benefits on the consolidated statements of income.

The following summarizes information for fair value option mortgage loans:

<i>(In millions)</i>	December 31,	
	2021	2020
Unpaid principal balance	\$ 15	\$ 17
Mark to fair value	2	2
Fair value	\$ 17	\$ 19

There were no fair value option mortgage loans 90 days or more past due as of December 31, 2021 and 2020.

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Level 3 Financial Instruments—The following are reconciliations for Level 3 assets and liabilities measured at fair value on a recurring basis. All transfers in and out of Level 3 are based on changes in the availability of pricing sources, as described in the valuation methods above.

	Year ended December 31, 2021							
	Beginning balance	Total realized and unrealized gains (losses)		Net purchases, issuances, sales and settlements	Net transfers in (out)	Ending balance	Total gains (losses) included in earnings ¹	Total gains (losses) included in OCI ¹
(In millions)		Included in income	Included in OCI					
Assets								
AFS securities								
US state, municipal and political subdivisions	\$ 34	\$ —	\$ —	\$ —	\$ (34)	\$ —	\$ —	\$ —
Foreign governments	2	—	—	—	—	2	—	—
Corporate	778	6	27	428	100	1,339	—	27
CLO	208	—	1	(37)	(158)	14	—	1
ABS	800	(17)	45	2,958	(167)	3,619	—	45
CMBS	43	2	6	(11)	3	43	—	6
Trading securities								
CLO	4	—	—	1	—	5	—	—
ABS	35	(1)	—	—	11	45	(1)	—
RMBS	47	(10)	—	—	(18)	19	(4)	—
Equity securities	11	16	—	402	—	429	16	—
Mortgage loans	19	—	—	(2)	—	17	—	—
Investment funds	17	(27)	—	148	109	247	(27)	—
Funds withheld at interest – embedded derivative	1,944	(1,162)	—	—	—	782	—	—
Short-term investments	2	—	—	27	—	29	—	—
Investments in related parties								
AFS securities								
Corporate	195	2	7	661	(195)	670	—	7
CLO	—	—	—	202	—	202	—	—
ABS	4,109	(6)	(44)	2,386	—	6,445	—	(44)
Trading securities								
CLO	50	(7)	—	9	(10)	42	—	—
ABS	1,475	27	—	227	—	1,729	40	—
Equity securities	72	8	—	204	—	284	8	—
Investment funds	2,033	853	—	1,037	—	3,923	853	—
Funds withheld at interest – embedded derivative	862	(284)	—	—	—	578	—	—
Reinsurance recoverable	2,100	(109)	—	—	—	1,991	—	—
Total Level 3 assets	\$ 14,840	\$ (709)	\$ 42	\$ 8,640	\$ (359)	\$ 22,454	\$ 885	\$ 42
Liabilities								
Interest sensitive contract liabilities								
Embedded derivative	\$ (12,873)	\$ (1,451)	\$ —	\$ (583)	\$ —	\$ (14,907)	\$ —	\$ —
Universal life benefits	(1,308)	73	—	—	—	(1,235)	—	—
Future policy benefits								
AmerUs Closed Block	(1,600)	80	—	—	—	(1,520)	—	—
ILICO Closed Block and life benefits	(776)	34	—	—	—	(742)	—	—
Derivative liabilities	(4)	1	—	—	—	(3)	—	—
Total Level 3 liabilities	\$ (16,561)	\$ (1,263)	\$ —	\$ (583)	\$ —	\$ (18,407)	\$ —	\$ —

¹ Related to instruments held at end of period.

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Notes to Consolidated Financial Statements

Year ended December 31, 2020

(In millions)	Total realized and unrealized gains (losses)		Net purchases, issuances, sales and settlements	Net transfers in (out)	Ending balance	Total gains (losses) included in earnings ¹	Total gains (losses) included in OCI ¹	
	Beginning balance	Included in income						Included in OCI
Assets								
AFS securities								
US state, municipal and political subdivisions	\$ 40	\$ —	\$ —	\$ (6)	\$ —	\$ 34	\$ —	
Foreign governments	—	—	—	2	—	2	—	
Corporate	725	10	5	10	28	778	5	
CLO	121	—	—	109	(22)	208	—	
ABS	1,374	20	(48)	(282)	(264)	800	(47)	
CMBS	46	(4)	(5)	(5)	11	43	(4)	
Trading securities								
CLO	6	(2)	—	—	—	4	—	
ABS	16	—	—	19	—	35	—	
RMBS	52	(9)	—	—	4	47	2	
Equity securities	3	3	—	5	—	11	3	
Mortgage loans	27	—	—	(8)	—	19	—	
Investment funds	22	(5)	—	—	—	17	(5)	
Funds withheld at interest – embedded derivative	801	1,143	—	—	—	1,944	—	
Short-term investments	41	—	—	(39)	—	2	—	
Investments in related parties								
AFS securities								
Corporate	—	—	—	195	—	195	—	
ABS	2,324	24	37	1,889	(165)	4,109	37	
Trading securities								
CLO	38	(13)	—	14	11	50	(9)	
ABS	711	(13)	—	777	—	1,475	(14)	
Equity securities	64	1	—	12	(5)	72	1	
Investment funds	132	298	—	1,603	—	2,033	122	
Funds withheld at interest – embedded derivative	594	268	—	—	—	862	—	
Reinsurance recoverable	1,821	279	—	—	—	2,100	—	
Total Level 3 assets	\$ 8,958	\$ 2,000	\$ (11)	\$ 4,295	\$ (402)	\$ 14,840	\$ 100	\$ (9)
Liabilities								
Interest sensitive contract liabilities								
Embedded derivative	\$ (10,942)	\$ (1,384)	\$ —	\$ (547)	\$ —	\$ (12,873)	\$ —	
Universal life benefits	(1,050)	(258)	—	—	—	(1,308)	—	
Future policy benefits								
AmerUs Closed Block	(1,546)	(54)	—	—	—	(1,600)	—	
ILICO Closed Block and life benefits	(755)	(21)	—	—	—	(776)	—	
Derivative liabilities	(3)	(1)	—	—	—	(4)	(1)	
Total Level 3 liabilities	\$ (14,296)	\$ (1,718)	\$ —	\$ (547)	\$ —	\$ (16,561)	\$ (1)	

¹ Related to instruments held at end of period.

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The following represents the gross components of purchases, issuances, sales and settlements, net, and net transfers in (out) shown above:

<i>(In millions)</i>	Year ended December 31, 2021							
	Purchases	Issuances	Sales	Settlements	Net purchases, issuances, sales and settlements	Transfers in	Transfers out	Net transfers in (out)
Assets								
AFS securities								
US state, municipal and political subdivisions	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (34)	\$ (34)
Foreign governments	1	—	—	(1)	—	—	—	—
Corporate	636	—	(96)	(112)	428	228	(128)	100
CLO	—	—	—	(37)	(37)	—	(158)	(158)
ABS	4,455	—	(1,001)	(496)	2,958	160	(327)	(167)
CMBS	—	—	(10)	(1)	(11)	43	(40)	3
Trading securities								
CLO	5	—	(4)	—	1	—	—	—
ABS	—	—	—	—	—	11	—	11
RMBS	—	—	—	—	—	4	(22)	(18)
Equity securities	402	—	—	—	402	—	—	—
Mortgage loans	—	—	—	(2)	(2)	—	—	—
Investment funds	285	—	(137)	—	148	109	—	109
Short-term investments	30	—	(3)	—	27	—	—	—
Investments in related parties								
AFS securities								
Corporate	661	—	—	—	661	—	(195)	(195)
CLO	202	—	—	—	202	—	—	—
ABS	3,679	—	(212)	(1,081)	2,386	—	—	—
Trading securities								
CLO	18	—	(2)	(7)	9	—	(10)	(10)
ABS	404	—	(115)	(62)	227	—	—	—
Equity securities	213	—	—	(9)	204	—	—	—
Investment funds	1,037	—	—	—	1,037	—	—	—
Total Level 3 assets	\$ 12,028	\$ —	\$ (1,580)	\$ (1,808)	\$ 8,640	\$ 555	\$ (914)	\$ (359)
Liabilities								
Interest sensitive contract liabilities								
– embedded derivative	\$ —	\$ (1,474)	\$ —	\$ 891	\$ (583)	\$ —	\$ —	\$ —
Total Level 3 liabilities	\$ —	\$ (1,474)	\$ —	\$ 891	\$ (583)	\$ —	\$ —	\$ —

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Notes to Consolidated Financial Statements

Year ended December 31, 2020

<i>(In millions)</i>	Purchases	Issuances	Sales	Settlements	Net purchases, issuances, sales and settlements	Transfers in	Transfers out	Net transfers in (out)
Assets								
AFS securities								
US state, municipal and political subdivisions	\$ —	\$ —	\$ (5)	\$ (1)	\$ (6)	\$ —	\$ —	\$ —
Foreign governments	2	—	—	—	2	—	—	—
Corporate	177	—	—	(167)	10	69	(41)	28
CLO	145	—	(8)	(28)	109	—	(22)	(22)
ABS	128	—	—	(410)	(282)	7	(271)	(264)
CMBS	—	—	(4)	(1)	(5)	11	—	11
Trading securities								
ABS	35	—	(16)	—	19	—	—	—
RMBS	—	—	—	—	—	5	(1)	4
Equity securities	11	—	—	(6)	5	—	—	—
Mortgage loans	—	—	—	(8)	(8)	—	—	—
Short-term investments	3	—	(7)	(35)	(39)	—	—	—
Investments in related parties								
AFS securities								
Corporate	195	—	—	—	195	—	—	—
ABS	2,156	—	(5)	(262)	1,889	—	(165)	(165)
Trading securities								
CLO	27	—	(13)	—	14	15	(4)	11
ABS	802	—	(11)	(14)	777	—	—	—
Equity securities	18	—	(1)	(5)	12	—	(5)	(5)
Investment funds	1,678	—	(75)	—	1,603	—	—	—
Total Level 3 assets	\$ 5,377	\$ —	\$ (145)	\$ (937)	\$ 4,295	\$ 107	\$ (509)	\$ (402)
Liabilities								
Interest sensitive contract liabilities								
– embedded derivative	\$ —	\$ (1,188)	\$ —	\$ 641	\$ (547)	\$ —	\$ —	\$ —
Total Level 3 liabilities	\$ —	\$ (1,188)	\$ —	\$ 641	\$ (547)	\$ —	\$ —	\$ —

Significant Unobservable Inputs—Significant unobservable inputs occur when we could not obtain or corroborate the quantitative detail of the inputs. This applies to fixed maturity securities, equity securities, mortgage loans and certain derivatives, as well as embedded derivatives in liabilities. Additional significant unobservable inputs are described below.

AFS and trading securities – For certain fixed maturity securities, discounted cash flow models are used to calculate the fair value. The discount rate is a significant unobservable input because the credit spread includes adjustments made to the base rate. The base rate represents a market comparable rate for securities with similar characteristics. This excludes assets for which fair value is provided by independent broker quotes, but includes assets for which fair value is provided by affiliated quotes.

Interest sensitive contract liabilities – embedded derivative – Significant unobservable inputs we use in the fixed indexed annuities embedded derivative of the interest sensitive contract liabilities valuation include:

1. Nonperformance risk – For contracts we issue, we use the credit spread, relative to the US Department of the Treasury (Treasury) curve based on our public credit rating as of the valuation date. This represents our credit risk for use in the estimate of the fair value of embedded derivatives.
2. Option budget – We assume future hedge costs in the derivative’s fair value estimate. The level of option budgets determines the future costs of the options and impacts future policyholder account value growth.
3. Policyholder behavior – We regularly review the lapse and withdrawal assumptions (surrender rate). These are based on our initial pricing assumptions updated for actual experience. Actual experience may be limited for recently issued products.

ATHENE HOLDING LTD.

Notes to Consolidated Financial Statements

The following summarizes the unobservable inputs for AFS and trading securities and the embedded derivatives of fixed indexed annuities:

December 31, 2021							
<i>(In millions, except for percentages)</i>	Fair value	Valuation technique	Unobservable inputs	Minimum	Maximum	Weighted average	Impact of an increase in the input on fair value
AFS and trading securities	\$ 10,167	Discounted cash flow	Discount rate	1.4 %	19.4 %	5.2 % ¹	Decrease
Interest sensitive contract liabilities – fixed indexed annuities embedded derivatives	\$ 14,907	Option budget method	Nonperformance risk	0.1 %	1.0 %	0.6 % ²	Decrease
			Option budget	0.4 %	3.4 %	1.9 % ³	Increase
			Surrender rate	5.9 %	10.7 %	8.0 % ⁴	Decrease

December 31, 2020							
<i>(In millions, except for percentages)</i>	Fair value	Valuation technique	Unobservable inputs	Minimum	Maximum	Weighted average	Impact of an increase in the input on fair value
AFS and trading securities	\$ 5,858	Discounted cash flow	Discount rate	1.7 %	35.0 %	4.6 % ¹	Decrease
Interest sensitive contract liabilities – fixed indexed annuities embedded derivatives	\$ 12,873	Option budget method	Nonperformance risk	0.0 %	1.1 %	0.5 % ²	Decrease
			Option budget	0.6 %	3.5 %	1.9 % ³	Increase
			Surrender rate	5.3 %	9.5 %	7.1 % ⁴	Decrease

¹ The discount rate weighted average is calculated based on the relative fair values of the securities.

² The nonperformance risk weighted average is based on the projected excess benefits of reserves used in the calculation of the embedded derivative.

³ The option budget weighted average is calculated based on the indexed account values.

⁴ The surrender rate weighted average is calculated based on projected account values.

Financial Instruments Without Readily Determinable Fair Values—We had elected the measurement alternative for certain equity securities that did not have a readily determinable fair value. The equity securities were held at cost less impairment. As of December 31, 2021, these equity securities no longer qualified for the measurement alternative and are measured at fair value. As of December 31, 2020, the carrying amount of the equity securities was \$202 million, with a cumulative impairment of \$231 million.

Fair Value of Financial Instruments Not Carried at Fair Value—The following represents our financial instruments not carried at fair value on the consolidated balance sheets:

December 31, 2021							
<i>(In millions)</i>	Carrying Value	Fair Value	NAV	Level 1	Level 2	Level 3	
Financial assets							
Mortgage loans	\$ 22,540	\$ 23,059	\$ —	\$ —	\$ —	\$ 23,059	
Investment funds	995	995	995	—	—	—	
Policy loans	312	312	—	—	312	—	
Funds withheld at interest	43,125	43,125	—	—	—	43,125	
Other investments	1,343	1,343	—	—	—	1,343	
Investments in related parties							
Mortgage loans	1,591	1,600	—	—	—	1,600	
Investment funds	4,433	4,433	4,433	—	—	—	
Funds withheld at interest	11,629	11,629	—	—	—	11,629	
Other investments	222	223	—	—	—	223	
Total financial assets not carried at fair value	\$ 86,190	\$ 86,719	\$ 5,428	\$ —	\$ 312	\$ 80,979	
Financial liabilities							
Interest sensitive contract liabilities	\$ 105,293	\$ 108,621	\$ —	\$ —	\$ —	\$ 108,621	
Long-term debt	2,964	3,295	—	—	3,295	—	
Securities to repurchase	3,110	3,110	—	—	3,110	—	
Funds withheld liability	394	394	—	—	394	—	
Total financial liabilities not carried at fair value	\$ 111,761	\$ 115,420	\$ —	\$ —	\$ 6,799	\$ 108,621	

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Notes to Consolidated Financial Statements

December 31, 2020

<i>(In millions)</i>	Carrying Value	Fair Value	NAV	Level 1	Level 2	Level 3
Financial assets						
Mortgage loans	\$ 15,245	\$ 15,811	\$ —	\$ —	\$ —	\$ 15,811
Investment funds	642	642	642	—	—	—
Policy loans	369	369	—	—	369	—
Funds withheld at interest	46,668	46,668	—	—	—	46,668
Other investments	467	471	—	—	—	471
Investments in related parties						
Mortgage loans	674	694	—	—	—	694
Investment funds	3,165	3,165	3,165	—	—	—
Funds withheld at interest	12,168	12,168	—	—	—	12,168
Other investments	469	499	—	—	—	499
Total financial assets not carried at fair value	\$ 79,867	\$ 80,487	\$ 3,807	\$ —	\$ 369	\$ 76,311
Financial liabilities						
Interest sensitive contract liabilities	\$ 94,685	\$ 98,945	\$ —	\$ —	\$ —	\$ 98,945
Long-term debt	1,976	2,259	—	—	2,259	—
Securities to repurchase	598	598	—	—	598	—
Funds withheld liability	393	393	—	—	393	—
Total financial liabilities not carried at fair value	\$ 97,652	\$ 102,195	\$ —	\$ —	\$ 3,250	\$ 98,945

We estimate the fair value for financial instruments not carried at fair value using the same methods and assumptions as those we carry at fair value. The financial instruments presented above are reported at carrying value on the consolidated balance sheets; however, in the case of policy loans, funds withheld at interest and liability, short-term investments, short-term debt and securities to repurchase, the carrying amount approximates fair value.

Other investments – The fair value of other investments is determined using a discounted cash flow model using discount rates for similar investments.

Interest sensitive contract liabilities – The carrying and fair value of interest sensitive contract liabilities above includes fixed indexed and traditional fixed annuities without mortality or morbidity risks, funding agreements and payout annuities without life contingencies. The embedded derivatives within fixed indexed annuities without mortality or morbidity risks are excluded, as they are carried at fair value. The valuation of these investment contracts is based on discounted cash flow methodologies using significant unobservable inputs. The estimated fair value is determined using current market risk-free interest rates, adding a spread to reflect our nonperformance risk and subtracting a risk margin to reflect uncertainty inherent in the projected cash flows.

Long-term debt – We obtain the fair value of long-term debt from commercial pricing services. These are classified as Level 2. The pricing services incorporate a variety of market observable information in their valuation techniques, including benchmark yields, trading activity, credit quality, issuer spreads, bids, offers and other reference data.

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Notes to Consolidated Financial Statements

6. Reinsurance

The following summarizes the effect of reinsurance on premiums and future policy and other policy benefits on the consolidated statements of income:

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Premiums			
Direct	\$ 13,989	\$ 5,691	\$ 5,449
Reinsurance assumed	388	413	1,092
Reinsurance ceded	(115)	(141)	(159)
Total premiums	<u>\$ 14,262</u>	<u>\$ 5,963</u>	<u>\$ 6,382</u>
Future policy and other policy benefits			
Direct	\$ 15,482	\$ 7,016	\$ 6,697
Reinsurance assumed	503	522	1,223
Reinsurance ceded	(251)	(351)	(333)
Total future policy and other policy benefits	<u>\$ 15,734</u>	<u>\$ 7,187</u>	<u>\$ 7,587</u>

Reinsurance typically provides for recapture rights on the part of the ceding company for certain events of default. Additionally, some agreements require us to place assets in trust accounts for the benefit of the ceding entity. The required minimum assets are equal to or greater than statutory reserves, as defined by the agreement, and were \$6,380 million and \$6,538 million as of December 31, 2021 and 2020, respectively. Although we own the assets placed in trust, their use is restricted based on the trust agreement terms. If the statutory book value of the assets, or in certain cases fair value, in a trust declines because of impairments or other reasons, we may be required to contribute additional assets to the trust. In addition, the assets within a trust may be subject to a pledge in favor of the applicable reinsurance company.

Reinsurance transactions

We have entered into various coinsurance and modco agreements to reinsure blocks of fixed deferred and fixed indexed and pension group annuities. The following summarizes those agreements at inception:

<i>(In millions)</i>	Years ended December 31,	
	2020	2019
Liabilities assumed	\$ 27,439	\$ 791
Less: Assets received	28,805	818
Net cost of reinsurance	<u>\$ (1,366)</u>	<u>\$ (27)</u>
Unearned revenue reserve ¹	\$ (1,366)	—
Deferred profit liability ²	—	(27)
Net cost of reinsurance	<u>\$ (1,366)</u>	<u>\$ (27)</u>

¹ Included within interest sensitive contract liabilities on the consolidated balance sheets.

² Included within future policy benefits on the consolidated balance sheets.

Unearned revenue reserve balances are amortized over the life of the reinsurance agreements on a basis consistent with our DAC amortization policy. The deferred profit liability balance is amortized over the life of the reinsurance agreement on a constant relationship to the benefit reserves.

Effective July 1, 2020, we restructured our reinsurance agreement with Mass Mutual Life Insurance Company (MassMutual). MassMutual recaptured the existing coinsurance agreement and we immediately entered into a new funds withheld coinsurance agreement with our ALRe subsidiary. As a result, we recorded a \$5,021 million increase in funds withheld at interest and a corresponding decrease in assets, primarily consisting of investments and cash.

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Notes to Consolidated Financial Statements

Global Atlantic – We have a 100% coinsurance and assumption agreement with Global Atlantic. The agreement ceded all existing open block life insurance business issued by Athene Annuity and Life Company (AAIA), with the exception of enhanced guarantee universal life insurance products. We also entered into a 100% coinsurance agreement with Global Atlantic to cede all policy liabilities of the ILICO Closed Block. The ILICO Closed Block consists primarily of participating whole life insurance policies. We also have an excess of loss arrangement with Global Atlantic to reimburse us for any payments required from our general assets to meet the contractual obligations of the AmerUs Closed Block not covered by existing reinsurance through Athene Re USA IV. The AmerUs Closed Block consists primarily of participating whole life insurance policies. Since all liabilities were covered by the existing reinsurance at close, no reinsurance premiums were ceded. The assets backing the AmerUs Closed Block are managed, on AAIA’s behalf, by Goldman Sachs Asset Management.

As of December 31, 2021 and 2020, Global Atlantic maintained a series of trust and custody accounts under the terms of these agreements with assets equal to or greater than a required aggregate statutory balance of \$2,854 million and \$3,022 million, respectively.

Protective Life Insurance Company (Protective) – We reinsured substantially all of the existing life and health business of Athene Annuity & Life Assurance Company (AADE) to Protective under a coinsurance agreement in 2011. As of December 31, 2021 and 2020, Protective maintained a trust for our benefit with assets having a fair value of \$1,624 million and \$1,722 million, respectively.

Reinsurance Recoverables—The following summarizes our reinsurance recoverable from the following:

<i>(In millions)</i>	December 31,	
	2021	2020
Global Atlantic	\$ 2,916	\$ 3,108
Protective	1,515	1,558
Other ¹	163	182
Reinsurance recoverable	\$ 4,594	\$ 4,848

¹ Represents all other reinsurers, with no single reinsurer having a carrying value in excess of 5% of total recoverable.

7. Deferred Acquisition Costs, Deferred Sales Inducements and Value of Business Acquired

The following represents a rollforward of DAC, DSI and VOBA:

<i>(In millions)</i>	DAC	DSI	VOBA	Total
Balance at December 31, 2018	\$ 3,921	\$ 799	\$ 1,187	\$ 5,907
Additions	645	226	—	871
Unlocking	(117)	(9)	(24)	(150)
Amortization	(749)	(65)	(68)	(882)
Impact of unrealized investment (gains) losses	(426)	(131)	(181)	(738)
Balance at December 31, 2019	3,274	820	914	5,008
Adoption of accounting standard	12	5	5	22
Additions	633	178	—	811
Unlocking	(36)	(13)	(11)	(60)
Amortization	(414)	(53)	(60)	(527)
Impact of unrealized investment (gains) losses	(233)	(80)	(35)	(348)
Balance at December 31, 2020	3,236	857	813	4,906
Additions	698	265	—	963
Unlocking	(18)	(16)	24	(10)
Amortization	(483)	(182)	(155)	(820)
Impact of unrealized investment (gains) losses	182	54	87	323
Balance at December 31, 2021	\$ 3,615	\$ 978	\$ 769	\$ 5,362

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The expected amortization of VOBA for the next five years is as follows:

<i>(In millions)</i>	Expected Amortization	
2022	\$	59
2023		62
2024		64
2025		62
2026		59

8. Closed Block

We pay guaranteed benefits under all policies included in the Closed Blocks. In the event the performance of the Closed Blocks' assets is insufficient to maintain dividend scales and interest credits, we may reduce the policyholder dividend scales. In the event dividends have been reduced to zero and the Closed Blocks' assets remain insufficient to fund the Closed Blocks' guaranteed benefits, we would use assets supporting open block policies or surplus to meet the contractual benefits of the Closed Blocks' policyholders. The ILICO Closed Block has been ceded to Global Atlantic. Therefore, Global Atlantic would be required to provide funding for any asset insufficiency related to the ILICO Closed Block. Additionally, the AmerUs Closed Block has a letter of credit and tail risk reinsurance agreement in place that limits our exposure to potential asset insufficiency.

We elected the fair value option for the AmerUs Closed Block. The fair value of liabilities of the AmerUs Closed Block was derived at election as the sum of the fair value of the AmerUs Closed Block assets plus our cost of capital in the AmerUs Closed Block. The cost of capital was then determined to be the present value of the projected release of required capital and future after tax earnings on required capital supporting the AmerUs Closed Block, discounted at a rate which represents a market participant's required rate of return, less the initial required capital. At each reporting period, we record the fair value of the AmerUs Closed Block by adjusting the change in liabilities, exclusive of the cost of capital, to equal the change in assets. We do not record additional policyholder dividend obligations, as there are no future GAAP earnings available to the policyholders.

The excess of the fair value of the liabilities over the fair value of the assets represents our cost of capital in the AmerUs Closed Block. The maximum amount of future earnings from the assets and liabilities of the AmerUs Closed Block is represented by the reduction in the cost of capital in future years based on the operations of the AmerUs Closed Block and recalculation of the cost of capital each reporting period.

Summarized financial information of the AmerUs Closed Block is presented below.

<i>(In millions)</i>	December 31,	
	2021	2020
Liabilities		
Future policy benefits	\$ 1,520	\$ 1,600
Other policy claims and benefits	16	15
Dividends payable to policyholders	75	84
Total liabilities	1,611	1,699
Assets		
Trading securities	1,321	1,431
Mortgage loans, net of allowances	17	19
Policy loans	108	124
Total investments	1,446	1,574
Cash and cash equivalents	63	35
Accrued investment income	46	44
Reinsurance recoverable	14	16
Other assets	10	2
Total assets	1,579	1,671
Maximum future earnings to be recognized from AmerUs Closed Block	\$ 32	\$ 28

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The following represents the contribution from AmerUs Closed Block.

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Revenues			
Premiums	\$ 42	\$ 48	\$ 54
Net investment income	68	71	74
Investment related gains (losses)	(61)	99	147
Total revenues	49	218	275
Benefits and Expenses			
Future policy and other policy benefits	24	177	234
Dividends to policyholders	27	38	36
Total benefits and expenses	51	215	270
Contribution (to) from AmerUs Closed Block before income taxes	(2)	3	5
Income tax expense (benefit)	2	1	(1)
Contribution (to) from AmerUs Closed Block, net of income taxes	\$ (4)	\$ 2	\$ 6

9. Debt

Credit Facility—We have a revolving credit agreement with Citibank, N.A. as administrative agent, which matures on December 3, 2024, subject to up to two one-year extensions (Credit Facility). The borrowing capacity under the Credit Facility is \$1.25 billion, with potential increases up to \$1.75 billion. In connection with the Credit Facility, AHL and AUSA guaranteed all of the obligations of AHL, ALRe, Athene Annuity Re Ltd. (AARE) and AUSA under this facility, and ALRe and AARE guaranteed certain of the obligations of AHL, ALRe, AARE and AUSA under this facility. The Credit Facility contains various standard covenants with which we must comply, including the following:

1. Consolidated debt to capitalization ratio of not greater than 35%;
2. Minimum consolidated net worth of no less than \$7.3 billion; and
3. Restrictions on our ability to incur debt and liens, in each case with certain exceptions.

As of December 31, 2021 and 2020, we had no amounts outstanding under the Credit Facility and were in compliance with all covenants under the facility.

Interest accrues on outstanding borrowings at either the Eurodollar Rate (as defined in the Credit Facility) plus a margin or a base rate plus a margin, with the applicable margin varying based on AHL’s Debt Rating (as defined in the Credit Facility). The Credit Facility has a commitment fee that is determined by reference to AHL’s Debt Rating, and ranges from 0.10% to 0.30% of the undrawn commitment. As of December 31, 2021 and 2020, the commitment fee was 0.15% of the undrawn commitment.

Senior Notes—The following is a summary of our senior notes as of December 31, 2021:

	2028 Notes	2030 Notes	2031 Notes	2051 Notes	2052 Notes
Issue date	January 12, 2018	April 3, 2020	October 8, 2020	May 25, 2021	December 13, 2021
Principal balance <i>(in millions)</i>	\$ 1,000	\$ 500	\$ 500	\$ 500	\$ 500
Outstanding balance <i>(in millions)</i>	\$ 994	\$ 495	\$ 490	\$ 491	\$ 494
Interest rate	4.125 %	6.150 %	3.500 %	3.950 %	3.450 %
Maturity date	January 12, 2028	April 3, 2030	January 15, 2031	May 25, 2051	May 15, 2052

The senior unsecured notes are callable by AHL at any time. If called prior to three months before the scheduled maturity date, the price is equal to the greater of (1) 100% of the principal and any accrued and unpaid interest and (2) an amount equal to the sum of the present values of remaining scheduled payments, discounted from the scheduled payment date to the redemption date treasury rate plus a spread as defined in the applicable prospectus supplement and any accrued and unpaid interest.

Interest expense on long-term debt was \$105 million, \$69 million and \$42 million for the years ended December 31, 2021, 2020 and 2019, respectively.

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10. Equity

Preferred Stock—We have four series of preferred stock: 6.35% Fixed-to-Floating Rate Perpetual Non-Cumulative Preference Shares, Series A (Series A); 5.625% Fixed-Rate Perpetual Non-Cumulative Preference Shares, Series B (Series B); 6.375% Fixed-Rate Reset Perpetual Non-Cumulative Preference Shares, Series C (Series C); and 4.875% Fixed-Rate Perpetual Non-Cumulative Preference Shares, Series D (Series D) as summarized below:

	Series A	Series B	Series C	Series D
Issue date	June 10, 2019	September 19, 2019	June 11, 2020	December 18, 2020
Authorized, issued and outstanding	34,500	13,800	24,000	23,000
Liquidation preference per share	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000

The following summarizes dividends declared and paid per preferred stock share by series:

<i>(Per share)</i>	Years ended December 31,		
	2021	2020	2019
Series A	\$ 1,587.50	\$ 1,587.51	\$ 881.95
Series B	1,406.25	1,406.25	394.53
Series C	1,593.75	880.99	—
Series D	1,259.38	—	—

The following summarizes dividends declared and paid in the aggregate on the preferred stock by series:

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Series A	\$ 55	\$ 55	\$ 31
Series B	19	19	5
Series C	38	21	—
Series D	29	—	—
Total dividends declared and paid	\$ 141	\$ 95	\$ 36

Preferred stock dividends are payable on a non-cumulative basis only when, as and if declared, quarterly in arrears on the 30th day of March, June, September and December of each year. Preferred stock ranks senior to our common stock with respect to dividends, to the extent declared, and in liquidation, to the extent of the liquidation preference.

Common Stock—Prior to the closing of our merger with AGM, our bye-laws placed certain restrictions on Class A shares such that a holder of Class A shares, except for shareholders permitted by our board of directors, which include members of the Apollo Group, as defined in our bye-laws, could not control greater than 9.9% of the total outstanding vote and if a holder of Class A shares were to control greater than 9.9%, then such holder’s voting power is automatically reduced to 9.9% and the other holders of Class A shares would vote the remainder on a prorated basis.

During the first quarter of 2020, shareholders approved amendments to our bye-laws which eliminated our multi-class share structure at the closing of the share transaction with AGM. See *Note 14 – Related Parties* for further information on this transaction. Class B shares outstanding were converted to Class A shares on a one-to-one basis. Class M shares outstanding were converted to Class A shares representing 5% of the Class M value and warrants representing 95% of the Class M value. The warrants were issued with substantially the same terms, including the same economic terms, as the Class M shares. As of December 31, 2021, we had 8.1 million warrants outstanding with a weighted average conversion price of \$18.40. Upon closing of our merger with AGM, the outstanding warrants were converted to AGM common stock.

Prior to the share transaction with AGM in the first quarter of 2020, we had six classes of common stock: Class A, Class B, Class M-1, Class M-2, Class M-3 and Class M-4. The Class M-1, Class M-2, Class M-3 and Class M-4 shares were collectively referred to as Class M shares. Class A shares collectively represented 55% of the total voting power of the Company. Class B shares collectively represented the remaining 45% of the total voting power of the Company, and were beneficially owned by shareholders who were members of the Apollo Group, as defined in our bye-laws. Class B shares were convertible to Class A shares on a one-to-one basis at any time upon notice to us. Class M shares were restricted, non-voting shares previously issued under equity incentive plans. Class M shares functioned similar to options in that they were exchangeable into Class A shares upon payment of a conversion price and satisfaction of other conditions, including vesting conditions.

Share Repurchase Authorizations

Our board of directors previously approved authorizations of \$1,567 million for the repurchase of our Class A shares under our repurchase program; however, the program was terminated following the closing of our merger with AGM.

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The following summarizes the activity on our share repurchase authorizations:

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Beginning balance	\$ 221	\$ 640	\$ 150
Authorizations	—	—	1,317
Repurchases	—	(419)	(827)
Ending balance	<u>\$ 221</u>	<u>\$ 221</u>	<u>\$ 640</u>

As of December 31, 2021, we had \$406,810 aggregate par value of authorized but undesignated shares (equivalent to 406.8 million shares if designated as Class A common shares).

Dividends Declared

Our board of directors declared common stock cash dividends of \$750 million on December 31, 2021, payable to holders of the Company's Class A shares with a record date and payment date following the completion of our merger with AGM. The dividend payable was included in related party other liabilities on the consolidated balance sheets as of December 31, 2021. The dividend was paid on January 4, 2022.

The table below shows the changes in each class of shares issued and outstanding:

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Class A			
Beginning balance	191.5	143.2	162.4
Issued shares	0.9	36.0	0.7
Forfeited shares	(0.2)	(0.1)	(0.1)
Repurchased shares	—	(13.3)	(19.8)
Converted from Class B shares	—	25.4	—
Converted from Class M	—	0.3	—
Ending balance	<u>192.2</u>	<u>191.5</u>	<u>143.2</u>
Class B			
Beginning balance	—	25.4	25.4
Converted to Class A shares	—	(25.4)	—
Ending balance	<u>—</u>	<u>—</u>	<u>25.4</u>
Class M-1			
Beginning balance	—	3.3	3.4
Converted to Class A shares	—	(0.2)	(0.1)
Converted to warrants	—	(3.1)	—
Ending balance	<u>—</u>	<u>—</u>	<u>3.3</u>
Class M-2			
Beginning balance	—	0.8	0.8
Converted to Class A shares	—	0.0	—
Converted to warrants	—	(0.8)	—
Ending balance	<u>—</u>	<u>—</u>	<u>0.8</u>
Class M-3			
Beginning balance	—	1.0	1.0
Converted to Class A shares	—	0.0	—
Converted to warrants	—	(1.0)	—
Ending balance	<u>—</u>	<u>—</u>	<u>1.0</u>
Class M-4			
Beginning balance	—	4.0	4.1
Converted to Class A shares	—	(0.1)	(0.1)
Converted to warrants	—	(3.6)	—
Repurchased shares	—	(0.3)	—
Ending balance	<u>—</u>	<u>—</u>	<u>4.0</u>

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Accumulated Other Comprehensive Income (Loss)—The following provides the details and changes in AOCI:

<i>(In millions)</i>	Unrealized investment gains (losses) on AFS securities without a credit allowance ²	Unrealized investment gains (losses) on AFS securities with a credit allowance ²	DAC, DSI, VOBA and future policy benefits adjustments on AFS securities	Unrealized gains (losses) on hedging instruments	Foreign currency translation and other adjustments	Accumulated other comprehensive income (loss)
Balance at December 31, 2018	\$ (628)	\$ —	\$ 121	\$ 39	\$ (4)	\$ (472)
Other comprehensive income (loss) before reclassifications	4,929	—	(1,322)	29	1	3,637
Less: Reclassification adjustments for gains (losses) realized in net income ¹	225	—	(56)	—	—	169
Less: Income tax expense (benefit)	958	—	(266)	6	—	698
Less: Other comprehensive income attributable to NCI, net of subsidiary issuance of equity interests and tax	16	—	—	1	—	17
Balance at December 31, 2019	3,102	—	(879)	61	(3)	2,281
Adoption of accounting standards	4	(4)	(6)	—	—	(6)
Other comprehensive income (loss) before reclassifications	3,312	(61)	(634)	(106)	18	2,529
Less: Reclassification adjustments for gains (losses) realized in net income ¹	353	—	(94)	—	—	259
Less: Income tax expense (benefit)	566	(12)	(115)	(26)	—	413
Less: Other comprehensive income attributable to NCI	147	—	—	7	7	161
Balance at December 31, 2020	5,352	(53)	(1,310)	(26)	8	3,971
Other comprehensive income (loss) before reclassifications	(2,988)	52	605	246	(10)	(2,095)
Less: Reclassification adjustments for gains (losses) realized in net income ¹	(65)	—	17	14	—	(34)
Less: Income tax expense (benefit)	(558)	10	123	54	—	(371)
Less: Other comprehensive income (loss) attributable to NCI	(154)	—	—	6	(1)	(149)
Balance at December 31, 2021	<u>\$ 3,141</u>	<u>\$ (11)</u>	<u>\$ (845)</u>	<u>\$ 146</u>	<u>\$ (1)</u>	<u>\$ 2,430</u>

¹ Recognized in investment related gains (losses) on the consolidated statements of income.

² Previously reported amounts for the year ending December 31, 2020 have been revised to correct a misstatement, which was not material, in the classification of balances and changes attributable to AFS securities with and without credit allowances.

11. Earnings Per Share

The following represents our basic and diluted EPS calculations:

<i>(In millions, except per share data)</i>	Year ended December 31, 2021	
	Class A	
Net income available to Athene Holding Ltd. common shareholders – basic and diluted	\$	3,718
Basic weighted average shares outstanding		191.6
Dilutive effect of stock compensation plans and warrants		7.1
Diluted weighted average shares outstanding		<u>198.7</u>
Earnings per share		
Basic	\$	19.40
Diluted	\$	18.71

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<i>(In millions, except per share data)</i>	Year ended December 31, 2020					
	Class A	Class B	Class M-1	Class M-2	Class M-3	Class M-4
Net income (loss) available to Athene Holding Ltd. common shareholders – basic and diluted	\$ 1,573	\$ (98)	\$ (13)	\$ (3)	\$ (4)	\$ (9)
Basic weighted average shares outstanding	184.9	25.4	3.3	0.8	1.0	2.4
Dilutive effect of stock compensation plans and warrants	3.7	—	—	—	—	—
Diluted weighted average shares outstanding	<u>188.6</u>	<u>25.4</u>	<u>3.3</u>	<u>0.8</u>	<u>1.0</u>	<u>2.4</u>
Earnings (loss) per share						
Basic	\$ 8.51	\$ (3.87)	\$ (3.87)	\$ (3.87)	\$ (3.87)	\$ (3.87)
Diluted	\$ 8.34	\$ (3.87)	\$ (3.87)	\$ (3.87)	\$ (3.87)	\$ (3.87)

<i>(In millions, except per share data)</i>	Year ended December 31, 2019					
	Class A	Class B	Class M-1	Class M-2	Class M-3	Class M-4
Net income available to Athene Holding Ltd. common shareholders – basic and diluted	\$ 1,760	\$ 291	\$ 38	\$ 10	\$ 11	\$ 26
Basic weighted average shares outstanding	153.9	25.4	3.3	0.8	1.0	2.2
Dilutive effect of stock compensation plans	0.4	—	—	—	—	0.3
Diluted weighted average shares outstanding	<u>154.3</u>	<u>25.4</u>	<u>3.3</u>	<u>0.8</u>	<u>1.0</u>	<u>2.5</u>
Earnings per share						
Basic	\$ 11.44	\$ 11.44	\$ 11.44	\$ 11.44	\$ 11.44	\$ 11.44
Diluted	\$ 11.41	\$ 11.44	\$ 11.44	\$ 11.44	\$ 11.44	\$ 9.94

For the periods in which we had multiple classes of stock participating in earnings, we used the two-class method for allocating net income available to Athene Holding Ltd. common shareholders to each class of our common stock. During the first quarter of 2020, as a result of the closing of the share transaction discussed further in *Note 14 – Related Parties*, we converted outstanding Class B shares to Class A shares and Class M shares were converted to Class A shares and warrants. As a result, the EPS calculation for the year ended December 31, 2020 allocated all net income for the second, third and fourth quarters to Class A shares and, for the first quarter of 2020, used only the weighted average shares for the first quarter to allocate first quarter net loss to Class B and Class M shares. However, for Class B and Class M shares, the weighted average shares outstanding represented only that period of time that the shares were outstanding. The warrants issued as part of the conversion of the Class M shares are included within the dilutive effect of stock compensation plans and warrants above if dilutive.

Dilutive shares are calculated using the treasury stock method. For Class A shares, this method takes into account shares that can be settled into Class A shares, net of a conversion price. As of December 31, 2021, 2020 and 2019, the diluted EPS calculations for Class A shares excluded 0.8 million, 1.8 million and 31.9 million shares, respectively.

12. Income Taxes

Income tax expense consists of the following:

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Current	\$ 410	\$ 107	\$ 53
Deferred	(24)	178	64
Income tax expense	<u>\$ 386</u>	<u>\$ 285</u>	<u>\$ 117</u>

Income tax expense was calculated based on the following income (loss) before income taxes by jurisdiction:

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Bermuda	\$ 2,780	\$ 903	\$ 1,895
US	1,559	1,083	528
United Kingdom	(153)	220	(121)
Income before income taxes	<u>\$ 4,186</u>	<u>\$ 2,206</u>	<u>\$ 2,302</u>

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The expected tax provision computed on pre-tax income at the weighted average tax rate has been calculated as the sum of the pre-tax income in each jurisdiction multiplied by that jurisdiction's applicable statutory tax rate. Statutory tax rates of 0%, 21% and 19% have been used for Bermuda, the US and the United Kingdom (UK), respectively, for the years ended December 31, 2021, 2020 and 2019. A reconciliation of the difference between the expected tax provision at the weighted average tax rate and income tax expense is as follows:

<i>(In millions, except for percentages)</i>	Years ended December 31,		
	2021	2020	2019
Expected tax provision computed on pre-tax income at weighted average income tax rate	\$ 299	\$ 268	\$ 88
Increase in income taxes resulting from:			
Deferred tax valuation allowance	(2)	8	16
Non-deductible expenses	19	5	17
Prior year true-up	4	(4)	2
Corporate owned life insurance	52	(6)	(6)
Stock compensation expense	2	—	2
State taxes and other	12	14	(2)
Income tax expense	\$ 386	\$ 285	\$ 117
Effective tax rate	9 %	13 %	5 %

During the third quarter of 2021, we recorded an out-of-period adjustment that affected the consolidated statements of income. The adjustment related to the correction of errors in jurisdictional income, which resulted in the misstatement of income tax expense. The adjustment understated income tax expense for the year ended December 31, 2021 by \$63 million. We evaluated the out-of-period adjustment and determined it was not material to the consolidated financial statements for the year ended December 31, 2021, or any other previously reported period.

Total income taxes were as follows:

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Income tax expense	\$ 386	\$ 285	\$ 117
Income tax expense (benefit) from OCI	(371)	413	698
Total income tax expense	\$ 15	\$ 698	\$ 815

Current income tax recoverable and deferred tax assets are included in other assets on the consolidated balance sheets, and current income tax payable and deferred tax liabilities are included in other liabilities on the consolidated balance sheets. Current and deferred income tax assets and liabilities were as follows:

<i>(In millions)</i>	December 31,	
	2021	2020
Current income tax recoverable	\$ 2	\$ 55
Current income tax payable	169	—
Net current income tax recoverable (payable)	\$ (167)	\$ 55
Deferred tax assets	\$ —	\$ —
Deferred tax liabilities	576	972
Net deferred tax liabilities	\$ (576)	\$ (972)

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Deferred income tax assets and liabilities consisted of the following:

<i>(In millions)</i>	December 31,	
	2021	2020
Deferred tax assets		
Insurance liabilities	\$ 2,169	\$ 1,723
Net operating and capital loss carryforwards	60	86
Employee benefits	22	20
Other	39	36
Total deferred tax assets	2,290	1,865
Valuation allowance	(66)	(74)
Deferred tax assets, net of valuation allowance	2,224	1,791
Deferred tax liabilities		
Investments, including derivatives	974	998
Net unrealized gains on AFS	626	997
DAC, DSI and VOBA	1,026	767
Other	174	1
Total deferred tax liabilities	2,800	2,763
Net deferred tax liabilities	\$ (576)	\$ (972)

As of December 31, 2021, we have gross deferred tax assets associated with US federal and state net operating losses of \$421 million, which will begin to expire in 2022.

The valuation allowance consists of the following:

<i>(In millions)</i>	December 31,	
	2021	2020
US federal and state net operating losses and other deferred tax assets	\$ 30	\$ 50
UK net operating losses and other deferred tax assets	36	24
Total valuation allowance	\$ 66	\$ 74

AHL and its Bermuda subsidiaries file protective US income tax returns and its US subsidiaries file income tax returns with the US federal government and various US state governments. AADE is not subject to US federal and state examinations by tax authorities for years prior to 2013, while Athene Annuity & Life Assurance Company of New York (AANY) is not subject to examinations for years prior to 2015. The Internal Revenue Service is currently auditing the 2013 consolidated tax return filed by AUSA, is conducting a limited scope audit of the 2015 consolidated tax return filed by AADE, and is auditing the 2017 consolidated tax return filed by AADE. No material adverse proposed adjustments have been issued with respect to any examination.

Under current Bermuda law, we are not required to pay any taxes in Bermuda on either income or capital gains. We have received an undertaking from the Bermuda Minister of Finance that, in the event of any such taxes being imposed, we will be exempted from taxation until the year 2035.

We expect that earnings from AHL's US subsidiaries will not be subject to US dividend withholding tax under the benefits provided by the income tax treaty between the US and the UK. Any dividends remitted from ALRe are not subject to withholding tax.

13. Statutory Requirements

Our insurance and reinsurance subsidiaries are subject to insurance laws and regulations in the jurisdictions in which they operate including Bermuda and the US. Certain regulations include restrictions that limit the dividends or other distributions, such as loans or cash advances, available to shareholders without prior approval of the insurance regulatory authorities. The differences between financial statements prepared for insurance regulatory authorities and GAAP financial statements vary by jurisdiction.

Bermuda statutory requirements—ALRe, AARe and Athene Co-Invest Reinsurance Affiliate 1A Ltd. (ACRA 1A) are each licensed by the Bermuda Monetary Authority (BMA) as long-term insurers and are subject to the Insurance Act 1978, as amended (Bermuda Insurance Act) and regulations promulgated thereunder. The BMA implemented the Economic Balance Sheet (EBS) framework into the Bermuda Solvency Capital Requirement (BSCR), which was granted equivalence to the European Union's Directive (2009/138/EC) (Solvency II).

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Under the Bermuda Insurance Act, long-term insurers are required to maintain minimum statutory capital and surplus to meet the minimum margin of solvency (MMS) and minimum economic statutory capital and surplus (EBS capital and surplus) to meet the Enhanced Capital Requirement (ECR). For our Class C reinsurer, ACRA 1A, MMS is equal to the greater of \$500,000, 1.5% of the total statutory assets or 25% of ECR. For our Class E reinsurers, ALRe and AARe, MMS is equal to the greater of \$8 million, 2% of the first \$500 million of statutory assets plus 1.5% of statutory assets above \$500 million or 25% of ECR. For each class, the ECR is calculated based on a risk-based capital model where risk factor charges are applied to the EBS. The ECR is floored at the MMS. As of December 31, 2021, our Bermuda subsidiaries were in excess of the minimum levels required. For our Bermuda reinsurance subsidiaries, the ECR is the binding regulatory constraint. The following represents the EBS capital and surplus and BSCR ratios:

(In millions)	EBS capital & surplus		BSCR ratio	
	December 31,		December 31,	
	2021	2020	2021	2020
ALRe	\$ 14,630	\$ 17,168	209 %	254 %
AARe	6,632	2,441	2,460 %	967 %
ACRA 1A	3,872	2,945	183 %	236 %

Under the EBS framework, statutory financial statements are generally equivalent to GAAP financial statements, with the exception of permitted practices granted by the BMA. Our Bermuda subsidiaries have permission in the statutory financial statements to use amortized cost instead of fair value as the basis for certain investments. Additionally, our Bermuda subsidiaries use US statutory reserving principles for the calculation of insurance reserves instead of GAAP, subject to the reserves being proved adequate based on cash flow testing. The following represents the effect of the permitted practices to the statutory financial statements:

(In millions)	December 31, 2021		
	ALRe	AARe ¹	ACRA 1A
Decrease to capital and surplus due to permitted practices	\$ 3,963	\$ (4,979)	\$ 980
Decrease to statutory net income due to permitted practices	(635)	2,678	599

¹ AARe has permission to use amortized cost instead of fair value as the basis for certain investments but does not produce GAAP financial statements. The effect of the permitted practices to the AARe statutory financial statements reflects the impact of the difference between amortized cost and fair value for certain investments.

Under the Bermuda Insurance Act, our Bermuda subsidiaries are prohibited from paying a dividend in an amount exceeding 25% of the prior year's statutory capital and surplus, unless at least two members of the companies' respective board of directors and its principal representative in Bermuda sign and submit to the BMA an affidavit attesting that a dividend in excess of this amount would not cause the subsidiary to fail to meet its relevant margins. In certain instances, the Bermuda subsidiary would also be required to provide prior notice to the BMA in advance of the payment of dividends. In the event that such an affidavit is submitted to the BMA, and further subject to meeting the MMS and ECR requirements, a Bermuda subsidiary is permitted to distribute up to the sum of 100% of statutory surplus and an amount less than 15% of statutory capital. Distributions in excess of this amount require the approval of the BMA. The following represents the maximum distribution our Bermuda subsidiaries would be permitted to remit to its parent without the need for prior approval:

(In millions)	December 31,	
	2021	2020
ALRe	\$ 7,122	\$ 9,971
AARe	165	1,096
ACRA 1A	1,759	1,592

US statutory requirements—Our regulated US subsidiaries and the corresponding insurance regulatory authorities are as follows:

Subsidiary	Regulatory Authority
AADE	Delaware Department of Insurance
AAIA	Iowa Insurance Division
AANY	New York Department of Financial Services
Athene Re USA IV	State of Vermont Department of Financial Regulation

Each entity's statutory statements are presented on the basis of accounting practices determined by the respective regulatory authority. The regulatory authority recognizes only statutory accounting practices prescribed or permitted by the corresponding state for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under insurance law.

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The maximum dividend these subsidiaries can pay to shareholders, without prior approval of the respective state insurance department, is subject to restrictions relating to statutory surplus or net gain from operations. The maximum dividend payment over a twelve-month period may not, without prior approval, be paid from a source other than earned surplus and may not exceed the greater of (1) the prior year’s net gain from operations or (2) 10% of prior year’s policyholders’ surplus. Based on these restrictions, the maximum dividend AADE could pay to AUSA absent regulatory approval was \$0 million and \$170 million as of December 31, 2021 and 2020, respectively. Any dividends from AHL’s other US statutory entities in excess of the amounts allowed for AADE would not be able to be remitted to AUSA without regulatory approval from the Delaware Department of Insurance.

As of December 31, 2021, our US subsidiaries’ solvency, liquidity and risk-based capital amounts were significantly in excess of the minimum levels required.

In some instances, the states of domicile of our US subsidiaries have adopted prescribed accounting practices that differ from the required accounting outlined in NAIC Statutory Accounting Principles (SAP). These subsidiaries also have certain accounting practices permitted by the states of domicile that differ from those found in NAIC SAP. These prescribed and permitted practices are described as follows:

AAIA – Among the products issued by AAIA are indexed universal life insurance and fixed indexed annuities. These products allow a portion of the premium to earn interest based on certain indices, primarily the S&P 500. We purchase call options, futures and variance swaps to hedge the growth in interest credited to the customer as a direct result of increases in the related index. The Iowa Insurance Division allows an insurer to elect (1) to use an amortized cost method to account for certain derivative instruments, such as call options, purchased to hedge the growth in interest credited to the customer on indexed insurance products and (2) to use an indexed annuity reserve calculation methodology under which call options associated with the current index interest crediting term are valued at zero. AAIA has elected to apply this option to its over-the-counter call options and reserve liabilities. As a result, AAIA’s statutory surplus decreased by \$91 million and \$84 million as of December 31, 2021 and 2020, respectively.

Athene Re USA IV – AAIA has ceded the AmerUs Closed Block to Athene Re USA IV on a 100% funds withheld basis. A permitted practice in the State of Vermont allows Athene Re USA IV to include as admitted assets the face amount of all issued and outstanding letters of credit used to fund its reinsurance obligations to AAIA in its statutory financial statements. If Athene Re USA IV had not followed this permitted practice, then it would not have exceeded authorized control level risk based capital requirements. As of December 31, 2021 and 2020, Athene Re USA IV included as admitted assets \$117 million and \$134 million, respectively, related to the outstanding letters of credit.

Statutory capital and surplus and net income (loss)—The following table presents, for each of our primary insurance subsidiaries, the statutory capital and surplus and the statutory net income (loss), based on the most recent statutory financial statements to be filed with insurance regulators:

<i>(In millions)</i>	Statutory capital & surplus		Statutory net income (loss)		
	December 31,		Years ended December 31,		
	2021	2020	2021	2020	2019
ALRe	\$ 11,823	\$ 13,518	\$ 3,278	\$ 1,544	\$ 1,247
AARe	2,649	2,457	(3,703)	92	248
ACRA 1A	4,187	2,718	293	1,522	265
AADE	1,605	1,700	(70)	54	(86)
AAIA	1,279	1,312	(182)	(8)	241
AANY	304	320	(8)	(25)	33

14. Related Parties

Apollo

Fee structure – Substantially all of our investments are managed by Apollo. Apollo provides us a full suite of services that includes: direct investment management; asset sourcing and allocation; mergers and acquisition sourcing, execution and asset diligence; and strategic support and advice. Apollo also provides certain operational support services for our investment portfolio including investment compliance, tax, legal and risk management support.

Apollo has extensive experience managing our investment portfolio and its knowledge of our liability profile enables it to tailor an asset management strategy to fit our specific needs. This strategy has proven responsive to changing market conditions and focuses on earning incremental yield by taking liquidity risk and complexity risk, rather than assuming solely credit risk. Our partnership has enabled us to take advantage of investment opportunities that would likely not otherwise have been available to us.

ATHENE HOLDING LTD.**Notes to Consolidated Financial Statements**

Under our fee agreement with Apollo, we pay Apollo a base management fee of (1) 0.225% per year of the lesser of (A) the aggregate market value of substantially all of the assets in substantially all of the investment accounts of or relating to us (collectively, the Accounts) as of December 31, 2018 of \$103.4 billion (Backbook Value) and (B) the aggregate market value of substantially all of the assets in the Accounts at the end of the respective month, plus (2) 0.15% per year of the amount, if any, by which the aggregate market value of substantially all of the assets in the Accounts at the end of the respective month exceeds the Backbook Value, subject to certain adjustments. Additionally, we pay a sub-allocation fee based on specified asset class tiers ranging from 0.065% to 0.70% of the market value, with the higher percentages in this range for asset classes that are designed to have more alpha generating abilities.

For the years ended December 31, 2021, 2020 and 2019, we incurred management fees, inclusive of the base and sub-allocation fees, of \$592 million, \$490 million and \$426 million, respectively. Management fees are included within net investment income on the consolidated statements of income. As of December 31, 2021 and 2020, management fees payable were \$59 million and \$41 million, respectively, and are included in other liabilities on the consolidated balance sheets. Such amounts include fees incurred attributable to ACRA including 100% of the noncontrolling interest in ACRA. In addition to the assets on our consolidated balance sheets managed by Apollo, Apollo manages the assets underlying our funds withheld receivable. For these assets, the third-party cedants pay Apollo fees based upon the same fee construct we have with Apollo. Such fees directly reduce the settlement payments that we receive from the third-party cedant and, as such, we indirectly pay those fees. Finally, Apollo charges management fees and carried interest on Apollo-managed funds and other entities in which we invest. Neither the fees paid by such third-party cedants nor the fees or carried interest paid by such Apollo-managed funds or other entities are included in the investment management fee amounts cited above.

Investment management agreement (IMA) termination – Our bye-laws currently provide that, with respect to IMAs covering assets backing reserves and surplus in ACRA, whether from internal reinsurance, third-party reinsurance, or inorganic transactions, among us or any of our subsidiaries, on the one hand, and ISG, on the other hand, we will not terminate any such IMA with Apollo other than at specified termination dates and with relevant board approvals of independent directors and written notice.

Governance – We have a management investment and asset liability committee, which includes members of our senior management and reports to the risk committee of our board of directors. The committee focuses on strategic decisions involving our investment portfolio, such as approving investment limits, new asset classes and our allocation strategy, reviewing large asset transactions, as well as monitoring our credit risk, and the management of our assets and liabilities.

Prior to our merger with AGM on January 1, 2022, a significant voting interest in the Company was held by shareholders who are members of the Apollo Group. James Belardi, our Chief Executive Officer, also serves as a member of the board of directors and an executive officer of AGM, and, as Chief Executive Officer of ISG, receives compensation from ISG for services he provides. Mr. Belardi also owns a 5% profit interest in ISG and in connection with such interest receives a specified percentage of other fee streams earned by Apollo from us, including sub-allocation fees. Additionally, six of the sixteen members of our board of directors are employees of or consultants to Apollo (including Mr. Belardi). In order to protect against potential conflicts of interest resulting from transactions into which we have entered and will continue to enter into with the Apollo Group, our bye-laws require us to maintain a conflicts committee comprised solely of directors who are not general partners, directors (other than independent directors of AGM), managers, officers or employees of any member of the Apollo Group. The conflicts committee reviews and approves material transactions between us and the Apollo Group, subject to certain exceptions.

Other related party transactions

Athene Freedom Holdings LP – We have a limited partnership investment in Athene Freedom Holdings LP, for which an Apollo affiliate is the general partner. Athene Freedom Holdings LP indirectly invests in both Wheels, Inc. (Wheels) and Donlen, LLC (Donlen). Additionally, we own ABS and corporate debt securities issued by Wheels and Donlen, which are held as related party AFS securities on the consolidated balance sheets. The following summarizes these investments in Wheels/Donlen:

<i>(In millions)</i>	December 31, 2021
AFS securities	\$ 2,419
Investment fund	700
Total investment in Wheels/Donlen	\$ 3,119

A-A Mortgage – We have an equity method investment of \$26 million and \$444 million as of December 31, 2021 and 2020, respectively, in A-A Mortgage, which previously held an investment in AmeriHome. In 2021, Apollo and Athene sold AmeriHome to a subsidiary of Western Alliance Bancorporation and we recognized \$182 million of revenue from the premium of the platform sale, net of carry and transaction expenses. We have a loan purchase agreement with AmeriHome, which survived the sale. The agreement allows us to purchase residential mortgage loans which AmeriHome has purchased from correspondent sellers and pooled for sale in the secondary market. AmeriHome retains the servicing rights to the sold loans. We purchased \$0 million, \$169 million and \$411 million of residential mortgage loans under this agreement during the years ended December 31, 2021, 2020 and 2019, respectively. Additionally, as of December 31, 2020, we held \$360 million of investments issued by AmeriHome or AmeriHome affiliates as related party AFS securities on the consolidated balance sheets.

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MidCap – We have multiple investments in MidCap including profit participating notes, senior unsecured notes and redeemable preferred stock, which are included in related party AFS or trading securities on the consolidated balance sheets. We also had advanced amounts to MidCap under a subordinated debt facility, which was included in related party other investments on the consolidated balance sheets. During the second quarter of 2021, the principal balance of the MidCap subordinated debt facility of \$330 million was repaid and we received \$19 million as a result of the early repayment.

The following summarizes these investments in MidCap:

<i>(In millions)</i>	December 31,	
	2021	2020
Profit participating notes	\$ 635	\$ 534
Senior unsecured notes	158	—
Redeemable preferred stock	7	77
Subordinated debt facility	—	328
Total investment in MidCap	\$ 800	\$ 939

Additionally, we hold ABS and CLO securities issued by MidCap affiliates of \$897 million and \$630 million as of December 31, 2021 and 2020, respectively, which are included in related party AFS securities on the consolidated balance sheets.

Athora – We have a cooperation agreement with Athora, pursuant to which, among other things, (1) for a period of 30 days from the receipt of notice of a cession, we have the right of first refusal to reinsure (a) up to 50% of the liabilities ceded from Athora’s reinsurance subsidiaries to Athora Life Re Ltd. and (b) up to 20% of the liabilities ceded from a third party to any of Athora’s insurance subsidiaries, subject to a limitation in the aggregate of 20% of Athora’s liabilities, (2) Athora agreed to cause its insurance subsidiaries to consider the purchase of certain funding agreements and/or other spread instruments issued by our insurance subsidiaries, subject to a limitation that the fair market value of such funding agreements purchased by any of Athora’s insurance subsidiaries may generally not exceed 3% of the fair market value of such subsidiary’s total assets, (3) we provide Athora with a right of first refusal to pursue acquisition and reinsurance transactions in Europe (other than the UK) and (4) Athora provides us and our subsidiaries with a right of first refusal to pursue acquisition and reinsurance transactions in North America and the UK. Notwithstanding the foregoing, pursuant to the cooperation agreement, Athora is only required to use its reasonable best efforts to cause its subsidiaries to adhere to the provisions set forth in the cooperation agreement and therefore Athora’s ability to cause its subsidiaries to act pursuant to the cooperation agreement may be limited by, among other things, legal prohibitions or the inability to obtain the approval of the board of directors or other applicable governing body of the applicable subsidiary, which approval is solely at the discretion of such governing body. As of December 31, 2021, we have not exercised our right of first refusal to reinsure liabilities ceded to Athora’s insurance or reinsurance subsidiaries.

The following table summarizes our investments in Athora:

<i>(In millions)</i>	December 31,	
	2021	2020
Investment fund	\$ 743	\$ 709
Non-redeemable preferred equity securities	171	—
Total investment in Athora	\$ 914	\$ 709

Additionally, as of December 31, 2021 and 2020, we had \$63 million and \$122 million, respectively, of funding agreements outstanding to Athora. We also have commitments to make additional investments in Athora of \$512 million as of December 31, 2021.

Venerable – We have coinsurance and modco agreements with Venerable Insurance and Annuity Company (VIAC). VIAC is a related party due to our minority equity investment in its holding company’s parent, VA Capital, which was \$219 million and \$123 million as of December 31, 2021 and 2020, respectively. The minority equity investment in VA Capital is included in related party investment funds on the consolidated balance sheets and accounted for as an equity method investment. VA Capital is owned by a consortium of investors, led by affiliates of AGM, Crestview Partners III Management, LLC (Crestview) and Reverence Capital Partners L.P. (Reverence), and is the parent of Venerable, which is the parent of VIAC.

On June 1, 2021, Apollo Hybrid Value Fund, L.P., AA Direct, L.P. and certain entities affiliated with Athora, collectively through an acquisition vehicle, AP Violet, L.P. (AP Violet), along with Crestview and Reverence agreed to acquire a portion of the minority equity investment in VA Capital from us and Apollo. As a result, during the year ended December 31, 2021, we sold portions of our equity investment for \$124 million, of which \$25 million was deferred consideration, to Crestview, Reverence and AP Violet.

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We also have term loans receivable from Venerable due in 2033, which are included in related party other investments on the consolidated balance sheets. The loans are held at the principal balance less allowances and were \$222 million and \$145 million as of December 31, 2021 and 2020, respectively. While management views the overall transactions with Venerable as favorable to us, the stated interest rate of 6.257% on the initial term loan to Venerable represented a below-market interest rate, and management considered such rate as part of its evaluation and pricing of the reinsurance transactions.

Strategic Partnership – We have an agreement pursuant to which we may invest up to \$2.875 billion in funds managed by Apollo entities (Strategic Partnership). This arrangement is intended to permit us to invest across the Apollo alternatives platform into credit-oriented, strategic and other alternative investments in a manner and size that is consistent with our existing investment strategy. Fees for such investments payable by us to Apollo would be more favorable to us than market rates, and consistent with our existing alternative investments, investments made under the Strategic Partnership require approval of ISG and remain subject to our existing governance processes, including approval by our conflicts committee where applicable. As of December 31, 2021 and 2020, we had \$415 million and \$214 million, respectively, of investments under the Strategic Partnership and these investments are typically included in related party investment funds on the consolidated balance sheets.

PK AirFinance – We have an investment in PK AirFinance (PK), an aviation lending business with a portfolio of loans (Aviation Loans). The Aviation Loans are generally fully secured by aircraft leases and aircraft. Apollo owns the PK loan origination platform, including personnel and systems and, pursuant to certain agreements entered into between us, Apollo, and certain entities managed by Apollo, the Aviation Loans are securitized by an SPV for which Apollo acts as ABS manager (ABS-SPV). The ABS-SPV issues tranches of senior notes and subordinated notes, which are secured by the Aviation Loans. As of December 31, 2021 and 2020, our investment in securitizations of loans originated by PK was \$1,401 million and \$1,373 million, respectively, and are included in related party AFS or trading securities on the consolidated balance sheets. We also have commitments to make additional investment in securitizations of loans originated by PK of \$1,224 million as of December 31, 2021.

Apollo/Athene Dedicated Investment Program (ADIP) – Our subsidiary, Athene Co-Invest Reinsurance Affiliate Holding Ltd. (together with its subsidiaries, ACRA) is partially owned by ADIP, which is managed by AGM. ALRe currently holds 36.55% of the economic interests in ACRA, with ADIP holding the remaining 63.45%. During the years ended December 31, 2021 and 2020, ACRA received capital contributions of \$758 million and \$240 million, respectively, from ADIP and paid dividends of \$0 million and \$46 million, respectively, to ADIP.

Apollo Share Exchange and Related Transactions – On February 28, 2020, we closed a strategic transaction with AGM and certain affiliates of AGM which collectively comprise the AOG, pursuant to which we sold 27,959,184 newly issued Class A common shares to the AOG for an investment in Apollo of 29,154,519 newly issued AOG units valued at \$1.1 billion and we sold 7,575,758 newly issued Class A common shares to the AOG for \$350 million. As of December 31, 2021 and 2020, the investment in Apollo was \$2,112 million and \$1,324 million, respectively. Subsequent to our merger with AGM, our investment in Apollo was distributed to AGM.

AA Infrastructure Fund 1 LLC (AA Infrastructure) – We have an investment in preferred shares of AA Infrastructure, which is a fund managed by ISG. As of December 31, 2021 and 2020, we held \$113 million and \$72 million, respectively, of preferred shares, which are included in related party equity securities on the consolidated balance sheets. In the fourth quarter of 2019, AA Infrastructure issued \$267 million of ABS securities as a return of capital on the preferred shares. As of December 31, 2021 and 2020, we held AA Infrastructure ABS securities of \$586 million and \$420 million, respectively, which are included in related party trading securities on the consolidated balance sheets. We also have commitments to make additional investments in AA Infrastructure of \$0 million as of December 31, 2021.

15. Commitments and Contingencies

Contingent Commitments—We had commitments to make investments, primarily capital contributions to investment funds, inclusive of related party commitments discussed previously, of \$14,771 million and \$7,472 million as of December 31, 2021 and 2020, respectively. We expect most of our current commitments will be invested over the next five years; however, these commitments could become due any time upon counterparty request.

Funding Agreements—We are a member of the FHLB and, through membership, we have issued funding agreements to the FHLB in exchange for cash advances. As of December 31, 2021 and 2020, we had \$2,751 million and \$2,002 million, respectively, of FHLB funding agreements outstanding. We are required to provide collateral in excess of the funding agreement amounts outstanding, considering any discounts to the securities posted and prepayment penalties.

We have a funding agreement backed notes (FABN) program, which allows Athene Global Funding, a special-purpose, unaffiliated statutory trust, to offer its senior secured medium-term notes. Athene Global Funding uses the net proceeds from each sale to purchase one or more funding agreements from us. As of December 31, 2021 and 2020, we had \$19,728 million and \$8,822 million, respectively, of board-authorized FABN funding agreements outstanding. We had \$5,183 million of board-authorized FABN capacity remaining as of December 31, 2021.

During the third quarter of 2020, we established a secured funding agreement backed repurchase agreement (FABR) program, in which a special-purpose, unaffiliated entity entered into repurchase agreements with a bank and the proceeds of the repurchase agreements were used by the special-purpose entity to purchase funding agreements from us. As of December 31, 2021 and 2020, we had \$1,000 million of FABR funding agreements outstanding.

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Pledged Assets and Funds in Trust (Restricted Assets)—The total restricted assets included on the consolidated balance sheets are as follows:

<i>(In millions)</i>	December 31,	
	2021	2020
AFS securities	\$ 9,111	\$ 9,884
Trading securities	75	60
Equity securities	30	26
Mortgage loans	5,033	5,028
Investment funds	174	68
Derivative assets	96	107
Short-term investments	—	52
Other investments	130	105
Restricted cash	796	738
Total restricted assets	\$ 15,445	\$ 16,068

The restricted assets are primarily related to reinsurance trusts established in accordance with coinsurance agreements and the FHLB and FABR funding agreements described above.

Letters of Credit—We have undrawn letters of credit totaling \$1,375 million as of December 31, 2021. These letters of credit were issued for our reinsurance program and expire between May 22, 2023 and December 10, 2023.

Litigation, Claims and Assessments

Corporate-owned Life Insurance (COLI) Matter – In 2000 and 2001, two insurance companies which were subsequently merged into AAIA, purchased broad based variable COLI policies from American General Life Insurance Company (American General). In January 2012, the COLI policy administrator delivered to AAIA a supplement to the existing COLI policies and advised that American General and ZC Resource Investment Trust (ZC Trust) had unilaterally implemented changes set forth in the supplement that, if effective, would: (1) potentially negatively impact the crediting rate for the policies and (2) change the exit and surrender protocols set forth in the policies. In March 2013, AAIA filed suit against American General, ZC Trust, and ZC Resource LLC in Chancery Court in Delaware, seeking, among other relief, a declaration that the changes set forth in the supplement were ineffectual and in breach of the parties’ agreement. The parties filed cross motions for judgment as a matter of law, and the court granted defendants’ motion and dismissed without prejudice on ripeness grounds. The issue that negatively impacts the crediting rate for one of the COLI policies has subsequently been triggered and, on April 3, 2018, we filed suit against the same defendants in Chancery Court in Delaware seeking substantially similar relief. Defendants moved to dismiss and the court heard oral arguments on February 13, 2019. The court issued an opinion on July 31, 2019 that did not address the merits, but found that the Chancery Court did not have jurisdiction over our claims and directed us to either amend our complaint or transfer the matter to Delaware Superior Court. The matter has been transferred to the Delaware Superior Court. Defendants renewed their motion to dismiss and the Superior Court heard oral arguments on December 18, 2019. The Superior Court issued an opinion on May 18, 2020 in which it granted in part and denied in part defendants’ motion. The Superior Court denied defendants’ motion with respect to the issue that negatively impacts the crediting rate for one of the COLI policies, which issue proceeded to discovery. The Superior Court granted defendants’ motion and dismissed without prejudice on ripeness grounds claims related to the exit and surrender protocols set forth in the policies, and dismissed defendant ZC Resource LLC. If the supplement were to have been deemed effective, the purported changes to the policies could have impaired AAIA’s ability to access the value of guarantees associated with the policies. The parties engaged in discovery as well as discussions concerning whether the matter can be resolved without further litigation and, at the request of the parties, on August 11, 2021, the court entered an Amended Scheduling Order setting the trial date for June 2023. On December 27, 2021, the parties agreed in principle to a settlement, pursuant to which we will be able to surrender the policies at any time and receive proceeds within six months. During the year ended December 31, 2021, we recorded an impairment of the COLI asset of \$53 million, and an adjustment to deferred tax liabilities of \$47 million, to reflect the terms of the settlement.

Regulatory Matters – From 2015 to 2018, our US insurance subsidiaries experienced increased complaints related to the conversion and administration of the block of life insurance business acquired in connection with our acquisition of Aviva USA and reinsured to affiliates of Global Atlantic. The life insurance policies included in this block have been and are currently being administered by AllianceOne Inc. (AllianceOne), a subsidiary of DXC Technology Company, which was retained by such Global Atlantic affiliates to provide third party administration services on such policies. AllianceOne also administers a small block of annuity policies that were on Aviva USA’s legacy policy administration systems that were also converted in connection with the acquisition of Aviva USA and have experienced some similar service and administration issues, but to a lesser degree.

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As a result of the difficulties experienced with respect to the administration of such policies, we have received notifications from several state regulators, including but not limited to New York State Department of Financial Services (NYSDFS), the California Department of Insurance (CDI) and the Texas Department of Insurance (TDI), indicating, in each case, that the respective regulator planned to undertake a market conduct examination or enforcement proceeding of the applicable US insurance subsidiary relating to the treatment of policyholders subject to our reinsurance agreements with affiliates of Global Atlantic and the conversion of the life and annuity policies, including the administration of such blocks by AllianceOne. We entered into consent orders with several state regulators, including the NYSDFS, the CDI and the TDI, to resolve underlying matters in the respective states. All fines and costs, including those associated with remediation plans, paid in connection with the consent orders are subject to indemnification by Global Atlantic or affiliates of Global Atlantic.

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

In addition to the examinations and proceedings initiated to date, it is possible that other regulators may pursue similar formal examinations, inquiries or enforcement proceedings and that any examinations, inquiries and/or enforcement proceedings may result in fines, administrative penalties and payments to policyholders. While we do not expect the amount of any such fines, penalties or payments arising from these matters to be material to our financial condition, results of operations or cash flows, it is possible that such amounts could be material.

16. Segment Information

We operate our core business strategies out of one reportable segment, Retirement Services. In addition to Retirement Services, we report certain other operations in Corporate and Other.

Retirement Services—Retirement Services is comprised of our US and Bermuda operations, which issue and reinsure retirement savings products and institutional products. Retirement Services has retail operations, which provide annuity retirement solutions to our policyholders. Retirement Services also has reinsurance operations, which reinsure multi-year guaranteed annuities, fixed indexed annuities, traditional one-year guarantee fixed deferred annuities, immediate annuities and institutional products from our reinsurance partners. In addition, our institutional operations, including funding agreements and group annuities, are included in our Retirement Services segment.

Corporate and Other—Corporate and Other includes certain other operations related to our corporate activities such as corporate allocated expenses, merger and acquisition costs, debt costs, preferred stock dividends, certain integration and restructuring costs, certain stock-based compensation and intersegment eliminations. In addition, we also hold capital in excess of the level of capital we hold in Retirement Services to support our operating strategy.

Financial Measures—Segment adjusted operating income available to common shareholders and net investment earnings are internal measures used by the chief operating decision maker to evaluate and assess the results of our segments.

Adjusted operating revenue is a component of adjusted operating income available to common shareholders and excludes market volatility and adjustments for other non-operating activity. Our adjusted operating revenue equals our total revenue, adjusted to eliminate the impact of the following non-operating adjustments:

- Change in fair values of derivatives and embedded derivatives – index annuities, net of offsets;
- Investment gains (losses), net of offsets; and
- Noncontrolling interests, VIE expenses and other adjustments to revenues.

The table below reconciles segment adjusted operating revenues to total revenues presented on the consolidated statements of income:

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Retirement Services	\$ 14,903	\$ 10,681	\$ 11,460
Corporate and Other	1,152	266	117
Non-operating adjustments			
Change in fair values of derivatives and embedded derivatives – index annuities, net of offsets	2,507	868	2,346
Investment gains (losses), net of offsets	(6)	720	1,685
Noncontrolling interests, VIE expenses and other adjustments to revenues	7,764	2,229	650
Total revenues	\$ 26,320	\$ 14,764	\$ 16,258

Adjusted operating income available to common shareholders is an internal measure used to evaluate our financial performance excluding market volatility and expenses related to integration, restructuring, stock compensation and certain other expenses. Our adjusted operating income available to common shareholders equals net income available to Athene Holding Ltd. common shareholders adjusted to eliminate the impact of the following non-operating adjustments:

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- Investment gains (losses), net of offsets;
- Change in fair values of derivatives and embedded derivatives – index annuities, net of offsets;
- Integration, restructuring and other non-operating expenses;
- Stock-based compensation, excluding the long-term incentive plan (LTIP); and
- Income tax (expense) benefit – non-operating.

The table below reconciles segment adjusted operating income available to common shareholders to net income available to Athene Holding Ltd. common shareholders presented on the consolidated statements of income:

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Retirement Services	\$ 2,423	\$ 1,266	\$ 1,322
Corporate and Other	643	(24)	(33)
Non-operating adjustments			
Investment gains (losses), net of offsets	160	508	994
Change in fair values of derivatives and embedded derivatives – index annuities, net of offsets	692	(235)	(65)
Integration, restructuring and other non-operating expenses	(124)	(10)	(70)
Stock-based compensation, excluding LTIP	(2)	(11)	(12)
Income tax expense – non-operating	(74)	(48)	—
Net income available to Athene Holding Ltd. common shareholders	\$ 3,718	\$ 1,446	\$ 2,136

Net investment earnings used to evaluate the performance of our segments is an internal measure that does not correspond to GAAP net investment income. Adjustments are made to GAAP net investment income to arrive at a net investment earnings measure that reflects the profitability of our core business. Accordingly, we adjust net investment income to include earnings from our consolidated VIEs and earnings on certain alternative investments (primarily CLOs) classified in investment related gains (losses) on the consolidated statements of income. Additionally, we adjust for impacts of reinsurance embedded derivatives and noncontrolling interests on net investment income. The table below reconciles segment net investment earnings to net investment income presented on the consolidated statements of income:

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Retirement Services	\$ 6,791	\$ 5,287	\$ 5,062
Corporate and Other	288	41	117
Adjustments to net investment income			
Change in fair value of reinsurance assets	(1,451)	(1,408)	(680)
Alternative (gains) losses	(144)	102	(1)
Noncontrolling interests	943	559	61
Apollo investment gain	864	225	—
Held for trading amortization and other	(114)	79	37
Net investment income	\$ 7,177	\$ 4,885	\$ 4,596

Adjusted operating income available to common shareholders excludes the income tax impact of the taxable non-operating adjustments presented above. The income tax expense of non-operating income adjustments is comprised of the appropriate jurisdiction's tax rate applied to the non-operating adjustments subject to income tax. The table below reconciles segment income taxes included in adjusted operating income to income tax expense presented on the consolidated statements of income:

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Retirement Services	\$ 89	\$ 164	\$ 117
Corporate and Other	182	60	—
Adjustments to income tax expense			
Noncontrolling interest tax expense	41	13	—
Income tax expense – non-operating	74	48	—
Income tax expense	\$ 386	\$ 285	\$ 117

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The following represents total assets by segment:

<i>(In millions)</i>	December 31,	
	2021	2020
Retirement Services	\$ 228,835	\$ 197,295
Corporate and Other	6,314	5,476
Total assets	\$ 235,149	\$ 202,771

We market annuity products, primarily fixed rate and fixed indexed annuities. Deposits, which are generally not included in revenues on the consolidated statements of income, and premiums collected are as follows:

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Fixed indexed annuities	\$ 8,408	\$ 20,257	\$ 7,304
Fixed rate annuities	2,662	20,433	3,192
Payouts without life contingencies	542	545	341
Funding agreements	11,852	7,679	1,301
Life and other deposits	2	2	(13)
Total deposits	23,466	48,916	12,125
Payouts with life contingencies	14,217	5,911	6,332
Life and other premiums	45	52	50
Total premiums	14,262	5,963	6,382
Total premiums and deposits, net of ceded	\$ 37,728	\$ 54,879	\$ 18,507

Deposits and premiums by geographical location are as follows:

<i>(In millions)</i>	Years ended December 31,		
	2021	2020 ¹	2019 ¹
United States	\$ 25,380	\$ 19,187	\$ 16,614
Bermuda	12,348	35,692	1,893
Total premiums and deposits, net of ceded	\$ 37,728	\$ 54,879	\$ 18,507

¹ Previously reported amounts have been revised to correct a misstatement, which was not material, in the classification between the United States and Bermuda geographical locations.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures as such term is defined under Exchange Act Rule 13a-15(e), that are designed to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and our management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. We have carried out an evaluation, as of the end of the period covered by this report, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at attaining the level of reasonable assurance noted above as of December 31, 2021.

Management’s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Under the supervision and with the participation of management, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on criteria established in the *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on our evaluation, management has concluded that our internal control over financial reporting was effective as of December 31, 2021.

Our independent registered public accounting firm, PricewaterhouseCoopers LLP, has audited the effectiveness of our internal control over financial reporting as of December 31, 2021. Their report is included in *Item 8. Financial Statements and Supplementary Data*.

Changes in Internal Control Over Financial Reporting

There were no changes to our internal control over financial reporting during the three months ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III**Item 10. Directors, Executive Officers and Corporate Governance****MANAGEMENT**

Below is a list of the names and ages of our directors and executive officers, as of January 31, 2022, and a description of the business experience of each of them.

Name	Age	Position
James R. Belardi	64	Chairman of the Board, Chief Executive Officer, and Chief Investment Officer
William J. Wheeler*	60	President
Grant Kvalheim**	65	Executive Vice President—Athene, Chief Executive Officer and President—Athene USA
Martin P. Klein	62	Executive Vice President and Chief Financial Officer
John L. Golden	42	Executive Vice President and General Counsel
Douglas Niemann	52	Executive Vice President and Chief Risk Officer
Marc Beilinson	63	Director***
Robert L. Borden	58	Director***
Mitra Hormozi	52	Director***
Scott Kleinman	49	Director
Brian Leach	62	Director***
Gernot Lohr	52	Director
H. Carl McCall	86	Director***
Matthew R. Michellini	40	Director
Dr. Manfred Puffer	58	Director
Marc Rowan	59	Director
Lawrence J. Ruisi	73	Director***
Lynn Swann	69	Director***
Hope Scheffler Taitz	57	Director
Arthur Wrubel	56	Director***
Fehmi Zeko	63	Director***

* Effective March 31, 2022, Mr. Wheeler will transition to the role of Vice Chairman of the Company.

** Effective April 1, 2022, Mr. Kvalheim will assume the role of President of the Company.

*** Independent director for purposes of the NYSE corporate governance listing requirements.

Executive Officers

James R. Belardi is our co-founder, and has served as our Chairman, Chief Executive Officer and Chief Investment Officer since May 2009. In addition, Mr. Belardi is a member of the board of directors and an executive officer of AGM and is the founder, Chairman and Chief Executive Officer of ISG, our investment manager. He is a member of our executive committee and ISG's executive committee. Mr. Belardi is responsible for our overall strategic direction and the day-to-day management of our investment portfolio. Prior to founding our Company and ISG, Mr. Belardi was President of SunAmerica Life Insurance Company and was also Executive Vice President and Chief Investment Officer of AIG Retirement Services, Inc., where he had responsibility for an invested-asset portfolio of \$250 billion. Mr. Belardi has a Bachelor of Arts degree in economics from Stanford University and a Master of Business Administration from the University of California, Los Angeles. He currently serves on the board of directors of ISG, Paulist Productions, where he chairs the investment committee, and Southern California Aquatics. Mr. Belardi swam in the 1976 and 1980 Olympic Swimming Trials and is a nine-time Masters Swimming World Record Holder. Mr. Belardi was selected to serve on our board of directors as a result of his demonstrated track record in and deep knowledge of the financial services business, including having founded both our Company and ISG, and his extensive experience in the insurance industry.

William J. Wheeler has served as our President since September 2015. Together with Mr. Belardi, Mr. Wheeler is responsible for our overall strategic direction. In particular, Mr. Wheeler oversees all of our distribution channels, which includes our retail and institutional channels, as well as our corporate development and risk activities. Prior to joining our Company, Mr. Wheeler was President of the Americas group for MetLife Inc. (MetLife) where he oversaw the insurance and retirement business in the United States and Latin America. Previously, Mr. Wheeler had been Executive Vice President and Chief Financial Officer at MetLife. Prior to joining MetLife, Mr. Wheeler was an investment banker at Donaldson, Lufkin & Jenrette. Mr. Wheeler has an AB from Wabash College, where he is now a member of the board of trustees, and an MBA from Harvard Business School. He currently serves on the boards of Evercore Inc., Athora Holding Ltd. and VA Capital Company LLC.

Grant Kvalheim has served as the Chief Executive Officer of Athene USA Corporation since June 2015 and served as our President from January 2011 until September 2015, served as the Chief Financial Officer from January 2011 until April 2013 and served as a director from January 2012 until February 2014. Mr. Kvalheim is responsible for the oversight of our US operating companies with a focus on our retail annuity and funding agreement channels. Prior to joining our Company, Mr. Kvalheim was a senior executive of Barclays Capital (Barclays) from early 2001 to the end of 2007, becoming Co-President in September 2005. During his time at Barclays he converted a European cash investment grade business into a leading global cash and derivatives business across both securitized and non-securitized credit products, and significantly expanded Barclays' investment banking platform. Prior to joining Barclays, Mr. Kvalheim held senior executive positions in the investment banks of Deutsche Bank and Merrill Lynch. Mr. Kvalheim has a Bachelor of Arts degree in economics from Claremont McKenna College and a Master of Business Administration in finance from the University of Chicago. He currently serves on the board of directors of Mottahedeh & Co., Sol Health, United Way of Central Iowa, and the Greater Des Moines Partnership.

Martin P. Klein has served as our Executive Vice President and Chief Financial Officer since November 2015. Mr. Klein also serves as a director of several of our insurance subsidiaries. Mr. Klein is responsible for overseeing our financial management, including our enterprise finance, reporting, tax, actuarial and internal audit functions. He also helps develop and execute strategic operating decisions across our Company. Prior to joining our Company, Mr. Klein was employed by Genworth Financial, Inc. (Genworth) from May 2011 through October 2015, where he most recently served as Executive Vice President & Chief Financial Officer, and also served as Genworth's Acting President & Chief Executive Officer during most of 2012. Prior to joining Genworth in 2011, Mr. Klein served as a Managing Director at Barclays, after its acquisition of the US operations of Lehman Brothers Holdings, Inc. Mr. Klein joined Lehman Brothers in 1998, where he served as a Managing Director and head of the Insurance & Pension Solutions Group. Prior to Lehman Brothers, Mr. Klein had been with Zurich Insurance Group from 1994 to 1998 as Managing Director of Zurich Investment Management. Prior to Zurich, Mr. Klein served in finance and actuarial roles in other insurance organizations early in his career. Mr. Klein currently serves on the board of Caritas, a non-profit organization in Richmond, Virginia. Mr. Klein is a Fellow of the Society of Actuaries and a Chartered Financial Analyst. He received his Bachelor of Arts in mathematics and business administration from Hope College and a Master of Science in statistics and actuarial science from the University of Iowa.

John L. Golden has served as our Executive Vice President and General Counsel since December 2014. He is responsible for overseeing the legal, compliance and government relations departments, ensuring compliance with laws and regulations and developing effective legal strategies to protect our Company's interests. Prior to joining Athene, Mr. Golden was an attorney at Sidley Austin LLP (Sidley). At Sidley, he represented a variety of financial institutions in connection with all aspects of their businesses such as corporate transactions, securities offerings, regulatory and compliance, enforcement matters and employment matters. Prior to Sidley, he worked for Fisher Investments and IBM Corporation. He received his Juris Doctor from the University of California, Los Angeles and a Bachelor of Science in Operations Management/Information Systems from Santa Clara University. Mr. Golden is admitted to the State Bar of California.

Douglas Niemann has served as our Executive Vice President and Chief Risk Officer since May 2020. Mr. Niemann is responsible for overseeing our enterprise risk management functions, as well as providing key support in connection with strategic operating decisions across our Company. Mr. Niemann brings over 25 years of experience and expertise in risk management related to insurance. Prior to joining our Company, Mr. Niemann was the Senior Managing Director of Investment Management and Chief Investment Risk Officer for Guardian Life Insurance Company. Before joining Guardian Life Insurance Company, he was the Managing Director and Chief Investment Strategist of Global Insurance Solutions at JP Morgan Asset Management and served as the Managing Director and Head of Asset Liability Management at AIG Asset Management. He also held the positions of Head of Investment and Financial Risk and Head of Group Risk Modeling at Zurich Financial Services. Mr. Niemann has an MBA in Risk Management and Insurance as well as Finance, Investments and Banking from the University of Wisconsin Madison School of Business and a Bachelor of Arts in Economics from Northwestern University in Evanston, Illinois.

Directors

We believe our board of directors should be composed of a diverse group of individuals with sophistication and experience in many substantive areas that impact our business. We believe experience, qualifications and skills in the following areas are most important: insurance industry; accounting, finance and capital structure; strategic planning and leadership of complex organizations; legal/regulatory and government affairs; personnel management; and board practices of other major corporations. We believe that all of our current board members possess the professional and personal qualifications necessary for service on our board, and have highlighted particularly noteworthy attributes for each board member in the individual biographies below, or above in the case of our Chairman and Chief Executive Officer.

Marc Beilinson has served as a director of our Company since 2013, and is the lead independent director and a member of our conflicts committee and legal and regulatory committee. Since August 2011, Mr. Beilinson has been the Managing Director of Beilinson Advisory Group, a financial restructuring and hospitality advisory group that specializes in assisting distressed companies. Most recently, Mr. Beilinson served as Chief Restructuring Officer of Newbury Common Associates LLC (and certain affiliates) from December 2016 to June 2017. Mr. Beilinson previously served as Chief Restructuring Officer of Fisker Automotive from November 2013 to August 2014 and as Chief Restructuring Officer and Chief Executive Officer of Eagle Hospitality Properties Trust, Inc. from August 2011 to December 2014 and Innkeepers USA Trust from November 2008 to March 2012. Mr. Beilinson oversaw the Chapter 11 reorganization of Innkeepers USA, Fisker Automotive and Newbury Common Associates in his interim management roles as the Chief Restructuring Officer of those companies. Mr. Beilinson currently serves on the boards of directors of AGM, Exela Technologies and Playtika as well as several privately held companies. Mr. Beilinson has previously served on the boards of directors and audit committees of a number of public and privately held companies, including Westinghouse Electric, Caesars Acquisition Company, Wyndham International, Inc., Apollo Commercial Real Estate Finance, Inc., Innkeepers USA Trust, and Gastar Inc. Mr. Beilinson has a Bachelor of Arts in political science from the University of California, Los Angeles and a Juris Doctor from the University of California Davis Law School. Mr. Beilinson was selected to serve on our board of directors as a result of having over thirty years of service to the boards of both public and private companies, and his extensive knowledge of legal and compliance issues, including the Sarbanes-Oxley Act of 2002.

Robert L. Borden has served as a director of our Company and our Company's subsidiary, ALRe, since 2010, and is a member of our risk, audit and conflicts committees. Mr. Borden is a Founding Partner and served as both Chief Executive Officer and Chief Investment Officer of Delegate Advisors, LLC from January 2012 through December 2018. From April 2006 to January 2012, Mr. Borden served as the Chief Executive Officer and Chief Investment Officer of the South Carolina Retirement System Investment Commission (SCRSIC), which is responsible for investing and managing all assets of the South Carolina Retirement Systems. Prior to his role at SCRSIC, Mr. Borden served as the Executive Director and Chief Investment Officer of the Louisiana State Employees Retirement System, where he was responsible for investment management, benefits administration, finance and operations. Mr. Borden has also served as Vice Chairman and Chairman of the Fund Evaluation Committee for the Louisiana Deferred Compensation Commission and as a member of the South Carolina Deferred Compensation Committee. Prior to that, Mr. Borden served as Treasurer and Senior Manager for Financial Services at the Texas Workers' Compensation Insurance Fund after serving as VP of Treasury and Interest Rate Risk Manager at Franklin Federal Bancorp. Mr. Borden serves on the board of directors of Apollo Senior Floating Rate Fund, Inc. and Apollo Tactical Income Fund Inc. He also serves on the University of Texas School of Business Advisory Board. Mr. Borden has a Bachelor of Business Administration with a major in finance from the University of Texas at Austin and received a Master of Science degree in finance from Louisiana State University. Mr. Borden holds both the Chartered Financial Analyst and Chartered Alternative Investment Analyst professional designations. Mr. Borden was selected to serve on our board of directors as a result of his extensive experience in leadership positions, and in particular, his experiences as Chief Executive Officer and Chief Investment Officer at several financial institutions.

Mitra Hormozi has served as a director of our Company since December 2018, and is the chair of our legal and regulatory committee. Ms. Hormozi is also a director of a number of our US subsidiaries. Ms. Hormozi was Executive Vice President and General Counsel of Revlon, Inc. from April 2015 to July 2019, where she was responsible for overseeing Revlon's legal affairs worldwide. Ms. Hormozi has extensive experience in both the public and private sectors of the legal field. Prior to joining Revlon in April 2015, she was a litigation partner at two major law firms from 2011 to 2015 and served as Deputy Chief of Staff to then New York State Attorney General, Andrew Cuomo. She also served as an Assistant United States Attorney prosecuting high-profile complex racketeering cases in the Eastern District of New York. Ms. Hormozi currently serves on the board of directors of AGM. She has also previously served on the board of directors of Revlon. Ms. Hormozi received a Bachelor of Arts in history from the University of Michigan and a Juris Doctor from the New York University School of Law. Ms. Hormozi was selected to serve on our board of directors as a result of her extensive legal counsel experience.

Scott Kleinman has served as a director of our Company since December 2018. Mr. Kleinman is Co-President of Apollo Asset Management, Inc. (AAM), co-leading AAM's day-to-day operations including all of AAM's revenue-generating businesses and enterprise solutions across its integrated alternative investment platform, as well as a member of the board of directors of AAM. Mr. Kleinman joined Apollo six years after its inception in 1996, and was named Lead Partner for Private Equity in 2009 prior to being named Co-President in 2018. Mr. Kleinman currently serves on the boards of directors of AAM, Apollo Global Management, Inc., Athora Holding, Ltd., Apollo Strategic Growth Capital I and Apollo Strategic Growth Capital II and previously served on the board of directors of CH2M Hill Companies. Prior to joining Apollo, Mr. Kleinman was a member of the Investment Banking division at Smith Barney Inc. In 2014, Mr. Kleinman founded the Kleinman Center for Energy Policy at the University of Pennsylvania. He is a member of the Board of Advisors at the University of Pennsylvania Stuart Weitzman School of Design. He is also a member of the Board of Advisors of Nature Conservancy New York as well as a member of the Board of Directors of White Plains Hospital, where he co-chaired the COVID-19 Relief Campaign. Mr. Kleinman received a BA and BS from the University of Pennsylvania and the Wharton School of Business, respectively, graduating magna cum laude, Phi Beta Kappa. Mr. Kleinman was selected to serve on our board of directors as a result of his extensive experience in the financial services sector.

Brian Leach has served as a director of our Company since August 2016, and is a member of our risk and audit committees. From 2013 to 2015, Mr. Leach served as Head of Franchise Risk & Strategy at Citigroup with responsibility for managing all of Citibank's global risk, audit, compliance and strategy. From 2008 to 2012, Mr. Leach served as the Chief Risk Officer of Citibank. In 2005, Mr. Leach, together with several former colleagues from Morgan Stanley, formed Old Lane and from 2005 to 2008, Mr. Leach served as Old Lane's co-Chief Operating Officer and Chief Risk Officer. Prior to that, Mr. Leach worked his entire post-graduate career at Morgan Stanley encompassing running a successful proprietary trading business and culminating as the Risk Manager of the Institutional Securities Business reporting directly to its President. During his time with Morgan Stanley, Mr. Leach was seconded to Long-Term Capital Management (LTCM) for approximately one year. During that time, he was one of six managers selected by a consortium of 14 global financial institutions to manage the liquidation of LTCM. Mr. Leach serves on the Advisor Investment Committee of Mountain Capital. Mr. Leach has a Bachelor of Arts degree in economics from Brown University and a Master of Business Administration from Harvard Business School. Mr. Leach has been awarded Risk Manager of the Year on two separate occasions: the first by Risk Magazine for his work in restructuring the hedge fund LTCM and the second by the Global Association of Risk Professionals for his work in restructuring Citigroup after the global financial crisis. Mr. Leach was selected to serve on our board of directors as a result of his extensive experience in risk management.

Gernot Lohr has served as a director of our Company and our subsidiary, ALRe, since 2009. Mr. Lohr has served as a director of the general partner of ISG, our investment manager, since 2009. Mr. Lohr is a Senior Partner and Global Head of the Financial Institutions Group at Apollo, which he joined in May 2007. Prior to joining Apollo, Mr. Lohr was a founding partner at Infinity Point LLC, Apollo's joint venture partner for the financial services industry since 2005. Before that time, Mr. Lohr spent eight years in financial services investment banking at Goldman, Sachs & Co. in New York and also worked at McKinsey & Company and B. Metzler Corporate Finance in Frankfurt. Currently, Mr. Lohr serves on the board of directors of Athora Holding Ltd., Catalina Holdings and Oldenburgische Landesbank. Mr. Lohr has previously served on the board of directors of Tranquilidade, Amissima Vita S.p.A., Amissima Assicurazioni S.p.A., Bremer Kreditbank Aktiengesellschaft, Brit Insurance Holdings BV, Brit PLC, Nova Kreditna banka Maribor d.d. and KBS Banka d.d. Mr. Lohr has a joint Master's Degree in economics and engineering from the University of Karlsruhe, Germany, and received a Master of Business Administration from the MIT Sloan School of Management. Mr. Lohr was selected to serve on our board of directors as a result of his extensive experience in the financial services sector.

H. Carl McCall has served as a director of our Company since August 2016. From 2011 to 2019, Mr. McCall served as the Chairman of the Board of Trustees of the State University of New York. From 2002 to 2015, Mr. McCall served as a board member or trustee of several organizations, including Ariel Investment, Tyco International, New Plan Realty Corporation and the New York Stock Exchange. Since 2004, Mr. McCall has served as a principal of Covenant Capital, LLC. From 1993 to 2002, Mr. McCall served as the Comptroller of the State of New York, a position in which he was the sole trustee of the second largest public pension fund in the United States. From 1991 to 1993, Mr. McCall served as the President of the New York City Board of Education. From 1986 to 1991, Mr. McCall served as Commissioner of the Port Authority of New York and New Jersey. From 1985 to 1993, Mr. McCall served as a Vice President of Citicorp, Inc. From 1980 to 1981, Mr. McCall served as an ambassador to the United Nations. From 1975 to 1980, Mr. McCall served as a state senator of New York. Mr. McCall received a Bachelor of Arts degree in government from Dartmouth College and a Masters of Arts from Andover Newton Theological Seminary. Mr. McCall was selected to serve on our board of directors as a result of his extensive leadership experience in various sectors, and his experience serving on the boards of a number of public and private companies.

Matthew R. Micheli has served as a director of our Company and certain of our subsidiaries since 2010, and is a member of our executive, legal and regulatory, and risk committees. Mr. Micheli serves as a director of the general partner of ISG, our investment manager. Mr. Micheli is Partner, Head of Asia-Pacific, Co-Head of Apollo's Hybrid Value Fund and member of the Management Committee at Apollo. Prior to joining Apollo in 2006, Mr. Micheli was a member of the mergers and acquisitions group of Lazard Frères & Co. from 2004 to 2006. Mr. Micheli serves on the board of directors of Venerable Holdings, Inc. and previously served on the boards of Aleris International, Noranda Aluminum, Metals USA, OneMain Holdings, and Warrior Met Coal. At Apollo, Mr. Micheli has executed deals across the world including in North America, Europe, and Asia. Mr. Micheli graduated from Princeton University with a B.A. in mathematics and a Certificate in Finance. He received his M.B.A. degree from Columbia University. Mr. Micheli was selected to serve on our board of directors as a result of his extensive experience in the financial services sector.

Dr. Manfred Puffer has served as a director of our Company since 2012, and is the chair of our risk committee. Dr. Puffer has served as a Senior Advisor to Apollo since October 2008. From 2006 to 2008, Dr. Puffer was a senior managing director in the Financial Institutions Group of Bear Stearns International, Head of Germany, Austria and Eastern Europe and a Member of the European Executive Committee. From 2002 to 2005, Dr. Puffer was a member of the managing board of WestLB AG and Head of the Investment Bank, Fixed Income, Equities and Structured Finance. Currently, Dr. Puffer is a member of the supervisory board of Infineon Technologies AG. Dr. Puffer holds a Ph.D. and a Master of Business Administration from the University of Vienna. Dr. Puffer was selected to serve on our board of directors as a result of his extensive experience in the financial services sector.

Marc Rowan has served as a director of our Company since 2009, and is a member of our executive committee. Mr. Rowan has served as a director of the general partner of ISG, our investment manager, since 2009. Mr. Rowan is the Chief Executive Officer of Apollo Global Management, Inc. and a member of its board of directors and a member of its executive committee. Mr. Rowan co-founded Apollo in 1990. Mr. Rowan also currently serves on the board of directors of Athora Holding Ltd. He has previously served on the boards of directors of Caesars Acquisition Co. and Caesars Entertainment Corporation and numerous other entities, including other Apollo portfolio companies, other entities affiliated with Apollo, and other entities. Mr. Rowan is a founding member of Youth Renewal Fund and Vice Chair of Darca, Israel's top educational network, Chair of the Board of Advisors of the Wharton School, and a member of the University of Pennsylvania's Board of Trustees. He also serves on the board of directors of OpenDor Media and several technology-oriented companies. He is an Executive Committee member of the Civil Society Fellowship, a partnership of ADL and the Aspen Institute. Mr. Rowan graduated summa cum laude from the University of Pennsylvania's Wharton School of Business with a BS and MBA in finance. Mr. Rowan was selected to serve on our board of directors as a result of his service on the boards of numerous public and private companies and his demonstrated track record of success and extensive experience in the financial services sector.

Lawrence J. Ruisi has served as a director of our Company since 2013, and is the chair of our audit committee and is a member of our risk committee. Mr. Ruisi is also a director of a number of our US subsidiaries. As an operating executive, Mr. Ruisi held various senior level positions in the entertainment business, including President & Chief Executive Officer of Loews Cineplex Entertainment Corporation, a movie theatre operator with 400 locations worldwide, and as Executive Vice President and Chief Financial Officer of Columbia Pictures Entertainment. As a non-executive, Mr. Ruisi served on numerous boards including Hughes Communications Inc., UST Inc., InnKeepers USA Trust, Wyndham International, Inc. and Adaptec, Inc. During his tenure on these boards, Mr. Ruisi was Chairman of various audit committees, named designated financial expert and served on both compensation and nominating and corporate governance committees. Mr. Ruisi was Chairman of the Independent Committee of the board of InnKeepers, which oversaw its restructuring, and was Chairman of Special Committees at both Wyndham and Adaptec. Mr. Ruisi began his career at Price Waterhouse & Co., where he was a Senior Manager. He is a Certified Public Accountant and received a Bachelor of Science degree in accounting and a Master of Business Administration in finance from St. John's University. Mr. Ruisi is currently an adjunct professor of accounting at St. John's University. Mr. Ruisi was selected to serve on our board of directors as a result of his extensive leadership experience in various sectors, his expertise in accounting and financial reporting matters and his experience serving on the boards of numerous public and private companies.

Lynn Swann has served as a director of our company since September 2020. Mr. Swann is president of Swann, Inc., a marketing and consulting firm he founded in 1976. From 2016 to 2019, Mr. Swann served as the Athletic Director of the University of Southern California (USC), where he was responsible for overall administration of 21 women's and men's Division I athletic programs at the university. Prior to his role at USC, he worked on-air as a host, reporter and analyst for the American Broadcast Company (ABC-TV) for nearly 30 years and served for two years as chairman of the national board of Big Brothers Big Sisters of America, overseeing management of more than 400 agencies across the United States and establishing Big Brothers Big Sisters as a premier mentoring group. Mr. Swann was the Republican party nominee for Pennsylvania governor in 2006 and was appointed by President George W. Bush as the Chairman of the President's Council on Fitness, Sports and Nutrition, where he served from 2002 to 2005. Mr. Swann currently serves on the board of directors of AGM, Evoqua Water Technologies and American Homes 4 Rent, and has previously served on the boards of a number of publicly-traded, privately-held and non-profit entities, such as Fluor Corporation, Caesar's Entertainment Corp., Hershey Entertainment and Resorts, H.J. Heinz Company and the Professional Golfers' Association of America. Mr. Swann received a Bachelor of Arts in public relations from the University of Southern California. He is Hall of Fame athlete and former wide receiver for the Pittsburgh Steelers football team. He has also held Series 7 and 63 registrations for securities industry professionals. Mr. Swann was selected to serve on our board of directors as a result of his expertise in business, marketing and community involvement in addition to his public company board experience.

Hope Scheffler Taitz has served as a director of our Company and our subsidiary, ALRe, since 2011, and is a member of our risk, legal and regulatory, and conflicts committees. Ms. Taitz is also a director of a number of our US subsidiaries. Ms. Taitz has served as the CEO of ELY Capital since 2014 and the chairperson and CEO of Aequi Acquisition Corp. since 2020. Now acting as an investor and advisor with expertise in media, technology and the consumer, she helps innovative enterprises grow through financial leadership and connections to established corporations. Ms. Taitz, a strong advocate of women on boards, also currently serves on the board of MidCap Finco Holdings Limited and Summit Hotel Properties, Inc. She has previously served on the boards of Apollo Residential Mortgage, Inc., Greenlight Capital Re, Ltd., Diamond International Resorts, Inc., as well as Lumenis Ltd. From 1995 to 2003, Ms. Taitz was Managing Partner of Catalyst Partners, L.P., a money management firm. From 1990 to 1992, Ms. Taitz was a Vice President at The Argosy Group (now part of the Canadian Imperial Bank of Commerce (NYSE: CM)), specializing in financial restructuring before becoming a Managing Director at Crystal Asset Management, from 1992 to 1995. From 1986 to 1990, Ms. Taitz was at Drexel Burnham Lambert, first as a mergers and acquisitions analyst and then as an associate in the leveraged buyout group. On the not for profit side, Ms. Taitz focuses on education and is an advocate for STEM. She is a founding executive member of YRF Darca, an emeritus board member of Pencils of Promise, and a member of the undergraduate executive board of The Wharton School at the University of Pennsylvania. Ms. Taitz is a former board member of Girls Who Code and is now a board member of the New York City Foundation for Computer Science. Ms. Taitz graduated with honors from the University of Pennsylvania with a Bachelor of Arts degree in economics. Ms. Taitz was selected to serve on our board of directors as a result of her extensive experience in the financial services sector as well as her experience serving on the governance committees of other public companies.

Arthur Wrubel has served as a director of our Company since August 2016. In 2001, Mr. Wrubel formed Wesley Capital Management, a long/short investment fund focused on real estate securities. Since its inception, Wesley Capital has been among the largest investment funds in the real estate securities sector. In 1993, Mr. Wrubel joined Dickstein & Co., a bankruptcy and event-driven investment fund as a partner. His focus was on real estate and asset backed securities. At Dickstein, Mr. Wrubel was involved in many high-profile real estate corporate restructurings including Olympia & York, Cadillac Fairview, Rockefeller Center Properties, Bramalea, and Trizec. Mr. Wrubel began his career in 1987 at JMB Realty Corporation, where he was an associate in the acquisitions group. Mr. Wrubel currently serves as a member of the Wharton Undergraduate Board at the University of Pennsylvania. Mr. Wrubel received a Bachelor of Science in economics from The Wharton School at the University of Pennsylvania. Mr. Wrubel was selected to serve on our board of directors as a result of his extensive experience in the financial services sector.

Fehmi Zeko has served as a director of our Company since March 2018. Mr. Zeko currently serves as CEO of Zeko Partners LLC, Senior Partner at CDX Advisors and a General Partner at Great Point Capital Management. From 2015 to March 2018, Mr. Zeko served as Vice Chairman, Global Technology, Media and Telecommunications Investment Banking Group at Bank of America Merrill Lynch. In this role he helped organize and execute the strategic plan to reposition the entire Technology, Media and Telecom franchise for large cap coverage globally. Prior to Bank of America, Mr. Zeko was Senior Managing Director, Group Head North America and Global Chairman, Telecom, Media, Entertainment and Technology (TMET) at Macquarie Capital, where he led the firm's Global TMET Investment Banking and Principal Investing Practice. Prior to joining Macquarie Capital, Mr. Zeko was Vice Chairman and Co-Founder of the Foros Group, where he led the firm's Media and Communication Advisory Practice. Prior to that, Mr. Zeko held senior investment banking positions at Deutsche Bank and Citigroup. Mr. Zeko currently serves on the board of directors of Entravision Communications Corporation. He received his Bachelor of Business Administration and Master of Business Administration in Finance from Texas Christian University's Neeley School of Business. Mr. Zeko was selected to serve on our board of directors as a result of his extensive financial and global experience.

CORPORATE GOVERNANCE

Corporate Governance

Our business and affairs are managed under the direction of our board of directors. Our board of directors currently consists of 16 members. Six of our directors are employees of or consultants to Apollo or its affiliates (including Mr. Belardi, our Chairman, Chief Executive Officer and Chief Investment Officer, who is also a member of the board of directors and executive officer of AGM and the Chairman and Chief Executive Officer of ISG. We believe that it is appropriate, given Mr. Belardi's in-depth knowledge of the Company and our business and industry and his ability to formulate and implement strategic initiatives, that the offices of Chief Executive Officer and Chairman have been vested in Mr. Belardi.

Under our bye-laws, our board of directors may consist of not less than two directors. Our board size is currently set at 16 members. If there is a vacancy on our board of directors due to the death, disability, disqualification, removal or resignation of a director, the board of directors may appoint any person as a member of the board of directors on an interim basis until the next annual general meeting. At the next annual general meeting, the newly appointed director will be put to a shareholder vote.

Director Independence

Our board of directors has undertaken a review of the independence of each director. Based on information provided by each director concerning his or her background, employment and affiliations, our board of directors has determined that Messrs. Beilinson, Borden, Leach, McCall, Ruisi, Swann, Wrubel, Zeko and Ms. Hormozi do not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors meets the independence requirements of the NYSE listing rules. Consequently, a majority of our directors are independent directors. In making these determinations, our board of directors considered the current and prior relationships that each non-employee director and non-Apollo director has with our Company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our common shares by such director and any transactions involving them described under —*Item 13. Certain Relationships and Related Transactions, and Director Independence.*

Classified Board of Directors

Prior to the merger with AGM, our bye-laws provided for our board of directors to be divided into three classes with members of each class serving staggered three-year terms. Only one class of directors was elected at each annual general meeting of shareholders, with directors in other classes continuing for the remainder of their respective three-year terms. Effective upon the closing of the merger, our bye-laws were amended and restated and the classified board structure was removed. Under our current bye-laws, our directors hold office for such term as our shareholders may determine or, in the absence of such determination, until the next annual general meeting or until their successors are elected or appointed or their office is otherwise vacated.

Lead Independent Director

Mr. Beilinson is our Lead Independent Director. In this role, the Lead Independent Director, among other things, presides at executive sessions of the independent directors, serves as liaison between the chairman and the independent directors, reviews board meeting schedules and agendas, reviews information sent to the board and is authorized to call meetings of the independent directors.

Committees of the Board of Directors

Our board of directors has the authority to appoint committees to perform certain management and administration functions. Our board of directors has five standing committees: audit, legal and regulatory, conflicts, executive and risk. Prior to the Company’s merger with AGM, the standing committees of our board of directors also included the compensation committee and the nominating and corporate governance committee. The table below shows the membership for each of the current standing committees of the board of directors.

Audit Committee	Conflicts Committee	Legal and Regulatory Committee
Lawrence J. Ruisi (Chair)*	Marc Beilinson*	Mitra Hormozi (Chair)*
Robert Borden*	Robert Borden*	Marc Beilinson*
Brian Leach*	Hope Taitz	Matthew Michelini
		Hope Taitz
Executive Committee	Risk Committee	
James R. Belardi	Manfred Puffer (Chair)	
Marc Rowan	Robert Borden*	
Matthew Michelini	Brian Leach*	
	Matthew Michelini	
	Lawrence J. Ruisi*	
	Hope Taitz	

* Independent director for purposes of the NYSE corporate governance listing requirements.

During 2021, the board of directors also formed a special committee comprised of independent directors to review and negotiate the merger transaction with AGM. For more information regarding the merger transaction, see —*Item 13. Certain Relationships and Related Transactions, and Director Independence.*

Audit Committee

The audit committee’s duties include, but are not limited to, assisting the board of directors with its oversight and monitoring responsibilities regarding:

- the integrity of our consolidated financial statements and financial and accounting processes;
- compliance with the audit, legal, accounting and internal controls requirements by AHL and its subsidiaries;
- the independent auditor’s qualifications, independence and performance;
- related party transactions other than transactions between AHL and its subsidiaries, on the one hand, and Apollo and its affiliates (other than AHL and its subsidiaries), on the other hand, and other related party transactions ancillary thereto that are required to be reviewed by the conflicts committee or by the disinterested directors on our board of directors as described under —*Conflicts Committee* below, or are expressly exempt from such review under our internal policies;
- the performance of our internal control over financial reporting and its subsidiaries’ internal control over financial reporting (including monitoring and reporting by subsidiaries) and the function of our internal audit department;
- our legal and regulatory compliance and ethical standards;
- procedures to receive, retain and treat complaints regarding accounting, internal controls over financial reporting or auditing matters and to receive confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and
- the review of our periodic financial disclosure and related public filings.

Our audit committee is currently comprised of Messrs. Leach, Ruisi and Borden. Mr. Ruisi is the chair of the audit committee. The board of directors has determined that each of Messrs. Ruisi, Leach and Borden meet the independence requirements of the NYSE rules and the criteria for independence set forth in Rule 10A-3(b)(1) under the Exchange Act of 1934, as amended. The board of directors has determined that each member of our audit committee meets the requirements for financial literacy under the applicable rules and regulations of the SEC and the NYSE. The chair of our audit committee, Mr. Ruisi, is an independent director and an “audit committee financial expert” as that term is defined in the rules and regulations of the SEC. Our board of directors has approved a written charter under which the audit committee will operate. A copy of the charter of our audit committee is available on our principal corporate website at www.athene.com. Information contained on our website or connected thereto does not constitute a part of, and is not incorporated by reference into, this report.

Pre-Approval Policies and Procedures of the Audit Committee

The audit committee has adopted procedures for pre-approving all audit and permissible non-audit services provided by our independent auditor. The audit committee will, on an annual basis, review and pre-approve the audit, review, attestation and permitted non-audit services to be provided during the next audit cycle by our independent auditor. To the extent practicable, the audit committee will also review and approve a budget for such services. Services proposed to be provided by the independent auditor that have not been pre-approved during the annual review and the fees for such proposed services must be approved by the audit committee. All requests or applications for the independent auditor to provide services to us over certain thresholds shall be submitted to the audit committee or the Chairperson thereof. The audit committee considered whether the provision of non-audit services performed by our independent auditor was compatible with maintaining the independent auditor’s independence during 2021. The audit committee concluded in 2021 that the provision of these services was compatible with the maintenance of the independent auditor’s independence in the performance of its auditing functions during 2021. All services were approved by the audit committee or were pre-approved under the audit committee’s pre-approval policy.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The following Report of the Audit Committee of the Board of Directors of the Company does not constitute soliciting material and should not be deemed filed or incorporated by reference into any future filings under the Securities Act of 1933, as amended, or the Securities Exchange Act, except to the extent the Company specifically incorporates this Report by reference.

The audit committee has reviewed and discussed the audited consolidated financial statements of the Company for the year ended December 31, 2021 with management and the independent auditors. The independent auditors have discussed with the audit committee the matters required to be discussed by the independent auditors under the rules adopted by the Public Company Accounting Oversight Board and the SEC. The independent auditors have also provided to the audit committee the written disclosures and the letter required by the applicable rules of the Public Company Accounting Oversight Board regarding the independent auditors’ communications with the audit committee concerning independence, and the audit committee has discussed with the independent auditors their independence from the Company. The independent auditors and the Company’s internal auditors had full access to the audit committee, including meetings without management present as needed.

Based on the audit committee’s review and discussions referred to above, the audit committee recommended to the board of directors that the Company’s audited consolidated financial statements be included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021.

AUDIT COMMITTEE

Lawrence J. Ruisi, Chairman
Brian Leach
Robert Borden

Legal and Regulatory Committee

The purposes of the legal and regulatory committee are generally to provide oversight and monitoring of:

- material litigation and other disputes;
- material regulatory matters, including investigations, enforcement actions and other inquiries;
- compliance with material laws and regulations;
- material compliance, legal and regulatory programs, policies and procedures; and
- environmental, governance and corporate social responsibility matters.

The committee’s oversight responsibilities complement those of the audit committee (with respect to our compliance with legal and regulatory requirements) and the nominating and corporate governance committee (with respect to our corporate governance). Our legal and regulatory committee is comprised of Messrs. Beilinson and Wrubel, and Ms. Taitz and Hormozi. Ms. Hormozi is the chair of the legal and regulatory committee.

Conflicts Committee

Because the Apollo Group has a significant voting interest in AHL, and because AHL and its subsidiaries have entered into, and will continue in the future to enter into, transactions with Apollo and its affiliates, our bye-laws require us to maintain a conflicts committee designated by our board of directors, comprised solely of directors who are not general partners, directors, managers, officers or employees of the Apollo Group. The conflicts committee meets at least quarterly and consists of Messrs. Beilinson and Borden and Ms. Taitz. The conflicts committee reviews and approves material transactions by and between AHL and its subsidiaries, on the one hand, and members of the Apollo Group, on the other hand, including any modification or waiver of the IMAs (as defined herein) with ISG, subject to certain exceptions. The conflicts committee is also responsible for the review and approval of related party transactions that are incidental or ancillary to the foregoing transactions and other related party transactions relating to or involving, directly or indirectly, Apollo or any member of the Apollo Group. For a description of the functions of the conflicts committee and such exceptions, see Item 13. Certain Relationships and Related Transactions, and Director Independence.

Executive Committee

The executive committee is responsible for facilitating the approval of certain actions that do not require consideration by the full board of directors or that are specifically delegated by the board of directors to the executive committee. The executive committee possesses and may exercise all powers of the board of directors in the management and direction of our business consistent with our bye-laws, applicable law (including any applicable rule of any stock exchange or quotation system on which our common shares are then listed) and our operating guidelines, except that the executive committee shall not perform such functions that are expressly delegated to other committees of the board of directors. The executive committee does not have the power to:

- declare dividends on or distributions of or in respect of shares of the Company that, in each case, is not within the scope of authority previously delegated to the executive committee by action of the board of directors;
- issue shares or authorize or approve the issuance or sale, or contract for sale, of shares or determine the designation and relative rights, preferences and limitations of a series or class of shares unless specifically delegated by action of the board of directors to the executive committee or a subcommittee of the executive committee;
- recommend to shareholders any action that requires shareholder approval;
- recommend to shareholders a dissolution or winding up of the Company or a revocation of a dissolution or winding up of the Company;
- amend or repeal any provision of the memorandum of association or bye-laws;
- agree to the settlement of any litigation, dispute, investigation or other similar matter with respect to the Company that is not within the scope of authority previously delegated to the executive committee by the board of directors;
- approve the sale or lease of real or personal property assets with a fair value greater than a threshold amount specifically delegated to the executive committee by the board of directors;
- authorize mergers (other than a merger of any wholly owned subsidiary with the Company), acquisitions, joint ventures, consolidations or dispositions of assets or any business of the Company or any investment in any business or Company by the Company with a fair value in excess of a threshold amount specifically delegated to the executive committee by the board of directors; or approve the sale, lease, exchange or encumbrance of any material asset of the Company that, in each case, is not within the scope of authority previously delegated to the executive committee by action of the board of directors; or
- amend, alter or repeal, or take any action inconsistent with any resolution or action of the board of directors.

Our executive committee is comprised of Messrs. Belardi, Michellini and Rowan.

The board of directors has delegated to the executive committee the authority to provide the report of the compensation committee regarding the compensation discussion and analysis that is required by paragraph (e)(5) of Item 407 of Regulation S-K.

REPORT OF THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

The executive committee has reviewed and discussed the section entitled “Compensation Discussion and Analysis” with management. Based on this review and discussion, the executive committee recommended to the board of directors that the section entitled “Compensation Discussion and Analysis” be included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021.

EXECUTIVE COMMITTEE

James R. Belardi
Marc Rowan
Matthew Michellini

Risk Committee

The risk committee's duties are to oversee the development and implementation of systems and processes designed to identify, manage and mitigate reasonably foreseeable material risks to the Company; assist our board of directors and our board committees in fulfilling their oversight responsibilities for the risk management function of the Company; approve the stress test assumption and limits utilized in our stress test scenario analyses and engage in such activities as it deems necessary or appropriate in connection with the foregoing. In assessing risk, the risk committee assesses the risk of the Company and its subsidiaries as a whole. The risk committee's role is one of oversight. Management of the Company is responsible for developing and implementing the systems and processes designed to identify, manage and mitigate risk. Members of the risk committee are selected for their experience in managing risks in financial and/or insurance enterprises. Our risk committee meets quarterly and is comprised of Messrs. Borden, Leach, Michelini and Ruisi, Ms. Taitz and Dr. Puffer. Dr. Puffer is the chair of the risk committee.

Management Committees

An integral component of our corporate governance structure is our management committees. Management committees report to our senior officers, including our Chief Executive Officer, President, Chief Financial Officer, and Chief Risk Officer and to committees of our board of directors. Management committees are comprised of members of senior management and are designed to oversee business initiatives and to manage business risk and processes, with each committee focused on a discrete area of our business. The following is a description of certain of our management committees:

- Management Executive Committee: oversees all of our strategic initiatives and our overall financial condition.
- Management Risk Committee: oversees overall corporate risk, including credit risk, interest rate risk, equity risk, business risk, operational risk and other risks we confront. The committee reports to the board risk committee.
- Operational Risk Committee: a subcommittee of the Management Risk Committee which oversees operational risk, including information security, disaster recovery, trading activities and operational management of our annuity portfolio.
- Management Investment and Asset Liability Committee: focuses on strategic decisions involving our investment portfolio and asset allocation, such as approving investment limits, new asset classes and our allocation strategy, reviewing large asset transactions as well as monitoring investment, credit, liquidity and asset/liability risks. The committee reports to the board risk committee.
- Management Balance Sheet Committee: a subcommittee of the Management Executive Committee which operates as a forum for senior management to oversee and provide guidance on sources and uses of the Company's capital, review transactions above certain thresholds and provide recommendations to our board of directors, review balance sheet structure and review other matters having material impacts to financial statements.

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended December 31, 2021, Messrs. Wrubel and Beilinson, and Ms. Hormozi each served on our compensation committee.

None of our executive officers currently serves, or has served during the last completed fiscal year, as a member of the board of directors or compensation committee of any entity that has an executive officer serving as a member of our compensation committee or as a director on our board of directors.

Corporate Governance Guidelines and Code of Business Conduct and Ethics

We have adopted corporate governance guidelines and a code of business conduct and ethics that applies to all of our directors, officers and employees. These documents are available at www.athene.com. Information contained on our website or connected thereto does not constitute a part of, and is not incorporated by reference into, this report. We intend to satisfy our disclosure obligations under Item 5.05 of Form 8-K by posting information about an amendment to, or a waiver from, a provision of our code of business conduct and ethics that apply to our Chief Executive Officer, Chief Financial Officer or Senior Vice President and Corporate Controller on our website at the address given above.

Communications with the Board of Directors

Shareholders and other interested parties may communicate with members of the board of directors (either individually or as a body) by addressing correspondence to that individual or body to Athene Holding Ltd., Second Floor, Washington House, 16 Church Street, Hamilton HM 11, Bermuda.

Shareholders and other interested parties may specifically direct their communications to any of the independent directors, including the Committee Chairs and the Lead Independent Director, by addressing correspondence to that individual or body to Athene Holding Ltd., Second Floor, Washington House, 16 Church Street, Hamilton HM 11, Bermuda.

Risk Management Oversight

We have implemented an enterprise-wide approach to risk management and has specifically established a risk committee of the board of directors charged with the oversight of the development and implementation of systems and processes designed to identify, manage and mitigate reasonably foreseeable material risks and with the duty to assist the board of directors and other board committees with fulfilling their oversight responsibilities for the Company's risk management function.

As noted above in *–Management Committees*, management committees oversee business initiatives and manage business risk and processes.

The audit committee assists the risk committee in its responsibility for oversight of risk management. In particular, the audit committee focuses on major financial risk exposures and the steps management has taken to monitor and control such risks, and discusses with our independent auditor the policies governing the process by which senior management and the various units of the Company assess and manage our financial risk exposure and operational/strategic risk. Prior to the merger with AGM, the compensation committee also assisted the risk committee in overseeing risk management by reviewing our compensation plans, policies and programs to ensure that such plans, policies and programs did not encourage excessive or inappropriate risk-taking. The legal and regulatory committee assists in risk management by overseeing (1) material litigation and regulatory matters, (2) compliance with material laws and regulations, and (3) material legal, regulatory, and compliance programs, policies and procedures. As mentioned above, the legal and regulatory committee’s oversight responsibilities complement those of the audit committee.

With respect to cybersecurity, we have developed a program, overseen by our Chief Information Security Officer and our Information Security, Risk, and Compliance group, that is designed to protect and preserve the confidentiality, integrity and continued availability of all information that we own or that is otherwise in our care. This program includes a cyber incident response plan that provides controls and procedures for timely and accurate reporting of any material cybersecurity incident. The audit committee and the risk committee meet periodically with our Chief Information Officer, Chief Information Security Officer and certain other members of senior management to review our information technology and cybersecurity risk profile and discuss our activities to manage those risks. Our Operational Risk Committee maintains a cybersecurity subcommittee, which provides regular updates that, together with updates provided by other subcommittees, form a basis for periodic reporting to the risk committee. These updates and updates to the audit committee include the results of exercises and response readiness assessments led by outside advisors who provide a third-party independent assessment of our technical program and our internal response preparedness.

Corporate Social Responsibility

We are committed to giving back to the communities in which we live and work. We strive to operate in ways that honor our values and respect our communities as we seek to make a positive contribution to society as a whole. We recognize that our social, economic and environmental responsibilities are important for our relationships with customers, employees, agents and our communities, and we aim to demonstrate these responsibilities through our actions and within our corporate policies. A full review of our corporate social responsibility practices can be found in our Corporate Social Responsibility Report and the corporate social responsibility section of our corporate website available at www.athene.com/about/corporate-social-responsibility. Information contained on our website or connected thereto does not constitute a part of, and is not incorporated by reference into, this report.

Item 11. Executive Compensation

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Compensation Discussion and Analysis (CD&A)

Impact Of Merger Agreement

The Merger Agreement provides for the treatment described below of outstanding equity awards, including those grants made in 2021. While the consummation of the Mergers impacted the outstanding equity awards as described below, the CD&A section of this Form 10-K describes the original terms of the 2021 grants, without taking into consideration the impact of the Mergers as the Mergers were not consummated as of December 31, 2021.

Company equity awards outstanding immediately prior to the consummation of the Mergers were generally subject to the following treatment:

- each stock option, whether vested or unvested, was converted into a number of options of AGM (AGM Options) (rounded down to the nearest whole AGM share) equal to the product of (1) the exchange ratio multiplied by (2) the number of Class A common Shares subject to such option immediately prior to the effective time of the AHL Merger (rounded down to the nearest whole share), with an exercise price equal to the quotient of (x) the exercise price of such option divided by (y) the exchange ratio (rounded up to the nearest whole cent). Each such AGM Option is otherwise subject to the same terms and conditions as were applicable under the related option immediately prior to the effective time of the AHL Merger (including any accelerated vesting in connection with a termination of service);
- each restricted share award (RSA), whether vested or not vested, was converted into a number of restricted shares of AGM (AGM RSAs) (rounded down to the nearest whole AGM share) equal to (1) the exchange ratio multiplied by (2) the number of Class A common shares subject to such RSA immediately prior to the effective time of the AHL Merger; provided, that in the case of any RSA that was subject to performance-based vesting conditions (“AHL Variable RSA”), (A) for purposes of clause (2) above, the number of Class A common shares in respect of such AHL Variable RSA immediately prior to the effective time of the AHL Merger was based on the applicable target level of performance and (B) the AGM RSAs are subject only to the time vesting conditions that applied to the AHL Variable RSA and are scheduled to vest at the end of the applicable performance period. Each such AGM RSA is otherwise subject to the same terms and conditions as were applicable under the related RSA immediately prior to the effective time of the AHL Merger (including any accelerated vesting in connection with a termination of service); and

- each restricted share unit award (RSU) was converted into a number of restricted share units of AGM (AGM RSUs) (rounded down to the nearest whole AGM share) equal to (1) the exchange ratio multiplied by (2) the number of Class A common shares subject to such RSU immediately prior to the effective time of the AHL Merger; provided, that in the case of any RSU that was subject to performance-based vesting conditions (AHL Variable RSU), (A) for purposes of clause (2) above, the number of Class A common shares in respect of such AHL Variable RSU immediately prior to the effective time of the AHL Merger was based on the applicable target level of performance and (B) the AGM RSUs are subject only to the time vesting conditions that applied to the AHL Variable RSU and are scheduled to vest at the end of the applicable performance period. Each such AGM RSU is otherwise subject to the same terms and conditions as were applicable under the related RSU immediately prior to the effective time of the AHL Merger (including any accelerated vesting in connection with a termination of service).

In addition, the Merger Agreement included certain interim operating covenants that we were required to follow, including, among others, a covenant that restricted increasing compensation or benefits to directors and senior officers of the Company between signing and closing of the Mergers. In connection with the Mergers, certain compensation scheduled to be paid to certain employees in early 2022 was accelerated and paid in December 2021, including RSU awards that were scheduled to vest on January 1, 2022. Finally, following the closing of the Mergers, AGM awarded a total of approximately \$24 million of AGM RSUs to certain existing senior officers of AHL, including each of the NEOs other than Mr. Belardi. Each award is fully vested but subject to a delayed delivery schedule over a multi-year period and compliance with restrictive covenants.

Following the closing of the AHL Merger, our compensation committee was dissolved and its remaining functions and responsibilities were assumed by the executive committee of the board of directors. As noted above, because this CD&A describes the compensation program in place during 2021, this CD&A describes the role of our former compensation committee in setting executive compensation and the role of the executive committee for post-Mergers compensation decisions as they relate to 2021, such as bonus determinations.

Introduction

Our named executive officers (NEOs), comprised of our principal executive and financial officers and our three highest paid executive officers other than our principal executive and financial officers, are as follows:

Executive	Title
James R. Belardi	Chairman, Chief Executive Officer and Chief Investment Officer
Martin P. Klein	Executive Vice President and Chief Financial Officer
William J. Wheeler	President*
Grant Kvalheim	Executive Vice President, AHL and Chief Executive Officer and President, Athene USA Corporation**
John L. Golden	Executive Vice President and General Counsel

* Effective March 31, 2022, Mr. Wheeler will transition to the role of Vice Chairman of the Company.

** Effective April 1, 2022, Mr. Kvalheim will assume the role of President of the Company.

Compensation Framework

Goals, Principles and Process

Our compensation committee believed that our executive compensation program should reward actions and behaviors that support policyholder protection, drive long-term and profitable revenue growth, and create sustainable shareholder value. The compensation committee sought to foster these objectives through a compensation program that focused on increasing our executives' personal interest in our growth and success through performance-based annual incentive awards and ownership of our Class A common shares. We believe that these awards created a balanced focus on our short-term and long-term strategic and financial goals. Our 2021 executive compensation program was designed to:

- attract, retain and motivate high-performing talent;
- reward outstanding performance;
- align executive compensation elements with both short-term and long-term company performance; and
- align the interests of our executives with those of our stakeholders.

For 2021, our compensation committee had the responsibility for overseeing and approving the compensation of all of our executive officers. Our compensation committee also received input from the compensation committee's independent compensation consultant and recommendations from Mr. Belardi regarding the compensation arrangements for executive officers other than himself. None of our NEOs participated in the determination of their own compensation.

In late 2020, our compensation committee conducted a review of the Company’s executive compensation program, with the assistance of the compensation committee’s independent compensation consultant, Willis Towers Watson. Willis Towers Watson provided input on the Company’s overall incentive design and a benchmarking analysis with respect to our executive officer compensation program. When setting 2021 NEO compensation, our compensation committee considered survey data for Insurance companies within Willis Towers Watson’s Financial Services database (Insurance industry survey), as well as compensation data from a group of peer companies (the Peer Group) to evaluate compensation arrangements against those of the Company. The companies in the Peer Group were selected based on one or more of the following characteristics: similar in size to the Company; the companies are industry competitors; or the companies are considered a source of talent. Even though some of the Peer Group companies have larger revenues and market capitalization than the Company, the compensation committee determined that each company was an appropriate peer based on such company being an industry competitor or a source of talent, as well as the Company’s recent and potential future growth. The Peer Group used to evaluate 2021 compensation decisions consisted of the following ten publicly-traded financial services companies:

Ameriprise Financial, Inc.	Principal Financial Group, Inc.
Brighthouse Financial	Prudential Financial, Inc.
Equitable Holdings, Inc.	Reinsurance Group of America
Globe Life Inc.	Unum Group
Lincoln National Corporation	Voya Financial, Inc.

While our compensation committee considered compensation between the 50th and 75th percentile of the Peer Group when setting executive compensation, it did not establish compensation levels based only on market practices. Our compensation committee believed that compensation decisions are complex and required a deliberate review of Company performance and peer compensation levels. The factors that influenced the amount of compensation awarded included market competition for a particular position, an individual’s experience and past performance inside or outside the Company, compensation history, role and responsibilities within the Company, tenure with the Company and associated institutional knowledge, long-term potential with the Company, contributions derived from creative and innovative thinking and leadership, industry expertise, past and future performance objectives and the value of the position within the Company.

In addition to executive compensation consulting services, Willis Towers Watson provided other services during 2021 relating to: (1) investment, risk and reinsurance, (2) human capital and benefits, and (3) corporate risk and brokerage. Our executive committee assessed the independence of Willis Towers Watson pursuant to SEC rules and concluded that Willis Towers Watson’s work did not raise any conflict of interest.

2021 Compensation Elements

Base Salary

Base salaries for our NEOs are determined annually, based on a number of factors, including the size, scope and impact of their role, the market value associated with their role, leadership skills, length of service, and individual performance and contributions.

Annual Incentive Awards

As further discussed below in *–2021 Compensation Decisions*, in 2021, we granted annual cash incentive awards to our NEOs based on the achievement of financial, operational and personal objectives. These objectives were communicated to our NEOs at the beginning of the year, and the compensation committee determined the amount of the awards based on performance against those objectives. The annual incentive award payout for each NEO was subject to a personal performance modifier that allowed for an adjustment in payout based on a holistic assessment of each NEO’s individual performance.

In addition, the portion of the annual incentive award payout that was based on corporate financial and operational goals could have been overridden to 0% for the NEOs at the discretion of the risk and compensation committees in the event of a material breach of a risk threshold, but only to the extent such breach was not approved by the board of directors or risk committee in advance, or waived by the board of directors or risk committee in retrospect.

Long-Term Incentive Awards

In general, the Company’s long-term incentive compensation program was designed to recognize the scope of an individual’s responsibilities, reward demonstrated performance and leadership, further align the interests of award recipients with those of the Company’s shareholders and retain award recipients through the vesting period. Important factors in determining the amount of grants awarded to each NEO included the size of past grant amounts, individual performance and expected future contributions to the Company.

The 2021 long-term incentive awards to executive officers were comprised of 50% performance-based restricted share units or restricted share awards (“Performance Awards”), 25% time-based RSUs and 25% time-based stock options, determined based on target grant date value. The form and annual amount of the long-term incentive awards were determined by the compensation committee with input from Willis Towers Watson. We used grants of stock options to focus our executives on delivering long-term value to shareholders because options have intrinsic value only to the extent that the price of our stock on the date of exercise exceeds the stock price on the grant date. We also used stock options to retain executives, since the stock options were scheduled to vest ratably over a three-year period, provided the recipient remained employed through the applicable vesting date. We believe that time-based RSUs further aligned the interests of our executives with those of our shareholders and also served to retain executives, as these RSUs also were scheduled to vest ratably over a three-year period, provided the recipient remained employed through the applicable vesting date.

We used Performance Awards to motivate our executives to achieve pre-established performance goals designed to be aligned with shareholder value creation and to retain our executives, as recipients were generally required to remain employed with the Company through the three-year performance period. The Performance Awards included in our 2021 long-term incentive award program were scheduled to vest and be payable following the three-year performance period (2021-2023) only if we achieve specified goals based on two equally weighted performance metrics: cumulative adjusted operating income and adjusted book value per share for the three-year performance period. The target levels of these goals were designed to be challenging but reasonably achievable with strong management performance.

Athene Plan Points

On February 18, 2020, Messrs. Belardi, Wheeler, Klein, Kvalheim and Golden as well as certain other members of our senior management were granted limited partner interests in a newly authorized subsidiary of the Company (Athene Plan LP) in the form of “Athene Plan Points.” Each Athene Plan Point generally represents the right to participate in 1/1500th of the carried interest received by Apollo ADIP Advisors, L.P. (ADIP GP) from the Apollo/Athene Dedicated Investment Program (ADIP). Athene Plan Points represent incentive compensation in connection with, and based on the performance of, ADIP. We believe these grants further align award recipients with our strategic objective to deploy excess capital at attractive risk-adjusted returns across our various liability channels and, in particular, we believe that the efforts of our personnel who will be receiving these allocations are critical to achieving a successful, risk-adjusted return at ADIP and ACRA. In addition, these grants provide a key retention tool for personnel who are deemed key to the success of ADIP and ACRA, and therefore key to our success more broadly.

ALRe is the general partner of Athene Plan LP. Athene Plan LP is a limited partner in the ADIP GP and entitled to one-third of the carried interest allocated to the ADIP GP from ADIP. The value of the carried interest is calculated in a manner customarily used in the investment fund industry and is based on a percentage of the total returns on ADIP’s capital after ADIP investors receive a preferred return. Distributions (other than tax distributions) will not be made with respect to Athene Plan Points until ADIP has returned contributed capital to its limited partners and made distributions in excess of a specified performance return. Any distributions made with respect to Athene Plan Points are expected to be paid in cash.

A participant’s Athene Plan Points are treated as fully vested for purposes of receiving distributions while the participant remains employed by us or our affiliates. Upon a termination of employment (other than for cause), a participant will be eligible to retain up to a maximum of 75% of his or her Athene Plan Points, with the actual number of Athene Plan Points retained to be determined based on a five-year monthly vesting schedule beginning on October 1, 2019, the date the ACRA joint venture began.

A participant will forfeit all of his or her Athene Plan Points upon a termination for cause or upon a breach of applicable confidentiality, non-competition, non-solicitation, non-disparagement or other post-separation covenants. See —*Item 13. Certain Relationships and Related Transactions, and Director Independence* for further discussion regarding ACRA and ADIP.

Amounts will be reflected in the Summary Compensation Table in the year in which distributions are made to the holders of Athene Plan Points. There were no additional Athene Plan Points granted to the NEOs during 2021 and no distributions made with respect to Athene Plan Points during 2021.

Other Compensation Practices

Employment Agreements

We have entered into employment agreements with certain of our NEOs, as follows:

Belardi Agreement

As Mr. Belardi also serves as ISG's Chairman and Chief Executive Officer, he has separate employment agreements with both the Company and with ISG. Under these agreements, Mr. Belardi is entitled to receive, among other benefits, a base salary and is eligible to receive an incentive award each fiscal year during the term of employment. For 2021, ISG and the compensation committee of AHL consulted with each other to determine Mr. Belardi's total base salary, incentive award targets and actual incentive awards. Pursuant to an understanding between AHL and ISG, the parties have agreed that each is responsible for paying half of Mr. Belardi's base salary and incentive awards. Either party, at its sole discretion, may pay its portion of the incentive award in the form of cash or equity. The target incentive award was 100% of Mr. Belardi's base salary, but the actual incentive award was determined by our compensation committee and ISG's compensation committee, based on non-alternative investment performance relative to the Barclays US Aggregate Bond Index, aggregate alternative investment net performance relative to the Company's underwriting target, and other corporate performance targets established by the compensation committee. We report our portion of Mr. Belardi's total annual salary and incentive award in our 2021 Summary Compensation Table. In addition, ISG retains discretion to pay other elements of compensation under the employment agreement with ISG or otherwise as it deems appropriate in its sole discretion.

Mr. Belardi's employment agreement with us has a three-year initial term that expired on November 3, 2016 which automatically extends for subsequent one-year terms unless one party gives notice of non-renewal prior to expiration of the then current term. Pursuant to his employment agreement, severance is payable to Mr. Belardi in the event of a termination of employment by the Company without cause, by the Company by reason of non-renewal, by Mr. Belardi for good reason, or due to Mr. Belardi's death or disability. Mr. Belardi is entitled to receive severance payments in an amount equal to the sum of his then-annual base salary and a pro rata incentive award for the year of termination based, in part, on the incentive award and annual salary paid to him in the year preceding his termination. In the event of involuntary termination other than due to death or disability, Mr. Belardi is entitled to receive an additional severance payment equal to his then-annual base salary multiplied by a bonus percentage, calculated based on the bonus paid to him in the year preceding his termination and divided by his annual base salary in the year preceding his termination. In the event of involuntary termination other than due to non-renewal by the Company, under the terms of the employment agreement, any outstanding and vested time-based restricted shares that were scheduled to vest during the one-year period following the termination date will immediately vest. As a condition to his receipt of the severance payments and benefits described above, Mr. Belardi must timely execute (and not revoke) a general release of claims against the Company and its affiliates. Mr. Belardi's employment agreement with the Company also contains customary restrictive covenants, including confidentiality and nondisclosure covenants, a covenant not to compete with, or solicit customers of, the Company or ISG for 12 months following termination, and a covenant not to solicit employees of the Company or ISG for 24 months following termination.

Wheeler Agreement

During 2021, Mr. Wheeler was party to an employment agreement that entitled him to receive a minimum base salary of \$1,250,000 and was eligible to receive an annual incentive award each fiscal year he is employed. The annual incentive award opportunity and payouts were determined by the compensation committee in its sole discretion, with payouts determined based on performance objectives established by the compensation committee. His employment is at will and may be terminated by him or by the Company at any time by giving two months' notice. The employment agreement required two months' notice for termination by the Company or Mr. Wheeler, with the Company's right to terminate the agreement with a payment in lieu of notice. The Company also had the right to terminate the agreement without notice or payment in lieu of notice if Mr. Wheeler was guilty of any gross default or misconduct, or any repeated misconduct after due warning, in connection with the Company or in the event of any serious or repeated breach or non-observance with any of the provisions in the agreement. The employment agreement included customary restrictive covenants, including confidentiality and nondisclosure covenants and covenants not to solicit customers or employees of the Company or any affiliate of the Company for 12 months following termination.

On January 7, 2022, Mr. Wheeler notified the Company of his decision to resign from his role as President of the Company, effective as of March 31, 2022. The Company entered into an arrangement with Mr. Wheeler, pursuant to which Mr. Wheeler will transition to the role of Vice Chairman of the Company. In this role, Mr. Wheeler will remain an employee of the Company and will provide strategic advice to the Company's senior management as the Company executes its plan for future growth.

Klein Agreement

Pursuant to his employment agreement, Mr. Klein is entitled to receive a minimum base salary of \$550,000 and is eligible to receive an annual incentive award each fiscal year he is employed. The annual incentive award opportunity and payouts were determined by the compensation committee in its sole discretion, with payouts determined based on performance objectives established by the compensation committee. His employment is at will and may be terminated by him or by the Company at any time by giving two months’ notice.

In addition to termination by Mr. Klein or the Company at any time by giving two months’ notice, the Company has the right, in its discretion, to terminate the agreement with a payment in lieu of notice. The Company may also terminate the agreement without notice or payment in lieu of notice if Mr. Klein is guilty of any gross default or misconduct, or any repeated misconduct after due warning, in connection with the Company or in the event of any serious or repeated breach or non-observance with any of the provisions in the agreement. The employment agreement contains customary restrictive covenants, including confidentiality and nondisclosure covenants and covenants not to solicit customers or employees of the Company or any affiliate of the Company for 12 months following termination.

Use of Corporate Aircraft

We use the corporate aircraft for efficiency and business planning purposes. Personal use of corporate aircraft is subject to a formal policy approved by the compensation committee that sets forth the criteria and procedures applicable to its use. Mr. Belardi and the Company have entered into a time-sharing agreement, pursuant to which Mr. Belardi may use the corporate aircraft for up to 25 flight hours per year, provided that the number of flight hours and other incidentals under such agreement shall be further limited so that the amount of payments from Mr. Belardi pursuant to such agreement (including any tax payments) shall not exceed \$120,000 in any fiscal year of the Company. Occasionally, a guest may accompany Mr. Belardi on corporate aircraft when the aircraft is already scheduled for business purposes and can accommodate additional passengers. In those cases, there is no additional aggregate incremental cost to the Company and, as a result, no amount would be reflected in the Summary Compensation Table for the applicable year. There was no personal use of corporate aircraft by Mr. Belardi or any other NEO during 2021.

Executive Stock Ownership Guidelines

Prior to the Mergers, we required management at the Senior Vice President level and above, including our NEOs, to own significant amounts of our Class A common shares. The value of Class A common shares required to be held was set at a multiple of the individual’s base salary. Covered executives had five years from the adoption of the stock ownership guidelines or, if later, the appointment to a covered position to satisfy the applicable stock ownership guideline.

Position	Multiple
Chief Executive Officer/President	6X
Executive Vice President	3X
Senior Vice President	2X

Purchased and restricted Class A common shares, shares acquired upon the vesting of Class A RSUs, and vested stock options counted toward this requirement. Covered executives were required to retain at least 75% of all equity holdings in the Company until they met their respective stock ownership requirements.

Anti-Hedging and Anti-Pledging Policies

Under our insider trading policy in effect prior to the Mergers, covered persons including all directors, executive officers, and employees, were not permitted to (1) short-sell any security originally issued by the Company (Company Securities), including but not limited to Class A common shares, or (2) purchase or hold any financial instrument (including put options, prepaid variable forward contracts, equity swaps, collars and exchange funds) or otherwise engage in any transaction that hedged or offset or that was designed to hedge or offset a decrease in the market value of Company Securities either granted to the covered person by the Company in connection with an equity plan or otherwise as compensation to the covered person, or held, directly or indirectly, by the covered person. Covered persons were also not permitted to pledge their holdings of Company Securities without the permission of the Company. In addition, executives and directors were not allowed to pledge their Company Securities as collateral if they were counting those holdings towards their respective stock ownership requirements. Following the Mergers, the NEOs are subject to restrictions on hedging and pledging securities of AGM under AGM’s insider trading policy.

Review of Compensation Policies and Practices Related to Risk Management

Effective risk management is central to our success, and compensation is carefully designed to be consistent with our risk management framework and controls. If our performance is obtained in a manner inconsistent with this framework or these controls, the compensation committee had the discretion, with input from the risk committee, if necessary, to decrease or not award any bonuses to our NEOs and other executive officers. In addition, the performance objectives for our Chief Risk Officer and the other employees in our risk management function are based in part on the effectiveness of our risk management policies and procedures. We have determined that the risks arising from our compensation policies and practices are not reasonably likely to have a material adverse effect on the Company. This compensation risk assessment was conducted with the assistance of our Chief Risk Officer and other employees in our risk management function.

Consideration of Say On Pay Vote

As part of its ongoing review of the Company’s executive compensation program, the executive committee considered the approval by approximately 98% of the votes cast for the Company’s “say on pay” vote at the Company’s 2021 Annual General Meeting of Shareholders. No changes were made to the Company’s executive compensation program in response to the 2021 “say on pay” results.

2021 Compensation Decisions

Base Salary

Mr. Kvalheim’s base salary increased from \$750,000 in 2020 to \$800,000 in 2021. Mr. Golden’s base salary increased from \$475,000 in 2020 to \$525,000 in 2021. These base salary increases were a result of market adjustments as well as strong individual performance and substantial contribution to the Company’s overall performance from each of these executives in fiscal year 2020. Our other NEOs’ base salaries in 2021 remain unchanged from the 2020 levels.

Annual Incentive Awards

The NEO annual incentive awards in 2021 were based on a combination of five overall corporate financial and operational goals, which comprised 50% of the award for Mr. Belardi and 75% of the award for our other NEOs, and individualized performance goals, which comprised 50% of the award for Mr. Belardi and 25% of the award for our other NEOs. For 2021, the compensation committee established target incentive award opportunities of approximately 97%, 124%, 190%, 188% and 132% of base salary for Mr. Belardi, Mr. Wheeler, Mr. Kvalheim, Mr. Klein and Mr. Golden, respectively. Fees in the aggregate amount of \$245,000 paid for by the Company on Mr. Belardi’s behalf for financial and estate planning purposes, primarily to assist Mr. Belardi with estate planning with respect to his holdings of Company equity, are not a part of his base salary but were considered part of his base salary solely for the purpose of establishing his target incentive award opportunity. Each NEO, other than Mr. Belardi, was eligible for a total annual incentive award payout ranging from 0% to 200% of such NEO’s target award opportunity, with a payout range of 0% to 168% for the corporate performance component of the incentive award. Mr. Belardi was eligible for a total annual incentive award payout ranging from 0% to 139% of his target award opportunity, with a payout range of 0% to 168% for the corporate performance component of his incentive award.

The corporate performance measurements, their respective weightings, 2021 performance and achievement with respect to these measurements, and payout level are set forth below. We believe the targets were designed to be reasonably achievable with strong management performance and the coordinated, cross-functional focus and effort of the NEOs, and did not reflect unrealistic targets that may encourage excessive risk-taking. The targets for the corporate financial and operational measures were determined in relation to the Company’s internal business plan for the year.

Objectives	Weight	Measurement	Target	2021 Performance	Payout Level
Overall profitability	35 %	Adjusted operating income ¹	\$1.490B	\$2.472B	200 %
Expense management	15 %	Expense targets ²	—	Exceeded	133 %
Organic growth	10 %	Organic deposits ³	\$22.55 – 25.55B	\$36.377B	150 %
New business profitability	15 %	Underwritten returns ⁴	—	Exceeded	150 %
Capital	25 %	Excess equity capital generation ⁵	—	Exceeded	150 %

¹ Adjusted operating income is based on net income adjusted for certain investment gains/losses, change in fair values of derivatives and embedded derivatives, certain non-operating expenses, stock compensation expense, bargain purchase gain, and income tax benefit/loss, as described more fully in *Part II–Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations–Key Operating and Non-GAAP Measures*. For purposes of determining the NEO annual incentive awards in 2021, adjusted operating income excluded the return on Apollo AOG shares and was adjusted for the impact of certain material transactions undertaken during 2021 that were not included in the Company’s 2021 financial plan.

² Represents consolidated operating expenses included in operating income, including the impact of ACRA’s non-controlling interest, adjusted for M&A, long-term incentive program, bonus accrual variances in relation to target, and the impact of any material transactions undertaken.

³ Organic deposits include retail independent marketing organization (IMO), retail financial institution, funding agreements, pension group annuities and flow reinsurance.

⁴ Underwritten returns on retail IMO, retail financial institution, funding agreements, pension risk transfer and flow reinsurance.

⁵ Increase in excess equity capital, with adjustments including, but not limited to, variance to the Company’s 2021 financial plan for the impact of Apollo AOG shares, preferred stock issuances, debt issuances, inorganic transactions, and certain other uses.

Based on the Company’s 2021 performance with respect to these five objectives, the payout level was 164% of the corporate target opportunity. Total amounts of awards were also based on the assessment of individual performance factors, as discussed below.

Mr. Belardi

In addition to the five objectives above, which collectively comprised 50% of his award, Mr. Belardi’s annual incentive plan award in 2021 was based on two individualized performance objectives. The first objective, weighted at 25%, compared the Company’s non-alternative investment performance to the Barclays US Aggregate Bond Index over a three-year period. The second objective, also weighted at 25%, compared the Company’s alternative investment performance relative to a 50-50 blended index of the S&P 500 and the BofA Merrill Lynch US High Yield Index over a three-year period, subject to maintaining a minimum return on alternative investment performance since the inception of the Company.

For the objective based on the Company’s non-alternative investment performance, the executive committee (with Mr. Belardi recusing himself) compared the Company’s results of 6.31% for the three-year period ended December 31, 2021 (as calculated by ISG, based on information provided by the Company, and reviewed by the executive committee with Mr. Belardi recusing himself) to 5.73% for the Barclays US Aggregate Bond Index for the same period and determined to pay out 100% of the award for this objective. For the objective based on the Company’s alternative investment performance, the executive committee (with Mr. Belardi recusing himself) compared the Company’s results of 13.92% for the three-year period ended December 31, 2021 (as calculated by ISG, based on information provided by the Company, and reviewed by the executive committee with Mr. Belardi recusing himself) to 17.41% for the 50-50 blended index described above and determined to pay out 80% of the award for this objective.

Other NEOs

For purposes of determining the payout with respect to the portion of the annual incentive award tied to individual performance for the other participating NEOs, our executive committee assessed individual performance against the 2021 personal performance objectives established for each NEO at the beginning of 2021. These personal objectives were designed to generally align with the Company’s strategic and operating initiatives (both short-term and long-term) and included goals relating to execution on key strategic initiatives, leadership and team-related objectives and other objectives tied to the executives’ areas of responsibilities. The compensation committee reviewed and approved the individual performance objectives (including the objectives’ relative weightings) for each of the other NEOs at the beginning of 2021. In early 2022, the executive committee evaluated the NEOs’ individual performance, with input from Mr. Belardi. Based on this evaluation, the executive committee certified the achievement by each of the other NEOs of his individual performance objectives and assigned each NEO an individual performance payout percentage (potentially ranging from 0% to 200%), which is weighted 25% in the annual incentive payout formula. In addition, the annual incentive award payout for each NEO was subject to a personal performance modifier that allowed for an adjustment in payout based on a holistic assessment of each NEO’s individual performance. The payout amounts are reported under “Non-Equity Incentive Plan Compensation” in the 2021 Summary Compensation Table.

Equity and Long-Term Incentive Awards

The compensation committee determined the value of 2021 annual long-term incentive awards for the NEOs based on competitive market data, input from the committee’s compensation consultant, Willis Towers Watson, and our overall philosophy of aligning pay with performance. The total target value of these long-term incentive awards for each NEO was allocated among the awards as follows: approximately 50% of the target value in Performance Awards, 25% of the target value in time-based RSUs and 25% of the target value in stock options. The target values of the 2021 long-term incentive awards granted to our NEOs were increased from 2020 levels based on market adjustments and individual performance and are shown in the following table (the target values reported in this table may differ from the value reported in the compensation tables that follow because the value of equity awards reported in the compensation tables that follow are based on the grant date fair value determined in accordance with applicable accounting rules and, in the case of Performance Awards, the probability of achieving the underlying performance goal at the time of grant):

Named Executive Officer	Time-Based Stock Options	Time-Based RSUs	Performance Awards	Total
James R. Belardi	\$ 625,000	\$ 625,000	\$ 1,250,000	\$ 2,500,000
William J. Wheeler	\$ 562,500	\$ 562,500	\$ 1,125,000	\$ 2,250,000
Grant Kvalheim	\$ 525,000	\$ 525,000	\$ 1,050,000	\$ 2,100,000
Martin P. Klein	\$ 487,500	\$ 487,500	\$ 975,000	\$ 1,950,000
John L. Golden	\$ 250,000	\$ 250,000	\$ 500,000	\$ 1,000,000

2019 Long-Term Incentive Program Results and Payouts

Under the terms of the performance awards granted as part of the 2019 long-term incentive program, 2021 represented the final year of the three-year performance period for the 2019 performance awards. The 2019 performance awards were granted in the form of performance-based RSAs for all of the NEOs, except for Mr. Golden, whose 2019 performance awards were granted in the form of performance-based RSUs. The 2019 performance awards vested based on the attainment of performance goals relating to average annual adjusted operating return on equity (ROE), cumulative adjusted operating income and adjusted book value per share during the 2019-2021 performance period, with each goal weighted equally in the determination of the vesting level. These performance goals were set in 2019 based on the Company’s strategic plans at the time with target levels designed to be challenging but reasonably achievable with strong management performance. Based on performance, participants were eligible to receive a payout ranging from 0% – 150% of target, with a threshold payout opportunity equal to 50% of target.

The threshold, target and maximum payout opportunities and the performance metrics under the 2019 performance awards were as follows:

	2019-2021 Performance Goals					
	Annual Adjusted Operating ROE (3 year average)		Adjusted Operating Income (3 year cumulative)		Adjusted Book Value Per Share (3 year ending value)	
	Performance	Payout	Performance	Payout	Performance	Payout
Threshold	12.0%	50%	\$3,800M	50%	\$64.50	50%
Target	14.5%	100%	\$4,900M	100%	\$69.60	100%
Maximum	17.0%	150%	\$5,800M	150%	\$74.70	150%

As disclosed above, under the terms of the Merger Agreement, all performance awards, including the 2019 performance awards, were converted into corresponding AGM equity awards based on the target level of performance with continued vesting on the same schedule as the original awards. As a result, the vesting level for the 2019 performance awards was 100% of target. The table below sets forth the target number of shares subject to the 2019 performance awards and the number of shares earned based on target level performance during the 2019 – 2021 performance period.

Named Executive Officer	2019 Target Shares (#)*	Shares Earned under 2019 Performance Awards (#)*
James R. Belardi	33,842	33,842
William J. Wheeler	27,075	27,075
Grant Kvalheim	23,690	23,690
Martin P. Klein	23,013	23,013
John L. Golden	12,183	12,183

* Shares adjusted to reflect the merger exchange ratio of 1.149 shares of common stock of AGM for each Class A common share of the Company.

Cash Bonus Awards

In 2020, the compensation committee re-evaluated the Company’s executive compensation program and, in particular, the Company’s long-term incentive program to assess whether it continued to support the Company’s compensation objectives of attracting, retaining and motivating high-performing talent and rewarding outstanding performance. The compensation committee determined that the incentive and retentive elements for participants in the Company’s long-term incentive program were diminished given the Company’s approach of setting target performance goals under its long-term incentive program at levels that required stretch performance as well as the extraordinary and unanticipated impact of the COVID-19 pandemic on our operating results.

In evaluating the Company’s compensation program and its alignment with the Company’s compensation objectives, the compensation committee noted that the Company had outperformed its peer group companies on key business metrics relating to net invested assets, adjusted operating income and adjusted book value per share, measured on a compound annual growth rate basis from 2015 through the third quarter of 2020. Based on this performance and factoring in the diminished retentive and incentive elements associated with the Company’s long-term incentive program which included a 2018 performance award payout of approximately 65% in 2021, in February 2021, the compensation committee determined that it was appropriate to reward all employees who were awarded 2018 performance awards, including each of the continuing NEOs, a supplemental cash bonus award with half of the award paid in March 2021 and the remaining half paid in January 2022, subject to the NEO’s continued employment with us in good standing through the vesting date. Pursuant to these awards, the NEOs received aggregate cash bonus awards as follows: Mr. Belardi, \$418,653; Mr. Wheeler, \$251,201; Mr. Klein, \$167,452; Mr. Kvalheim, \$142,332; and Mr. Golden, \$66,972. In determining the amounts for each eligible participant, the compensation committee considered the Company’s desired pay positioning of compensating its executive officers between the 50th and 75th percentile of the Peer Group as well as the compensation received by the recipients through the Company’s other compensation vehicles, including consideration of what the payout would have been under the 2018 performance awards if the awards had vested at target payout level. The amounts of these awards paid in March 2021 are included in the bonus column of the “2021 Summary Compensation Table.” In addition, in connection with the Mergers, Mr. Golden received the remaining portion of his award in late 2021, which is also reflected in the bonus column of the “2021 Summary Compensation Table.”

2021 Summary Compensation Table

The following table provides information concerning compensation earned by our NEOs for 2021 and, to the extent required by applicable SEC compensation disclosure rules, 2020 and 2019.

Name and Principal Position	Year	Salary	Bonus ¹	Stock Awards ²	Option Awards ³	Non-Equity Incentive Plan Compensation ⁴	All Other Compensation ⁵	Total
James R. Belardi ⁶ Chairman, Chief Executive Officer and Chief Investment Officer	2021	\$ 705,000	\$209,326	\$ 3,049,868 ⁷	\$ 625,006	\$ —	\$ 245,000	\$ 4,834,200
	2020	\$ 705,000	\$ —	\$ 2,857,411	\$ 625,008	\$ —	\$ 247,196	\$ 4,434,615
	2019	\$ 680,000	\$ —	\$ 2,702,739	\$ 625,000	\$ —	\$ 246,842	\$ 4,254,581
William J. Wheeler President	2021	\$ 1,275,000	\$125,600	\$ 1,687,528	\$ 562,501	\$ 2,592,840	\$ 17,400	\$ 6,260,869
	2020	\$ 1,275,000	\$ —	\$ 1,500,049	\$ 7,450,002	\$ 1,752,188	\$ 19,296	\$ 11,996,535
	2019	\$ 1,250,000	\$ —	\$ 1,398,053	\$ 500,006	\$ 1,752,188	\$ 18,642	\$ 4,918,889
Grant Kvalheim Executive Vice President—Athene, and Chief Executive Officer and President—Athene USA Corporation	2021	\$ 800,000	\$ 71,166	\$ 1,575,033	\$ 525,002	\$ 2,700,000	\$ 143,709	\$ 5,814,910
	2020	\$ 750,000	\$ —	\$ 1,312,593	\$ 1,235,373	\$ 1,650,000	\$ 109,624	\$ 5,057,590
	2019	\$ 750,000	\$ —	\$ 1,223,289	\$ 437,509	\$ 1,550,000	\$ 115,173	\$ 4,075,971
Martin P. Klein Executive Vice President and Chief Financial Officer	2021	\$ 650,000	\$ 83,726	\$ 1,462,537	\$ 487,504	\$ 2,004,080	\$ 99,569	\$ 4,787,416
	2020	\$ 650,000	\$ —	\$ 1,275,062	\$ 1,126,138	\$ 1,359,475	\$ 96,799	\$ 4,507,474
	2019	\$ 650,000	\$ —	\$ 1,188,352	\$ 425,006	\$ 1,359,475	\$ 120,205	\$ 3,743,038
John L. Golden Executive Vice President and General Counsel	2021	\$ 525,000	\$ 66,972	\$ 750,064	\$ 250,009	\$ 1,353,452	\$ 17,400	\$ 2,962,897
	2020	\$ 475,000	\$ —	\$ 675,062	\$ 225,002	\$ 690,000	\$ 17,100	\$ 2,082,164

- 1 This column represents the March 2021 payments and, in the case of Mr. Golden, the December 2021 accelerated payment of the supplemental cash bonus granted to each of the NEOs in 2021. The supplemental cash bonus was payable in equal amounts in March 2021 and January 2022 subject to the NEO’s continued employment with us in good standing through the vesting date.
- 2 This column includes the grant date fair value of the performance-based RSUs and time-based RSUs granted to our NEOs in 2021 and restricted Class A common shares granted to Mr. Belardi in accordance with the terms of his annual incentive award, calculated in accordance with FASB ASC Topic 718. For the time-based RSUs and RSAs, grant date fair value is calculated by multiplying the number of RSUs or RSAs by the closing share price on the date of grant. For the Performance Awards, we have reported the grant date fair value assuming the probable outcome of satisfying the performance conditions. Assuming the probable outcome of performance conditions will be achieved, the grant date fair value of the 2021 Performance Awards would be as follows: \$1,250,045; \$1,125,003; \$1,050,006; \$975,009; and \$500,027, for Messrs. Belardi, Wheeler, Kvalheim, Klein and Golden, respectively. Assuming the highest level of performance conditions will be achieved, the grant date fair value of the 2021 Performance Awards would be as follows: \$2,500,091; \$2,250,007; \$2,100,013; \$1,950,018; and \$1,000,055 for Messrs. Belardi, Wheeler, Kvalheim, Klein, and Golden, respectively.
- 3 This column represents the aggregate grant date fair value of stock options granted in 2021, calculated in accordance with FASB ASC Topic 718. With respect to the stock options, we measure the fair value of each stock option grant at the date of grant using a Black-Scholes option pricing model. The following represents the assumptions used in the Black-Scholes option pricing model for 2021: risk-free interest rate of 0.46%, dividend yield of 0.0%, volatility of 27% and expected life of 4.3 years.
- 4 The amounts in this column represent annual cash incentive awards paid to the NEOs other than Mr. Belardi. Such amounts were determined by the executive committee after the end of applicable year and were based on the achievement of financial, operational, and personal objectives.
- 5 For 2021, these amounts include the Company’s 401(k) matching payment of \$17,400 for Messrs. Wheeler, Kvalheim, Klein and Golden; housing allowances of \$33,000 for Mr. Kvalheim; \$33,174 for Mr. Klein for his residence in Iowa; taxable amounts of \$93,309 for Mr. Kvalheim; \$48,995 for Mr. Klein, for travel expenses from his principal residences to our office in Iowa; the Company’s payment of tax preparation fees for Messrs. Belardi and Wheeler; and \$245,000 in fees paid by the Company for financial and estate planning services, primarily to assist Mr. Belardi with estate planning with respect to his holdings of Company equity. Each of these amounts represent the cost paid directly to the NEO or service provider, as applicable.
- 6 Pursuant to an understanding between the Company and ISG, the Company and ISG have each agreed to pay 50% of Mr. Belardi’s annual salary and incentive plan award. The amounts reported for each period reflect only those amounts for which the Company is responsible. The fees for Mr. Belardi’s financial and estate planning services that were paid by the Company are counted towards the amounts for which the Company is responsible.
- 7 In accordance with the terms of Mr. Belardi’s annual incentive award, Mr. Belardi received his annual incentive award of \$1,174,800 for 2021 performance in the form of AGM restricted share units (AGM RSUs). The AGM RSUs, which are included in the Stock Awards column, were granted on February 23, 2022 and vest ratably over a two-year period.

2021 Grants of Plan-Based Awards Table

The following table provides information about awards granted to the NEOs in 2021: (1) the grant date; (2) the threshold, target and maximum estimated future payouts under annual incentive plan awards; (3) the number of stock options, RSAs and RSUs granted to the NEOs under the Company’s 2019 Share Incentive Plan, based on the original share numbers granted, without adjustment for the Mergers; (4) the exercise price of the stock options; and (5) the grant date fair value of the share and option awards, computed in accordance with applicable SEC rules.

Name of Executive	Grant Date	Estimated Future Payouts Under Annual Incentive Plan Awards ¹			Estimated Future Payouts Under Equity Incentive Plan Awards: ² (#)			All Other Stock Awards: Number of Shares or Units	All Other Option Awards: Number of Securities Underlying Options ³	Exercise Price of Option Awards (\$/Sh)	Grant Date Fair Value of Share and Option Awards ⁴
		Threshold	Target	Maximum	Threshold	Target	Maximum				
James R. Belardi	2/22/2021				6,701	26,802	53,604				\$ 1,250,045
	2/22/2021 ⁵							13,401			\$ 625,023
	2/22/2021								58,686	\$ 46.64	\$ 625,006
	2/15/2021 ⁶							17,150			\$ 1,174,800
	2/22/2021	\$ —	\$ 925,000	\$ 1,850,000							
William J. Wheeler	2/22/2021				6,030	24,121	48,242				\$ 1,125,003
	2/22/2021 ⁵							12,061			\$ 562,525
	2/22/2021								52,817	\$ 46.64	\$ 562,501
	2/22/2021	\$ —	\$ 1,575,000	\$ 3,150,000							
Grant Kvalheim	2/22/2021				5,628	22,513	45,026				\$ 1,050,006
	2/22/2021 ⁵							11,257			\$ 525,026
	2/22/2021								49,296	\$ 46.64	\$ 525,002
	2/22/2021	\$ —	\$ 1,520,000	\$ 3,040,000							
Martin P. Klein	2/22/2021				5,226	20,905	41,810				\$ 975,009
	2/22/2021 ⁵							10,453			\$ 487,528
	2/22/2021								45,775	\$ 46.64	\$ 487,504
	2/22/2021	\$ —	\$ 1,222,000	\$ 2,444,000							
John L. Golden	2/22/2021				2,680	10,721	21,442				\$ 500,027
	2/22/2021 ⁵							5,361			\$ 250,037
	2/22/2021								23,475	\$ 46.64	\$ 250,009
	2/22/2021	\$ —	\$ 693,000	\$ 1,386,000							

- 1 The 2021 annual incentive awards for our NEOs other than Mr. Belardi were based on a combination of five overall corporate financial and operational goals, which comprised 75% of the award, as well as individualized performance goals, which comprised the other 25% of the award. The corporate performance component of the awards has a payout range between 0% and 168% of the corporate performance component. The overall payout range of the awards, including both the corporate performance component and the personal performance component of the award, is between 0% and 200% of the target amount.
- 2 All equity incentive plan awards reported in this column, other than the award to Mr. Belardi of 21,064 shares, represent Performance Awards. The Performance Awards cliff-vest after the 2021–2023 performance period provided the recipient is continuously employed during the period and, pursuant to their original terms, were payable only if the Company achieved specified goals based on two equally weighted performance metrics: cumulative adjusted operating income and adjusted book value per share, each for the three-year period. Under the terms of the Merger Agreement, all performance RSUs and RSAs, including the 2021 Performance Awards, were converted into RSUs or RSAs of AGM based on the target level of performance with continued vesting on the same schedule as the original awards.
- 3 The stock options granted on February 22, 2021 vest ratably over a three-year period provided the recipient remains employed through the applicable vesting date.
- 4 For valuation methodology, see notes 2 and 3 to the 2021 Summary Compensation Table.
- 5 The time-based RSUs vest ratably over three years provided the recipient remains employed through the applicable vesting date.
- 6 The award to Mr. Belardi of 17,150 AGM RSUs granted on February 23, 2022 represents a 2021 annual incentive award that is dollar-denominated, but by its terms is payable in AGM RSUs with a value of \$1,174,800, which vest ratably over a two-year period provided that Mr. Belardi remains employed through the applicable vesting date. Mr. Belardi’s annual incentive award was issued with a target value of \$925,000 and was based on a combination of five overall corporate financial and operational goals, which comprised 50% of the award, as well as individualized performance goals, which comprised the other 50% of the award. The corporate performance component of the award has a payout range between 0% and 168% of the corporate performance component. The overall payout range of the award, including both the corporate performance component and the personal performance component of the award, is between 0% and 139% of the target amount.

2021 Outstanding Equity Awards at Fiscal Year-End Table

The following table provides information on the holdings of the Company’s equity awards by the NEOs as of December 31, 2021. This table includes unexercised options and unvested Class A common shares and RSUs. Each equity grant is shown separately for each NEO. The vesting schedule for each outstanding award is shown in the notes to this table. This table reflects the share numbers as of December 31, 2021 and does not reflect the impact of the Mergers.

The warrants received by the NEOs in a February 2020 share exchange are not included in this table because following the exchange they were no longer deemed outstanding equity awards.

Name of Executive	Grant Date	Grant Type	Option Awards				Stock Awards				
			Number of Securities Underlying Unexercised Options (#) (Exercisable)	Number of Securities Underlying Unexercised Options (#) (Unexercisable)	Option Exercise Price (\$)	Option Expiration Date ¹	Number of Shares of Stock or Units of Stock that Have Not Vested (#)	Market Value of Shares of Stock or Units of Stock That Have Not Vested (\$) ²	Equity Incentive Plan Awards: Number of Unearned Shares of Stock or Units of Stock that Have Not Vested (#) ³	Equity Incentive Plan Awards: Market Value of Unearned Shares of Stock or Units of Stock that Have Not Vested (\$) ²	
James R. Belardi ³	4/3/2019	RSA ⁵					9,608	\$ 800,634			
	2/18/2020	RSA ⁶					21,064	\$ 1,755,263			
	2/15/2021	RSU ⁷					17,150	\$ 1,174,800			
	6/6/2016	Options	128,645		\$ 33.95	6/6/2026					
	3/21/2017	Options	66,278		\$ 51.25	3/21/2027					
	2/27/2018	Options	66,278		\$ 48.05	2/27/2028					
	4/3/2019	Options	42,955	21,478	\$ 42.44	4/3/2029					
	2/21/2020	Options	19,434	38,869	\$ 49.71	2/21/2030					
	2/22/2021	Options		58,686	\$ 46.64	2/22/2031					
	4/3/2019	RSU ⁸					4,909	\$ 409,067			
	4/3/2019	RSA ⁹							29,454	\$ 2,454,402	
	2/21/2020	RSU ⁸					8,382	\$ 698,472			
	2/21/2020	RSU ¹⁰							25,146	\$ 2,095,416	
	2/22/2021	RSU ⁸					13,401	\$ 1,116,705			
2/22/2021	RSA ⁹							26,802	\$ 2,233,411		
William J. Wheeler	6/6/2016	Options	64,323		\$ 33.95	6/6/2026					
	3/21/2017	Options	39,767		\$ 51.25	3/21/2027					
	2/27/2018	Options	39,767		\$ 48.05	2/27/2028					
	4/3/2019	Options	34,364	17,183	\$ 42.44	4/3/2029					
	2/21/2020	Options	15,547	31,095	\$ 49.71	2/21/2030					
	2/22/2021	Options		52,817	\$ 46.64	2/22/2031					
	4/3/2019	RSU ⁸					3,928	\$ 327,320			
	4/3/2019	RSA ⁹							23,563	\$ 1,963,505	
	2/21/2020	RSU ⁸					6,706	\$ 558,811			
	2/21/2020	RSU ¹⁰							20,117	\$ 1,676,350	
	2/22/2021	RSU ⁸					12,061	\$ 1,005,043			
	2/22/2021	RSU ¹⁰							24,121	\$ 2,010,003	
	Grant Kvalheim	6/6/2016	Options	36,450		\$ 33.95	6/6/2026				
		3/21/2017	Options	22,535		\$ 51.25	3/21/2027				
2/27/2018		Options	22,535		\$ 48.05	2/27/2028					
4/3/2019		Options	30,069	15,035	\$ 42.44	4/3/2029					
2/21/2020		Options	13,604	27,208	\$ 49.71	2/21/2030					
2/22/2021		Options		49,296	\$ 46.64	2/22/2031					
4/3/2019		RSU ⁸					3,437	\$ 286,405			
4/3/2019		RSA ⁹							20,618	\$ 1,718,098	
2/21/2020		RSU ⁸					5,868	\$ 488,980			
2/21/2020		RSU ¹⁰							17,603	\$ 1,466,858	
2/22/2021		RSU ⁸					11,257	\$ 938,046			
2/22/2021		RSU ¹⁰							22,513	\$ 1,876,008	

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Name of Executive	Grant Date	Grant Type	Option Awards			Stock Awards			
			Number of Securities Underlying Unexercised Options (#) (Exercisable)	Number of Securities Underlying Unexercised Options (#) (Unexercisable)	Option Exercise Price (\$)	Option Expiration Date ¹	Number of Shares of Stock or Units of Stock that Have Not Vested (#)	Market Value of Shares of Stock or Units of Stock That Have Not Vested (\$) ²	Equity Incentive Plan Awards: Number of Unearned Shares of Stock or Units of Stock that Have Not Vested (#) ³
Martin P. Klein	6/6/2016	Options	32,162		\$ 33.95	6/6/2026			
	3/21/2017	Options	26,512		\$ 51.25	3/21/2027			
	2/27/2018	Options	26,512		\$ 48.05	2/27/2028			
	4/3/2019	Options	29,210	14,605	\$ 42.44	4/3/2029			
	2/21/2020	Options	13,215	26,431	\$ 49.71	2/21/2030			
	2/22/2021	Options		45,775	\$ 46.64	2/22/2031			
	4/3/2019	RSU ⁸					3,339	\$ 278,239	
	4/3/2019	RSA ⁹							20,029 \$ 1,669,017
	2/21/2020	RSU ⁸					5,700	\$ 474,981	
	2/21/2020	RSU ¹⁰							17,100 \$ 1,424,943
	2/22/2021	RSU ⁸					10,453	\$ 871,048	
	2/22/2021	RSU ¹⁰							20,905 \$ 1,742,014
John L. Golden	6/6/2016	Options	17,153		\$ 33.95	6/6/2026			
	3/21/2017	Options	10,605		\$ 51.25	3/21/2027			
	2/27/2018	Options	10,605		\$ 48.05	2/27/2028			
	4/3/2019	Options	15,464	7,732	\$ 42.44	4/3/2029			
	2/21/2020	Options	6,996	13,993	\$ 49.71	2/21/2030			
	2/22/2021	Options		23,475	\$ 46.64	2/21/2030			
	4/3/2019	RSU ¹⁰							10,604 \$ 883,631
	2/21/2020	RSU ⁸					1,509	\$ 125,745	
	2/21/2020	RSU ¹⁰							9,053 \$ 754,386
	2/22/2021	RSU ⁸					3,574	\$ 297,821	
	2/22/2021	RSU ¹⁰							10,721 \$ 893,381

- 1 This column reports the expiration date for stock options. Time-based stock options vest ratably over a three-year period.
- 2 As of December 31, 2021, the fair market value of a Class A common share was \$83.33.
- 3 According to the original terms of the awards, the number of performance-based RSUs or RSAs that ultimately vest is based on actual performance during the three-year performance period. Under the terms of the merger agreement with AGM, all performance RSUs and RSAs were converted into RSUs or RSAs of AGM based on the target level of performance with continued vesting on the same schedule as the original awards. The number of performance-based RSUs or RSAs reflected in this column is based on the number of performance-based RSUs or RSAs that would vest assuming the target level of performance is achieved.
- 4 Substantially all outstanding equity awards for Mr. Belardi have been transferred to a trust, other than for value, for estate planning purposes.
- 5 The award to Mr. Belardi with a grant date of April 3, 2019 represents a 2019 annual incentive award that is dollar-denominated but by its terms is payable in restricted Class A common shares which vest ratably over a two-year period provided that Mr. Belardi remains employed through the applicable vesting date. Mr. Belardi's annual incentive award was issued with a target value of \$925,000 and which will vest ratably on the first and second anniversaries of January 1, 2020.
- 6 The award to Mr. Belardi with a grant date of February 18, 2020 represents a 2020 annual incentive award that is dollar-denominated but by its terms is payable in restricted Class A common shares which vest ratably over a two-year period provided that Mr. Belardi remains employed through the applicable vesting date. Mr. Belardi's annual incentive award was issued with a target value of \$925,000 and which will vest ratably on the first and second anniversaries of January 1, 2021.
- 7 The award to Mr. Belardi, as disclosed in footnote 6 of the 2021 Grants of Plan-Based Awards Table, represents a 2021 annual incentive award that is dollar-denominated but by its terms is payable in AGM RSUs with a value of \$1,174,800. Such AGM RSUs were granted to Mr. Belardi on February 23, 2022 and vest ratably over a two-year period provided that Mr. Belardi remains employed through the applicable vesting date. Mr. Belardi's annual incentive award was issued with a target value of \$925,000.
- 8 This row shows the number of time-based RSUs, which vest ratably over a three-year period.
- 9 This row shows the number of performance-based RSAs, which according to their original terms cliff-vest after a three-year period, assuming performance conditions have been met at the target level of performance. Under the terms of the merger agreement with AGM, all performance RSAs were converted into RSAs of AGM based on the target level of performance with continued vesting on the same schedule as the original awards.
- 10 This row shows the number of performance-based RSUs, which according to their original terms cliff-vest after a three-year period, assuming performance conditions have been met. Under the terms of the merger agreement with AGM, all performance RSUs were converted into RSUs of AGM based on the target level of performance with continued vesting on the same schedule as the original awards.

2021 Option Exercises and Stock Vested Table

The following table provides information for the NEOs on the number of Class A common shares acquired upon exercise of stock options and vesting of stock awards in 2021 and the value realized at such time. This table reflects the share numbers as of December 31, 2021 and does not reflect the impact of the Mergers.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Conversion (#)	Value Realized on Conversion (\$)	Number of Class A Common Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
James R. Belardi	—	\$ —	50,416 ¹	\$ 2,216,187
William J. Wheeler	—	\$ —	19,982 ²	\$ 886,768
Grant Kvalheim	—	\$ —	13,569 ²	\$ 599,390
Martin P. Klein	—	\$ —	14,656 ²	\$ 648,756
John L. Golden	—	\$ —	11,728 ³	\$ 692,673

- 1 Comprised of (1) RSUs and (2) restricted share awards issued as part of annual incentive awards in each of 2019 and 2020, all of which vested on January 1, 2021 with a market value of \$43.14 per share, and RSAs, which vested on February 28, 2021 of \$45.59.
- 2 Comprised of RSUs, which vested on January 1, 2021 with a market value of \$43.14 per share, and RSAs, which vested on February 28, 2021 with a market value of \$45.59.
- 3 Comprised of RSUs, a portion of which vested on January 1, 2021 with a market value of \$43.14 per share and a portion of which vested on December 23, 2021 in connection with the merger with AGM, with a market value of \$78.71 per share.

2021 Potential Payments Upon Termination or Change-in-Control at Fiscal Year-End

The information below describes and quantifies certain compensation that would have become payable under existing plans and arrangements if the NEO’s employment had terminated on December 31, 2021. These benefits are in addition to benefits available generally to salaried employees, such as distributions under our 401(k) Plan, disability benefits and accrued vacation pay. Due to the number of factors that affect the nature and amount of any benefits provided upon the events discussed below, any amounts actually paid or distributed may be different. Factors that could affect these amounts include the time during the year of any such event and the executive’s age.

Equity Awards

The equity awards issued to our NEOs, including time-based RSUs, performance-based RSUs, performance-based RSAs, time-based stock options and time-based Class A restricted shares, will vest in full upon a termination of service by the Company without cause or by the participant for good reason, in each case, within 18 months following a change in control. In the case of performance-based RSUs and performance-based RSAs, the payout would have been based on the target level of the award. In the event a participant’s termination of service results from the participant’s death or disability, each such equity award will vest in full. In addition, upon the retirement of a participant, performance-based RSUs and performance-based RSAs will vest on a pro rata basis in accordance with the time elapsed in the performance period.

Pursuant to Mr. Belardi’s employment agreement, in the event of involuntary termination of service other than due to non-renewal by the Company, all outstanding restricted shares that are held by Mr. Belardi that are subject to time-vesting and scheduled to vest during the one-year period following his termination shall immediately vest. Under the terms of Mr. Belardi’s employment agreement, the value of the accelerated vesting of his restricted shares in accordance with the foregoing would equal \$1,687,266 assuming a December 31, 2021 termination of employment.

The following table provides the cumulative intrinsic value (that is, the value based upon our share price as of December 31, 2021 which was \$83.33, less the exercise price of any option awards) of all equity awards that would vest if (1) the NEO terminated employment as a result of voluntary retirement as of December 31, 2021, (2) the NEO terminated employment as a result of death or disability as of December 31, 2021, (3) the NEO was terminated without cause or terminated employment for good reason as of December 31, 2021, (4) the NEO was terminated without cause or terminated employment for good reason within 18 months following a change in control of the Company as of December 31, 2021, or (5) there was a sale of the Company or change in control as of December 31, 2021.

2021 Potential Equity Benefits upon Change in Control and Termination Table¹

Name	Retirement ²	Death or Disability	Termination by the Company Without Cause or by the NEO for Good Reason	Termination by the Company Without Cause or by the NEO for Good Reason within 18 months following a Change in Control	Change in Control
James R. Belardi	\$ 4,151,707	\$ 13,903,080	\$ —	\$ 13,903,080	\$ —
William J. Wheeler	\$ 3,351,387	\$ 9,331,910	\$ —	\$ 9,331,910	\$ —
Grant Kvalheim	\$ 2,966,319	\$ 8,165,014	\$ —	\$ 8,165,014	\$ —
Martin P. Klein	\$ 2,853,254	\$ 8,066,729	\$ —	\$ 8,066,729	\$ —
John L. Golden	\$ 1,506,702	\$ 3,892,265	\$ —	\$ 3,892,265	\$ —

- For purposes of this table only, all amounts reported in this table were calculated in accordance with the terms of applicable individual award agreements and do not take into account the potential treatment of certain equity awards under Mr. Belardi’s employment agreement, as described above.
- For purposes of this table only, the amounts reported in this column assume that the performance-based RSUs and performance-based RSAs vest at 100% of the target level of the award. In accordance with the original terms of the awards, performance-based RSUs and performance-based RSAs awarded under the share incentive plans become vested based on actual performance through the end of the performance period. Under the share incentive plans, the amount earned is prorated based on the number of days employed during the performance period.

Severance Benefits

Our NEOs would be eligible for benefits under the Athene USA Corporation Severance Pay Plan, which covers our US full-time employees, if they are involuntarily terminated without cause, and provided they release the Company from any and all claims and, in some instances, agree to non-compete/non-solicit covenants. In general, eligible employees receive two weeks of their annual base salary for each completed year of service. The minimum benefits payable under this plan are four weeks of annual base salary; and the maximum benefits payable under this plan are 26 weeks of annual base salary. In the event that an NEO is notified by us that he is required to comply with a post-separation non-compete covenant for a period longer than the number of weeks of annual base salary to which the NEO is entitled based on his years of service, then the amount of the NEO’s severance benefit will be increased to an amount equal to annual base salary for the same number of weeks as the duration of the non-compete covenant. However, except for Mr. Belardi, in accordance with his employment agreement, in no event will an NEO receive more than two times his annual base salary received during the year immediately preceding the year of termination. In its sole discretion, the Company may determine to pay a pro-rated bonus to the involuntarily terminated executive, as approved by the compensation committee.

2021 Potential Pay Upon Termination Table

Name of Executive	Termination Scenario ¹	Athene Severance Pay
James R. Belardi	Voluntary Separation	\$ —
	Involuntary Separation	\$ 2,914,800 ²
	Termination For Cause	\$ —
William J. Wheeler	Voluntary Separation	\$ —
	Involuntary Separation	\$ 1,275,000 ³
	Termination For Cause	\$ —
Grant Kvalheim	Voluntary Separation	\$ —
	Involuntary Separation	\$ 800,000 ³
	Termination For Cause	\$ —
Martin P. Klein	Voluntary Separation	\$ —
	Involuntary Separation	\$ 650,000 ³
	Termination For Cause	\$ —
John L. Golden	Voluntary Separation	\$ —
	Involuntary Separation	\$ 600,000 ³
	Termination For Cause	\$ —

- 1 Voluntary separation does not automatically trigger severance payments. For NEOs other than Mr. Belardi, voluntary separation triggers a severance payment only if the Company decides to enforce any non-compete provision, in which case the NEO would be entitled to an amount of severance benefits up to the amount set forth in the table above for the involuntary separation scenario. Involuntary separation provides for severance to coincide with a 12-month non-compete clause. Severance is not payable where an employee is terminated for cause.
- 2 The total amount reported here represents the Company’s portion of the severance payable to Mr. Belardi in the event of a termination of employment by the Company without cause, by the Company by reason of non-renewal, by Mr. Belardi for good reason, or due to Mr. Belardi’s death or disability, each of which is defined as an involuntary termination under Mr. Belardi’s employment agreement. In each of these scenarios, Mr. Belardi is entitled to receive severance payments in an amount equal to the sum of his then-annual base salary and a pro rata bonus for the year of termination based, in part, on the bonus and annual salary paid to him in the year preceding his termination. In the event of an involuntary termination other than due to death or disability, Mr. Belardi is entitled to receive an additional severance payment equal to his then-annual base salary multiplied by a bonus percentage, calculated based on the bonus paid to him in the year preceding his termination and divided by his annual base salary in the year preceding his termination. The amount reported here includes such additional severance payment, which would only be payable in the event of an involuntary termination other than due to death or disability. Mr. Belardi is also eligible to receive certain post-termination benefits under his employment agreement with ISG.
- 3 Severance does not include any pro-rata bonus payable at the discretion of the Company.

CEO Pay Ratio

We believe our CEO to median employee pay ratio is a reasonable estimate calculated in accordance with Item 402(u) of Regulation S-K and applicable SEC guidance. SEC rules for identifying the median employee and calculating the pay ratio allow companies to apply various methodologies and assumptions and, as a result, the pay ratio reported by us may not be comparable to the pay ratio reported by other companies.

We identified the median employee in 2022 by examining the total cash compensation for all employees, excluding our CEO, for the period from January 1, 2021 to December 14, 2021, who were employed by us as of December 15, 2021. We changed the measurement period from January 1 through September 30, which we used previously, given our workforce grew by more than 10% during 2021. We included all employees, whether employed on a full-time, part-time, or seasonal basis. In the US, we distinguished employees versus independent contractors based on the methodology we use for payroll purposes, which is based on IRS guidance. For non-US employees we classified them as our employees if we were the employer of record. Employees on leave of absence were included in the employee headcount. In identifying the median employee, we used total cash compensation, consisting of base salary plus target level bonus or variable sales-related compensation, as the consistently applied compensation measure. We believe the use of total cash compensation as the consistently applied compensation measure is reasonable because cash compensation represents the principal form of compensation that we use as we do not widely distribute annual equity awards to employees.

We did not make any assumptions, adjustments, or estimates with respect to total cash compensation, except that for any employee as of December 15, 2021 who was employed by us for only a portion of the period from January 1, 2021 to December 14, 2021, we adjusted their compensation as if the employee was employed for the entire period. We applied a US dollar exchange rate as of December 15, 2021 to any compensation paid in non-US currency.

In accordance with Item 402(u) of Regulation S-K, after identifying the median employee, we calculated annual total compensation for such employee using the same methodology we use for our NEOs as set forth in the 2021 Summary Compensation Table.

Annual total compensation from the 2021 Summary Compensation Table uses a different measurement of compensation than what we used to identify the median employee. Among other things, the 2021 Summary Compensation Table includes in compensation the value of equity awards, including stock awards and option awards.

For 2021,

- The annual total compensation of the median employee of the Company (other than Mr. Belardi) (the Median Employee) was \$88,352.
- Mr. Belardi's annual total compensation, as reported in the Total column of the 2021 Summary Compensation Table, was \$4,834,200.
- Based on this information, the ratio of the annual total compensation of Mr. Belardi to the annual total compensation of the Median Employee is estimated to be 55 to 1.

Director Compensation

Neither Mr. Belardi nor any Apollo director, other than Dr. Puffer, who is not an employee of Apollo but acts as a consultant to Apollo and its affiliates, receive any additional compensation for serving as a director. For 2021, each of our other directors was eligible to receive annual compensation, a portion of which was paid in cash and a portion of which was paid in restricted Class A common shares that vest after a one-year period. No fees were paid specifically for attending regular board or committee meetings, however directors were eligible to receive, subject to certain exceptions, \$5,000 per trip to the United Kingdom to physically attend board or standing committee meetings that took place in the United Kingdom, other than the four trips associated with our regularly scheduled quarterly board meetings. In light of the workload and broad responsibilities of the lead director, the lead director received additional annual compensation, for 2021 payable 50% in cash and 50% in restricted Class A common shares that were scheduled to vest after a one-year period. Further, the chairpersons and non-chair members of the standing committees of the board of directors were entitled to receive additional cash retainers each year. A member of a committee who was also the chair of that committee received only the committee chair fee.

The following table describes each component of our director compensation program for 2021:

Element of Compensation	2021 fees
Annual cash retainer	\$ 120,000
Annual equity retainer (in the form of restricted Class A common shares)	150,000
Lead director fees (50% in cash and 50% in the form of restricted Class A common shares)	36,750
Audit committee chair	36,500
Compensation committee chair	21,000
Legal and regulatory committee chair	21,000
Risk committee chair	21,000
Nominating and corporate governance committee chair	21,000
Audit committee members (non-chairperson)	15,750
All other committee members	10,500

In addition, Mses. Taitz and Hormozi and Messrs. Borden and Ruisi each served as a director on the boards of one or more of our subsidiaries, for which they each received separate compensation.

Furthermore, Mr. Beilinson, Mr. Wrubel, Mr. Leach, Mr. McCall and Mr. Borden also served on special committees, for which they each received separate compensation. Mr. Beilinson served on two special committees and the others each served on one special committee. The board of directors forms special committees from time to time to evaluate and provide recommendations to the board on potential significant transactions, including transactions involving Apollo that are outside the ordinary responsibilities of the conflicts committee. Due to the extensive demands on special committee members as a result of the conflicts involved and the complexity of the underlying transactions, the board has approved certain fixed fees to compensate special committee members for their additional service to the Company.

Pursuant to the terms of the Merger Agreement, outstanding equity awards held by the directors vested upon the occurrence of the Mergers.

The table below indicates the elements and total value of cash compensation and of equity awards granted to each eligible director for services performed in 2021.

2021 Director Compensation Table

Name	Fees Earned or Paid in Cash ¹	Share Awards ²	All Other Compensation ³	Total	Total Excluding Special Committee Fees
Marc Beilinson	\$ 680,375 ⁴	\$ 168,380	\$ —	\$ 848,755	\$ 348,755
Robert Borden	401,750 ⁵	150,030	5,000	556,780	311,780
Mitra Hormozi	154,521	150,030	75,000	379,551	379,551
Brian Leach	391,250 ⁵	150,030	—	541,280	296,280
H. Carl McCall	205,500 ⁶	150,030	—	355,530	280,530
Manfred Puffer	141,000	150,030	—	291,030	291,030
Lawrence J. Ruisi	167,000	150,030	75,000	392,030	392,030
Lynn Swann	120,000	150,030	—	270,030	270,030
Hope Taitz	151,500	150,030	80,000	381,530	381,530
Arthur Wrubel	226,500 ⁶	150,030	—	376,530	301,530
Fehmi Zeko	130,500	150,030	—	280,530	280,530

- 1 This column reflects the retainer and fees earned in 2021 for service on the board of directors and committees, including any fees earned for physical attendance at special meetings held in the United Kingdom.
- 2 This column includes the grant date fair value of the restricted Class A common shares granted to eligible directors in 2021, calculated in accordance with FASB ASC Topic 718, which has been calculated by multiplying the number of restricted common shares by the closing share price on the date of grant. As of December 31, 2021, the number of outstanding unvested equity awards held by each director is as follows: 5,588; 5,151; 5,151; 5,151; 5,151; 5,151; 3,573; 5,151; 5,151; 5,151; and 5,151 for Messrs. Beilinson, Borden, Leach, McCall, Puffer, Ruisi, Swann, Wrubel and Zeko and Ms. Hormozi and Taitz, respectively.
- 3 This column reflects fees earned in 2021 for serving as a director of a subsidiary/subsidiaries of the Company.
- 4 Includes \$500,000 received for serving on two special board committees.
- 5 Includes \$245,000 received for serving on a special board committee.
- 6 Includes \$75,000 received for serving on a special board committee.

Director Stock Ownership Guidelines

Prior to the Mergers, we required all non-employee directors of the Company who were eligible to receive compensation for their service as a director of the Company to own Class A common shares with a value equal to three times the annual cash retainer amount for non-employee directors (excluding any retainer amount paid for service on a board committee or service as lead director). Covered directors had five years from the initial adoption of the stock ownership guidelines to satisfy our share ownership requirement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Principal Shareholders

AGM directly or indirectly owns all of our outstanding Class A common shares (including any securities convertible or exchangeable within 60 days into Class A common shares). Other than AGM and certain other direct and indirect subsidiaries of AGM, there is no person or group who is known by us to own beneficially more than 5% of our outstanding Class A common shares. In addition, none of our named executive officers (NEOs) or directors own any of our Class A common shares. The address of Apollo Global Management, Inc. is 9 West 57th Street, 43rd Floor, New York, New York 10019.

Share Incentive Plan Information

The Company’s share incentive plans were assumed by AGM in connection with the Company’s merger with AGM. In accordance with the merger agreement with AGM, all options, RSUs and RSAs granted under the Company’s share incentive plans were converted into options, RSUs and RSAs of AGM. The Company’s share incentive plans were frozen; no additional awards may be granted under the share incentive plans. As a result, there are currently no Company securities to be issued upon exercise of outstanding options, warrants or rights that were granted under the former share incentive plans and there are no securities remaining available for future issuance under any of the former share incentive plans.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The following is a description of certain relationships and transactions since January 1, 2021, for which the amount involved exceeds \$120,000 and our directors, executive officers, or shareholders who are known to us to beneficially own more than five percent of our voting Class A common shares, including Apollo, have a direct or indirect material interest as well as certain other transactions.

Relationships and Related Party Transactions Involving Apollo or its Affiliates

Effective January 1, 2022, as a result of the closing of the merger with us and Apollo, AGM directly or indirectly owns all of our outstanding Class A common shares. See *–Merger Agreement and Closing of the Mergers* below for further information. Through our longstanding relationship with Apollo, which was a co-founder of the Company, Apollo assists us in identifying and capitalizing on acquisition opportunities that have been critical to our ability to significantly grow our business. James R. Belardi, our Chief Executive Officer and a member of our board of directors, is a member of the board of directors and executive officer of AGM and the Chief Executive Officer of ISG, a subsidiary of Apollo that, together with Apollo, manages our investments. He receives remuneration from acting as Chief Executive Officer of ISG. In addition, Mr. Belardi owns a 5% profits interest in ISG and in connection with such interest receives a specified percentage of other fee streams earned by Apollo, including sub-allocation fees. Mr. Belardi is also a director of the general partner of ISG. Three of our other directors, Messrs. Lohr, Michellini, and Rowan, also serve as directors of the general partner of ISG. Additionally, six of our directors, including Mr. Belardi, are employees of or consultants to Apollo or its affiliates.

The total amounts we incurred, directly and indirectly, from Apollo and its affiliates were \$936 million for the year ended December 31, 2021. Such amounts include (1) fees associated with investment management agreements, which exclude sub-advisory fees paid to ISG for the benefit of third-party sub-advisors but include fees charged by Apollo to third-party cedants with respect to assets supporting obligations reinsured to us (such fees directly reduce the settlement payments that we receive from the third-party cedant and, as such, we, as beneficiaries of the services performed, indirectly pay such fees), (2) fees associated with fund investments, which include total management fees, carried interest (including unrealized but accrued carried interest fees) and other fees on Apollo-managed funds and our other alternative investments, and (3) other fees resulting from shared services, advisory and other agreements with Apollo or its affiliates; net of fees incurred directly and indirectly attributable to ACRA, based upon the economic ownership of the noncontrolling interest in ACRA.

Investment Management Relationships

Substantially all of our invested assets are managed by Apollo pursuant to our IMAs. Apollo provides a full array of asset and portfolio management services to us. Apollo has deep sector experience in the asset management industry and has overseen our investment portfolio since our founding. The Apollo investment platform provides us with access to Apollo's investment expertise and fully-built infrastructure without the burden of incurring the development and maintenance costs of building an in-house investment asset manager with the capabilities of Apollo. As of December 31, 2021, we had \$212.5 billion of investments, including related parties.

As of December 31, 2021, Apollo's investment professionals managed substantially all of the assets in the accounts owned by us or in accounts supporting reinsurance ceded to our subsidiaries by third-party issuers (the Accounts) in a number of asset classes, including investment grade corporate credit, RMBS, high yield credit, CMLs, CLOs, CMBS, and certain ABS.

We have historically relied on Apollo to efficiently reinvest large blocks of invested assets we have acquired. Apollo's investment professionals have developed an intimate knowledge of our liability profile, which is long-dated and predominantly surrender charge protected. This knowledge serves as the foundation of our asset management strategy by enabling us to take advantage of our generally illiquid liability profile and identify asset opportunities with an emphasis on earning incremental yield by taking liquidity risk and complexity risk, rather than assuming solely credit risk. Through Apollo, we are able to source, value and invest in these high-quality assets to target and drive greater investment returns. Additionally, Apollo has tailored its service offering to our evolving needs. For example, Apollo is making significant investment in asset origination capabilities to provide higher yielding assets to our investment portfolio.

Fee Structure – Under the fee agreement with ISG, we pay Apollo a base management fee of (1) 0.225% per year of the lesser of (A) the aggregate market value of substantially all of the assets in substantially all of the investment accounts of or relating to us (collectively, the Accounts) as of December 31, 2018 of \$103.4 billion (Backbook Value) and (B) the aggregate market value of substantially all of the assets in the Accounts at the end of the respective month, plus (2) 0.15% per year of the amount, if any, by which the aggregate market value of substantially all of the assets in the Accounts at the end of the respective month exceeds the Backbook Value subject to certain adjustments. Additionally, we pay a sub-allocation fee based on specified asset class tiers ranging from 0.065% to 0.70% of the market value with the higher percentages in this range for asset classes that are designed to have more alpha generating abilities. For the year ended December 31, 2021, we incurred management fees, inclusive of base and sub-allocation fees, of \$592 million.

From time to time, we participate in transactions in which one or more service providers affiliated with Apollo (each, an Apollo-Affiliated Service Provider) provide certain advisory services, such as structuring, capital markets advisory, syndication and/or other related services, and receive fees for such services (collectively, Apollo-ASP Fees). In 2021, we participated in 12 such transactions and bore the economic cost of approximately \$25.9 million of Apollo-ASP Fees. From time to time, we may receive certain upfront fees and/or fee rebates, in respect of our participation in such transactions. Affiliates of Apollo also earn additional fees paid by funds or other collective investment vehicles in which we are invested for management and other services provided by such affiliates of Apollo to such funds and investment vehicles.

We believe that our relationship with Apollo has contributed to and will continue to contribute to our strong financial performance. For the year ended December 31, 2021, we generated net investment income of \$7.2 billion. Net of the aforementioned fees, we achieved a consolidated net investment earned rate of 4.42% for the year ended December 31, 2021.

Termination of ACRA System Investment Management or Advisory Agreements with Apollo

The investment management or advisory agreements between us and the applicable Apollo subsidiary have no stated term and may be terminated by either the applicable Apollo subsidiary, us, or our relevant Company subsidiary, as applicable, upon notice at any time. However, our bye-laws currently provide that, with respect to IMAs covering assets backing reserves and surplus in ACRA, whether from internal reinsurance, third party reinsurance, or inorganic transactions (ACRA System IMA), among us or any of our subsidiaries, on the one hand, and ISG, on the other hand, we may not, and will cause our subsidiaries not to, terminate any ACRA System IMA among us or any of our subsidiaries, on the one hand, and the applicable Apollo subsidiary, on the other hand, other than on June 4, 2023 or any two year anniversary of such date (each such date, an IMA Termination Election Date) and any termination on an IMA Termination Election Date requires (i) the approval of two-thirds of our Independent Directors (as defined below) and (ii) prior written notice to the applicable Apollo subsidiary of such termination at least 30 days, but not more than 90 days, prior to an IMA Termination Election Date. If our Independent Directors make such election to terminate and notice of such termination is delivered, the termination will be effective no earlier than the second anniversary of the applicable IMA Termination Election Date (IMA Termination Effective Date). Notwithstanding the foregoing, our board of directors may only terminate an ACRA System IMA on an IMA Termination Election Date for “AHL Cause” as defined in our bye-laws and pursuant to the provisions set forth therein.

Our organizational documents give our Independent Directors complete discretion, while acting in good faith, as to whether to determine if an AHL Cause event has occurred with respect to any ACRA System IMA with the applicable Apollo subsidiary, and therefore our Independent Directors are under no obligation to make, and accordingly may exercise their discretion never to make, such a determination.

The boards of directors of our subsidiaries may terminate an ACRA System IMA with the applicable Apollo subsidiary relating to the applicable Company subsidiary if such subsidiary’s board of directors determines that such termination is required in the exercise of its fiduciary duties. If our subsidiaries do elect to terminate any such agreement, other than as provided above, we may be in breach of the bye-laws, which could subject us to regulatory scrutiny, expose us to shareholder lawsuits and could have a negative effect on our financial condition and results of operations.

Apollo Fund Investments

Apollo invests certain of our assets in investment funds or other collective investment vehicles whose general partner, managing member, investment manager or collateral manager is owned, directly or indirectly, by Apollo or by one or more of Apollo’s subsidiaries (Apollo Fund Investments). Apollo Fund Investments comprised 79.4% of our net alternative investment portfolio as of December 31, 2021. Apollo’s alternative investment strategy is inherently opportunistic and subject to concentration limits on specific risks. We opportunistically allocate 5-10% of the assets in the Accounts to alternative investments. Individual alternative investments are selected based on the investment’s risk-reward profile, incremental effect on diversification and potential for attractive returns due to sector and/or market dislocations. We have a strong preference for alternative investments that have some or all of the following characteristics, among others: (1) investments that constitute a direct investment or an investment in a fund with a high degree of co-investment; (2) investments with credit- or debt-like characteristics (for example, a stipulated maturity and par value), or alternatively, investments with reduced volatility when compared to pure equity; or (3) investments that we believe have less downside risk. As of December 31, 2021, 4.5% of our net invested assets were invested in Apollo Fund Investments. Fees related to such invested assets varied from 0% per annum to 2% per annum with respect to management fees and 0% to 20% of profits for carried interest, subject in many cases to preferred return hurdles.

Our Apollo Fund Investments, net of ACRA noncontrolling interests, consisted of the following:

<i>(In millions, except percentages)</i>	December 31, 2021	
	Invested Asset Value	Percent of Total
Differentiated investments		
Athora	\$ 743	9 %
MidCap	666	8 %
Wheels/Donlen	590	8 %
Catalina	442	6 %
Venerable	219	3 %
A-A Mortgage	32	— %
Other	690	8 %
Total differentiated investments	3,382	42 %
Real assets ¹	2,045	27 %
Credit funds	1,148	15 %
Private equity ²	1,242	16 %
Other	20	— %
Total net Apollo fund investments	\$ 7,837	100 %

¹ Includes \$1,846 million of real estate fund investments.

² Includes \$304 million of natural resources fund investments.

As of December 31, 2021, 16.4% of our total investments, including related parties and consolidated VIEs, are comprised of securities, including investment funds, in which Apollo, or an Apollo affiliate, has significant influence or control over the issuer of a security or the sponsor of the investment fund. The following table summarizes our cash flow activity related to these investments for the period presented below:

<i>(In millions)</i>	Year ended December 31, 2021	
Sales, maturities and repayments	\$	6,639
Purchases		(13,407)

Certain members of our board of directors and certain of our executive officers may directly receive carried interest or may receive a portion of the carried interest that Apollo receives from fund investments in which we are invested. Certain directors may invest in fund investments in which we have invested. Additionally, Mr. Belardi also has interests in certain of these fund investments. Certain officers from time to time may invest in Apollo funds or co-investments.

AmeriHome

We have an equity method investment of \$26 million as of December 31, 2021, in A-A Mortgage, which previously held an investment in AmeriHome. In 2021, Apollo and Athene sold AmeriHome to a subsidiary of Western Alliance Bancorporation and we recognized \$182 million of revenue from the premium of the platform sale, net of carry and transaction expenses. We have a loan purchase agreement with AmeriHome, which survived the sale. The agreement allows us to purchase residential mortgage loans which AmeriHome has purchased from correspondent sellers and pooled for sale in the secondary market. AmeriHome retains the servicing rights to the sold loans. We purchased no residential mortgage loans under this agreement during the year ended December 31, 2021.

MidCap

We hold significant investments in MidCap. In addition, one of our directors, Hope Taitz, currently serves on the board of MidCap. When we originally invested in MidCap Financial Holdings, LLC (MidCap Financial) in November 2013, MidCap Financial was a specialty finance company which primarily originated lending opportunities in the healthcare sector. With the assistance of Apollo, MidCap Financial entered new lending markets, raised substantial equity capital and restructured as MidCap in January 2015. MidCap represents a unique investment in an origination platform made available to us through our relationship with Apollo and, from time to time, provides us with access to assets for our investment portfolio.

The following summarizes our net invested assets in MidCap:

<i>(In millions)</i>	December 31, 2021
Profit participating notes and redeemable preferred stock	\$ 666
Senior unsecured notes	145
Total MidCap net invested assets	\$ 811

For the year ended December 31, 2021, we earned income of \$74.0 million on the profit participating notes, redeemable preferred stock and senior unsecured notes.

Additionally, we had made loans directly to MidCap Financial to which subsidiaries of MidCap succeeded as borrower. In 2013, we entered into a subordinated debt facility with MidCap Financial with a principal amount of \$245 million and a maturity date of July 2018. In connection with the restructuring of MidCap Financial into MidCap in January 2015, subsidiaries of MidCap Holdings succeeded as borrower under the subordinated debt facility, and the maturity date of the facility was extended to January 2022. In January 2016, the subordinated debt facility was amended and restated in connection with new loans made by third-party lenders. During the second quarter 2021, the principal balance of the MidCap subordinated debt facility of \$330 million was repaid and we received \$19 million as a result of the early repayment. For the year ended December 31, 2021, we earned income of \$15 million in connection with the subordinated debt facility.

MidCap may also originate or source loans that we purchase directly. Additionally, during the year ended December 31, 2021, we purchased a net \$251 million in ABS and CLO securities issued by MidCap affiliates (includes purchases made by third-party cedants with respect to assets backing obligations reinsured to us). As is customary practice for loan originators, MidCap may retain a percentage of the origination fees on the loans we purchase that are paid by the borrowers and may also act as agent for the lenders under the related loan agreements.

Athora

We have an investment in Athora’s equity which we hold as an investment fund and, as of December 31, 2021, represented 10% of the aggregate voting power of and 17% of the economic interest in Athora. During the year ended December 31, 2021 we also invested in Athora’s non-redeemable preferred stock. The following table summarizes our investments in Athora:

<i>(In millions)</i>	December 31, 2021
Non-redeemable preferred stock	\$ 171
Investment fund	743
Total investment in Athora	\$ 914

We also have a Cooperation Agreement (Cooperation Agreement), dated January 1, 2018, between us and Athora. Pursuant to the Cooperation Agreement, among other things, (1) for a period of 30 days from the receipt of notice of a cession, we have the right of first refusal to reinsure (a) up to 50% of the liabilities ceded from Athora’s reinsurance subsidiaries to Athora Life Re Ltd. and (b) up to 20% of the liabilities ceded from a third party to any of Athora’s insurance subsidiaries, subject to a limitation in the aggregate of 20% of Athora’s liabilities, (2) Athora agreed to cause its insurance subsidiaries to consider the purchase of certain funding agreements and/or other spread instruments issued by our insurance subsidiaries, subject to a limitation that the fair market value of such funding agreements purchased by any of Athora’s insurance subsidiaries may generally not exceed 3% of the fair market value of such subsidiary’s total assets, (3) we provide Athora with a right of first refusal to pursue acquisition and reinsurance transactions in Europe (other than the United Kingdom) and (4) Athora provides us and our subsidiaries with a right of first refusal to pursue acquisition and reinsurance transactions in North America and the United Kingdom. Notwithstanding the foregoing, pursuant to the Cooperation Agreement, Athora is only required to use its reasonable best efforts to cause its subsidiaries to adhere to the provisions set forth in the Cooperation Agreement and therefore Athora’s ability to cause its subsidiaries to act pursuant to the Cooperation Agreement may be limited by, among other things, legal prohibitions or the inability to obtain the approval of the board of directors or other applicable governing body of the applicable subsidiary, which approval is solely at the discretion of such governing body. As of December 31, 2021, we have not exercised our right of first refusal to reinsure liabilities ceded to Athora’s insurance or reinsurance subsidiaries.

As of December 31, 2021, we had outstanding funding agreements in the aggregate principal amount of \$63 million issued to Athora. We also have commitments to make additional equity investments in Athora of \$512 million as of December 31, 2021.

One of our executive officers, William J. Wheeler, as well as three of our directors, Marc Rowan, Scott Kleinman, and Gernot Lohr, currently serve on the board of Athora. One of our executive officers, Mr. Wheeler, and certain of our directors are indirect investors in Athora.

Third Party Sub-Advisory Agreements

In the limited instances in which Apollo desires to invest in asset classes for which it does not possess the investment expertise or sourcing abilities required to manage the assets, or in instances in which Apollo makes the determination that it is more effective or efficient to do so, Apollo mandates third-party sub-advisors to invest in such asset classes, and we reimburse Apollo for fees paid to such sub-advisors. For the year ended December 31, 2021, we reimbursed \$3.4 million of sub-advisory fees to Apollo for the benefit of third-party sub-advisors.

Reinsurance of Voya Financial, Inc. and Investment in VA Capital Company LLC and Debt Financing to Venerable Holdings, Inc.

In December 2017 a consortium of investors, led by affiliates of Apollo, and certain other investors including the Company, agreed to purchase VIAC, including its closed block variable annuity segment, and create a newly formed standalone entity, Venerable, to be the holding company of VIAC. On June 1, 2018, we entered into reinsurance agreements with VIAC and ReliaStar Life Insurance Company (RLI), pursuant to which we reinsured a block of fixed and fixed indexed annuity liabilities from VIAC and RLI (FA Business Reinsurance Agreements). The aggregate reserves of VIAC and RLI that are subject to the FA Business Reinsurance Agreements as of June 1, 2018 were approximately \$19 billion. As consideration for the transactions contemplated by the FA Business Reinsurance Agreements, we paid to VIAC and RLI an aggregate ceding commission of approximately \$396 million. All of the business ceded by VIAC to ALRe was recaptured by VIAC as of December 31, 2019. Immediately following such recapture, VIAC ceded to AARe all of the recaptured business previously reinsured by ALRe. VIAC was acquired by Venerable on June 1, 2018. We have a minority equity investment in VA Capital, the parent of Venerable, which was \$219 million as of December 31, 2021. Additionally, as of December 31, 2021, we held \$222 million, 15-year term loan receivables from Venerable, which are held at principal balance less allowances. While management views the overall transactions with VIAC and Venerable as favorable to us, the stated interest rate of 6.257% on the term loans to Venerable represents a below-market interest rate, and management considered such rate as part of its evaluation and pricing of the Voya reinsurance transactions.

Certain of our directors and executive officers are co-investors with us in our minority equity investment in VA Capital and the term loan to Venerable made in connection with the Voya reinsurance transactions. Subsequent to the approval of the transaction, certain of our directors and executive officers were offered the opportunity to co-invest with us in debt issued by Venerable and equity issued by VA Capital. Specifically, Messrs. Belardi, Wheeler and Michelini each purchased a portion of the investment in equity in which we had invested through co-invest vehicles and a portion of the debt in which we had invested, in each case, directly from us. Mr. Belardi purchased \$1,000,000 of equity and \$1,000,000 of debt, Mr. Wheeler purchased \$1,000,000 of equity and \$1,000,000 of debt and Mr. Michelini purchased \$250,000 of equity and \$250,000 of debt. In each case, these directors and executive officers purchased the securities on the same terms and conditions, including price, as we did. We did not receive any separate fee or consideration from such transactions. Messrs. Wheeler and Michelini also serve on the board of directors of VA Capital and Venerable, respectively.

On June 1, 2021, Apollo Hybrid Value Fund, L.P., AA Direct, L.P. and certain entities affiliated with Athora, collectively through an acquisition vehicle, AP Violet, L.P. (AP Violet), along with Crestview and Reverence agreed to acquire a portion of the minority equity investment in VA Capital from us and Apollo. As a result, during the year ended December 31, 2021, we sold portions of our equity investment for \$124 million, of which \$25 million was deferred consideration, to Crestview, Reverence and AP Violet.

Strategic Partnership

We have an agreement pursuant to which we may invest up to \$2.875 billion in funds managed by Apollo entities. This arrangement is intended to permit us to invest across the Apollo alternatives platform into credit-oriented, strategic and other alternative investments in a manner and size that is consistent with our existing investment strategy. Fees for such investments payable by us to Apollo are designed to be more favorable to us than market rates, and consistent with our existing alternative investments, investments made under the Strategic Partnership remain subject to our existing governance processes, including approval by our conflicts committee, where applicable. During the year ended December 31, 2021, we invested a net \$131 million under the Strategic Partnership.

PK AirFinance

During the fourth quarter of 2019, we and Apollo purchased PK, an aviation lending business, including PK’s in force loan portfolio (Aviation Loans), from GE. The Aviation Loans are generally fully secured by aircraft leases and aircraft. In connection with such transaction, Apollo acquired the PK loan origination platform, including personnel and systems, for \$30 million, pursuant to certain agreements entered into between us, Apollo, and certain entities managed by Apollo (collectively, PK Transaction Agreements). The existing Aviation Loans were acquired and securitized by a newly formed SPV for which Apollo acts as ABS manager (ABS-SPV). The ABS-SPV issued tranches of senior notes (Senior Notes) and subordinated notes (Subordinated Notes), which are secured by the Aviation Loans. In connection with the acquisition of the existing Aviation Loans by the ABS-SPV, (1) a tranche of senior notes was acquired by third-party investors and (2) we purchased mezzanine tranches of the Senior Notes and the Subordinated Notes.

In addition to the investment in the Senior Notes and Subordinated Notes, we also have a right to acquire, whether directly, through the ABS-SPV or through a similar vehicle, all Aviation Loans originated by PK (Forward Flow Loans). All servicing and administrative costs and expenses of Apollo (determined at cost, without mark-up) that are incurred in connection with the sourcing, origination, servicing and maintaining the Forward Flow Loans, net of any service fees and servicing and administrative cost and expense reimbursement amounts received directly from the ABS-SPV or other entities investing in the Forward Flow Loans will be allocated to, and reimbursed by the ABS-SPV or us, as applicable, subject to an agreed-upon annual cap.

In addition to the payment of the expenses described in the preceding paragraph and the base management fee paid to Apollo on all assets managed by Apollo, the investees in the ABS-SPV including us have paid or expect to pay the following fees to Apollo or certain service providers that are affiliates of, or are companies managed by, Apollo in connection with the PK Transaction Agreements:

- (A) To Apollo, sub-allocation fees on the Senior Notes based on the sub-allocation rates applicable to Yield Assets and sub-allocation fees on the Subordinated Notes based on the sub-allocation rates applicable to High Alpha Assets. See *Investment Management Relationships-Current Fee Structure*.
- (B) To Redding Ridge Asset Management LLC, a company in which certain funds managed by Apollo have an interest, as consideration for assistance with the structuring, monitoring, support and maintenance of the securitization transactions, a one-time structuring fee of \$1.6 million, as well as ongoing support fees equal to 1.5 bps on the total capitalization amount and certain other fees, which may become due upon the occurrence of certain events; and
- (C) To Merx Aviation Servicing Limited, a company externally managed by Apollo Investment Management, L.P., an affiliate of Apollo, with respect to certain diligence, technical support and enforcement, remarketing and restructuring services with respect to the existing Aviation Loans and the Forward Flow Loans, a one-time servicing fee of \$1 million, as well as certain special situations fees, which may become due upon the occurrence of certain events.

During the year ended December 31, 2021, we paid \$7.6 million of services reimbursements to Apollo relating to PK AirFinance.

Wheels/Donlen

We have a limited partnership investment in Athene Freedom Holdings LP, for which an Apollo affiliate is the general partner. Athene Freedom Holdings LP indirectly invests in Wheels and Donlen. Additionally, we own ABS and corporate debt securities issued by Wheels and Donlen. The following summarizes the net invested assets in Wheels/Donlen:

<i>(In millions)</i>	December 31, 2021
AFS or trading securities	\$ 1,891
Investment fund	590
Total Wheels/Donlen net invested assets	\$ 2,481

Additionally, during the year ended December 31, 2021, as part of the funding of the Wheels acquisition, we entered into a short-term loan of \$2,634 million with Donlen, which was also repaid during the period, and additionally purchased and sold \$680 million of Wheels, Inc. securities.

Challenger

On July 6, 2021, we and Apollo agreed to acquire up to an 18% minority interest in Challenger Ltd. (Challenger) from an existing shareholder, 3% of which was subject to customary Australian Prudential Regulation Authority approval, which was obtained in December 2021. When combined with other Challenger shares acquired by Athene and Apollo, the acquisition resulted in a total minority economic interest of 18% for approximately A\$795 million (or US\$568 million) as of December 31, 2021. Challenger is an annuity provider and credit manager publicly traded on the Australian Stock Exchange.

ACRA

ACRA 1A was initially formed as a wholly owned subsidiary of ALRe with the objective of raising third-party capital for the purpose of pursuing inorganic transactions, pension group annuity transactions and certain flow reinsurance transactions. On September 11, 2019, ALRe entered into a Framework Agreement with ACRA (Framework Agreement), in connection with which ACRA received capital commitments from ALRe and certain funds managed by AGM referred to collectively as ADIP.

On October 1, 2019, ALRe sold 67% of its economic interests in ACRA to ADIP for \$575 million. The shares held by ADIP are non-voting. The shares held by ALRe represent 100% of the voting power and, as of October 1, 2019, 33% of the economic interests in ACRA. In connection with the sale of ACRA economic interests to ADIP, ALRe entered into a shareholders agreement (ALRe Shareholders Agreement) with ACRA and ADIP. The terms of the Framework Agreement and the ALRe Shareholders Agreement were approved by the disinterested directors of our board of directors, acting under authority granted by our board of directors.

To ensure that ACRA continues to qualify for certain benefits under the income tax treaty between the US and the UK (UK Treaty), the ALRe Shareholders Agreement includes a mechanism to adjust the economic ownership interests of ACRA. On April 1, 2020, ALRe purchased 14,000 newly issued ACRA shares (True-up Shares) for \$65.6 million, which resulted in ALRe holding 36.55% of the economic interests in ACRA. The remaining 63.45% of the economic interests in ACRA are held by ADIP. If it is subsequently determined that ALRe's ownership percentage may be reduced from its current ownership percentage to a percentage not less than 33% without causing ACRA to fail to qualify for UK Treaty benefits, then ACRA may redeem all or a portion of the True-up Shares. It is possible that (1) one or more additional purchases may be necessary in the future, and (2) one or more such redemptions may be subsequently effected.

On December 31, 2021, ALRe, through its subsidiary AALP, and ADIP contributed all of their shares of ACRA 1A to Athene Co-Invest Reinsurance Affiliate Holding Ltd., our newly-formed subsidiary (ACRA HoldCo), in exchange for an equal number of shares of ACRA HoldCo (the ACRA Restructuring). As a result of the ACRA Restructuring, ACRA 1A became a wholly owned subsidiary of ACRA HoldCo, ALRe (indirectly through AALP) holds 36.55% of the economic interests and 100% of the voting interests of ACRA HoldCo, and the remaining 63.45% of the economic interests in ACRA HoldCo are held by ADIP. ACRA HoldCo's board of directors will at all times consist of the same members as the board of directors of ACRA 1A.

In connection with the ACRA Restructuring, on December 31, 2021, (1) ALRe and ACRA 1A amended and restated the Framework Agreement (Amended and Restated Framework Agreement), pursuant to which ACRA had received capital commitments from ALRe and ADIP, in order to, among other things, reflect the ACRA Restructuring and resulting changes in ACRA 1A's ownership structure, as well as changes to reflect that we are a direct subsidiary of AGM following completion of the Mergers, and (2) ALRe and AALP entered into that certain Amended and Restated Shareholders Agreement with ACRA 1A, ACRA HoldCo and ADIP, which primarily includes changes to reflect the ACRA Restructuring and resulting changes in ownership structure of ACRA 1A, as well as changes to reflect that we are a direct subsidiary of AGM following completion of the Mergers, and to provide for the governance structure at ACRA HoldCo, which is substantially similar to the governance structure of ACRA 1A.

During a commitment period ranging from approximately three to five years, ACRA has the right to participate in substantially all Qualifying Transactions. ALRe may also offer ACRA the right to participate in flow reinsurance transactions with existing third-party counterparties and reinsurance transactions involving new funding agreements from time to time, subject to certain conditions. ACRA's election to participate in Qualifying Transactions is determined by ACRA's Transaction Committee, which is a committee of the board of directors of ACRA comprised of our representatives and those of AGM. If ACRA elects not to participate in a Qualifying Transaction, we will have the right to pursue such Qualifying Transaction without ACRA. ACRA's right to participate in Qualifying Transactions is subject to capital requirements and other terms and conditions.

In connection with each Qualifying Transaction in which ACRA elects to participate (each, a Participating Transaction), ACRA will generally pay ALRe a fee (Wrap Fee) on the reserves of the assumed or acquired business. The Wrap Fee is expected to be approximately 15 basis points per year, based on a scale which increases from 10 basis points as the portion of the reserves economically attributed to ADIP increases.

In general, (a) on or about the 10th anniversary of the effective date of any Participating Transaction (other than a flow reinsurance transaction) or (b) on or about the 10th anniversary of the date on which reinsurance is terminated as to new business under any Participating Transaction that is a flow reinsurance transaction (which would occur no later than the end of the commitment period), ALRe or its applicable affiliate has the right (Commutation Right) to terminate ACRA's participation in such Participating Transaction based on a book value pricing mechanism and subject to ADIP's ability to reject the commutation if a minimum return with respect to such Participating Transaction is not achieved. If ALRe does not exercise the Commutation Right with respect to a Participating Transaction, then ACRA's obligation to pay the Wrap Fee in connection with such Participating Transaction will terminate, and, subject to certain exceptions (and the applicable terms and conditions of the Framework Agreement and related transaction documents), ALRe will be required to pay ACRA a fee calculated in the same manner as the Wrap Fee. In addition, if ACRA fails to satisfy minimum aggregate capital requirements, ALRe has the right to recapture or assign to another of our subsidiaries a portion of the business retroceded to ACRA (and/or any of its insurance or reinsurance subsidiaries) to the extent necessary to cure such failure.

As of December 31, 2021, ALRe and Athene Life Re International Ltd. had retroceded to ACRA \$51.9 billion of reserve liabilities. In connection with future Participating Transactions, ACRA will draw from ADIP and from ALRe their respective share of the amount of capital necessary to consummate such Participating Transactions. The terms of any Participating Transaction may vary from the terms described above upon mutual agreement of us and the ACRA Transaction Committee.

Effective as of January 1, 2022, a quota share of certain of our retail annuity business issued on or after such date will be retroceded to a subsidiary of ACRA 1A.

ACRA's board of directors currently consists of thirteen directors. ALRe has nominated eight directors to serve on the ACRA board: (1) one is the Chairman, (2) one is a representative of Apollo, (3) two are our representatives, (4) two are representatives of both Apollo and us and (5) two are independent directors. ADIP and its investors have nominated five directors to serve on the ACRA board, four of which are independent directors.

During the year ended December 31, 2021, we received capital contributions of \$758 million from ADIP. As of December 31, 2021, ADIP had raised approximately \$3.3 billion in capital commitments, of which \$1.3 billion was available to deploy into future Qualifying Transactions. In addition, ACRA pays a monthly fee to Apollo for asset management services in an amount equal to the marginal base investment management fees and sub-allocation fees we pay to Apollo pursuant to the Fee Agreement. See *–Investment Management Relationships–Fee Structure* for further discussion regarding the Fee Agreement.

Apollo Share Exchange and Related Transactions

Apollo Share Exchange and Related Transactions – On February 28, 2020, we closed a strategic transaction with AGM and certain affiliates of AGM which collectively comprise the AOG, pursuant to which we sold 27,959,184 newly issued Class A common shares to the AOG for an investment in Apollo of 29,154,519 newly issued AOG units valued at \$1.1 billion and we sold 7,575,758 newly issued Class A common shares to the AOG for \$350 million. As of December 31, 2021, the investment in Apollo was \$2,112 million.

Dividends Declared and Other Distributions

Our board of directors declared common stock cash dividends of \$750 million on December 31, 2021, payable to holders of the Company's Class A shares with a record date and payment date following the completion of our merger with AGM. The dividend payable was included in related party other liabilities on the consolidated balance sheets as of December 31, 2021. The dividend was paid on January 4, 2022.

Subsequent to the Mergers described below, our investment in Apollo was distributed to AGM, together with a share dividend to our other Apollo Group shareholders other than AGM.

Merger Agreement and Closing of the Mergers

On January 1, 2022 (the Merger Effective Date), we completed the previously announced merger transaction pursuant to the Merger Agreement. Effective as of 1:00 a.m. Eastern Time on the Merger Effective Date, AAM Merger Sub merged with and into AAM, with AAM continuing as a direct subsidiary of AGM. Effective as of 1:01 a.m. Eastern Time on the Merger Effective Date, AHL Merger Sub merged with and into AHL, with AHL continuing as a direct subsidiary of AGM. As a result of the Mergers, AAM and AHL became direct subsidiaries of AGM.

As a result of the closing of the Mergers, AGM became the beneficial owner of 100% of our Class A common shares and controls all of the voting power to elect members to our board of directors. Six of our sixteen directors are employees of or consultants to Apollo, including our Chairman, Chief Executive Officer and Chief Investment Officer, who is also the Chief Executive Officer of Apollo Insurance Solutions Group LP (ISG), our investment manager and a subsidiary of AGM. Our Chairman, Chief Executive Officer and Chief Investment Officer is also a member of the board of directors and an executive officer of Apollo. See *Item 1A. Risk Factors–Risks Relating to Our Relationship with Apollo–There are potential conflicts of interests between Apollo, our corporate parent, and the holders of our preferred shares.*

Merger Consideration

At the Effective Time, each Class A common share, par value \$0.001 per share, of the Company (Company Shares) issued and outstanding immediately prior to the Effective Time (excluding (1) any Company Shares that were held in treasury; (2) any Company shares that were owned by AHL Merger Sub, any wholly owned subsidiary of the Company, the Apollo operating group or any subsidiary of the Apollo operating group; or (3) any Company Shares for which dissenters' rights had been perfected pursuant to the Companies Act 1981 of Bermuda) were converted automatically into the right to receive 1.149 shares of Class A common stock, par value \$0.00001 per share, of AGM (AGM Shares) (Merger Consideration), and each series of the Company's preference shares, in each case issued and outstanding immediately prior to the Effective Time (excluding any preferred shares for which dissenters' rights have been perfected pursuant to the Companies Act 1981 of Bermuda), were automatically be converted into an equivalent preferred share of the surviving company in the AHL Merger.

At the Effective Time, each of the issued and outstanding warrants of the Company that were outstanding immediately prior to the Effective Time (Company Warrant) were exchanged for AGM Shares with a fair value measured at the time of the AHL Merger equal to the fair value of such Company Warrant as of immediately prior to the consummation of the AHL Merger calculated using a Black-Scholes valuation.

At the Effective Time, the Company equity awards automatically converted into equity awards with respect to AGM Shares, on the same terms and conditions under the applicable plans and award agreements immediately prior to the Effective Time and, after giving effect to the exchange ratio and appropriate adjustments to reflect the consummation of the Mergers, except that for performance-based Company awards, the number of AGM Shares underlying such award shall be based on the applicable target level of performance and will vest at the end of the applicable performance period.

Shared Service Agreements

We have entered into shared services agreements with ISG. Under these agreements, we and ISG make available to each other certain personnel and services. Expenses for such services are based on the amount of time spent on the affairs of the other party in addition to actual expenses incurred and cost reimbursements. These shared services agreements can be terminated for any reason upon thirty days' notice. The shared services agreements can also be terminated immediately with respect to a specific party in the event of the insolvency by another party to the agreements, among other things. During the year ended December 31, 2021, we paid or reimbursed ISG \$13.5 million under the shared services agreements.

Investment Portfolio Trades with Affiliates

From time to time, Apollo executes cross trades which involve the purchase or sale of assets in a transaction between us, on the one hand, and a third party or an Apollo affiliated entity, in either case, to which Apollo or its affiliate acts in an investment advisor, general partner, managing member, collateral manager or other advisory or management capacity, on the other hand. In addition, from time to time, we may purchase or sell securities from or to related parties, other than through a cross trade transaction. We believe that these transactions are undertaken at market rates, and are executed based on third-party valuations where possible. For the year ended December 31, 2021, the aggregate value of such transactions where we acquired investments from related parties amounted to \$415 million. For the year ended December 31, 2021, we sold \$636 million of investments to related parties.

Commercial Mortgage Loan Servicing Agreements

We have entered into commercial mortgage loan servicing agreements with Apollo. Pursuant to these agreements, we have engaged Apollo to (1) assist with the origination of and provide servicing of, commercial loans that we own or in which we participate, which are secured by mortgages, deeds of trust or documents of similar effect encumbering certain real property and commercial improvements thereon and (2) provide for management and sale of real estate owned properties. During the year ended December 31, 2021, we incurred \$0.2 million under the commercial mortgage loan servicing agreements.

Advisory Services Agreement

On August 23, 2016, we entered into an advisory services agreement (Advisory Services Agreement) with Apollo Management Holdings, L.P. (AMH). Pursuant to the Advisory Services Agreement, AMH or certain other affiliates of Apollo may provide certain non-exclusive management, consulting, financial and other advisory services to us and our subsidiaries. Such services, which differ from those covered under our IMAs and the Fee Agreement, involve advice and recommendations related to future acquisitions, capital market activities and strategic priorities (including growth). Apollo and its affiliates do not charge us or our subsidiaries for their services and may determine not to provide any services. Apollo and its affiliates have the right to request a fee for any service they provide; however, such a request is subject to prior approval by us or the applicable subsidiary. We are responsible for all reasonable third-party out-of-pocket expenses incurred by Apollo or its affiliates related to the services they offer and provide such entities indemnification against any loss or liability arising out of the Advisory Services Agreement. The Advisory Services Agreement is effective until December 31, 2025. For the year ended December 31, 2021, we paid or reimbursed Apollo or its affiliates \$5.1 million in out-of-pocket expenses pursuant to the Advisory Services Agreement.

Effective as of January 1, 2022, the Advisory Services Agreement was terminated, and we entered into a services agreement (New Services Agreement) with AGM and AAM, which provides a framework pursuant to which each of the Company, AGM and AAM may, in its sole discretion, provide (or cause its direct or indirect subsidiaries to provide) services to one another on a non-exclusive basis following completion of the Mergers. Pursuant to the New Services Agreement, any party may request that another party provide finance, investor relations, legal, compliance, consulting, investment professional, executive, administrative and other services to the requesting party. The provision of any services pursuant to the New Services Agreement will be subject to the mutual agreement of the service recipient and the service provider, and the service recipient will be required to pay fees and expenses to the service provider as may be mutually agreed by such service recipient and service provider. In addition, the service recipient will be required to indemnify the service provider against any loss or liability arising out of the services provided by the service provider pursuant to the New Services Agreement.

Rackspace Global Services Agreement

We have a global services agreement with Rackspace US, Inc. (Rackspace), an Apollo portfolio company, pursuant to which Rackspace provides us with certain information technology services. The term of the agreement is three years and during the year ended December 31, 2021, we paid or accrued \$2.0 million for services rendered.

Other Related Party Transactions and Relationships

We have established an employee annuity program, pursuant to which any US employee, including each of our named executive officers, may purchase certain of the annuities that we sell through our retail channel. Annuities purchased through the program are free of commissions, and amounts that we would have otherwise paid as commissions are added to the value of the contract at the time of issuance.

On December 14, 2021, we entered into a services agreement (Puffer Services Agreement) with Manfred Puffer, a member of our board of directors. Pursuant to the Puffer Services Agreement, Mr. Puffer provides services to support the Company's organic and inorganic business development. The Puffer Services Agreement terminates on December 14, 2022, and, under the terms of the agreement, Mr. Puffer is entitled to \$700,000 for his services, which was payable on or before December 31, 2021.

Related Party Transaction Policy

We have established a related party transaction policy which provides procedures for the review of transactions in excess of \$120,000 in any year between us and any covered person having a direct or indirect material interest with certain exceptions. Covered persons include any director, executive officer, director nominee, shareholders known to us to beneficially own 5% or more of our Class A common shares or any immediate family members of the foregoing. Any such related party transaction requires advance approval by a majority of our independent directors or by our conflicts committee to the extent that such transactions constitute Apollo Conflicts (as described below), related party transactions incidental or ancillary thereto, or any other related party transaction relating to or involving, directly or indirectly, Apollo or any member of the Apollo Group. To the extent that the related party transaction is other than either an Apollo Conflict or a related party transaction that is incidental or ancillary thereto, or any other related party transaction relating to or involving, directly or indirectly, Apollo or any member of the Apollo Group, our audit committee charter provides that the audit committee has the authority to review and approve all such transactions.

Our bye-laws require us to maintain a conflicts committee designated by our board of directors, consisting of directors who are not officers, general partners, directors (other than independent directors of AGM), managers or employees of any member of the Apollo Group. The conflicts committee consists of Messrs. Beilinson and Borden and Ms. Taitz. The conflicts committee reviews and approves material transactions by and between the Company and its subsidiaries, on the one hand, and the Apollo Group, on the other hand, including any modification or waiver of the IMAs with the applicable Apollo subsidiary, subject to certain exceptions.

An "Apollo Conflict" is:

- the entering into or material amendment of any material agreement by and between us and any member of the Apollo Group;
- the imposition of any new fee on or increase in the rate of fees charged to us or any of our subsidiaries by a member of the Apollo Group, or the provision for any additional expense reimbursement to or offset by a member of the Apollo Group to be borne by us or any of our subsidiaries, directly or indirectly, pursuant to any material agreement by and between us and any member of the Apollo Group (except to the extent that any such material agreement sets forth the actual amount or formula for calculating the amount of any new fee or increase in the rate at which such fee is charged and such material agreement has been approved or is exempt from approval under the conflicts committee charter);
- any acquisition or reinsurance transaction not contemplated by the definition of Qualifying Transaction (as defined in the Amended and Restated Framework Agreement) to be offered to ACRA or any alternative investment vehicle formed from time to time in which the shareholders of ACRA will make a direct investment for purposes of entering into Qualifying Transactions (each, an "ACRA Investment Entity"), except for (i) new production from in-force flow reinsurance transactions and (ii) new funding agreements; or
- the exercise of ALRe's commutation right under the terms of the Amended and Restated Reinsurance Program Agreement, dated December 31, 2021, by and between ACRA and ALRe, the commutation right of Athene Annuity Re Ltd. under the terms of the Amended and Restated Reinsurance Program Agreement, dated December 31, 2021, by and between Athene Co-Invest Reinsurance Affiliate 1B Ltd. and ALRe, or the commutation right of Athene Life Re International Ltd. (ALReI) under the terms of the Amended and Restated Reinsurance Program Agreement, dated December 31, 2021, by and between Athene Co-Invest Reinsurance Affiliate International Ltd. and ALReI, in each case, as recommended by management of the Company.

All Apollo Conflicts must be approved by the conflicts committee of our board of directors unless such conflict is:

- specifically exempted from approval in accordance with such conflict committee's charter and guidelines as they may be amended from time to time;
- fair and reasonable, taking into account the totality of the relationships between the parties involved (including other transactions that may be or have been particularly favorable to us or any of our subsidiaries); or
- entered into on an arms-length basis.

In connection with any matter submitted to the conflicts committee, materials are prepared by management summarizing the applicable conflict and recommending the proposed transaction. The conflicts committee reviews market comparison data (to the extent available) relating to the reasonableness of any proposed fees to be paid.

For operational and administrative ease, certain transactions that fall within the definition of an Apollo Conflict but do not pose a material risk to us need not be approved by the conflicts committee. As described below, these exceptions include specific thresholds under which we may engage Apollo or its affiliates in an investment management or advisory (or sub-management or sub-advisory) capacity without prior conflicts committee review or approval. The following transactions, among others, are expressly excluded from the definition of Apollo Conflict and do not require the consent or review of the conflicts committee:

1. (i) transactions, rights or agreements specifically contemplated by existing agreements between the Company and Athora, (ii) entering into new IMAs or MSAAs with members of the Apollo Group as long as the payment of additional total fees under such new IMA or MSAA satisfies the requirements of (15) below or (iii) amendments to the agreements described in (i) or (ii) above, or any other shared services agreement or cost sharing agreement with any member of the Apollo Group which is currently in effect for the purpose of adding a subsidiary of the Company thereto;
2. any (i) transfer of equity securities of the Company to or by any member of the Apollo Group, (ii) acquisition by any member of the Apollo Group of any newly issued equity securities, (iii) issuance of securities to any employee or director of the Company or ISG (including allocating blocks of incentive securities to ISG for allocation by ISG to its employees and directors) pursuant to any stock incentive plan or similar equity based compensation plan approved by the board or the board of directors of AGM (the AGM Board) or the compensation committee of the AGM Board;
3. the provision of any insurance related products by or to the Company or any of its subsidiaries to or by the Apollo Group; provided that the provision of such products is an ordinary course transaction entered into on an arms-length basis on terms no less favorable to the Company or its subsidiaries than could be contemporaneously obtained from or provided to an unaffiliated party;
4. any transactions, rights or agreements between the Company or any of its subsidiaries and any portfolio company of the Apollo Group that pertain to the ordinary course business of such portfolio company; provided, that any such transactions, rights or agreements (taken as a whole) are no less favorable to the Company or the applicable subsidiary than could be obtained from or provided to an unaffiliated party;
5. an investment by the Company or any subsidiary thereof in (i) an Apollo-sponsored vehicle or (ii) a person or entity that does not constitute an Apollo-sponsored vehicle, but in connection with which a member of the Apollo Group is entitled to receive a benefit such as via equity ownership, a fee or other compensation; provided, that such investment provides the Company or its subsidiary, as applicable, with the same or better terms or a most favored nations clause (in all cases, taken as a whole with respect to such Apollo-sponsored vehicle or other investee, as applicable, and without consideration of any Designated Terms (as defined below)) as those applicable to other investors (excluding Designated Investors (as defined below)) in the same Apollo-sponsored vehicle or other investee, as applicable, who invested an amount in such vehicle equal to or less than that invested by the Company and its subsidiaries; and provided, further, that such investment represents no more than 80% of the outstanding or expected equity interests of such Apollo-sponsored vehicle or other investee (based on prior record related to the strategy), as applicable. Designated Investor and Designated Terms shall have the meanings set forth for such terms or other similar terms in any customary side letter entered into by the applicable Apollo Group advisor or manager, Apollo-sponsored vehicle or other Apollo Group entity, on the one hand, and investors, other than the Company or a subsidiary thereof, who have invested in the same Apollo-sponsored vehicle or other investee, or entered into an investment management, sub-advisory or similar agreement with the Apollo Group for the same asset class, on the other hand;
6. a transaction that has been approved by a majority of the Company's disinterested directors, provided that the disinterested directors are notified that such transaction would otherwise constitute an Apollo Conflict prior to such approval;
7. material amendments to contracts or transactions previously approved by the conflicts committee or a majority of the Company's disinterested directors, or which are not required to be approved by either, so long as, in each case, such amendments either (i) are not materially adverse to the Company or any of its subsidiaries, or (ii) would not cause the relevant contract or transaction to require approval by the conflicts committee or a majority of the Company's disinterested directors under our bye-laws after giving effect to the relevant amendment;
8. any modification, supplement, amendment or restatement of the bye-laws that has been approved in accordance with the Company's bye-laws and applicable Bermuda law;

9. the entry into any IMA with the Apollo Group or amending an MSAA currently in effect (or entering into a new MSAA), so long as (i) such agreement is on terms in the aggregate (including expense reimbursement and indemnities) no less favorable to the Company than customary market terms (excluding the fees charged under the IMA); and (ii) either (a) the rates on assets under management (AUM) under such agreement (including any carried interest or similar profit allocation, but, for the avoidance of doubt, excluding the fees charged under the IMA) do not exceed 60 basis points per annum for non-alternative assets; (b) the rates on AUM under such agreement (including any carried interest or similar profit allocation, but, for the avoidance of doubt, excluding the fees charged under the IMA) do not exceed 100 basis points per annum for alternative assets; or (c) such agreement provides the Company or its subsidiary, as applicable, with the same or better terms or a most favored nations clause (in all cases, taken as a whole with respect to such agreement and without consideration of any Designated Terms) with respect to other investors (excluding Designated Investors) who have entered into an investment management agreement or sub-advisory or similar agreement with the Apollo Group for the same asset class and whose AUM with respect to such agreement and asset class are all equal or less than those subject to the agreement between the Company and the Apollo Group with respect to such asset class. In addition, investments in (i) an Apollo sponsored vehicle or (ii) a person or entity that does not constitute an Apollo-sponsored vehicle, but in connection with which a member of the Apollo Group is entitled to receive a benefit such as via equity ownership, a fee or other compensation, in each case, shall be deemed not to be Apollo Conflicts as long as such Apollo-sponsored vehicle or such person or entity charges fees in line with those discussed in (a) and (b) above (excluding fees payable to a broker-dealer that is a member of the Apollo Group, which fees are subject to item (14) below);
10. allocations of costs or expenses between the Company or any of its subsidiaries and the Apollo Group not in excess of 10 basis points per annum, calculated on the gross invested assets of the Company and its subsidiaries (including ACRA HoldCo) and its subsidiaries and accounts supporting reinsurance agreements for which the Company or a subsidiary thereof acts as reinsurer as of the effective date of such allocation) (provided that any such allocation of costs or expenses may not be used to pay investment management fees), including any cost-sharing, shared services or similar agreement with any member of the Apollo Group (and amendments or modifications to any such agreements currently in effect) so long as the allocations of costs and expenses between the Company and the Apollo Group on an annual basis do not exceed such amount;
11. one or more investments by the Company or any subsidiary thereof in (a) an Apollo-sponsored vehicle or (b) any person or entity that does not constitute an Apollo-sponsored vehicle, but in connection with which a member of the Apollo Group is entitled to receive a benefit such as via equity ownership, a fee or other compensation, in each case, including any upside, renewal or extension of an existing investment, up to and including an amount equal to 1% of the gross invested assets of the Company and its subsidiaries (including ACRA HoldCo and its subsidiaries and accounts supporting reinsurance agreements for which the Company or a subsidiary thereof acts as reinsurer as of the effective date of such investment) per investment (or series of related investments), provided that (i) any such investment is on terms, including with respect to fees, which are in the aggregate no less favorable to Athene or a subsidiary thereof than terms a similarly situated but unaffiliated person would receive in an arm's length transaction, (ii) the (a) management fees earned by the Apollo Group shall not exceed 2% of assets or commitment, as applicable, and (b) carried interest or performance fees earned by the Apollo Group for any such investment shall not exceed 20% of the profits, and (iii) any special fees or other fees earned by any member of the Apollo Group in connection with any such investment shall offset management fees (to the extent of management fees) or if such fees do not offset management fees, they shall be arm's length or approved by the Apollo-sponsored vehicle's or such other investee's limited partner advisory board;
12. the inclusion of (i) new production from in-force flow reinsurance transactions and (ii) new funding agreements as Qualifying Transactions to be offered to ACRA;
13. any other class of transactions, rights, fees or agreements (i) approved by (a) the ACRA conflicts committee in accordance with such committee's charter and procedures in effect on such date, (b) any committee of independent or disinterested directors or managers of the Company or its subsidiaries, as applicable, or any side car, joint venture or investment entity in which the Company or its subsidiary, as applicable, maintains investments or (c) any other committee of independent or disinterested members of the Company's board of directors, or (ii) determined by approval of the conflicts committee to not (x) constitute an Apollo Conflict a related party transaction incidental or ancillary thereto, or any other related party transaction relating to or involving, directly or indirectly, Apollo or any member of the Apollo Group, or (y) require approval of the Company's conflicts committee; provided that any approval set forth in clause (i) will be disregarded to the extent that the applicable approving body has a material adverse interest to the Company in the applicable transaction being approved;
14. any placement agent, underwriter or other agreement with a broker-dealer that is a member of the Apollo Group, so long as (i) such agreement is on terms in the aggregate (including expense reimbursement and indemnities) no less favorable to the Company than customary market terms (excluding the fee rates and/or fees charged thereunder), including the terms of similar agreements with any unaffiliated broker-dealers providing similar services in connection with the same or a similar transaction, and (ii) the fee rate and/or fees payable to such broker-dealer are in the aggregate no less favorable to the Company than the fee rate and/or fees a similarly situated but unaffiliated broker-dealer would charge in a similar transaction negotiated on an arm's - length transaction, including the fee rate or fees payable to any unaffiliated broker-dealers providing similar services in connection with the same or a similar transaction;

15. any increase in the fee rates on AUM charged to the Company, any of its subsidiaries or any funds withheld accounts or modified coinsurance accounts established by reinsurance counterparties of the Company or its subsidiaries for the purpose of maintaining assets supporting business ceded or retroceded to any such entity, in each case by a member of the Apollo Group with respect to investment management, investment advisory or related services (whether under the IMA or any other investment management agreement, any MSAA or otherwise) as long as such increase would not cause the aggregate blended fee rate on AUM charged to the Company and its subsidiaries and such funds withheld accounts and modified coinsurance accounts to increase over any one-year period by more than the greater of (x) 5% and (y) the then-current Consumer Price Index for All Urban Consumers;
16. any investment by the Company or any of its subsidiaries in any new side car, joint venture or other investment entity alongside a member of the Apollo Group; provided, that such investment provides the Company or its subsidiary, as applicable, with terms that are in the aggregate no less favorable to such entity than those that apply to the Company’s existing investment in ACRA HoldCo, as well as any agreement entered into with any member of the Apollo Group in connection with such investment so long as the terms thereof are in the aggregate no less favorable to Athene than the terms of similar agreements entered into in connection with the Company’s existing investment in ACRA HoldCo; and
17. any (i) payment by the Company of dividends or other distributions to its shareholders or (ii) receipt of capital contributions by the Company from its shareholders, in each case, as long as such payments or capital contributions (as applicable) are made in compliance with all applicable regulatory requirements.

Each strategy that is managed, advised or sub-advised for the Company or any of its subsidiaries by any member of the Apollo Group through a managed account and was previously subject to conflicts committee approval (other than the existing IMA or new IMAs previously approved) may be re-examined by the conflicts committee if such strategy underwent a material change in the amount of AUM in the immediately preceding 12 months.

Our conflicts committee or applicable disinterested directors have previously approved the existing transactions described above that are required to be approved by the terms of our conflicts committee charter.

Item 14. Principal Accountant Fees and Services

Principal Accountant Fees and Services

The following summarizes the fees for services provided by PricewaterhouseCoopers LLP:

<i>(In millions)</i>	Years ended December 31,	
	2021	2020
Audit fees ¹	\$ 16	\$ 16
Audit-related fees ²	—	—
Tax fees	—	—
All other fees	—	—
Total	\$ 16	\$ 16

¹ *Audit fees include fees billed and expected to be billed associated with the audit of the annual consolidated financial statements and internal control over financial reporting included on Form 10-K, the reviews of quarterly reports on Form 10-Q, annual audits of certain subsidiaries and audits required by regulatory authorities, statutory audits, issuance of comfort letters, issuance of consents related to common stock offerings and registration statements, attest services required by regulation, and the assistance with and review of documents filed with the SEC and other regulatory authorities.*

² *Audit-related fees include fees paid associated with employee benefit plan audits, due diligence related to mergers and acquisitions, accounting consultations and audits in connection with acquisitions, internal control reviews not required by statute and regulation, consultations on financial accounting and reporting standards, and other attest services related to financial reporting that are not required by statute or regulation.*

PART IV

Item 15. Exhibits, Financial Statement Schedules

The following documents are filed as part of this report:

1. Financial Statements—Item 8. Financial Statements and Supplementary Data	136
2. Financial Statement Schedules	
Schedule I—Summary of Investments Other Than Investments in Related Parties as of December 31, 2021	248
Schedule II—Condensed Financial Information of Registrant (Parent Company Only)	249
Schedule II—Balance Sheets as of December 31, 2021 and 2020	249
Schedule II—Statements of Income and Comprehensive Income for the years ended December 31, 2021, 2020 and 2019	250
Schedule II—Statements of Cash Flows for the years ended December 31, 2021, 2020 and 2019	251
Schedule II—Notes to Condensed Financial Information of Registrant for the years ended December 31, 2021, 2020 and 2019	252
Schedule III—Supplementary Insurance Information for the years ended December 31, 2021, 2020 and 2019	253
Schedule IV—Reinsurance for the years ended December 31, 2021, 2020 and 2019	254
Schedule V—Valuation and Qualifying Accounts for the years ended December 31, 2021, 2020 and 2019	255
Any remaining schedules are omitted because they are inapplicable.	
3. Exhibits	
See the accompanying Exhibit Index.	256

ATHENE HOLDING LTD.

Schedule I — Summary of Investments — Other Than Investments in Related Parties

<i>(In millions)</i>	December 31, 2021		
	Cost or Amortized Cost	Fair Value	Amount Shown on Consolidated Balance Sheet
AFS securities			
US government and agencies	\$ 231	\$ 223	\$ 223
US state, municipal and political subdivisions	1,081	1,213	1,213
Foreign governments	1,110	1,128	1,128
Public utilities	6,680	7,180	7,180
Redeemable preferred stock	325	335	335
Other corporate	55,812	58,711	58,711
CLO	13,793	13,652	13,652
ABS	8,890	8,989	8,989
CMBS	2,764	2,758	2,758
RMBS	5,772	5,970	5,970
Trading securities	1,824	2,056	2,056
Total fixed maturity securities	<u>98,282</u>	<u>102,215</u>	<u>102,215</u>
Equity securities			
Banks, trust and insurance companies common stock	180	365	365
Industrial, miscellaneous and all other common stock	498	517	517
Nonredeemable preferred stocks	277	288	288
Total equity securities	955	1,170	1,170
Mortgage loans, net of allowances	22,555		22,557
Investment funds	1,392		1,407
Policy loans	312		312
Funds withheld at interest	43,907		43,907
Derivative assets	4,377		4,387
Short-term investments	139		139
Other investments	1,443		1,473
Total investments	<u>\$ 173,362</u>		<u>\$ 177,567</u>

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ATHENE HOLDING LTD.

Schedule II — Condensed Financial Information of Registrant (Parent Company Only) — Balance Sheets

<i>(In millions, except per share data)</i>	December 31,	
	2021	2020
Assets		
Investments		
Available-for-sale securities, at fair value (amortized cost: 2021 – \$71 and 2020 – \$43)	\$ 78	\$ 52
Cash and cash equivalents	1,186	342
Investments in related parties		
Equity securities, at fair value	171	—
Investment funds	743	709
Other assets	19	43
Notes receivable from subsidiaries	83	1,393
Intercompany receivable	16	21
Investments in subsidiaries	21,773	18,133
Total assets	\$ 24,069	\$ 20,693
Liabilities and Equity		
Liabilities		
Long-term debt	\$ 2,964	\$ 1,976
Note payable to subsidiary	158	—
Other liabilities (related party: 2021 – \$754 and 2020 – \$0)	811	57
Intercompany payable	6	3
Total liabilities	3,939	2,036
Equity		
Preferred stock		
Series A – par value \$1 per share; \$863 aggregate liquidation preference; authorized, issued and outstanding: 2021 and 2020 – 0.0 shares	—	—
Series B – par value \$1 per share; \$345 aggregate liquidation preference; authorized, issued and outstanding: 2021 and 2020 – 0.0 shares	—	—
Series C – par value \$1 per share; \$600 aggregate liquidation preference; authorized, issued and outstanding: 2021 and 2020 – 0.0 shares	—	—
Series D – par value \$1 per share; \$575 aggregate liquidation preference; authorized, issued and outstanding: 2021 and 2020 – 0.0 shares	—	—
Common stock		
Class A – par value \$0.001 per share; authorized: 2021 and 2020 – 425.0 shares; issued and outstanding: 2021 – 192.2 and 2020 – 191.5 shares	—	—
Additional paid-in capital	6,667	6,613
Retained earnings	11,033	8,073
Accumulated other comprehensive income	2,430	3,971
Total Athene Holding Ltd. shareholders' equity	20,130	18,657
Total liabilities and equity	\$ 24,069	\$ 20,693

See accompanying notes to condensed financial information of registrant (parent company only)

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ATHENE HOLDING LTD.

Schedule II — Condensed Financial Information of Registrant (Parent Company Only)

Statements of Income and Comprehensive Income

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Revenue			
Net investment income (related party: 2021 – \$44, 2020 – \$146 and 2019 – \$8)	\$ 39	\$ 147	\$ 15
Investment related gains (losses) (related party: 2021 – \$0, 2020 – \$0 and 2019 – \$1)	58	(50)	6
Other revenues	7	—	—
Total revenues	104	97	21
Benefits and Expenses			
Operating expenses (related party: 2021 – \$13, 2020 – \$13 and 2019 – \$11)	261	151	142
Total benefits and expenses	261	151	142
Loss before income taxes and equity earnings in subsidiaries	(157)	(54)	(121)
Income tax benefit	(2)	(2)	—
Equity earnings in subsidiaries	4,014	1,593	2,293
Net income available to Athene Holding Ltd. shareholders	3,859	1,541	2,172
Less: Preferred stock dividends	141	95	36
Net income available to Athene Holding Ltd. common shareholders	\$ 3,718	\$ 1,446	\$ 2,136
Net income available to Athene Holding Ltd. shareholders	\$ 3,859	\$ 1,541	\$ 2,172
Other comprehensive income (loss) attributable to Athene Holding Ltd. shareholders	(1,541)	1,696	2,787
Comprehensive income attributable to Athene Holding Ltd. shareholders	\$ 2,318	\$ 3,237	\$ 4,959

See accompanying notes to condensed financial information of registrant (parent company only)

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ATHENE HOLDING LTD.

Schedule II — Condensed Financial Information of Registrant (Parent Company Only) — Statements of Cash Flows

<i>(In millions)</i>	Years ended December 31,		
	2021	2020	2019
Net cash provided by (used in) operating activities	\$ 203	\$ (145)	\$ (106)
Cash flows from investing activities			
Capital contributions to subsidiary	(330)	(920)	(70)
Receipts on loans to subsidiaries	348	50	—
Issuances of loans to subsidiaries	(244)	(237)	—
Sales, maturities and repayments of:			
Available-for-sale securities	2	17	4
Investment funds – related party	—	—	1
Purchases of:			
Available-for-sale securities	(30)	(3)	(16)
Equity securities – related party	(170)	—	—
Investment funds – related party	(6)	(455)	(20)
Other investing activities, net	66	(51)	27
Net cash used in investing activities	(364)	(1,599)	(74)
Cash flows from financing activities			
Issuance of common stock	11	351	—
Proceeds from long-term debt	997	992	—
Proceeds from note payable with subsidiary	238	740	108
Repayment of note payable with subsidiary	(80)	(778)	(174)
Issuance of preferred stock, net of expenses	—	1,140	1,172
Preferred stock dividends	(141)	(95)	(36)
Repurchase of common stock	(8)	(428)	(832)
Other financing activities, net	(12)	(7)	1
Net cash provided by financing activities	1,005	1,915	239
Net increase in cash and cash equivalents	844	171	59
Cash and cash equivalents at beginning of year	342	171	112
Cash and cash equivalents at end of year	\$ 1,186	\$ 342	\$ 171
Supplementary information			
Cash paid for interest	\$ 98	\$ 61	\$ 46
Non-cash transactions			
Issuance of loan to subsidiary in exchange for Class A common shares and capital distribution	—	1,206	—
Investment interests received in exchange for extinguishment of loan from subsidiary	1,206	—	—

See accompanying notes to condensed financial information of registrant (parent company only)

ATHENE HOLDING LTD.

Schedule II — Condensed Financial Information of Registrant (Parent Company Only)

Notes to Condensed Financial Information of Registrant

1. Basis of Presentation

The accompanying condensed financial statements of Athene Holding Ltd. (AHL) should be read in conjunction with the consolidated financial statements and notes of AHL and its subsidiaries (consolidated financial statements).

For purposes of these condensed financial statements, AHL's wholly owned and majority owned subsidiaries are presented under the equity method of accounting. Under this method, the assets and liabilities of subsidiaries are not consolidated. The investments in subsidiaries are recorded on the condensed balance sheets. The income from subsidiaries is reported on a net basis as equity earnings of subsidiaries on the condensed statements of income.

2. Intercompany Transactions

Unsecured Revolving Notes Receivable—AHL has unsecured revolving notes receivable and an unsecured note receivable from subsidiaries Athene USA Corporation (AUSA), Athene Life Re Ltd. (ALRe) and Athene Life Re International Ltd. (ALReI).

The unsecured revolving note receivable from AUSA has a borrowing capacity of \$250 million and had an outstanding balance of \$83 million and \$187 million as of December 31, 2021 and 2020, respectively. Interest accrues at a fixed rate of 2.61% per year, and the balance is due on September 30, 2025, or earlier at AHL's request.

The unsecured revolving note receivable from ALRe has a borrowing capacity of \$2,000 million and had no outstanding balance as of December 31, 2021 and 2020. Interest accrues at a fixed rate of 2.29% and has a maturity date of December 15, 2028, or earlier at AHL's request. Additionally, AHL had an unsecured note receivable from ALRe, which was settled in December 2021. The unsecured note receivable had an outstanding balance of \$1,206 million as of December 31, 2020.

The unsecured revolving note receivable from ALReI has a borrowing capacity of \$100 million and had no outstanding balance as of December 31, 2021 and 2020. Interest accrues at the US mid-term applicable federal rate per year and has a maturity date of December 5, 2024, or earlier at AHL's request.

Unsecured Revolving Note Payable—In addition to the unsecured revolving notes receivable described above, AHL has an unsecured revolving note payable with ALRe, which permits AHL to borrow up to \$2,000 million with a fixed interest rate of 2.29% and a maturity date of December 15, 2028. As of December 31, 2021 and 2020, the revolving note payable had an outstanding balance of \$158 million and \$0 million, respectively.

3. Debt and Guarantees

AHL has guaranteed certain of the obligations of AUSA, ALRe, and Athene Annuity Re Ltd. in connection with its revolving credit facility. Additionally, AHL has issued senior notes. See *Note 9 – Debt* to the consolidated financial statements for further discussion on the credit facility and senior notes. AHL has entered into capital maintenance agreements with each of its material US insurance subsidiaries, pursuant to which AHL agrees to provide capital to the subsidiary to the extent that the capital of the subsidiary falls below a specified threshold as set with the applicable subsidiary's domestic regulator. In addition, on December 17, 2018, AHL entered into a capital maintenance agreement with its indirect subsidiary Athene London Assignment Corporation (Athene London) pursuant to which AHL agreed to contribute cash, cash equivalents, marketable securities, or other liquid assets so as to maintain capital in Athene London to ensure that it has the necessary funds to timely satisfy any obligations it has under any assumed settlement agreement. AHL does not anticipate making any capital infusions in Athene London pursuant to the capital maintenance agreement.

4. Dividends, Return of Capital and Capital Contributions

During the years ended December 31, 2021, 2020 and 2019, AHL received \$1,048 million, \$0 million and \$3 million, respectively, of dividends from subsidiaries. During the years ended December 31, 2021, 2020 and 2019, AHL contributed \$330 million, \$920 million and \$70 million, respectively, to subsidiaries. See *Note 13 – Statutory Requirements* to the consolidated financial statements for additional information on subsidiary dividend restrictions.

5. Income Taxes

AHL is a tax resident of the United Kingdom (UK). See *Note 12 – Income Taxes* to the consolidated financial statements for additional information on UK income taxes.

ATHENE HOLDING LTD.

Schedule III — Supplementary Insurance Information

<i>(In millions)</i>	DAC, DSI and VOBA	Future policy benefits, losses, claims and loss expenses¹	Other policy claims and benefits	Premiums	Net investment income	Benefits, claims, losses and settlement expenses²	Amortization of DAC and VOBA	Policy and other operating expenses
2021								
Retirement Services	\$ 5,362	\$ 198,813	\$ 138	\$ 14,262	\$ 6,025	\$ 20,401	\$ 632	\$ 841
Corporate and other	—	—	—	—	1,152	—	—	260
Total	<u>\$ 5,362</u>	<u>\$ 198,813</u>	<u>\$ 138</u>	<u>\$ 14,262</u>	<u>\$ 7,177</u>	<u>\$ 20,401</u>	<u>\$ 632</u>	<u>\$ 1,101</u>
2020								
Retirement Services	\$ 4,906	\$ 173,824	\$ 130	\$ 5,963	\$ 4,619	\$ 11,182	\$ 521	\$ 705
Corporate and other	—	—	—	—	266	—	—	150
Total	<u>\$ 4,906</u>	<u>\$ 173,824</u>	<u>\$ 130</u>	<u>\$ 5,963</u>	<u>\$ 4,885</u>	<u>\$ 11,182</u>	<u>\$ 521</u>	<u>\$ 855</u>
2019								
Retirement Services	\$ 5,008	\$ 126,075	\$ 138	\$ 6,382	\$ 4,479	\$ 12,254	\$ 958	\$ 599
Corporate and other	—	—	—	—	117	—	—	145
Total	<u>\$ 5,008</u>	<u>\$ 126,075</u>	<u>\$ 138</u>	<u>\$ 6,382</u>	<u>\$ 4,596</u>	<u>\$ 12,254</u>	<u>\$ 958</u>	<u>\$ 744</u>

¹ Represents interest sensitive contract liabilities and future policy benefits on the consolidated balance sheets.

² Represents interest sensitive contract benefits, amortization of deferred sales inducements, future policy and other policy benefits, and dividends to policyholders on the consolidated statements of income.

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Schedule IV — Reinsurance

(In millions, except for percentages)

	<u>Gross amount</u>	<u>Ceded to other companies</u>	<u>Assumed from other companies</u>	<u>Net amount</u>	<u>Percentage of amount assumed to net</u>
Year ended December 31, 2021					
Life insurance in force at end of year	\$ 26,858	\$ 30,949	\$ 5,518	\$ 1,427	386.7 %
Premiums	13,989	115	388	14,262	2.7 %
Year ended December 31, 2020					
Life insurance in force at end of year	29,527	35,088	6,863	1,302	527.1 %
Premiums	5,691	141	413	5,963	6.9 %
Year ended December 31, 2019					
Life insurance in force at end of year	33,221	39,145	7,317	1,393	525.3 %
Premiums	5,449	159	1,092	6,382	17.1 %

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ATHENE HOLDING LTD.

Schedule V — Valuation and Qualifying Accounts

(In millions)

Description	Balance at beginning of year	Additions		Deductions	Balance at end of year
		Charged to costs and expenses	Assumed through acquisitions		
Reserves deducted from assets to which they apply					
Year ended December 31, 2021					
Valuation allowance on deferred tax assets	\$ 74	\$ 12	\$ —	\$ (20)	\$ 66
Year ended December 31, 2020					
Valuation allowance on deferred tax assets	63	11	—	—	74
Year ended December 31, 2019					
Valuation allowance on deferred tax assets	52	31	—	(20)	63

EXHIBIT INDEX

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated March 8, 2021, by and among Athene Holding Ltd., Apollo Global Management, Inc., Tango Holdings, Inc. Blue Merger Sub, Ltd. and Green Merger Sub, Inc. (incorporated by reference to Exhibit 2.1 to the Form 8-K on March 8, 2021).
3.1	Certificate of Incorporation of Athene Holding Ltd. (incorporated by reference to Exhibit 3.1 to the Form S-1 filed on May 9, 2016).
3.2.1	Memorandum of Association of Athene Holding Ltd. (incorporated by reference to Exhibit 3.2 to the Form S-1 filed on May 9, 2016).
3.2.2	Form of Certificate of Deposit of Memorandum of Increase of Share Capital (incorporated by reference to Exhibit 3.2.1 to the Form S-1 filed on November 10, 2016).
3.3	Fourteenth Amended and Restated Bye-laws of Athene Holding Ltd., effective January 1, 2022 (incorporated by reference to Exhibit 3.2 to the Form 8-K filed on January 3, 2022).
4.1	Form of Athene Holding Ltd. Class A common share certificate (incorporated by reference to Exhibit 4.1 to the Form S-1 filed on November 10, 2016).
4.2.1	Indenture for Debt Securities, dated as of January 12, 2018, by and between Athene Holding Ltd. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on January 12, 2018).
4.2.2	First Supplemental Indenture, dated January 12, 2018, by and between Athene Holding Ltd. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Form 8-K filed on January 12, 2018).
4.2.3	Second Supplemental Indenture, dated April 3, 2020, between Athene Holding Ltd. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Form 8-K filed on April 6, 2020).
4.2.4	Third Supplemental Indenture, dated October 8, 2020, by and between Athene Holding Ltd. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 of the Form 8-K filed on October 8, 2020).
4.2.5	Fourth Supplemental Indenture, dated May 25, 2021, by and between Athene Holding Ltd. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Form 8-K filed on May 25, 2021).
4.2.6	Fifth Supplemental Indenture, dated December 13, 2021, by and between Athene Holding Ltd. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Form 8-K filed on December 13, 2021).
4.3.1	Certificate of Designations of 6.35% Fixed-to-Floating Rate Perpetual Non-Cumulative Preference Shares, Series A (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on June 10, 2019 dated June 5, 2019).
4.3.2	Form of Share Certificate evidencing 6.35% Fixed-to-Floating Rate Perpetual Non-Cumulative Preference Shares, Series A (incorporated by reference to Exhibit 4.2 to the Form 8-K filed on June 10, 2019 dated June 5, 2019).
4.3.3	Deposit Agreement, dated June 10, 2019, between Athene Holding Ltd. and Computershare Inc. and Computershare Trust Company, N.A., collectively, and the holders from time to time of the Depository Receipts (incorporated by reference to Exhibit 4.3 to the Form 8-K filed on June 10, 2019 dated June 5, 2019).
4.3.4	Form of Depository Receipt (included in Exhibit 4.3.3).
4.4.1	Certificate of Designations of 5.625% Fixed Rate Perpetual Non-Cumulative Preference Shares, Series B (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on September 19, 2019).
4.4.2	Form of Share Certificate evidencing 5.625% Fixed Rate Perpetual Non-Cumulative Preference Shares, Series B (incorporated by reference to Exhibit 4.2 to the Form 8-K filed on September 19, 2019).
4.4.3	Deposit Agreement, dated September 19, 2019, between Athene Holding Ltd. and Computershare Inc. and Computershare Trust Company, N.A., collectively, and the holders from time to time of the Depository Receipts (incorporated by reference to Exhibit 4.3 to the Form 8-K filed on September 19, 2019).
4.4.4	Form of Depository Receipt (included in Exhibit 4.4.3).
4.5.1	Certificate of Designations of 6.375% Fixed-Rate Reset Perpetual Non-Cumulative Preference Shares, Series C (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on June 11, 2020).
4.5.2	Form of Share Certificate evidencing 6.375% Fixed-Rate Reset Perpetual Non-Cumulative Preference Share, Series C (incorporated by reference to Exhibit 4.2 to the Form 8-K filed on June 11, 2020).
4.5.3	Deposit Agreement, dated June 11, 2020, between the Company and Computershare Inc. and Computershare Trust Company, N.A., collectively, and the holders from time to time of the Depository Receipts (incorporated by reference to Exhibit 4.3 to the Form 8-K filed on June 11, 2020).
4.5.4	Form of Depository Receipt (included in Exhibit 4.5.3).
4.6.1	Certificate of Designations of 4.875% Fixed-Rate Perpetual Non-Cumulative Preference Shares, Series D (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on December 18, 2020).
4.6.2	Form of Share Certificate evidencing 4.875% Fixed-Rate Perpetual Non-Cumulative Preference Share, Series D (incorporated by reference to Exhibit 4.2 to the Form 8-K filed on December 18, 2020).
4.6.3	Deposit Agreement, dated December 18, 2020, between the Company and Computershare Inc. and Computershare Trust Company, N.A., collectively, and the holders from time to time of the Depository Receipts (incorporated by reference to Exhibit 4.3 to the Form 8-K filed on December 18, 2020).
4.6.4	Form of Depository Receipt (included in Exhibit 4.6.3).
4.7	Form of Warrant (incorporated by reference to Exhibit 4.2 to the Form S-3ASR filed on March 17, 2020).
4.8	Description of Securities (incorporated by reference to Exhibit 4.10 to the Form 10-K filed February 19, 2021).

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Exhibit No.	Description
10.1.1	<u>Credit Agreement, dated as of December 3, 2019, among Athene Holding Ltd., Athene Life Re Ltd., Athene USA Corporation and Athene Annuity Re Ltd., as Borrowers, the lenders from time to time party thereto, and Citibank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on December 3, 2019).</u>
10.1.2	<u>First Amendment and Consent to Credit Agreement, dated December 17, 2021, among Athene Holding Ltd., Athene Life Re Ltd., Athene USA Corporation and Athene Annuity Re Ltd., as Borrowers, the lenders from time to time party thereto, and Citibank N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1.1 to the Form 8-K filed on December 21, 2021).</u>
10.2	<u>Guaranty, dated as of December 3, 2019, among Athene Holding Ltd., Athene Life Re Ltd., Athene USA Corporation and Athene Annuity Re Ltd., as Guarantors, and Citibank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.2 to the Form 8-K filed on December 3, 2019).</u>
10.3.1	<u>Seventh Amended and Restated Fee Agreement, dated as of June 10, 2019, between Athene Asset Management, LLC and Athene Holding Ltd. (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on June 10, 2019 dated June 4, 2019).</u>
10.3.2	<u>Applicable 2016 Liability Fee Discount, effective as of September 30, 2016, between Athene Asset Management, L.P. and Athene Holding Ltd. (incorporated by reference to Exhibit 10.7.2 to the Form S-1 filed on October 25, 2016).</u>
10.4	<u>Amended and Restated Coinsurance Agreement, dated as of July 31, 2015, between Athene Life Insurance Company of New York and First Allmerica Financial Life Insurance Company (regarding certain term and universal life policies) (incorporated by reference to Exhibit 10.9 to the Form S-1 filed on October 25, 2016).</u>
10.5	<u>Coinsurance and Assumption Agreement, dated as of October 1, 2013, between Aviva Life and Annuity Company (now known as Athene Annuity and Life Company) and Presidential Life Insurance Company - USA (now known as Accordia Life and Annuity Insurance Company) (incorporated by reference to Exhibit 10.10 to the Form S-1 filed on October 25, 2016).</u>
10.6.1	<u>Amended and Restated Coinsurance and Assumption Agreement, dated as of July 31, 2015, between Athene Life Insurance Company of New York and First Allmerica Financial Life Insurance Company (regarding certain policies described therein) (incorporated by reference to Exhibit 10.11 to the Form S-1 filed on October 25, 2016).</u>
10.6.2	<u>First Amendment to Amended and Restated Coinsurance and Assumption Agreement, effective as of September 1, 2020, between Athene Life Insurance Company of New York and First Allmerica Financial Life Insurance Company (incorporated by reference to Exhibit 10.6.2 to the Form 10-K filed on February 19, 2021).</u>
10.7	<u>Amended and Restated Coinsurance Agreement, dated as of December 28, 2015, between Athene Annuity and Life Company and Accordia Life and Annuity Company (formerly known as Presidential Life Insurance Company-USA) (regarding the ILICO closed block) (incorporated by reference to Exhibit 10.12 to the Form S-1 filed on October 25, 2016).</u>
10.8	<u>Funds Withheld Coinsurance Agreement, dated as of October 1, 2013, between Aviva Life and Annuity Company of New York (now known as Athene Life Insurance Company of New York) and First Allmerica Financial Life Insurance Company (regarding certain term and universal life policies) (incorporated by reference to Exhibit 10.13 to the Form S-1 filed on October 25, 2016).</u>
10.9	<u>Coinsurance Agreement, dated as of April 29, 2011, between Liberty Life Insurance Company (now known as Athene Annuity & Life Assurance Company) and Protective Life Insurance Company (incorporated by reference to Exhibit 10.14 to the Form S-1 filed on October 25, 2016).</u>
10.10.1†	<u>Employment Agreement, dated as of February 27, 2013, between Athene Holding Ltd. and James R. Belardi (incorporated by reference to Exhibit 10.15.1 to the Form S-1 filed on October 25, 2016).</u>
10.10.2†	<u>Employment Agreement, dated as of September 7, 2015, between Athene Holding Ltd. and William J. Wheeler (incorporated by reference to Exhibit 10.15.2 to the Form S-1 filed on October 25, 2016).</u>
10.10.3†	<u>Employment Agreement, dated as of October 12, 2015, between Athene Holding Ltd. and Martin P. Klein (incorporated by reference to Exhibit 10.15.3 to the Form S-1 filed on October 25, 2016).</u>
10.11.1†	<u>Athene Holding Ltd. 2014 Share Incentive Plan (incorporated by reference to Exhibit 10.16.3 to the Form S-1 filed on October 25, 2016).</u>
10.11.2†	<u>Amendment No. 1 to 2014 Share Incentive Plan (incorporated by reference to Exhibit 10.16.4 to the Form S-1 filed on October 25, 2016).</u>
10.11.3†	<u>Athene Holding Ltd. 2016 Share Incentive Plan (incorporated by reference to Exhibit 10.16.5 to the Form S-1 filed on October 25, 2016).</u>
10.11.4†	<u>Athene Holding Ltd. 2019 Share Incentive Plan (incorporated by reference to Exhibit 10.2 to the Form 8-K filed on June 10, 2019 dated June 4, 2019).</u>
10.12.1†	<u>Form of 2016 Share Incentive Plan Nonqualified Stock Option Award Notice and Nonqualified Stock Option Agreement (incorporated by reference to Exhibit 10.26.2 to the Form 10-K filed on February 26, 2018).</u>
10.12.2†	<u>Form of 2019 Share Incentive Plan Nonqualified Stock Option Award Notice and Nonqualified Stock Option Agreement (incorporated by reference to Exhibit 10.22.3 to the Form 10-K filed on February 20, 2020).</u>
10.12.3†	<u>Form of 2019 Share Incentive Plan Nonqualified Stock Option Award Notice and Nonqualified Stock Option Agreement (incorporated by reference to Exhibit 10.2.1 to the Form 10-Q filed on May 10, 2021).</u>
10.13.1†	<u>Form of 2014 Share Incentive Plan Restricted Share Unit Award Notice (Performance-Based Vesting) and Restricted Share Unit Award Agreement (incorporated by reference to Exhibit 10.28 to the Form S-1 filed on October 25, 2016).</u>
10.13.2†	<u>Form of 2016 Share Incentive Plan Restricted Share Unit Award Notice (Performance-Based Vesting) and Restricted Share Unit Award Agreement (incorporated by reference to Exhibit 10.27.2 to the Form 10-K filed on February 26, 2018).</u>

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Exhibit No.	Description
10.13.3†	<u>Form of 2019 Share Incentive Plan Restricted Share Unit Award Notice (Performance-Based Vesting) and Restricted Share Unit Award Agreement (incorporated by reference to the Form 10-K filed on February 20, 2020).</u>
10.13.4†	<u>Form of 2019 Share Incentive Plan Restricted Share Unit Award Notice (Performance-Based Vesting) and Restricted Share Unit Award Agreement (incorporated by reference to Exhibit 10.2.2 to the Form 10-Q filed on May 10, 2021).</u>
10.14.1†	<u>Form of 2019 Share Incentive Plan Restricted Share Unit Award Notice (Time-Based Vesting) and Restricted Share Unit Award Agreement (incorporated by reference to Exhibit 10.24.3 to the Form 10-K filed on February 20, 2020).</u>
10.14.2†	<u>Form of 2019 Share Incentive Plan Restricted Share Unit Award Notice (Time-Based Vesting) and Restricted Share Unit Award Agreement (incorporated by reference to Exhibit 10.2.3 to the Form 10-Q filed on May 10, 2021).</u>
10.15.1†	<u>Form of 2016 Share Incentive Plan Restricted Share Award Notice and Restricted Share Award Agreement (incorporated by reference to Exhibit 10.31 to the Form 10-K filed on February 26, 2018).</u>
10.15.2†	<u>Form of 2019 Share Incentive Plan Restricted Share Award Notice and Restricted Share Award Agreement (incorporated by reference to Exhibit 10.26.2 to the Form 10-K filed on February 20, 2020).</u>
10.15.3†	<u>Form of 2019 Share Incentive Plan Restricted Share Award Notice and Restricted Share Award Agreement (incorporated by reference to Exhibit 10.2.5 to the Form 10-Q filed on May 10, 2021).</u>
10.16.1†	<u>Form of 2016 Share Incentive Plan Restricted Share Award Notice (Performance-Based Vesting) and Restricted Share Award Agreement (incorporated by reference to Exhibit 10.32 to the Form 10-K filed on February 26, 2018).</u>
10.16.2†	<u>Form of 2019 Share Incentive Plan Restricted Share Award Notice (Performance-Based Vesting) and Restricted Share Award Agreement (incorporated by reference to Exhibit 10.27.2 to the Form 10-K filed on February 20, 2020).</u>
10.16.3†	<u>Form of 2019 Share Incentive Plan Restricted Share Award Notice (Performance-Based Vesting) and Restricted Share Award Agreement (incorporated by reference to Exhibit 10.2.4 to the Form 10-Q filed on May 10, 2021).</u>
10.17†	<u>Form of Restricted Cash Award Agreement (incorporated by reference to Exhibit 10.2.6 to the Form 10-Q filed on May 10, 2021).</u>
10.18†	<u>Form of Director Retention Letter (incorporated by reference to Exhibit 10.3 to the Form 10-Q filed on August 5, 2019).</u>
10.19.1	<u>Second Amended and Restated Master Sub-Advisory Agreement, effective as of October 1, 2019, among Athene Asset Management LLC, Apollo Capital Management, L.P., Apollo Global Real Estate Management, L.P., ARM Manager LLC, Apollo Longevity, LLC and Apollo Emerging Markets, LLC (incorporated by reference to Exhibit 10.30.1 to the Form 10-K filed on February 20, 2020).</u>
10.19.2	<u>Third Amended and Restated Master Sub-Advisory Agreement, effective as of October 1, 2019, among Athene Asset Management LLC, Apollo Capital Management, L.P., Apollo Global Real Estate Management, L.P., ARM Manager LLC, Apollo Longevity, LLC, Apollo Royalties Management, LLC and Apollo Emerging Markets, LLC (incorporated by reference to Exhibit 10.30.2 to the Form 10-K filed on February 20, 2020).</u>
10.19.3	<u>Third Amended and Restated Master Sub-Advisory Agreement, effective as of October 1, 2019, among Athene Asset Management LLC, Apollo Capital Management, L.P., Apollo Global Real Estate Management, L.P., ARM Manager LLC, Apollo Longevity, LLC and Apollo Emerging Markets, LLC (incorporated by reference to Exhibit 10.30.3 to the Form 10-K filed on February 20, 2020).</u>
10.20.1	<u>Cooperation Agreement, dated as of January 1, 2018, between AGER Bermuda Holding Ltd. and Athene Holding Ltd. (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on January 2, 2018).</u>
10.20.2	<u>Amendment No. 1 to the Cooperation Agreement, dated as of January 7, 2020, between Athora Holding Ltd. and Athene Holding Ltd. (incorporated by reference to Exhibit 10.31.2 to the Form 10-K filed on February 20, 2020).</u>
10.21.1	<u>Reinsurance agreement (FA Business), effective as of June 1, 2018, between Athene Annuity & Life Assurance Company and Voya Insurance and Annuity Company (incorporated by reference to Exhibit 10.1 to the Form 10-Q filed on August 3, 2018).</u>
10.21.2	<u>First Amendment to Reinsurance Agreement (FA Business), effective as of July 1, 2018, between Athene Annuity & Life Assurance Company and Voya Insurance and Annuity Company (incorporated by reference to Exhibit 10.32.2 to the Form 10-K filed on February 20, 2020).</u>
10.22.1	<u>Modified coinsurance agreement (Separate Account FA Business), effective as of June 1, 2018, between Athene Annuity & Life Assurance Company and Voya Insurance and Annuity Company (incorporated by reference to Exhibit 10.2 to the Form 10-Q filed on August 3, 2018).</u>
10.22.2	<u>First Amendment to Modified Coinsurance Agreement (Separate Account FA Business), effective as of June 1, 2018, between Athene Annuity & Life Assurance Company and Voya Insurance and Annuity Company (incorporated by reference to Exhibit 10.33.2 to the Form 10-K filed on February 20, 2020).</u>
10.23	<u>Modified coinsurance agreement (FA Business), effective as of December 31, 2019, between Athene Annuity Re Ltd. and Venerable Insurance and Annuity Company (incorporated by reference to Exhibit 10.34 to the Form 10-K filed on February 20, 2020).</u>
10.24	<u>Amended and Restated Master Framework Agreement, dated as of December 31, 2021, by and between Athene Co-Invest Reinsurance Affiliate 1A Ltd. and Athene Life Re Ltd.</u>
10.25	<u>Amended and Restated Shareholders Agreement, dated as of December 31, 2021, by and among Athene Co-Invest Reinsurance Affiliate Holding Ltd., Athene Co-Invest Reinsurance Affiliate 1A Ltd., ADIP Holdings (A), L.P., ADIP Holdings (B), L.P., ADIP Holdings (C), L.P., ADIP Holdings (D), L.P., ADIP Holdings (E), L.P., ADIP Holdings (Lux), L.P., Athene Life Re Ltd. and Athene Asset L.P.</u>
10.26	<u>Shareholders Agreement, dated as of February 28, 2020, among Athene Holding Ltd. and each person identified on the signature pages thereto as an Apollo Shareholder (incorporated by reference to Exhibit 10.1 to the Form 10-Q filed on May 8, 2020).</u>

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Exhibit No.	Description
10.27.1	<u>Coinsurance Agreement, dated as of June 18, 2020, between Jackson National Life Insurance Company and Athene Life Re Ltd. (incorporated by reference to Exhibit 10.1 to the Form 10-Q filed on August 5, 2020).</u>
10.27.2	<u>Amendment No. 1 to Coinsurance Agreement, dated September 30, 2020, between Jackson National Life Insurance Company and Athene Life Re Ltd. (incorporated by reference to Exhibit 10.2 to the Form 10-Q filed on November 3, 2020).</u>
10.28†	<u>Form of ADIP (Athene) Carry Plan, L.P. Award Letter (incorporated by reference to Exhibit 10.1 to the Form 10-Q filed on November 3, 2020).</u>
10.29†	<u>Letter Agreement, dated as of February 18, 2022, between Athene Holding Ltd. and William J. Wheeler.</u>
21.1	<u>Subsidiaries of the Registrant.</u>
23.1	<u>Consent of PricewaterhouseCoopers LLP regarding Athene Holding Ltd. financial statements.</u>
24.1	<u>Power of Attorney (included on the signature page hereto)</u>
31.1	<u>Principal Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Principal Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1	<u>Principal Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2	<u>Principal Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

† Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ATHENE HOLDING LTD.

Date: February 25, 2022

/s/ Martin P. Klein

Martin P. Klein

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints James R. Belardi, Martin P. Klein and Sarah J. VanBeck as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign this Annual Report on Form 10-K, and all amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities indicated below:

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
<u>/s/ James R. Belardi</u> James R. Belardi	Chairman and Chief Executive Officer (Principal Executive Officer)	February 25, 2022
<u>/s/ Martin P. Klein</u> Martin P. Klein	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 25, 2022
<u>/s/ Sarah J. VanBeck</u> Sarah J. VanBeck	Senior Vice President and Corporate Controller (Principal Accounting Officer)	February 25, 2022
<u>/s/ Marc Beilinson</u> Marc Beilinson	Director	February 25, 2022
<u>/s/ Robert Borden</u> Robert Borden	Director	February 25, 2022
<u>/s/ Mitra Hormozi</u> Mitra Hormozi	Director	February 25, 2022
<u>/s/ Scott Kleinman</u> Scott Kleinman	Director	February 25, 2022
<u>/s/ Brian Leach</u> Brian Leach	Director	February 25, 2022
<u>/s/ Gernot Lohr</u> Gernot Lohr	Director	February 25, 2022
<u>/s/ H. Carl McCall</u> H. Carl McCall	Director	February 25, 2022

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<u>Signatures</u>	<u>Title</u>	<u>Date</u>
<hr/> <i>/s/ Matthew R. Michelini</i> Matthew R. Michelini	Director	February 25, 2022
<hr/> <i>/s/ Dr. Manfred Puffer</i> Dr. Manfred Puffer	Director	February 25, 2022
<hr/> <i>/s/ Marc Rowan</i> Marc Rowan	Director	February 25, 2022
<hr/> <i>/s/ Lawrence J. Ruisi</i> Lawrence J. Ruisi	Director	February 25, 2022
<hr/> <i>/s/ Lynn Swann</i> Lynn Swann	Director	February 25, 2022
<hr/> <i>/s/ Hope Scheffler Taitz</i> Hope Scheffler Taitz	Director	February 25, 2022
<hr/> <i>/s/ Arthur Wrubel</i> Arthur Wrubel	Director	February 25, 2022
<hr/> <i>/s/ Fehmi Zeko</i> Fehmi Zeko	Director	February 25, 2022

AMENDED AND RESTATED

MASTER FRAMEWORK AGREEMENT

BY AND BETWEEN

ATHENE CO-INVEST REINSURANCE AFFILIATE 1A LTD.,

AND

ATHENE LIFE RE LTD.

DATED AS OF DECEMBER 31, 2021

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THIS AMENDED AND RESTATED MASTER FRAMEWORK AGREEMENT (this “Agreement”), originally effective as of September 11, 2019 (the “Original Agreement”) and amended and restated as of December 31, 2021, is made and entered into by and between **ATHENE CO-INVEST REINSURANCE AFFILIATE 1A LTD.**, a Bermuda Class C insurer under the Bermuda Insurance Act 1978 (“ACRA 1A”), and **ATHENE LIFE RE LTD.**, a Bermuda Class E insurer under the Bermuda Insurance Act 1978 (“ALRe”).

RECITALS

WHEREAS, Athene Holding Ltd (“AHL”), a Bermuda exempted company and the indirect parent of ALRe, is party to that certain Agreement and Plan of Merger, dated as of March 8, 2021, by and among AHL, Apollo Global Management, Inc. (“AGM”), Tango Holdings, Inc. (“Tango Holdings”), Blue Merger Sub, Ltd. and Green Merger Sub, Inc., pursuant to which the parties have agreed to effect a merger of AHL and AGM such that, following the closing of the transactions contemplated thereby, each of AHL and AGM will be a wholly owned subsidiary of Tango Holdings (the foregoing transactions, collectively, the “Merger”);

WHEREAS, (a) the Apollo/Athene Dedicated Investment Program (“ADIP”) has entered into that certain Amended and Restated Subscription Agreement, dated as of the date hereof, with ACRA HoldCo (as defined below) and ACRA 1A (the “ADIP Subscription Agreement”), and (b) ALRe has entered into that certain Amended and Restated Subscription Agreement, dated as of the date hereof, with ACRA HoldCo and ACRA 1A (together with the ADIP Subscription Agreement, the “Subscription Agreements”), pursuant to which ALRe (directly or indirectly) and/or ADIP shall, following the Closing (as defined in the Subscription Agreements), (i) make additional capital contributions to ACRA HoldCo and ACRA HoldCo shall contribute such capital contributions to ACRA 1A and/or each applicable ACRA Investment Entity in connection with Qualifying Transactions, as applicable, and/or (ii) purchase certain amounts of shares representing economic and voting interests in other ACRA Investment Entities as set forth more fully below;

WHEREAS, prior to the consummation of the Transfer (as defined below), ALRe owned shares of ACRA 1A representing 100% of the voting rights and 36.55% of the economic interest in ACRA 1A;

WHEREAS, prior to the date hereof, (a) AHL formed Athene Asset L.P., a Bermuda limited partnership and subsidiary of ALRe (“AALP”), and (b) ALRe thereafter contributed shares representing all of its voting and economic interests in ACRA 1A to AALP (such contribution, the “Transfer”);

WHEREAS, following the Transfer and prior to the consummation of the Reorganization (as defined below), AALP owned shares of ACRA 1A representing 100% of the voting rights and 36.55% of the economic interest in ACRA 1A, and ADIP owned, directly or indirectly, shares of ACRA 1A representing 63.45% of the economic interests in ACRA 1A;

WHEREAS, prior to the date hereof, ALRe (a) formed Athene Co-Invest Reinsurance Affiliate Holding Ltd., a Bermuda exempted company (“ACRA HoldCo”), and (b) subsequently transferred all of the issued and outstanding shares of ACRA HoldCo to AALP in order to effect the Reorganization (as defined below);

WHEREAS, in accordance with Section 3.5 of the Shareholders Agreement (as defined below), ACRA 1A will undergo an Approved Reorganization (as defined in the Shareholders Agreement), whereby, among other things, (a) ACRA HoldCo was formed to hold 100% of the issued and outstanding shares of capital stock of ACRA 1A and (b) ADIP and AALP will each contribute all of their shares of ACRA 1A to ACRA HoldCo in exchange for an equal number of shares of ACRA HoldCo (the foregoing transactions, collectively, the “Reorganization”);

WHEREAS, following the consummation of the Reorganization, AALP will own shares of ACRA HoldCo representing 100% of the voting rights and 36.55% of the economic interest in ACRA HoldCo and ADIP will own, directly or indirectly, shares of ACRA HoldCo representing 63.45% of the economic interests in ACRA HoldCo, and ACRA HoldCo will own shares of ACRA 1A representing 100% of the voting rights and economic interests in ACRA 1A;

WHEREAS, ACRA 1A owns (a) indirectly through its limited partner and general partner interests in Athene Co-Invest Reinsurance Affiliate LP, 100% of the voting rights and 99% of the economic interests with respect to Athene Co-Invest Reinsurance Affiliate 1B Ltd., a Bermuda Class C insurer under the Bermuda Insurance Act 1978 that has filed an election under Section 953(d) of the Code to be taxed as a U.S. corporation (“ACRA 1B”) and (b) 100% of the voting rights and economic interests with respect to Athene Co-Invest Reinsurance Affiliate International Ltd., a Bermuda Class C insurer under the Bermuda Insurance Act 1978 (“ACRA International”);

WHEREAS, unless otherwise agreed to by ALRe and ACRA HoldCo, following the consummation of the Reorganization, an Athene Investor (as defined below) will own, directly or indirectly, shares of ACRA HoldCo and each ACRA Investment Entity representing 100% of the voting rights and 36.55% of the economic interest in such ACRA Investment Entity, and ADIP will own, directly or indirectly, shares of each such ACRA Investment Entity representing the 63.45% of the economic interest in each such ACRA Investment Entity;

WHEREAS, AHL, through its Subsidiaries that are Athene Parties, including ALRe, Athene Annuity Re Ltd., a Bermuda Class E insurer under the Insurance Act 1978 that has filed an election under Section 953(d) of the Code to be taxed as a U.S. corporation (“AARe”) and Athene Life Re International Ltd., a Bermuda Class C insurer under the Bermuda Insurance Act 1978 (“ALReI”), may from time to time consider, pursue and enter into certain Qualifying Transactions;

WHEREAS, subject to the terms, limitations and conditions set forth herein, ALRe desires to offer to ACRA 1A the right to elect to participate in any Qualifying Transaction;

WHEREAS, the board of directors of ACRA 1A may, in its sole discretion, exercise ACRA 1A’s participation rights in any Qualifying Transaction through other alternative investment vehicles formed by ACRA 1A or ACRA HoldCo from time to time for the purposes of entering into a Qualifying Transaction (together with ACRA 1A, the “ACRA Investment Entities”) by assigning ACRA 1A’s rights to participate in the applicable Qualifying Transactions to the applicable ACRA Investment Entity;

WHEREAS, ACRA 1A and ALRe have entered into that certain Amended and Restated Reinsurance Program Agreement, dated as of the date hereof (the “ACRA 1A Reinsurance Program Agreement”), ACRA 1B and ALRe have entered into that certain Amended and Restated Reinsurance Program Agreement, dated as of the date hereof (the “ACRA 1B Reinsurance Program Agreement”) and ACRA International and ALReI have entered into that certain Amended and Restated Reinsurance Program Agreement, dated as of the date hereof (the “ACRA International Reinsurance Program Agreement” and, together with the ACRA 1A Reinsurance Program Agreement and the ACRA 1B Reinsurance Program Agreement, the “Reinsurance Program Agreements”);

WHEREAS, ACRA 1A and ALRe have entered into that certain Amended and Restated Fee and Capitalization Agreement, dated as of the date hereof (the “Fee and Capitalization Agreement”), which sets forth the amount of certain fees and expenses payable by, and capitalization requirements applicable to, the ACRA Investment Entities;

WHEREAS, in the event that ACRA 1A elects, through itself or another ACRA Investment Entity, to participate in any Qualifying Transaction, ALRe or any other Athene Party and the applicable ACRA Investment Entity or its Subsidiary shall effectuate one or more Transaction Agreements with respect to such Qualifying Transaction, and any Transaction Agreement shall be consistent with the terms, conditions and limitations set forth herein, in the Fee and Capitalization Agreement and, if applicable, in the applicable Reinsurance Program Agreement;

WHEREAS, in connection with the Reorganization and the Merger, the Parties desire to amend and restate the Original Agreement as provided herein; and

WHEREAS, this Agreement amends and restates the Original Agreement in its entirety and the terms, conditions and limitations thereof, in accordance with Section 8.05 thereof.

NOW, THEREFORE, in consideration of the premises, mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

ARTICLE I DEFINITIONS; RULES OF CONSTRUCTION

Section 1.01 **Defined Terms**. As used in this Agreement, the following terms have the respective meanings set forth below.

“AALP” has the meaning set forth in the Recitals.

“AARe” has the meaning set forth in the Recitals.

“ACRA 1A” has the meaning set forth in the Preamble.

“ACRA 1A Reinsurance Program Agreement” has the meaning set forth in the Recitals.

“ACRA 1B” has the meaning set forth in the Recitals.

“ACRA 1B Reinsurance Program Agreement” has the meaning set forth in the Recitals.

“ACRA HoldCo” has the meaning set forth in the Recitals.

“ACRA International” has the meaning set forth in the Recitals.

“ACRA International Reinsurance Program Agreement” has the meaning set forth in the Recitals.

“ACRA Investment Entities” has the meaning set forth in the Recitals.

“ACRA Party” means any of ACRA HoldCo, the ACRA Investment Entities and their respective Subsidiaries.

“ACRA Quota Share” has the meaning set forth in Section 2.03(c).

“ACRA Reinsurance Agreement” means any reinsurance agreement pursuant to which ALRe, AARE, ALReI or an entity acquired in connection with an Approved Qualifying Transaction reinsures risks related to an Approved Qualifying Transaction to an ACRA Party.

“ACRA Silo” means, collectively, any ACRA Investment Entity and all of its Subsidiaries that are insurance or reinsurance companies formed for the purposes of entering into any Qualifying Transaction.

“ADIP” has the meaning set forth in the Recitals.

“ADIP Feeder Funds” means, collectively, the limited partners of each limited partnership comprising ADIP.

“ADIP Funding Date” means the date on which ADIP acquires shares of ACRA 1A from ALRe.

“ADIP Limited Partners” means, collectively, the limited partners of each ADIP Feeder Fund.

“ADIP Subscription Agreement” has the meaning set forth in the Recitals.

“Affiliate” means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with such specified Person. For the avoidance of doubt: (a) none of the following groups of Persons or their Subsidiaries shall be considered “Affiliates” of any ACRA Party or any Athene Party for purposes of this Agreement: (i) any pooled investment vehicle, fund, managed account or other client to which Apollo Global Management, Inc. or its Subsidiaries provide investment advice or otherwise serve in a fiduciary capacity, (ii) any portfolio company in which the entities described in clause (i) directly or indirectly hold investments or (iii) Athora Holding Ltd., Catalina Holdings (Bermuda) Ltd., OneMain Holdings, Inc., VA Capital Company LLC and Aspen Insurance Holdings Limited and (b) neither Apollo Global Management, Inc. nor any of its Subsidiaries (including Athene and its Subsidiaries following the consummation of Project Tango) shall be considered “Affiliates” of any ACRA Party for purposes of this Agreement.

“AGM” has the meaning set forth in the Recitals.

“Agreement” has the meaning set forth in the Preamble.

“AHL” has the meaning set forth in the Recitals.

“ALRe” has the meaning set forth in the Preamble.

“ALReI” has the meaning set forth in the Recitals.

“Applicable Insurance Regulatory Authority” means, with respect to any Person, the insurance regulatory or administrative authority or agency of the jurisdiction in which such Person is domiciled.

“Applicable Law” means any federal, state, local or foreign law (including common law), constitution, treaty, statute, ordinance, rule, regulation, order (including any executive order), writ, injunction, judgment, permit, governmental agreement, directive or decree or any provisions of any of the foregoing applicable to a Person or any of such Person’s subsidiaries, properties, assets, or to such Person’s officers, directors, managing directors, employees or agents in their capacity as such

“Approved Qualifying Transaction” has the meaning set forth in Section 2.03(b).

“Athene Investor” means (i) ALRe and (ii) any direct or indirect subsidiary of ALRe that (x) is wholly owned by (A) ALRe or (B) ALRe together with directors, officers or other employees of ALRe or its affiliates and (y) holds Class B Common Shares (as defined in the Shareholders Agreement) of any ACRA Investment Entity, as set forth in Schedule A-4 of the Shareholders Agreement or, with respect to any New ACRA Investment Entity (as defined in the Shareholders Agreement), as set forth on Annex I-2 of the applicable Joinder Agreement (as defined in the Shareholders Agreement).

“Athene Party” means any of AHL and its Subsidiaries, except for any ACRA Party.

“Business Day” shall mean any day other than a Saturday, Sunday or any other day on which banking institutions are authorized or required by law or executive order to close in New York, New York or Hamilton, Bermuda.

“Code” means the Internal Revenue Code of 1986.

“Commitment Period” shall mean the period starting on the date hereof through the last day of the “Commitment Period” as defined in the ADIP Subscription Agreement.

“Commutation Right” means, with respect to each Approved Qualifying Transaction, the right of ALRe and any other Athene Party to offer to commute or otherwise terminate the ACRA Parties’ participation in such Approved Qualifying Transaction as described in the applicable Transaction Agreements.

“Confidential Information” has the meaning set forth in Section 4.01(a).

“Constituent Documents” means, with respect to any entity, the certificate of incorporation, bylaws, limited liability company agreement, certificate of formation, memorandum of association or equivalent constituent document of such entity, as applicable.

“Control,” “Controlled” or “Controlling” means, as to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. The terms “Controlled by” and “under common Control with” shall have correlative meanings.

“Disclosing Party” means any Athene Party, on the one hand, or any ACRA Party or its Affiliates (other than any Athene Party), on the other hand, or any representative of any of the foregoing, that furnishes or discloses Confidential Information to any ACRA Party or its representatives or any Athene Party or its representatives, as applicable, in connection with this Agreement, any Qualifying Transaction, the Fee and Capitalization Agreement, any Reinsurance Program Agreement or any Transaction Agreement.

“Fee and Capitalization Agreement” has the meaning set forth in the Recitals.

“Flow Reinsurance Agreement” means any ACRA Reinsurance Agreement entered into between an Athene Party and an ACRA Party with respect to any flow reinsurance transaction that is an Approved Qualifying Transaction.

“Flow Reinsurance Transaction” means any Approved Qualifying Transaction, or portion thereof, with respect to which the applicable ACRA Party’s participation is set forth in a Flow Reinsurance Agreement.

“Governmental Authority” means the government of the United States of America, Bermuda or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, administrative tribunal, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any Applicable Insurance Regulatory Authority.

“Initial Commutation Date” means, with respect to each Approved Qualifying Transaction, (a) with respect to any Approved Qualifying Transaction that is not a Flow Reinsurance Transaction, the date that is the tenth (10th) anniversary of the effective date or closing date, as applicable, of such Approved Qualifying Transaction, (b) with respect to any Flow Reinsurance Transaction, the date that is the tenth (10th) anniversary date upon which the applicable Flow Reinsurance Agreement was terminated with respect to new business pursuant to the terms and conditions of such Flow Reinsurance Agreement or (c) such other date in the applicable Transaction Agreements upon which the applicable Athene Party may exercise its Commutation Right with respect to such Approved Qualifying Transaction for the first time; provided, however, that the parties may agree to reflect the applicable ACRA Party’s participation in multiple applicable Approved Qualifying Transactions entered into in a particular calendar year or other time period in one ACRA Reinsurance Agreement, in which case the Initial Commutation Date for all Approved Qualifying Transactions that are subject to such ACRA Reinsurance Agreement shall be the tenth (10th) anniversary of the effective date of the last Approved Qualifying Transaction allocated to such ACRA Reinsurance Agreement.

“Joinder Agreement” has the meaning set forth in Section 4.02.

“Lien” means any mortgage, pledge, hypothecation, assignment, encumbrance, lien (statutory or other), charge, claim or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, and any financing lease having substantially the same economic effect as any of the foregoing).

“Merger” has the meaning set forth in the Recitals.

“Participation Right” has the meaning set forth in Section 2.01.

“Permits” has the meaning set forth in Section 6.01(d).

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, limited partnership, Governmental Authority or other entity.

“Qualifying Transaction” means any of the following transactions:

(a) any legal entity acquisition transaction with any Third Party pursuant to which one or more legal entities with annuity and/or insurance liabilities are acquired, including any acquisition transaction that would involve one or more block or flow reinsurance transactions entered into in connection with such acquisition transaction pursuant to which (i) an Athene Party would assume annuity and/or insurance liabilities from any Affiliate of the applicable acquisition target through reinsurance and/or (ii) an ACRA Party would assume annuity and/or insurance liabilities from the applicable acquisition target through reinsurance;

(b) any block reinsurance transaction with any Third Party pursuant to which one or more Athene Parties would assume annuity and/or insurance liabilities;

(c) any pension risk transfer transaction with any Third Party pursuant to which an Athene Party would assume or otherwise become responsible for pension liabilities; or

(d) any flow reinsurance transactions with any new Third Party counterparties pursuant to which one or more Athene Parties would assume annuity and/or insurance liabilities with respect to annuities or insurance policies issued after the effective date of such transaction;

provided, that ALRe, AARE or ALReI, as applicable, and any ACRA Investment Entity may agree that any acquisition, reinsurance or pension risk transfer transaction not contemplated in clauses (a)-(d) above may be a “Qualifying Transaction,” subject to the approval from either (i) with respect to any (x) reinsurance transactions entered into by ALRe or any other Athene Party involving funding agreements and (y) any flow reinsurance transactions with any existing Third Party counterparties entered into by any Athene Party prior to the date hereof or new flow reinsurance transactions with such existing Third Party counterparties, the Transaction Committee of the applicable ACRA Investment Entity or (ii) for all other acquisition or reinsurance transactions, the Transaction Committee and the Conflicts Committee of the applicable ACRA Investment Entity; provided, further, that if ALRe, in its sole discretion, determines that any ACRA Investment Entity’s participation in any transaction would cause a material tax, regulatory or operational burden on any Athene Party or the size of the transaction is de minimis, then such transaction shall not be a “Qualifying Transaction.”

“Receiving Party” means any Athene Party, on the one hand, or any ACRA Party or its Affiliates (other than any Athene Party), on the other hand, or any representative of any of the foregoing, that receives Confidential Information from any ACRA Party or its representatives or any Athene Party or its representatives, as applicable, in connection with this Agreement, any Qualifying Transaction, the Fee and Capitalization Agreement, any Reinsurance Program Agreement or any Transaction Agreement.

“Reinsurance Program Agreements” has the meaning set forth in the Recitals.

“Reorganization” has the meaning set forth in the Recitals.

“Shareholders Agreement” means the Amended and Restated Shareholders Agreement, dated as of the date hereof, by and among ACRA HoldCo, ACRA 1A and each of the shareholders named therein.

“Step-up Fee” has the meaning set forth in Section 3.01(b).

“Subsidiary” means with respect to any entity, any other entity as to which it owns, directly or indirectly, or otherwise controls, directly or indirectly, an amount of the voting securities, other voting ownership or voting partnership interests of which is sufficient to elect at least a majority of its board of directors or other governing body or more than 50% of the voting shares or other similar interests.

“Subscription Agreements” has the meaning set forth in the Recitals.

“Tango Holdings” has the meaning set forth in the Recitals.

“Third Party” means any Person that is not (a) an ACRA Party, (b) an Athene Party, (c) ADIP, the ADIP Feeder Funds, the ADIP Limited Partners or any other Subsidiary of ADIP or (d) Apollo Global Management, Inc. or any of its Affiliates.

“Third-Party Ceding Company” means, with respect to each Third-Party Underlying Reinsurance Agreement, the Third Party ceding liabilities to the applicable Athene Party under such Third-Party Underlying Reinsurance Agreement.

“Third-Party Underlying Reinsurance Agreement” means any reinsurance agreement, together with all amendments thereto, pursuant to which an Athene Party reinsures from a Third Party liabilities that are subsequently retroceded by AARE, ALReI or ALRe to an ACRA Party pursuant to an ACRA Reinsurance Agreement.

“Transaction Agreements” means (a) with respect to the business assumed in connection with any Approved Qualifying Transaction, any ACRA Reinsurance Agreements and any other agreements, instruments and documents reasonably necessary to effect the transactions contemplated by such ACRA Reinsurance Agreement, and (b) with respect to the business otherwise acquired in connection with any Approved Qualifying Transaction, any agreements, instruments and documents reasonably necessary to effect the acquisition and other transactions contemplated by such Approved Qualifying Transaction and this Agreement with respect to such Approved Qualifying Transaction.

“Transfer” has the meaning set forth in the Recitals.

“Wrap Fee” has the meaning set forth in Section 3.01(a).

Section 1.02 Certain Rules of Construction. The headings and captions in this Agreement are for convenience of reference only and do not define, limit or otherwise affect any of the terms or provisions hereof. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” In the computation of periods of time from a specified date to a later specified date, the word “from” or “since” means “from and including,” the words “to” and “until” each mean “to but excluding,” and the word “through” means “to and including.” Any reference to “days” means calendar days unless Business Days are expressly specified. Unless the context requires otherwise or unless specifically stated herein to the contrary (a) any definition of or reference to any agreement, instrument or other document herein (including of or to this Agreement) shall be construed as referring to such agreement, instrument or other document (including the exhibits, schedules and other attachments thereto), as the case may be, as from time to time amended, restated, supplemented or otherwise modified (but only to the extent such amendment, restatement, supplement or modification, as the case may be, is effected in accordance with the terms hereof and thereof), (b) any definition of or reference to any statute, rule or regulation shall be construed as referring thereto as from time to time (including prior to the date hereof) amended, supplemented or otherwise modified (including by succession of comparable successor Applicable Laws), and to all rules and regulations promulgated thereunder or pursuant thereto, (c) any reference herein to any party to this Agreement or any other agreement or document shall be deemed to refer to any Person that becomes (or became, if applicable) a successor or assign of such party (subject to any restriction on assignment set forth herein or therein), upon the occurrence thereof, and, in the case of any Governmental Authority, any other Governmental Authority that shall have succeeded to any or all functions thereof, (d) the words “herein,” “hereof” and “hereunder,” and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) all references herein to articles, sections, exhibits and schedules shall be construed to refer to articles and sections of, and exhibits and schedules to, this Agreement, (f) any capitalized terms used in any exhibit or schedule to this Agreement and not otherwise defined therein shall have the meanings as defined in this Agreement and (g) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

ARTICLE II QUALIFYING TRANSACTIONS

Section 2.01 Participation Right. ACRA 1A shall have the right to elect to participate, through itself, another ACRA Investment Entity or any of their respective Subsidiaries, in any Qualifying Transaction executed by an Athene Party during the Commitment Period (such right, the “Participation Right”); provided, however, that ALRe may, in its sole discretion, by written notice to ACRA 1A, upon a failure of ADIP (either directly or indirectly) to fund any permitted capital call by ACRA HoldCo (after giving effect to any applicable cure period in the ADIP Subscription Agreement) on behalf of itself or any other ACRA Investment Entity to which such Participation Right is assigned by ACRA 1A, suspend the Participation Right and any cooperation rights relating thereto with respect to any new Qualifying Transactions following such failure until such time that such failure is cured.

Section 2.02 Cooperation.

(a) Subject to Section 2.01, during the Commitment Period, ALRe shall, and shall cause each of the applicable Athene Parties to, and ACRA 1A shall, and shall cause each of the applicable ACRA Parties to, reasonably cooperate and work together in good faith in connection with (i) the analysis, review, diligence, structuring, negotiation and documentation with respect to each Qualifying Transaction, and (ii) the preparation, completion, execution and delivery of any agreements, instruments and documents reasonably necessary to effect each Qualifying Transaction.

(b) With respect to each Qualifying Transaction that will involve the assumption of business by any ACRA Party, ALRe shall, or shall cause each of the applicable Athene Parties to, use its reasonable best efforts to obtain any third-party

consents required, or otherwise structure such transaction such that no third-party consent is required, from the applicable Third-Party Ceding Company for the applicable ACRA Party to assume such business.

(c) Subject to the confidentiality requirements set forth in Section 4.01, with respect to each Qualifying Transaction, ALRe shall, and shall cause each other applicable Athene Party to, use its reasonable best efforts to make available to the applicable ACRA Parties all documents, data, information and other materials that the applicable Third Party makes available to the Athene Parties in connection with such Qualifying Transaction which are relevant to the analysis, review, diligence, structuring, negotiation and documentation of such Qualifying Transaction. Notwithstanding the foregoing, the Athene Parties shall not be required to share any such documents, data, information and other materials with the ACRA Parties to the extent that any Athene Parties are prohibited from sharing such information with the ACRA Parties pursuant to any Applicable Law relating to the privacy of customer information or otherwise.

Section 2.03 Election to Participate in a Qualifying Transaction.

(a) ACRA 1A may, in its sole discretion, assign its Participation Right with respect to any Qualifying Transactions to another ACRA Investment Entity.

(b) Unless ALRe and the Transaction Committee of the applicable ACRA Investment Entity agree otherwise, such ACRA Investment Entity, with the consent of its Transaction Committee, shall provide written notice to ALRe of its election to exercise its Participation Right with respect to a Qualifying Transaction no later than ten (10) Business Days before any Athene Party has executed any definitive agreement with the applicable Third Party with respect to such Qualifying Transaction (each such Qualifying Transaction with respect to which the applicable ACRA Investment Entity has exercised its Participation Right, an "Approved Qualifying Transaction"). Unless ALRe and the Transaction Committee of the applicable ACRA Investment Entity agree otherwise, if no such written notice is received by ALRe by the date set forth in the preceding sentence, then the Participation Right with respect to such Qualifying Transaction shall be deemed rejected.

(c) In connection with the Participation Right, the applicable ACRA Investment Entity may elect to directly or indirectly (i) assume by retrocession up to a 100% quota share (the "ACRA Quota Share") of the liabilities assumed by the applicable Athene Party in connection with any Approved Qualifying Transaction, (ii) assume by reinsurance up to the ACRA Quota Share of the annuity or insurance liabilities of any insurance company acquired in connection with any Approved Qualifying Transaction, and/or (iii) acquire direct or indirect ownership interests in entities acquired in connection with any Approved Qualifying Transaction; provided, however, that in the case of (i) and (ii) above, unless otherwise determined by mutual agreement of the applicable ACRA Investment Entity and ALRe, if a 100% quota share is not permitted by the applicable Governmental Authorities or under applicable tax guidelines, regulatory guidelines and/or contractual restrictions applicable to the applicable Athene Party or the applicable ACRA Party, then the ACRA Quota Share for such Approved Qualifying Transaction shall be the highest quota share approved by such Governmental Authorities and permitted under applicable tax guidelines, regulatory guidelines and/or contractual restrictions applicable to the applicable Athene Party or the applicable ACRA Party. Notwithstanding anything herein, with respect to any Flow Reinsurance Agreement, the applicable ACRA Party shall assume new business under such Flow Reinsurance Agreement only until the earlier of (A) the last date of the Commitment Period, (B) the date upon which ACRA 1A's right to participate in any Qualifying Transaction during the Commitment Period has been terminated, (C) the date upon which ADIP (either directly or indirectly) has failed to fund their portion of any agreed capitalization requirements applicable to the applicable ACRA Silo in connection with such Flow Reinsurance Agreement (after giving effect to any applicable cure period in the ADIP Subscription Agreement), (D) the date such Flow Reinsurance Agreement had been terminated with respect to new business upon the mutual written consent of the parties to such Flow Reinsurance Agreement and (E) the date upon which the applicable Third-Party Underlying Reinsurance Agreement is terminated with respect to new business.

(d) Notwithstanding the foregoing, the applicable ACRA Investment Entity shall have no right to continue participating in the analysis, review, diligence, structuring, negotiation and documentation in connection with, or exercise its Participation Right with respect to, or enter into any Transaction Agreements with respect to, a Qualifying Transaction if the pricing terms offered (or expected to be offered) by the applicable ACRA Investment Entity to the Athene Parties with respect to such Qualifying Transaction are less favorable to the Athene Parties than the pricing terms of the Athene Parties with respect to the risks being assumed and/or entities being acquired, as applicable, by the Athene Parties under such Qualifying Transaction (if applicable, determined after taking into account any portion of business that is retained by any U.S. domestic Athene Party (other than entities acquired in connection with such Qualifying Transactions) and not retroceded to any ACRA Party) to the applicable Third Party.

(e) Neither (i) the Athene Parties and their Subsidiaries, on the one hand, nor (ii) the ACRA Investment Entities and their Affiliates (other than any entity referenced in clause (i)), on the other hand, will enter into any Qualifying Transactions other than pursuant to the terms and conditions of this Agreement. ACRA 1A will not enter into or participate in, or engage in discussions or negotiations with Third Parties relating to, any acquisition, reinsurance or pension risk transfer transaction, except pursuant to the terms and conditions of this Agreement.

Section 2.04 Negotiation of the Transaction Agreements.

(a) The applicable ACRA Investment Entity and the applicable Athene Party shall cooperate in connection with any Qualifying Transaction in good faith with one another in accordance with Section 2.02 in order to prepare, negotiate and execute one or more Transaction Agreements. The board of directors of the applicable ACRA Investment Entity shall have discretion to approve the terms and conditions of any Transaction Agreement, provided, that (i) the terms and conditions of the Transaction Agreements for each Approved Qualifying Transaction shall provide for the right of ALRe or another applicable Athene Party to offer to commute or otherwise terminate the ACRA Parties' participation in such Approved Qualifying Transaction as of the Initial Commutation Date with respect to such Approved Qualifying Transaction, (ii) the terms and conditions of each ACRA Reinsurance Agreement between ALRe and ACRA 1A shall be consistent in all material respects with the terms and conditions set forth in the ACRA 1A Reinsurance Program Agreement, (iii) the terms and conditions of each ACRA Reinsurance Agreement between AARe and ACRA 1B will be consistent in all material respects with the terms and conditions set forth in the ACRA 1B Reinsurance Program Agreement, (iv) the terms and conditions of each ACRA Reinsurance Agreement between ALReI and ACRA International shall be consistent in all material respects with the terms and conditions set forth in the ACRA International Reinsurance Program Agreement, (v) the terms and conditions of each ACRA Reinsurance Agreement between ACRA 1B and any acquisition target will be consistent in all material respects with the terms and conditions set forth in the ACRA 1B Reinsurance Program Agreement and (vi) the terms and conditions of the Transaction Agreements for each Approved Qualifying Transaction other than those covered by (ii) through (v) above shall (A) contain exit rights for the applicable ACRA Investment Entity and ADIP that are no less favorable to such ACRA Investment Entity and ADIP than those set forth in the ACRA 1A Reinsurance Program Agreement, the ACRA 1B Reinsurance Program Agreement and the ACRA International Reinsurance Program Agreement and (B) with respect to any such Transaction Agreements entered into by an ACRA Investment Entity, contain operating covenants that are similar to those set forth in the ACRA 1A Reinsurance Program Agreement, provided, in each case, the applicable ACRA Investment Entity and applicable Athene Party may agree otherwise (subject to the approval of the Conflicts Committee of the applicable ACRA Investment Entity if any change to such terms and conditions is materially adverse to the applicable ACRA Party).

(b) Unless agreed to otherwise by the applicable ACRA Investment Entity and the applicable Athene Party, the parties shall finalize and execute any Transaction Agreements related to any Approved Qualifying Transaction to which they are a party, or a binding commitment with respect thereto, no later than the date upon which the Athene Parties have executed any definitive agreement with the applicable Third Party with respect to such Approved Qualifying Transaction. For the avoidance of doubt, and notwithstanding anything else herein to the contrary, the applicable Athene Party shall have no obligation hereunder to enter into any applicable Transaction Agreements with respect to an Approved Qualifying Transaction until all of the closing conditions have been satisfied and all required regulatory and third-party consents and all required internal approvals have been received with respect to such Approved Qualifying Transaction. ACRA 1A acknowledges and agrees that the Athene Parties are subject to certain internal governance and transaction approval processes that will apply to their ability to enter into Qualifying Transactions, and the Athene Parties will enter into Qualifying Transactions only in accordance with such governance and approval processes.

Section 2.05 Capital Requirements for Approved Qualifying Transactions.

(a) Notwithstanding anything in this Agreement to the contrary, with respect to any Approved Qualifying Transaction in which the applicable ACRA Investment Entity elects to participate on or after the ADIP Funding Date, the applicable ACRA Investment Entity shall, prior to the applicable ACRA Parties entering into any Transaction Agreements with respect to such Approved Qualifying Transactions, draw capital (either directly or indirectly) from ALRe and ADIP pursuant to the terms and conditions of the applicable Subscription Agreement such that prior to the execution of any such Transaction Agreement, the applicable ACRA Investment Entity, shall have received one or more capital contributions (either directly or indirectly) from ADIP and ALRe for purposes of funding such Approved Qualifying Transaction in an amount sufficient to fund (i) the purchase price or up-front ceding commission payable by the applicable ACRA Party in connection with such Approved Qualifying Transaction, (ii) any agreed expense reimbursement amounts in connection with such Approved Qualifying Transaction and (iii) any agreed capitalization requirements applicable to the applicable ACRA Silo in connection with such Approved Qualifying Transaction.

(b) Notwithstanding anything in this Agreement to the contrary, subject to Section 2.03(c), during the Commitment Period, with respect to any Flow Reinsurance Transaction, the applicable ACRA Investment Entity shall periodically draw capital (either directly or indirectly) from ALRe and ADIP, pursuant to the terms and conditions of the Subscription Agreements, to fund any agreed capitalization requirements applicable to the applicable ACRA Silo in connection with such Flow Reinsurance Transaction.

(c) Notwithstanding anything in this Agreement to the contrary, with respect to any Approved Qualifying Transaction in which the applicable ACRA Investment Entity elects to participate on or after the ADIP Funding Date, the applicable Athene Party shall have no obligation hereunder to enter into any Transaction Agreements with respect to such Approved Qualifying Transaction, and the applicable ACRA Party shall have no right hereunder to enter into any such Transaction Agreement, unless prior to the execution of such Transaction Agreement, if applicable, ADIP (either directly or indirectly) has funded its portion of any required funding amount with respect to such Approved Qualifying Transaction.

(d) For the avoidance of doubt, any capital contributed to the applicable ACRA Investment Entity with respect to any Flow Reinsurance Agreement or new Qualifying Transaction may be contributed by such ACRA Investment Entity to any ACRA Party in the applicable ACRA Silo.

(e) The ACRA Investment Entities will be subject to certain capitalization requirements and covenants relating thereto, including dividend limitations, set forth in the Fee and Capitalization Agreement.

ARTICLE III WRAP FEE AND STEP-UP FEE

Section 3.01 Wrap Fee; Step-up Fee.

(a) Wrap Fee. Subject to Section 3.01(b) of this Agreement and Section 3.01 of the Fee and Capitalization Agreement, each ACRA Investment Entity shall pay to ALRe on an annual basis the Wrap Fee with respect to each Approved Qualifying Transaction in which such ACRA Investment Entity or any other ACRA Party that is a part of such ACRA Investment Entity's ACRA Silo is participating. The "Wrap Fee" with respect to each Approved Qualifying Transaction shall be an amount determined in accordance with the Fee and Capitalization Agreement, which amount will generally be (i) with respect to each Approved Qualifying Transaction, other than any Flow Reinsurance Transaction, an amount equal to ten (10) to sixteen (16) basis points per annum *multiplied by* the total reserves of the applicable ACRA Parties with respect to such Approved Qualifying Transaction and (ii) with respect to each Flow Reinsurance Agreement, an amount equal to sixteen (16) basis points per annum *multiplied by* the total reserves of the applicable ACRA Parties with respect to such Flow Reinsurance Transaction. Subject to Section 3.01 of the Fee and Capitalization Agreement, in the event that, with respect to any Approved Qualifying Transaction, the applicable Athene Party does not exercise its Commutation Right with respect to such Approved Qualifying Transaction as of the Initial Commutation Date in accordance with the applicable Transaction Agreements, or the applicable ACRA Investment Entity rejects the applicable Athene Party's exercise of its Commutation Right in accordance with the terms and conditions of the applicable Transaction Agreements, then the applicable ACRA Investment Entity's obligation pay the Wrap Fee with respect to such Approved Qualifying Transaction shall terminate with respect to all periods following the Initial Commutation Date with respect to such Approved Qualifying Transaction.

(b) Step-up Fee. Subject to Section 3.01 of the Fee and Capitalization Agreement, in the event that, with respect to any Approved Qualifying Transaction, the applicable Athene Party does not exercise its Commutation Right with respect to such Approved Qualifying Transaction as of the Initial Commutation Date in accordance with the applicable Transaction Agreements, then ALRe shall, or shall cause the applicable Athene Party to, pay on an annual basis the Step-up Fee with respect to such Approved Qualifying Transaction to the ACRA Investment Entity in the ACRA Silo that is participating in such Approved Qualifying Transaction. The "Step-Up Fee" with respect to each Approved Qualifying Transaction shall be an amount determined in accordance with the Fee and Capitalization Agreement, which amount will generally be determined in the same manner as the Wrap Fee.

ARTICLE IV CONFIDENTIALITY; JOINDER

Section 4.01 Confidentiality.

(a) Each party hereby agrees that any information made available to any Receiving Party pursuant to this Agreement or the Fee and Capitalization Agreement (which, for the avoidance of doubt, shall include any information provided by any applicable Third Party in connection with any Qualifying Transaction), shall be deemed to be "Confidential Information." Except to the extent permitted by Section 4.01(b) or as may be necessary to effect the terms of this Agreement, no Receiving Party shall share or otherwise provide any Confidential Information to any Third Party or make any public announcement concerning the transactions contemplated by this Agreement or otherwise publicly announce any term or provision of this Agreement, the Fee and Capitalization Agreement, the Reinsurance Program Agreements or any Transaction Agreements. Each Receiving Party shall comply with all obligations and requirements relating to Confidential Information made available by a Third Party in connection with a Qualifying Transaction to which a Disclosing Party is subject under any non-disclosure agreement to which such Disclosing Party is a party relating to such Qualifying Transaction. "Confidential Information" shall not include information that (i) is, or becomes, generally available to the public other than as a result of a breach of this Agreement by a Receiving Party, (ii) any Receiving Party receives or has received on a non-confidential basis from a source other than a Disclosing Party, provided, that such source is not known by the Receiving Party to be subject to a legal, fiduciary or other obligation of confidentiality with respect to such information, (iii) the Receiving Party can establish that such information was already in its possession and is not subject to an obligation of confidentiality to the Disclosing Party or (iv) the Receiving Party has developed, or subsequently develops, independently without reference to any Confidential Information. A Receiving Party may share any Confidential Information with any of its Affiliates or Subsidiaries that have a need to know such information in the regular course of their business.

(b) Notwithstanding the foregoing, each Receiving Party shall be permitted to disclose certain information that may constitute Confidential Information in order to (i) comply with its reporting obligations to its direct and indirect investors and equity holders, if any, provided that such investors and equity holders are subject to confidentiality obligations that are no less protective of such Confidential Information than the confidentiality obligations set forth in this Agreement and (ii) to the extent reasonably necessary, to comply with any tax or regulatory requirements, including any requirements from state insurance regulators and the Securities and Exchange Commission.

Section 4.02 Joinder. ACRA 1A shall cause each other ACRA Investment Entity to enter into a joinder agreement with the parties hereto which binds such ACRA Investment Entity to the terms, conditions, rights and obligations set forth herein with respect to an ACRA Investment Entity (each such agreement, a “Joinder Agreement”). Each ACRA Investment Entity acknowledges and agrees that as a condition precedent (a) for any ACRA Investment Entity to exercise any Participation Rights hereunder or (b) for any ACRA Party to enter into any Transaction Agreement with respect to any Approved Qualifying Transaction, that in the case of clause (a), such ACRA Investment Entity, and in the case of clause (b), the ACRA Investment Entity that is a part of such ACRA Party’s ACRA Silo, must either be a party to this Agreement and the Fee and Capitalization Agreement as of the date hereof or must become a party hereto through the execution of a Joinder Agreement and a party to the Fee and Capitalization Agreement through the execution of a joinder agreement in accordance with the terms and conditions thereof.

ARTICLE V TERM; TERMINATION

Section 5.01 Duration.

(a) This Agreement shall commence on the date hereof and, except as otherwise agreed by the parties hereto in writing, (i) subject to Section 2.01, after the Commitment Period, this Agreement shall terminate automatically upon (A) the termination of all outstanding ACRA Reinsurance Agreements or such time that each ACRA Party has no further liabilities with respect to any outstanding ACRA Reinsurance Agreements and (B) none of the ACRA Parties continuing to own any equity or other interest in any entity it owns through its participation in any Approved Qualifying Transaction contemplated in clause (a) of the definition of “Qualifying Transaction” (or any other acquisition transaction that qualifies as a Qualifying Transaction upon mutual consent of the applicable parties), and (ii) this Agreement may be terminated by the mutual written consent of the parties; provided, that under no circumstances shall any termination of this Agreement relieve any party from liability for any breach of this Agreement occurring prior to such termination or from its obligations under Section 4.01.

(b) The rights and obligations of the parties under Sections 2.01, 2.02, 2.03 and 2.04 with respect to participating in any Qualifying Transaction shall terminate on the last day of the Commitment Period (unless terminated earlier in accordance with Section 2.01).

ARTICLE VI REPRESENTATIONS AND WARRANTIES

Section 6.01 Representations and Warranties of ALRe. ALRe hereby represents and warrants to each ACRA Investment Entity as of the date hereof as follows:

(a) Organization and Qualification. ALRe is duly incorporated, validly existing and in good standing under the laws of Bermuda and has all requisite corporate power and authority to operate its business as now conducted, except for failures to be in good standing that, individually or in the aggregate, do not have, and would not reasonably be expected to have, a material adverse effect on ALRe’s ability to perform its obligations under this Agreement.

(b) Authorization. ALRe has the corporate power and authority to execute, deliver and carry out the terms and provisions of this Agreement and has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement. ALRe has duly executed and delivered this Agreement, and this Agreement constitutes the legal, valid and binding obligation of ALRe enforceable against ALRe in accordance with its terms, except to the extent that enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Applicable Laws affecting creditors’ rights generally and general principles of equity, regardless of whether enforcement is sought in a proceeding in equity or at law.

(c) No Conflict. None of the execution, delivery or performance by ALRe of this Agreement, its compliance with the terms and provisions hereof or the consummation of the transactions contemplated herein, (i) will require any applicable waiting period of, consent, approval or non-disapproval of, registration or filing with, or other action by, any Governmental Authority or other Person, except such as have been obtained or made and are in full force and effect, (ii) will violate any applicable provision of any Applicable Law or any writ, injunction, order or decree of any Governmental Authority applicable to ALRe, (iii) will violate or conflict with any provision of the Constituent Documents of ALRe or (iv) will result in a breach of, or constitute a default (or event which, with the giving of notice or lapse of time, or both, would become a default) under, or give

any Person any rights of termination, acceleration or cancellation, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of ALRe pursuant to the terms of, any indenture, mortgage, deed of trust, loan agreement, credit agreement or other material agreement or instrument to which ALRe is a party or by which it or any of its property or assets are bound or to which it may be subject, or, except, in the case of each of clauses (ii) and (iv), where such breach, default, termination, acceleration, cancellation or Lien would not reasonably be expected, individually or in the aggregate, to result in a material adverse effect on ALRe's ability to perform its obligations under this Agreement.

(d) Governmental Licenses. ALRe has all licenses, certificates of authority or other similar certificates, registrations, franchises, permits, approvals or other similar authorizations issued by Governmental Authorities (collectively, "Permits") necessary to conduct its business as currently conducted, except in such cases where the failure to have a Permit has not had and would not reasonably be expected to have a material adverse effect on ALRe's ability to perform its obligations under this Agreement. All Permits that are material to the conduct of ALRe's business are valid and in full force and effect.

Section 6.02 Representations and Warranties of the ACRA Investment Entities. ACRA 1A hereby represents and warrants to ALRe as of the date hereof, and each other ACRA Investment Entity hereby represents and warrants to ALRe as of the date such ACRA Investment Entity executes a Joinder Agreement, as follows:

(a) Organization and Qualification. Such ACRA Investment Entity is duly incorporated, validly existing and in good standing under the laws of Bermuda and has all requisite corporate power and authority to operate its business as now conducted, except for failures to be in good standing that, individually or in the aggregate, do not have, and would not reasonably be expected to have, a material adverse effect on such ACRA Investment Entity's ability to perform its obligations under this Agreement.

(b) Authorization. Such ACRA Investment Entity has the corporate power and authority to execute, deliver and carry out the terms and provisions of this Agreement and has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement. Such ACRA Investment Entity has duly executed and delivered this Agreement, and this Agreement constitutes the legal, valid and binding obligation of such ACRA Investment Entity enforceable against such ACRA Investment Entity in accordance with its terms, except to the extent that enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Applicable Laws affecting creditors' rights generally and general principles of equity, regardless of whether enforcement is sought in a proceeding in equity or at law.

(c) No Conflict. None of the execution, delivery or performance by such ACRA Investment Entity of this Agreement, its compliance with the terms and provisions hereof or the consummation of the transactions contemplated herein, (i) will require any applicable waiting period of, consent, approval or non-disapproval of, registration or filing with, or other action by, any Governmental Authority or other Person, except (x) such as have been obtained or made and are in full force and effect and (y) any actions necessary to obtain licensure as an insurance company with the Bermuda Monetary Authority, (ii) will violate any applicable provision of any Applicable Law or any writ, injunction, order or decree of any Governmental Authority applicable to such ACRA Investment Entity, (iii) will violate or conflict with any provision of the Constituent Documents of such ACRA Investment Entity or (iv) will result in a breach of, or constitute a default (or event which, with the giving of notice or lapse of time, or both, would become a default) under, or give any Person any rights of termination, acceleration or cancellation, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of such ACRA Investment Entity pursuant to the terms of, any indenture, mortgage, deed of trust, loan agreement, credit agreement or other material agreement or instrument to which such ACRA Investment Entity is a party or by which it or any of its property or assets are bound or to which it may be subject, or, except, in the case of each of clauses (ii) and (iv), where such breach, default, termination, acceleration, cancellation or Lien would not reasonably be expected, individually or in the aggregate, to result in a material adverse effect on such ACRA Investment Entity's ability to perform its obligations under this Agreement.

(d) Governmental Licenses. Each ACRA Party that is a part of such ACRA Investment Entity's ACRA Silo will have all Permits necessary to conduct its business as currently contemplated prior to engaging or transacting such business, except in such cases where the failure to have a Permit would not reasonably be expected to have a material adverse effect on such ACRA Party's ability to perform its obligations under this Agreement. All Permits that are material to the conduct of each ACRA Party's, that is a part of such ACRA Investment Entity's ACRA Silo, business will be valid and in full force and effect prior to such ACRA Investment Entity engaging in or transacting such business.

ARTICLE VII DISPUTE RESOLUTION

Section 7.01 Arbitration.

(a) If the parties cannot mutually resolve a dispute that arises or relates to this Agreement, including, without limitation, the validity of this Agreement, then such dispute will be finally settled by arbitration in accordance with the provisions of this Article VII.

(b) To initiate arbitration, any party will notify the other parties of its desire to arbitrate, stating the nature of the dispute and the remedy sought.

(c) Any arbitration pursuant to this Section 7.01 will be conducted before a panel of three (3) arbitrators who will be (i) current or former officers of life insurance or life reinsurance companies other than the parties to this Agreement, their Affiliates or Subsidiaries, or (ii) other professionals with experience in life insurance or reinsurance that have not performed services for either party or their Affiliates or Subsidiaries within the five (5) years preceding the initiation of such arbitration. Each of the arbitrators will be familiar with the prevailing customs and practices for reinsurance in the life insurance and life reinsurance industry in the United States and Bermuda. ALRe will appoint one arbitrator and the ACRA Investment Entities will appoint one arbitrator, and the two (2) so appointed will select the third arbitrator who shall be independent and impartial. If either ALRe or the ACRA Investment Entities refuse or fail to appoint an arbitrator within sixty (60) days after the other party/parties has given written notice to such party/parties of its arbitrator appointment, the party/parties that has given notice may appoint the second arbitrator. If the two (2) arbitrators do not agree on a third arbitrator within thirty (30) days of the appointment of the second arbitrator, then the third arbitrator shall be selected by the ARIAS-U.S. Umpire Selection Procedure (available at www.ARIAS-US.org), subject to the arbitrator qualification requirements of this paragraph.

(d) Each arbitration hearing under this Agreement will be held on the date set by the arbitrators at a mutually agreed upon location. In no event will this date be later than six (6) months after the appointment of the third arbitrator. As soon as possible, the arbitrators will establish arbitration procedures as warranted by the facts and issues of the particular case. Notwithstanding Section 8.01, the arbitration and this Section 7.01 shall be governed by Title 9 (Arbitration) of the United States Code.

(e) The decision of the arbitrators will be made by majority rule and will be final and binding on the parties that participated in such arbitration, unless: (i) the decision was procured by corruption, fraud or other undue means; (ii) there was evident partiality by an arbitrator or corruption in any of the arbitrators or misconduct prejudicing the rights of any party; or (iii) the arbitrators exceeded their powers. Subject to the preceding sentence, none of the parties that participated in such arbitration may seek judicial review of the decision of the arbitrators. The arbitrators shall enter an award which shall do justice between the parties that participated in such arbitration and the award shall be supported by written opinion; provided, however, that in no event shall the arbitrators award any punitive, special, incidental, treble, bad faith, tort, exemplary or consequential damages.

(f) Unless the arbitrators decide otherwise, each party that participates in an arbitration will bear the expense of its own arbitration activities, including its appointed arbitrator and any outside attorney and witness fees. The parties participating in an arbitration will jointly bear the expense of the third arbitrator.

(g) ALRE AND EACH ACRA INVESTMENT ENTITY HEREBY WAIVE ANY AND ALL RIGHTS TO TRIAL BY JURY IN ANY MATTER ARISING OUT OF OR RELATING TO THIS AGREEMENT.

ARTICLE VIII MISCELLANEOUS

Section 8.01 Governing Law and Jurisdiction.

(a) This Agreement shall be governed by and construed in accordance with Bermuda law (without regard to any choice of law or conflict of law principles or rules that would cause the application of any laws or rules of any other jurisdiction). The parties agree that the courts in Bermuda have jurisdiction to hear any matter relating to compelling arbitration or enforcing the judgment of an arbitral panel, and the parties hereby consent to such jurisdiction. Each party hereby waives, to the fullest extent permitted by law, any objection it may now or hereafter have to the laying of such venue, or any claim that a proceeding has been brought in an inconvenient forum. In addition, ALRe and each ACRA Investment Entity hereby consent to service of process out of such courts at the addresses set forth in Section 8.06.

(b) The provisions of this Section 8.01 are not meant to supplement any arbitration or other dispute resolution process contained in Article VII, the Fee Capitalization Agreement, any Reinsurance Program Agreement or any Transaction Agreement. In this regard, and for the avoidance of doubt, this Section 8.01 is not meant to conflict with, supersede or serve as a condition precedent to the arbitration or other dispute resolution process contained in Article VII, the Fee and Capitalization Agreement, any Reinsurance Program Agreement or any Transaction Agreement.

Section 8.02 Offset and Recoupment Rights.

(a) Any debits or credits incurred in favor of or against an ACRA Party, on the one hand, or an Athene Party, on the other hand, with respect to this Agreement are deemed mutual debits or credits, as the case may be, and, to the fullest extent permitted under Applicable Law, may be set off and recouped, and only the net balance shall be allowed or paid.

(b) Notwithstanding anything to the contrary in this Agreement, the Fee and Capitalization Agreement, any Reinsurance Program Agreement or any Transaction Agreement, any Athene Party and any ACRA Party shall have the right

hereunder, to the fullest extent permitted under Applicable Law, to offset or recoup any undisputed amounts due or owing by it (or to become due or owing) to any other Person under this Agreement against any undisputed amounts due or owing by such other Person under any Transaction Agreement to it; provided, however, that (i) any Athene Party may only apply such offset or recoupment to any ACRA Party that comprises the ACRA Silo in which the applicable ACRA Party so owing the Athene Party comprises and (ii) any ACRA Party may only apply such offset or recoupment to the applicable Athene Party if such Athene Party has amounts due or owing to any ACRA Party that comprises the same ACRA Silo as the ACRA Party so owed. For the avoidance of doubt, any debits or credits incurred in favor of or against an ACRA Party from one ACRA Silo may not be set off or recouped against any debits or credits incurred in favor of or against an ACRA Party from a different ACRA Silo.

(c) The rights of offset and recoupment set forth in this Section 8.02 (i) are in addition to any rights of offset that may exist under Applicable Law and (ii) may be enforced notwithstanding any other provision of this Agreement, the Fee and Capitalization Agreement, any Reinsurance Program Agreement or any Transaction Agreement.

Section 8.03 Severability. It is the desire and intent of the parties that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated by a court of competent jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 8.04 Binding Effect; Assignment; No Third Party Benefit. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and permitted assigns. Except as otherwise expressly provided in this Agreement, neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assigned by any party without the consent of the other parties. Nothing in this Agreement, express or implied, is intended to or shall confer upon any Person other than the parties hereto, and their respective heirs, legal representatives, successors, and permitted assigns, any rights, benefits, or remedies of any nature whatsoever under or by reason of this Agreement.

Section 8.05 Amendments; Waivers.

(a) Neither this Agreement nor any provisions hereof may be amended or modified except pursuant to an agreement or agreements in writing entered into by all of the parties hereto. Neither this Agreement nor any provisions hereof may be waived except pursuant to an instrument in writing executed by each party waiving compliance.

(b) No failure or delay by a party hereto in exercising any right, power, or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of each party hereunder are cumulative and are not exclusive of any rights or remedies that it would otherwise have.

Section 8.06 Notices.

(a) All notices, requests, consents and other communications hereunder to any party shall be deemed to be sufficient if contained in a written instrument delivered in person or sent by facsimile, electronic mail or nationally-recognized overnight courier, addressed to such party at the address set forth below or such other address as may hereafter be designated in writing by such party to the other parties:

(i) if to ACRA 1A, to:

Athene Co-Invest Reinsurance Affiliate 1A Ltd.
Second Floor, Washington House 16 Church Street
Hamilton, HM 11 Bermuda Attention: Legal Department Telecopy: (441) 279-8410

Email: legalbda@athene.bm

(ii) if to ALRe, to:

Athene Life Re Ltd.
Second Floor, Washington House 16 Church Street
Hamilton, HM 11 Bermuda Attention: Legal Department Telecopy: (441) 279-8410

Email: legalbda@athene.bm

All such notices, requests, consents and other communications shall be deemed to have been delivered and received (A) in the case of personal delivery or delivery by facsimile or electronic mail, on the date of such delivery and (B) in the case of dispatch by nationally-recognized overnight courier, on the next Business Day following such dispatch.

(b) Each party hereto may change the names or addresses where notice is to be given by providing notice to the other party of such change in accordance with this [Section 8.06](#).

Section 8.07 Entire Agreement. This Agreement and the other agreements contemplated herein constitute the entire agreement between the parties relating to the subject matter hereof and supersede any and all prior agreements and understandings, both written and oral, relating to the subject matter hereof; provided, however, that any actions properly taken prior to the date hereof pursuant to the Original Agreement are not intended to be invalidated by this Agreement. The parties hereto represent and warrant that there are no other agreements or understandings, written or oral, regarding any of the subject matter hereof other than as set forth herein and covenant not to enter into any such agreements or understandings after the date hereof, except pursuant to an amendment, modification or waiver of the provisions of this Agreement. Nothing in this Agreement shall be construed to amend, modify or change the Original Agreement (including any previous amendments thereto) for any period of time prior to the date hereof.

Section 8.08 Counterparts; Effectiveness. This Agreement may be executed by the parties hereto in any number of counterparts (and by different parties hereto on different counterparts), each of which shall be deemed an original, but all of which shall constitute one and the same agreement. Delivery of an executed counterpart or signature page of this Agreement by telecopy or email with PDF attachment shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 8.09 Further Assurances. Each party hereto shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments and documents as any other party hereto reasonably may request in order to carry out the provisions of this Agreement and the consummation of the transactions contemplated hereby.

Section 8.10 Injunctive Relief. The parties hereto acknowledge and agree that irreparable damage would occur in the event any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement without posting a bond, and shall be entitled to enforce specifically the provisions of this Agreement, in any court of competent jurisdiction in Bermuda, in addition to any other remedy to which the parties may be entitled under this Agreement or at law or in equity.

Section 8.11 Survival. [Section 4.01](#), [Article V](#), [Article VII](#) and this [Article VIII](#) shall survive the termination of this Agreement.

ACRA INVESTMENT ENTITIES

**AMENDED AND RESTATED
SHAREHOLDERS AGREEMENT**

DATED AS OF DECEMBER 31, 2021

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This **AMENDED AND RESTATED SHAREHOLDERS AGREEMENT**, dated as of December 31, 2021 (this “Agreement”), is made by and among Athene Co-Invest Reinsurance Affiliate Holding Ltd., a Bermuda exempted company (“ACRA HoldCo”), Athene Co-Invest Reinsurance Affiliate 1A Ltd., a Bermuda Class C insurer (“ACRA”), ADIP Holdings (A), L.P., a Cayman Islands limited partnership (“ADIP A”), ADIP Holdings (B), L.P., a Cayman Islands limited partnership (“ADIP B”), ADIP Holdings (C), L.P., a Cayman Islands limited partnership (“ADIP C”), ADIP Holdings (D), L.P., a Cayman Islands limited partnership (“ADIP D”), ADIP Holdings (E), L.P., a Cayman Islands limited partnership (“ADIP E”) and ADIP Holdings (Lux), L.P., a Cayman Islands limited partnership (“ADIP Lux” and, together with ADIP A, ADIP B, ADIP C, ADIP D, ADIP E and any additional limited partnership formed for the purpose of investing in ACRA that executes a counterpart to this Agreement (if such Person is not then a party to this Agreement), the “Co-Investors” and each, a “Co-Investor”), Athene Life Re Ltd., a reinsurance company organized under the laws of Bermuda (“ALRe”), Athene Asset L.P., a limited partnership organized under the laws of Bermuda (“AALP”), and, following execution of a Joinder Agreement (as defined below), any alternative investment vehicles formed from time to time in which an Athene Investor (as defined below) and the Co-Investors will make a direct investment for purposes of entering into Qualifying Transactions (as defined below) (each such alternative investment vehicle formed whose direct economic owners include an Athene Investor and the Co-Investors, a “New ACRA Investment Entity” and, together with ACRA HoldCo, the “ACRA Investment Entities”). ACRA, ACRA HoldCo, the Co-Investors, ALRe, AALP and, immediately following execution of a Joinder Agreement, any New ACRA Investment Entities, are the “Parties” and each a “Party” to this Agreement.

RECITALS

WHEREAS, ACRA and ALRe entered into that certain Amended and Restated Master Framework Agreement, originally entered into as of September 11, 2019 and amended and restated as of the date hereof (the “Master Agreement”), pursuant to which ACRA has the right, subject to the terms and conditions set forth in the Master Agreement, to elect to participate in Qualifying Transactions;

WHEREAS, pursuant to the Master Agreement, the board of directors of ACRA (the “Board”) may, in its sole discretion, exercise its rights to participate in Qualifying Transactions through any New ACRA Investment Entities, in which case ACRA will assign its right to participate in the applicable Qualifying Transactions to the applicable ACRA Investment Entity; and

WHEREAS, in order to provide for the continued stability of the business and policies of ACRA, ALRe, the Co-Investors and ACRA previously entered into that certain Shareholders Agreement, dated as of October 1, 2019 (as amended, the “Original Agreement”);

WHEREAS, Athene Holding Ltd (“Athene”), a Bermuda exempted company and the indirect parent of ALRe, is party to that certain Agreement and Plan of Merger, dated as of March 8, 2021, by and among Athene, Apollo Global Management, Inc. (“Apollo”), Tango Holdings, Inc. (“Tango Holdings”), Blue Merger Sub, Ltd. and Green Merger Sub, Inc., pursuant to which the parties have agreed to effect a merger of Athene and Apollo such that, following the closing of the transactions contemplated thereby, each of Athene and Apollo will be a wholly owned subsidiary of Tango Holdings (the foregoing transactions, collectively, the “Merger”);

WHEREAS, prior to the date hereof, ALRe (a) formed ACRA HoldCo, and (b) subsequently transferred all of the issued and outstanding shares of ACRA HoldCo to AALP in order to effect the Reorganization (as defined below);

WHEREAS, in accordance with Section 3.5 of the Original Agreement, ACRA will undergo an Approved Reorganization (as defined therein), whereby, among other things, (a) the Shareholders (as defined below) will each contribute all of their shares in ACRA to ACRA HoldCo in exchange for an equal number of shares of ACRA HoldCo and (b) ACRA HoldCo will thereafter hold 100% of the issued and outstanding shares of capital stock of ACRA (the foregoing transactions, collectively, the “Reorganization”);

WHEREAS, prior to the consummation of the Transfer (as defined below), ALRe owned shares of ACRA representing 100% of the voting rights and 36.55% of the economic interests in ACRA;

WHEREAS, prior to the date hereof, (a) Athene formed AALP as a subsidiary of ALRe and (b) ALRe thereafter contributed shares representing all of its voting and economic interest in ACRA to AALP (such contribution, the “AALP Transfer”);

WHEREAS, following the AALP Transfer and prior to the consummation of the Reorganization, AALP owned shares of ACRA representing 100% of the voting rights and 36.55% of the economic interest in ACRA, and the Co-Investors owned, directly or indirectly, shares of ACRA representing 63.45% of the economic interests in ACRA;

WHEREAS, following the consummation of the Reorganization, AALP will own shares of ACRA HoldCo representing 100% of the voting rights and 36.55% of the economic interest in ACRA HoldCo and the Co-Investors will own,

directly or indirectly, shares of ACRA HoldCo representing 63.45% of the economic interests in ACRA HoldCo, and ACRA HoldCo will own shares of ACRA representing 100% of the voting rights and economic interests in ACRA;

WHEREAS, following the consummation of the Reorganization (a) each Co-Investor will, directly or indirectly, own that number of ACRA HoldCo Class A-1 Common Shares (as defined herein), ACRA HoldCo Class A-2 Common Shares (as defined herein) and ACRA HoldCo Class A-3 Common Shares (as defined herein) set forth opposite such Co-Investor's name on Schedule A-3 and (b) the Co-Investors may each in the future own and/or commit to subscribe for an amount of New ACRA Investment Entity Class A Common Shares (as defined below) as set forth in the applicable Joinder Agreement, as any such New ACRA Investment Entity is formed from time to time hereafter;

WHEREAS, following the consummation of the Reorganization, AALP (a) will, directly or indirectly, own that number of ACRA HoldCo Class B Common Shares (as defined below) set forth opposite AALP's name on Schedule A-3 and (b) may in the future own and/or commit to subscribe for an amount of New ACRA Investment Entity Class B Common Shares (as defined below) as set forth in the applicable Joinder Agreement, as any such New ACRA Investment Entity is formed from time to time hereafter;

WHEREAS, in connection with the Reorganization and the Merger, the Parties desire to amend and restate the Original Agreement, effective as of the date hereof, subject to the terms, conditions and limitations set forth herein.

ACCORDINGLY, in consideration of the mutual covenants and agreements contained in this Agreement, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I DEFINITIONS; Certain RULES OF CONSTRUCTION

1.1 Definitions. The following terms have the following meanings:

“AALP” has the meaning set forth in the preamble.

“AALP Transfer” has the meaning set forth in the recitals.

“ACRA” has the meaning set forth in the preamble.

“ACRA Board Third Party Transfer Approval” has the meaning set forth in Section 3.2(a).

“ACRA Boards” means the Board and any New ACRA Investment Entity Board.

“ACRA Bye-laws” means the Second Amended and Restated Bye-laws of ACRA in effect as of the date hereof, as amended, supplemented or modified from time to time.

“ACRA Class A Common Shares” means ACRA's class A common shares, par value \$1.00 per share.

“ACRA Class B Common Shares” means ACRA's class B common shares, par value \$1.00 per share.

“ACRA HoldCo” has the meaning set forth in the preamble.

“ACRA HoldCo Bye-laws” means the Bye-laws of ACRA HoldCo in effect as of the date hereof, as amended, supplemented or modified from time to time.

“ACRA HoldCo Class A-1 Common Shares” means ACRA HoldCo's class A-1 common shares, par value \$1.00 per share.

“ACRA HoldCo Class A-2 Common Shares” means ACRA HoldCo's class A-2 common shares, par value \$1.00 per share.

“ACRA HoldCo Class A-3 Common Shares” means ACRA HoldCo's class A-3 common shares, par value \$1.00 per share.

“ACRA HoldCo Class A Common Shares” means, collectively, the ACRA HoldCo Class A-1 Common Shares, the ACRA HoldCo Class A-2 Common Shares and the ACRA HoldCo Class A-3 Common Shares.

“ACRA HoldCo Class B Common Shares” means ACRA HoldCo's class B common shares, par value \$1.00 per share.

“ACRA Information” has the meaning set forth in Section 3.2(a).

“ACRA Investment Entities” has the meaning set forth in the preamble.

“ADIP A” has the meaning set forth in the preamble.

“ADIP B” has the meaning set forth in the preamble.

“ADIP C” has the meaning set forth in the preamble.

“ADIP D” has the meaning set forth in the preamble.

“ADIP E” has the meaning set forth in the preamble.

“ADIP Lux” has the meaning set forth in the preamble.

“ADIP Nominees” has the meaning set forth in Section 3.9(a)(iii).

“ADIP Subscription Agreement” means that certain Amended and Restated Subscription Agreement, originally entered into on September 11, 2019 in connection with the Private Placement and amended and restated as of the date hereof, by and among each Co-Investor, ACRA, ACRA HoldCo and any New ACRA Investment Entity that executes a joinder to such agreement.

“Affiliate” means, as to any Person, any Person which directly or indirectly controls, is controlled by, or is under common control with such Person. For purposes of this definition, “control” of a Person shall mean the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether by ownership of voting stock, by contract or otherwise. For the avoidance of doubt, none of the following groups of Persons shall be considered “Affiliates” of each other for purposes of this Agreement (a) Apollo and its Subsidiaries, including Athene and its Subsidiaries (following the consummation of the Merger) or (b) the ACRA Investment Entities and their Subsidiaries.

“AEOI Compliance Failure” has the meaning set forth in Section 3.8(b)(iv).

“AEOI Regimes” has the meaning set forth in Section 3.8(b).

“Agreement” has the meaning set forth in the preamble.

“ALRe” has the meaning set forth in the preamble.

“Apollo” has the meaning set forth in the recitals.

“Apollo/Athene Representative” has the meaning set forth in Section 3.9(a)(ii).

“Apollo Group” means (i) Apollo, (ii) Athene, (iii) Athora, (iv) AAA Guarantor – Athene, L.P., (v) any investment fund or other collective investment vehicle whose general partner or managing member is owned, directly or indirectly, by Apollo or by one or more of Apollo’s Subsidiaries, (vi) BRH Holdings GP, Ltd. and its shareholders, and (vii) any Affiliate of a Person described in clause (i) through (vi) above; provided, none of (x) the ACRA Investment Entities, (y) any Subsidiary of the ACRA Investment Entities or (z) any Person employed by Athene or Athora or any of their respective Subsidiaries, the ACRA Investment Entities or any of their Subsidiaries or ISG or any of its Subsidiaries, shall be deemed for this purpose to be a member of the Apollo Group. For the avoidance of doubt, with respect to clause (ix) of this definition of “Apollo Group,” any Person managed by Apollo or one or more of its Subsidiaries pursuant to a managed account agreement (or similar arrangement) without Apollo or any of its Subsidiaries controlling such Person as a general partner or managing member shall not be part of the Apollo Group. The inclusion of Athene and Athora and their respective Subsidiaries in the Apollo Group is solely deemed for purposes of the provisions of this Agreement, and is thus referenced without any prejudice from an accounting, regulatory or control perspective.

“Apollo Representative” has the meaning set forth in Section 3.9(a)(ii).

“Applicable Law” means, with respect to any Person, all provisions of laws, statutes, ordinances, rules, regulations, permits, certificates, judgments, decisions, decrees or orders of any Governmental Authority applicable to such Person.

“Approved Reorganization” has the meaning set forth in Section 3.5(a).

“Approved Sale” has the meaning set forth in Section 3.5(a).

“Athene” has the meaning set forth in the recitals.

“Athene Group” means Athene and its Subsidiaries; provided, that (x) no other member of the Apollo Group, (y) none of the ACRA Investment Entities or any of their Subsidiaries (including, for the avoidance of doubt, ACRA HoldCo and its Subsidiaries) and (z) no Person employed by Athene, the Apollo Group, the ACRA Investment Entities, ISG or any of their respective Subsidiaries, shall be deemed to be a member of the Athene Group.

“Athene Investor” means (i) ALRe and (ii) any direct or indirect Subsidiary of ALRe that (x) is wholly owned by (A) ALRe or (B) ALRe together with directors, officers or other employees of ALRe or its Affiliates and (y) holds Class B Common Shares of any ACRA Investment Entity, as set forth in Schedule A-4 hereto or, with respect to any New ACRA Investment Entity, as set forth on Annex I-2 of the applicable Joinder Agreement.

“Athene Nominees” has the meaning set forth in Section 3.9(a)(ii).

“Athene Representative” has the meaning set forth in Section 3.9(a)(ii).

“Athene Subscription Agreement” means that certain Amended and Restated Subscription Agreement, originally entered into as of September 11, 2019 in connection with the Private Placement and amended and restated as of the date hereof, by and among ALRe, ACRA, ACRA HoldCo and any New ACRA Investment Entity that executes a joinder to such agreement.

“Athora” means Athora Holding Ltd.

“Board” has the meaning set forth in the recitals.

“Bye-laws” means the ACRA HoldCo Bye-laws, the ACRA Bye-laws and any New ACRA Investment Entity Bye-laws.

“Call Notice” has the meaning set forth in the Subscription Agreements.

“Capital Call” has the meaning set forth in the Subscription Agreements.

“Chairman” has the meaning set forth in Section 3.9(a)(ii).

“Class A Common Shares” means the ACRA HoldCo Class A Common Shares and any New ACRA Investment Entity Class A Common Shares.

“Class B Common Shares” means the ACRA HoldCo Class B Common Shares and any New ACRA Investment Entity Class B Common Shares.

“Class A Shareholders” means the Shareholders owning Class A Common Shares.

“Class B Shareholders” means the Shareholders owning Class B Common Shares.

“Closing Date” has the meaning set forth in the ADIP Subscription Agreement.

“Code” means the U.S. Internal Revenue Code of 1986, as amended.

“Co-Investors” has the meaning set forth in the preamble.

“Co-Sale Notice” has the meaning set forth in Section 3.3(a).

“Co-Sale Offeree” has the meaning set forth in Section 3.3(a).

“Commitment” means, with respect to each Shareholder, each Share for which such Shareholder has agreed to subscribe for by paying the applicable purchase price for such Share in the amount and manner set forth in the applicable Subscription Agreement.

“Common Shares” means the Class A Common Shares and the Class B Common Shares held at any time during the term of this Agreement by any Shareholder.

“Confidential Information” has the meaning set forth in Section 4.14(b).

“Conflicts Committee” has the meaning set forth in Section 3.9(a)(viii).

“Director” means a director of ACRA or any ACRA Investment Entity.

“Eligible Shareholders” has the meaning set forth in Section 3.4(a).

“Equity Securities” means all shares of capital stock of any ACRA Investment Entity or any of their respective Subsidiaries, all securities exercisable or convertible into or exchangeable for shares of capital stock of any ACRA Investment Entity or any of their respective Subsidiaries, and all options, warrants, and other rights to purchase or otherwise acquire from any ACRA Investment Entity or any of their respective Subsidiaries shares of such capital stock, including any share appreciation or similar rights, contractual or otherwise.

“Excluded Securities” means (i) Equity Securities issued in respect of or in exchange for all Shares on a pro rata basis by way of a dividend, distribution, share split, reverse share split, merger, consolidation, reorganization, recapitalization or similar transaction, (ii) Equity Securities issued upon exercise, conversion or exchange of any options, warrants, rights or other convertible securities outstanding as of the date hereof or issued after the date hereof in accordance with the terms of this Agreement or the Organizational Documents, (iii) Equity Securities issued to a third party financing source (which is not a Class B Shareholder or an Affiliate of a Class B Shareholder, or an Affiliate of an ACRA Investment Entity) in connection with a debt financing of any ACRA Investment Entity and/or any of their respective Subsidiaries, (iv) Equity Securities issued to ceding companies or other insurance companies in connection with any reinsurance agreements, (v) Equity Securities issued to a seller or sellers of a business or the assets thereof (which is not a member of the Apollo Group or the Athene Group) or issued to any other un-Affiliated Persons, in each case, in connection with any ACRA Investment Entity’s (or any of their respective Affiliates’) acquisition of such seller’s or sellers’ business or the assets thereof, whether such acquisition is in the form of a merger, consolidation, asset purchase or other similar business combination, (vi) Equity Securities issued or distributed in connection with a transaction permitted under Section 3.5 or Section 3.12(b)(i), (vii) Equity Securities issued at any time to directors, officers, employees or consultants of any ACRA Investment Entity or ISG pursuant to an ACRA HoldCo Board or an ACRA Board approved option or incentive plan of any ACRA Investment Entity or ISG and (viii) any Equity Securities issued to a Shareholder in connection with the funding in full of a capital call of such Shareholder related to an outstanding Commitment; provided, that in the case of clauses (i) through (vi), if and only to the extent such issuances or distributions are approved by the applicable ACRA Board.

“FATCA” has the meaning set forth in Section 3.8(b).

“Feeder Funds” means, collectively, the limited partners of each Co-Investor.

“FFI Agreement” has the meaning ascribed to it under the AEOI Regimes.

“Furnishing Parties” has the meaning set forth in Section 4.14(b).

“Future Shareholder” has the meaning set forth in Section 3.1.

“General Partner” has the meaning set forth in Section 3.9(a)(iii).

“GAAP” means U.S. generally accepted accounting principles.

“Governmental Authority” means any Bermudian, U.S. Federal, state, county, city, local or other governmental, administrative or regulatory authority, commission, committee, agency or body (including any court, tribunal or arbitral body and any self-regulating authority).

“Group” means:

(a) in the case of any Shareholder who is an individual and not a Class B Shareholder, (i) such Shareholder, (ii) any spouse, parent, sibling or descendant of such Shareholder, (iii) all trusts for the benefit of such Shareholder or any spouse, parent, sibling or descendants of such Shareholder and (iv) all Persons principally owned by and/or organized or operating for the benefit of any of the foregoing;

(b) in the case of any Shareholder which is a partnership and not a Class B Shareholder, (i) such Shareholder and (ii) its limited, special and general partners;

(c) in the case of any Shareholder which is a corporation or a limited liability company and not a Class B Shareholder, (i) such Shareholder and (ii) its shareholders or members as the case may be; and

(d) in the case of any Class B Shareholder, the Athene Group.

“HoldCo Board” means the board of directors of ACRA HoldCo.

“Independent Director” means any Director that does not have (and such Director’s immediate family members do not have) a material financial or other relationship with Athene or Apollo (or any of their Affiliates), as determined by the applicable ACRA Board, the HoldCo Board or a duly authorized committee thereof. Without limiting the foregoing, (a) no officer or employee of any ACRA Investment Entity or any of their respective Subsidiaries shall constitute an Independent Director and (b) no officer or employee of (i) any member of the Apollo Group described in clauses (i) through (viii) of the definition of “Apollo Group” or (ii) Apollo or any of its Subsidiaries (excluding any Subsidiary that constitutes any portfolio company (or investment) of (A) an investment fund or other investment vehicle whose general partner, managing member or similar governing person is owned, directly or indirectly, by Apollo or by one or more of its Subsidiaries or (B) a managed account agreement (or similar arrangement) whereby Apollo or one or more of its Subsidiaries serves as general partner, managing member or in a similar governing position) shall constitute an Independent Director.

“Initial Subscribing Shareholder” has the meaning set forth in Section 3.4(d).

“Insolvency Event” means: (a) an ACRA Investment Entity or any Subsidiary thereof shall commence a voluntary case or other Proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar Applicable Law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other Proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing; (b) an involuntary case or other Proceeding shall be commenced against an ACRA Investment Entity or any Subsidiary thereof seeking liquidation, reorganization or other relief with respect to it or its debts under bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other Proceeding shall remain undismissed and unstayed for a period of sixty (60) days; or (c) an order for relief shall be entered against an ACRA Investment Entity or any Subsidiary thereof under the bankruptcy laws in effect at such time.

“Investment Company Act” means the United States Investment Company Act of 1940, as amended from time to time, and the rules and regulations promulgated thereunder, and any successor statute.

“IRS” has the meaning set forth in Section 3.8(b)(i).

“ISG” means Apollo Insurance Solutions Group LP (or any successor entity thereto).

“Joinder Agreement” has the meaning set forth in Section 2.2(a).

“Limited Partners” means, collectively, the limited partners of each Feeder Fund.

“Liquidation” means: (a) any Insolvency Event; (b) any Sale of an ACRA Investment Entity; or (c) any dissolution or winding up of an ACRA Investment Entity, other than any dissolution, liquidation or winding up in connection with any reincorporation of an ACRA Investment Entity in another jurisdiction.

“Master Agreement” has the meaning set forth in the recitals.

“Merger” has the meaning set forth in the recitals.

“New ACRA Investment Entity” has the meaning set forth in the preamble.

“New ACRA Investment Entity Board” means the board of directors of any New ACRA Investment Entity.

“New ACRA Investment Entity Bye-laws” means the bye-laws of each New ACRA Investment Entity that executes a Joinder Agreement, in effect as of the date such Joinder Agreement is executed, as amended, supplemented or modified from time to time.

“New ACRA Investment Entity Class A Common Shares” means the class A common shares of each New ACRA Investment Entity, the par value of such class A common shares to be set forth in the Joinder Agreement executed by such New ACRA Investment Entity.

“New ACRA Investment Entity Class B Common Shares” means the class B common shares of each New ACRA Investment Entity, the par value of such class B common shares to be set forth in the Joinder Agreement executed by such New ACRA Investment Entity.

“New Securities” means all newly-issued Equity Securities other than Excluded Securities.

“Nominee” has the meaning set forth in Section 3.5(d).

“Organizational Documents” means the Certificate of Incorporation, the Memorandum of Association and the Bye-laws of each ACRA Investment Entity in effect as of the date hereof (or, with respect to any New ACRA Investment Entity, in effect as of the date such New ACRA Investment Entity executes a Joinder Agreement), as the same may be amended, modified or supplemented after the date hereof.

“Original Agreement” has the meaning set forth in the recitals.

“Other Eligible Shareholder” has the meaning set forth in Section 3.4(d).

“Parties” has the meaning set forth in the preamble.

“Pecuniary Value” means, with respect to any Shares in connection with any proposed Transfer, the portion of the aggregate consideration from such Transfer that such Shareholder would have received if the aggregate consideration for such Transfer (in the case of an asset sale, after payment or provision for all liabilities) had been distributed by an ACRA Investment Entity in a Liquidation after giving effect to Bye-law 4 of the applicable Bye-laws.

“Permitted Transfer” means:

- (a) any Transfer made in compliance with:
 - (i) Section 3.3 of this Agreement; or
 - (ii) Section 3.5 of this Agreement; or
- (b) any Transfer of Shares by a Class A Shareholder to an Affiliate of such Class A Shareholder or any limited partner or member (or Affiliate thereof) of such Class A Shareholder;
- (c) any pledge of capital stock by a Shareholder to, and any foreclosure and subsequent Transfer of capital stock by, a bona fide commercial bank or other lending institution to the extent such capital stock secures any loan, credit facility or other financing permitted hereunder;
- (d) any Transfer of Shares by a Class B Shareholder to any member of the Athene Group; or
- (e) any other Transfer designated by either (i) the Conflicts Committee or (ii) a majority of the Independent Directors of the applicable ACRA Board or the HoldCo Board (at the applicable ACRA Board’s or the HoldCo Board’s discretion) as a Permitted Transfer, including pursuant to a request by a Shareholder under Section 3.2(a) of this Agreement.

Other than pursuant to clause (e) above, a Transfer shall not be a Permitted Transfer if it would (i) cause any ACRA Investment Entity to be required to register under the Investment Company Act, (ii) cause ACRA, ACRA HoldCo or any other relevant ACRA Investment Entity to fail to qualify for the benefits of the Treaty or (iii) subject any ACRA Investment Entity or any member of the Athene Group or any of their respective Affiliates to adverse tax or regulatory requirements (other than de minimis requirements of general applicability).

“Person” shall be construed in the broadest sense and means and includes a natural person, a company, an enterprise, a partnership, a corporation, an association, a joint stock company, a limited liability company, a trust, a joint venture, an unincorporated organization and any other entity and any federal, state, municipal, foreign or other government, governmental department, commission, board, bureau, agency or instrumentality, or any private or public court or tribunal.

“Preemptive Offer” has the meaning set forth in Section 3.4(a).

“Preemptive Offeror” has the meaning set forth in Section 3.4(a).

“Preemptive Period” has the meaning set forth in Section 3.4(a).

“Private Placement” has the meaning set forth in the Subscription Agreements.

“Pro Rata Amount” means, as of the date of determination, with respect to any ACRA Investment Entity and any Shareholder of such ACRA Investment Entity, the quotient obtained by dividing (a) the aggregate number of outstanding Class A Common Shares and Class B Common Shares held by such Shareholder as of such date of determination by (b) the aggregate number of outstanding Class A Common Shares and Class B Common Shares held by all Shareholders or class of Shareholders (as applicable) as of such date of determination.

“Proceeding” means any action, suit, lawsuit, customer claim, warranty claim, insurance claim, counterclaim, proceeding or investigation at law, or in equity, or by or before any Governmental Authority.

“Purchase Notice” has the meaning set forth in Section 3.4(b).

“Qualifying Transaction” has the meaning set forth in the Master Agreement.

“Reorganization of an ACRA Investment Entity” means a transaction pursuant to which (a) (i) a corporation, partnership, limited liability company or other business entity is formed (such entity, the “New Holding Company”) to hold all or a majority of the Equity Securities and (ii) a contribution of such Equity Securities is made to the New Holding Company in exchange for the issuance of capital stock of the New Holding Company to the holders of such Equity Securities; or (b) an ACRA Investment Entity is restructured or reorganized to, among other things, increase the tax efficiency of such ACRA Investment Entity and its Subsidiaries by, among other things, distributing equity interests of its Subsidiaries to the Shareholders. A Reorganization of an ACRA Investment Entity may be effected by means of a sale, contribution and/or exchange of shares, a merger, recapitalization, consolidation, transfer or other transaction; provided, that after giving effect to any Reorganization of an ACRA Investment Entity, each Shareholder’s Pro Rata Amount or pro rata share of the New Holding Company, as applicable, and their pro rata indirect economic interests in the business of such ACRA Investment Entity and its Subsidiaries or of the New Holding Company, vis à vis one another and all other Shareholders and holders of other Equity Securities, shall be the same as immediately prior to such Reorganization of an ACRA Investment Entity.

“Reorganization” has the meaning set forth in the recitals.

“Representatives” has the meaning set forth in Section 4.14(a).

“Sale of an ACRA Investment Entity” has the meaning ascribed to “Sale of the Company” in the applicable Bye-laws.

“Securities Act” means the Securities Act of 1933, as amended.

“Shares” means, without duplication, (a) with respect to the Class A Shareholders, the Class A Common Shares and (b) with respect to the Class B Shareholders, the Class B Common Shares; provided, however, that for purposes of Section 3.9, “Shares” shall instead refer to the shares of ACRA held by ACRA HoldCo.

“Shareholders” means each Athene Investor and the Co-Investors; provided, however, that for purposes of Section 3.9, “Shareholder” shall instead refer to ACRA HoldCo in its capacity as the sole shareholder of ACRA.

“Subscription Agreements” means, collectively, the ADIP Subscription Agreement and the Athene Subscription Agreement.

“Subscription Increase Notice” has the meaning set forth in the ADIP Subscription Agreement.

“Subscription Period” has the meaning set forth in the ADIP Subscription Agreement.

“Subsidiary” means, with respect to any given Person, any other Person in which the first Person directly or indirectly owns or controls the majority of the equity securities or voting securities able to elect the board of directors or comparable governing body.

“Tag-Along Notice” has the meaning set forth in Section 3.3(b).

“Tango Holdings” has the meaning set forth in the recitals.

“Third Party” means, any Person that is not (a) an ACRA Investment Entity or any of its Affiliates, (b) a member of the Apollo Group or (c) a member of the Athene Group.

“Third Party Transfer” has the meaning set forth in Section 3.2(a).

“Third Party Transfer Notice” has the meaning set forth in Section 3.2(a).

“Total Commitment” has the meaning set forth in the ADIP Subscription Agreement.

“Total Shares” has the meaning set forth in the ADIP Subscription Agreement.

“Total Voting Power” means, with respect to each ACRA Investment Entity, the total votes attributable to all shares of such ACRA Investment Entity issued and outstanding, as adjusted pursuant to the applicable Bye-laws.

“Transfer” means to sell, transfer, assign, pledge, hypothecate, encumber in any way or otherwise dispose of Shares (including any economic or voting interests with respect to such Shares and including by way of hedging and other derivative transaction that limits or eliminates economic risk), either voluntarily or involuntarily and with or without consideration, excluding by employees to an ACRA Investment Entity upon a termination of employment.

“Transferee” means any Person to whom a Shareholder shall Transfer Shares.

“Treaty” means the Convention between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and Capital Gains, signed at London, England on July 24, 2001, as amended.

1.2 Certain Rules of Construction. For all purposes of this Agreement, except as otherwise expressly provided for herein or unless the context of this Agreement otherwise requires:

(a) whenever the words “include,” “includes” or “including” are used in this Agreement they shall be deemed to be followed by the words “without limitation”;

(b) the words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement, and article, section, schedule and exhibit references refer to this Agreement unless otherwise specified;

(c) the word (i) “may” shall be construed as permissive and (ii) “shall” shall be construed as imperative;

(d) a reference herein to any party to this Agreement or any other agreement or document shall be deemed to refer to any Person that becomes (or became, if applicable) a permitted successor or permitted assign of such party, upon the occurrence thereof;

(e) a reference herein to any agreement or other document is to such agreement or other document (together with the schedules, exhibits and other attachments thereto) as it may have been or may hereafter be amended, modified, supplemented, waived or restated from time to time in accordance with its terms and the terms hereof (if applicable thereto); and

(f) a reference herein to any legislation or to any provision of any legislation includes any modification or re-enactment thereof (including prior to the date hereof), any legislative provision substituted therefor and all regulations and rules issued thereunder or pursuant thereto.

ARTICLE II

FRAMEWORK

2.1 Capital Stock.

(a) The capital stock of ACRA shall consist of the ACRA Class A Common Shares and the ACRA Class B Common Shares. Subject to the ACRA Bye-laws and Section 2.3, the ACRA Class B Common Shares shall, at all times, hold one hundred percent (100%) of the Total Voting Power of ACRA.

(b) The capital stock of ACRA HoldCo shall consist of the ACRA HoldCo Class A Common Shares and the ACRA HoldCo Class B Common Shares. Subject to the ACRA HoldCo Bye-laws, the ACRA HoldCo Class B Common Shares shall, at all times, hold one hundred percent (100%) of the Total Voting Power of ACRA HoldCo.

2.2 New ACRA Investment Entities.

(a) ACRA and ALRe hereby agree to cause each New ACRA Investment Entity to execute a counterpart to this Agreement promptly upon the formation of such New ACRA Investment Entity by executing a joinder agreement, a form of which is attached hereto as Exhibit A (a “Joinder Agreement”). Each New ACRA Investment Entity shall be bound by, and entitled to the benefits of, the provisions of this Agreement immediately upon execution of such Joinder Agreement.

(b) The capital stock of each New ACRA Investment Entity shall be divided into and shall consist of the New ACRA Investment Entity Class A Common Shares, which will be held in each case by the Co-Investors, and the New ACRA Investment Entity Class B Common Shares, which will be held in each case by an Athene Investor. Subject to the applicable Bye-laws and Section 2.3, the New ACRA Investment Entity Class B Common Shares of each New ACRA

Investment Entity will hold one hundred percent (100%) of the Total Voting Power of the applicable New ACRA Investment Entity. The New ACRA Investment Entity Class A Common Shares shall, in the aggregate, constitute 63.45% (or such other percentage as determined in accordance with Section 3.11(b)) of the capital stock of each New ACRA Investment Entity, and the New ACRA Investment Entity Class B Common Shares shall, in the aggregate, constitute 36.55% (or such other percentage as determined in accordance with Section 3.11(b)) of the capital stock of each New ACRA Investment Entity, unless otherwise agreed to by ALRe and ACRA.

(c) For the avoidance of doubt, this Section 2.2 shall not apply to any existing or newly-formed subsidiary of an ACRA Investment Entity (including any subsidiary of a New ACRA Investment Entity).

2.3 Amendment of ACRA Governing Documents. ACRA and ALRe shall consult with and not act contrary to the advice of the applicable Class A Shareholders, received in writing, based on the affirmative vote of the advisory board of the Feeder Funds, with respect to the amendment of the following documents or provisions: (a) the voting rights provided in Bye-law 4.2 of the ACRA Bye-laws and corresponding bye-laws contained in each New ACRA Investment Entity Bye-laws, (b) the rights to receive dividends and other payments provided in Bye-law 4.4 and Bye-law 16 of the ACRA Bye-laws and corresponding bye-laws contained in each New ACRA Investment Entity Bye-laws, (c) the conversion rights provided in Bye-law 4.5 of the ACRA Bye-laws and corresponding bye-laws contained in each New ACRA Investment Entity Bye-laws, (d) the conflicts rights provided in Bye-law 64 and Bye-law 65 of the ACRA Bye-laws and corresponding bye-laws contained in each New ACRA Investment Entity Bye-laws, (e) the charter of any ACRA Investment Entity's Conflicts Committee if such amendment is materially adverse to the Co-Investors and (f) this Section 2.3 and Section 3.9 of this Agreement. ALRe shall not proceed with any such amendment under consideration described in this Section 2.3 to which the Class A Shareholders object in the manner described above.

2.4 Amendment of ACRA HoldCo Governing Documents. ACRA HoldCo and ALRe shall consult with and not act contrary to the advice of the applicable Class A Shareholders, received in writing, based on the affirmative vote of the advisory board of the Feeder Funds, with respect to the amendment of the following documents or provisions: (a) the voting rights provided in Bye-law 4.2 of the ACRA HoldCo Bye-laws, (b) the rights to receive dividends and other payments provided in Bye-law 4.4 and Bye-law 16 of the ACRA HoldCo Bye-laws, (c) the conversion rights provided in Bye-law 4.5 of the ACRA HoldCo Bye-laws, (d) the conflicts rights provided in Bye-law 64 and Bye-law 65 of the ACRA Bye-laws, (e) the charter of any ACRA Investment Entity's Conflicts Committee if such amendment is materially adverse to the Co-Investors and (f) this Section 2.4 and Section 3.10 of this Agreement. ALRe shall not proceed with any such amendment under consideration described in this Section 2.4 to which the Class A Shareholders object in the manner described above.

ARTICLE III

SHARES

3.1 Future Shareholders and Transfers. Unless otherwise waived in its sole discretion by the HoldCo Board or the applicable ACRA Board, the applicable ACRA Investment Entity shall require that each Person that acquires capital stock of an ACRA Investment Entity after the date hereof (or, in the case of a New ACRA Investment Entity, each Person that acquires capital stock of such New ACRA Investment Entity after the date such New ACRA Investment Entity executes a Joinder Agreement) (a "Future Shareholder"), as a condition to the effectiveness of such acquisition, execute a counterpart to this Agreement (if such Person is not then a party to this Agreement), agreeing to be treated as a Class A Shareholder or a Class B Shareholder, as applicable. Notwithstanding the foregoing, in the event that (a) any Co-Investor acquires Equity Securities from an ACRA Investment Entity, an Athene Investor and/or any other Class A Shareholder, in each case, such Equity Securities shall be deemed Class A Common Shares and shall be bound by, and entitled to the benefits of, the provisions of this Agreement and the Bye-laws applicable to Class A Common Shares and Class A Shareholders and (b) an Athene Investor acquires Equity Securities from an ACRA Investment Entity or a Class A Shareholder, in each case, such Equity Securities shall be deemed Class B Common Shares and shall be bound by, and entitled to the benefits of, the provisions of this Agreement and the Bye-laws applicable to Class B Common Shares and Class B Shareholders.

3.2 Limitations on Transfers.

(a) Subject to Section 3.2(b) and, in the case of a proposed Transfer by a Shareholder under clause (e) of the definition of Permitted Transfer, this Section 3.2(a), a Shareholder may Transfer Shares if such Transfer is a Permitted Transfer, and otherwise no Shareholder shall be permitted to Transfer any Shares held by such Shareholder or Commitments of such Shareholder to subscribe for additional Shares. For the avoidance of doubt, no Transfer that would cause ACRA, ACRA HoldCo or any other relevant ACRA Investment Entity to fail to qualify for the benefits of the Treaty shall be permitted hereunder. In the event a Shareholder requests that a proposed Transfer be approved by the applicable ACRA Board as contemplated by clause (e) of the definition of Permitted Transfer, such Shareholder may Transfer all or any of the Shares and Commitments held at the time of the proposed Transfer by such Shareholder to a Third Party (a "Third Party Transfer") upon approval of the applicable ACRA Board of such Third Party Transfer, which approval shall not be unreasonably withheld (any such approval, an "ACRA Board Third Party Transfer Approval"), and the satisfaction of the following conditions: (i) the Shareholder shall have delivered prior written notice to the applicable ACRA Investment Entity, identifying the proposed

Transferee and describing in reasonably sufficient detail the terms and conditions of the proposed Third Party Transfer (a “Third Party Transfer Notice”) accompanied by a written legal opinion (which may be an opinion of internal corporate and securities legal counsel of the Shareholder), if requested by the applicable ACRA Investment Entity, addressed to the applicable ACRA Investment Entity, and reasonably satisfactory in form and substance to the applicable ACRA Investment Entity, to the effect that the proposed Third Party Transfer (A) will be made in compliance with applicable securities laws and may be effected without registration under, or subject the applicable ACRA Investment Entity to ongoing reporting obligations under, applicable securities laws, (B) will not cause the applicable ACRA Investment Entity to be required to register under the Investment Company Act and (C) will not subject the applicable ACRA Investment Entity, ALRe or any of their respective Affiliates to additional regulatory requirements (other than de minimis requirements of general applicability) and (ii) the proposed Transferee shall have executed a confidentiality agreement on terms reasonably acceptable to the applicable ACRA Investment Entity; provided, that the primary business or other material business operations of proposed Transferee or any Affiliate of such proposed Transferee is not in the business of underwriting and/or insuring or reinsuring life insurance, annuities, or similar products anywhere in the world nor is such proposed Transferee or any Affiliate thereof an Affiliate of any entity conducting such business, unless the applicable ACRA Investment Entity in its sole discretion waives such requirement. Subject to an ACRA Board Third Party Approval and the satisfaction of the condition described in clause (ii) of the immediately preceding sentence, the applicable ACRA Investment Entity shall co-operate reasonably with the Shareholder to facilitate the delivery of information to the proposed Transferee regarding the applicable ACRA Investment Entity and the applicable Shares (“ACRA Information”) that is reasonably necessary for the proposed Transferee to evaluate the proposed Third Party Transfer; provided, that the applicable ACRA Investment Entity shall not be required to deliver any ACRA Information that (x) it reasonably determines constitutes material non-public information or the disclosure of which the applicable ACRA Investment Entity reasonably believes to be prohibited by agreement or Applicable Law or would result in a waiver of the attorney-client privilege or (y) the disclosure of which the applicable ACRA Investment Entity reasonably believes would have an adverse effect on the applicable ACRA Investment Entity or any of its Affiliates. Any purported Transfer in violation of the provisions of this Section 3.2(a) shall be null and void and shall have no force or effect.

(b) Notwithstanding anything herein to the contrary, no Transfer of any Shares by any Shareholder shall become effective unless and until the Transferee executes and delivers to the applicable ACRA Investment Entity a counterpart to this Agreement in form and substance reasonably satisfactory to the HoldCo Board or the applicable ACRA Board, unless such Transferee is already subject to this Agreement. Any Transfer of Shares by any such Shareholder not in accordance with this paragraph shall be null and void and shall have no force or effect, shall not be recorded on the books of the applicable ACRA Investment Entity, and shall not be recognized by the applicable ACRA Investment Entity.

(c) Each Co-Investor and any Future Shareholder that is an entity that was formed for the sole purpose of directly or indirectly acquiring Shares or that has no substantial assets other than Shares or direct or indirect interests in Shares agrees that (i) no common shares or other instruments reflecting equity interests may be Transferred (including any Transfer or issuance by the applicable ACRA Investment Entity) to any Person other than in accordance with the terms and provisions of this Agreement as if such common shares or other instruments reflecting equity interests were Shares and (ii) any Transfer of such common shares or other instruments reflecting equity interests shall be deemed to be a transfer of a pro rata number of Shares hereunder.

3.3 Co-Sale Rights.

(a) If at any time any Athene Investor proposes to Transfer to a Third Party (the “Co-Sale Offeree”) any Shares of an ACRA Investment Entity owned by such Athene Investor that, together with all of the Shares of such ACRA Investment Entity previously Transferred by any Athene Investor, represent in excess of ten percent (10%) of ALRe’s direct or indirect equity interest in such ACRA Investment Entity, ALRe shall, at least fifteen (15) business days before such Transfer deliver a notice (the “Co-Sale Notice”) to the applicable ACRA Investment Entity and the Class A Shareholders of the applicable ACRA Investment Entity setting forth the material terms in connection with such proposed Transfer, including (i) the number of Shares to which the Co-Sale Notice relates and the name and address of the Co-Sale Offeree, (ii) the proposed amount and type of consideration and the terms and conditions of payment offered by the Co-Sale Offeree, (iii) a description of the anticipated required indemnities by ALRe (and any Class A Shareholder of the applicable ACRA Investment Entity that may elect to participate in the proposed Transfer pursuant to this Section 3.3) and the Co-Sale Offeree and (iv) an indication that the Co-Sale Offeree has been informed of the co-sale rights provided for in this Section 3.3 and has agreed to purchase Shares in accordance with the terms hereof. For the avoidance of doubt, the granting of a pledge or security interest in any Shares owned by an Athene Investor shall not be subject to this Section 3.3.

(b) Within fifteen (15) business days after delivery of the Co-Sale Notice by ALRe, each Class A Shareholder of the applicable ACRA Investment Entity may elect to participate in the proposed Transfer by delivering to such Co-Sale Offeree a notice (the “Tag-Along Notice”) specifying the number of Class A Common Shares up to his, her or its Pro Rata Amount of such Common Shares, with respect to which such Class A Shareholder intends to exercise his, her or its rights under this Section 3.3. If none of the Class A Shareholders of the applicable ACRA Investment Entity give ALRe a timely Tag-Along Notice with respect to the sale proposed in the Co-Sale Notice, the Athene Investor may thereafter sell the Shares specified in the Co-Sale Notice on terms and conditions no more favorable, in all material respects, in the aggregate, than the terms and conditions set forth in the Co-Sale Notice. If one or more of the Class A Shareholders of the applicable ACRA Investment Entity

give ALRe a timely Tag-Along Notice, then ALRe shall use commercially reasonable efforts to cause the Co-Sale Offeree(s) to agree to acquire all Shares identified in all Tag-Along Notices that are timely given to ALRe, at an aggregate price equal to the Pecuniary Value of such Shares and upon other terms and conditions no less favorable, in all material respects, in the aggregate, than such other terms and conditions set forth in the Co-Sale Notice. If the Co-Sale Offeree(s) are unwilling or unable to acquire all Shares proposed to be included in such sale upon such terms, then ALRe may elect either to cancel such proposed sale or to allocate the maximum number of Shares that the Co-Sale Offeree is willing to purchase among the Athene Investor and the Class A Shareholders of the applicable ACRA Investment Entity giving timely Tag-Along Notices in proportion to each such Shareholder's Pro Rata Amount in relation to the Pro Rata Amount of the Athene Investor and all participating Class A Shareholders of the applicable ACRA Investment Entity; provided, that, in such circumstances, the amount of Shares set forth in each such Class A Shareholder's Tag-Along Notices (and which shall be allocated to the prospective purchase as set forth above) shall be allocated proportionately between the Class A Common Shares of such Class A Shareholders to the extent possible.

(c) The Athene Investor shall not Transfer any Shares to the Co-Sale Offeree unless such Transfer complies with this Section 3.3 and is otherwise Transferred in accordance with this Agreement.

(d) In the event that the Transfer between the Athene Investor and the Co-Sale Offeree is not completed by the later of: (i) one hundred twenty (120) days following the delivery of the Co-Sale Notice or, if required for such Transfer, one hundred twenty (120) days after the respective regulatory approval or regulatory clearance has been obtained or the respective regulatory waiting period has expired; and (ii) thirty (30) days following the satisfaction or waiver by the parties thereto of (A) all of the conditions set forth in the definitive documentation related to such Transfer (if applicable) and (B) if clause (A) does not apply, then all of the conditions identified in the Co-Sale Notice, ALRe shall serve a new Co-Sale Notice to the applicable ACRA Investment Entity and the applicable Class A Shareholders under Section 3.3(a) and permit the applicable Class A Shareholders to deliver a new Tag-Along Notice under Section 3.3(b) before completing the Transfer.

(e) Notwithstanding the foregoing, ALRe shall not be required to comply with the provisions of this Section 3.3 with respect to any Shareholder or any limited partner of any Shareholder, Co-Investor or Feeder Fund who is a Co-Sale Offeree to the extent such compliance (i.e., such Transfer pursuant to this Section 3.3) would require registration of such Transferred Shares, or subject any ACRA Investment Entity to ongoing reporting obligations, under the securities laws of any jurisdiction where any ACRA Investment Entity or ALRe would not otherwise be required to do so but for this Section 3.3, or would otherwise (i) subject any ACRA Investment Entity or ALRe to general taxation in a jurisdiction in which such ACRA Investment Entity or ALRe were not previously subject to taxation, (ii) cause ACRA, ACRA HoldCo or any other relevant ACRA Investment Entity to fail to qualify for the benefits of the Treaty or (iii) require any ACRA Investment Entity or ALRe to consent to general service of process in any jurisdiction where they are not currently subject to any such requirement.

(f) For purposes of this Section 3.3, "Third Party" shall not be deemed to include (i) any Person which has directly or indirectly invested in, or otherwise has ownership interests in, an investment fund managed or advised by Apollo Management Holdings, L.P. or its Affiliates, if the applicable Transfer is from such investment fund to such Person; or (ii) any directors, officers, employees or Affiliates of Apollo, Athene, the ACRA Investment Entities or any of their respective Subsidiaries.

3.4 Preemptive Rights

(a) If at any time from time to time (i) ACRA HoldCo or any of its Subsidiaries, or (ii) any time after the formation of a New ACRA Investment Entity, such New ACRA Investment Entity or any of its Subsidiaries ((i) and (ii), a "Preemptive Offeror"), proposes to offer New Securities to any Person after the date hereof (or, in the case of a New ACRA Investment Entity, after the date such New ACRA Investment Entity executes its Joinder Agreement), the Preemptive Offeror, as applicable, shall, prior to such offer, deliver to all Shareholders of the applicable ACRA Investment Entity an offer (the "Preemptive Offer") for such Shareholders that are able to certify to the Preemptive Offeror, as the case may be, that they are "accredited investors" (as such term is defined in Rule 501 pursuant to the Securities Act) (the "Eligible Shareholders"), to purchase that number of New Securities in connection with such proposed offering of New Securities, so that each such Shareholder would, in the aggregate, after the issuance or sale of all of such New Securities in connection with the proposed offering, hold the same Pro Rata Amount of shares of the applicable Preemptive Offeror as was held by such Shareholder prior to such issuance and sale (or, in regard to the issuance and sale by a Subsidiary of a Preemptive Offeror, its Pro Rata Amount of such New Securities). Such issue shall be at the same price and the New Securities issued to each such Shareholder shall have no less favorable terms and conditions as are applicable to the New Securities received by all other purchasers of such New Securities. The Preemptive Offer shall state (A) that the applicable Preemptive Offeror proposes to issue New Securities, (B) the amount of New Securities to be issued, (C) the terms of the New Securities, (D) the purchase price of the New Securities, (E) the portion of the New Securities available for purchase by such Shareholder and (F) any other material terms of the proposed issuance. The Preemptive Offer shall remain open and irrevocable for a period of fifteen (15) business days (the "Preemptive Period") from the date of its delivery.

(b) Each Eligible Shareholder may accept the Preemptive Offer by delivering to the Preemptive Offeror a written notice (the "Purchase Notice") within the Preemptive Period. At the closing of the issuance of such New Securities, all of the parties to the transaction shall execute such customary documents as are otherwise necessary or appropriate to effect the

transaction set forth in the Preemptive Offer. If after the Preemptive Period expires, the Preemptive Offeror proposes to offer New Securities to any Person on terms that differ from those set forth in the Preemptive Offer, the Preemptive Offeror or such Subsidiary, as the case may be, shall make a new Preemptive Offer setting forth such modified terms.

(c) The issuance of New Securities to the Eligible Shareholders who delivered a Purchase Notice shall be made on a business day, as designated by the Preemptive Offeror, not more than thirty (30) days after expiration of the Preemptive Period on those terms and conditions of the Preemptive Offer not inconsistent with this Section 3.4.

(d) Notwithstanding anything to the contrary contained herein, the Preemptive Offeror may, in order to expedite the issuance of New Securities hereunder, issue all or a portion of such New Securities to one or more Persons (each, an “Initial Subscribing Shareholder”), without complying with the provisions of this Section 3.4; provided, that, prior to such issuance, either (i) each Initial Subscribing Shareholder agrees to offer to sell to each Eligible Shareholder who is not an Initial Subscribing Shareholder (each such Shareholder, an “Other Eligible Shareholder”) such Other Eligible Shareholder’s respective Pro Rata Amount (excluding for the purposes of this calculation Shares held by Shareholders who are not Eligible Shareholders) of such New Securities on the same terms and conditions as issued to the Initial Subscribing Shareholders and in a manner which provides such Other Eligible Shareholder with rights substantially similar to the rights outlined in Sections 3.4(a) through (c) above (with such differences limited to differences reasonably necessary to reflect differences in the nature of the transactions) or (ii) the Preemptive Offeror shall offer to sell an additional amount of New Securities to each Other Eligible Shareholder only in an amount and manner which provides such Other Eligible Shareholder with rights substantially the same as the rights outlined in Sections 3.4(a) through (c) (with such differences limited to differences reasonably necessary to reflect differences in the nature of the transactions). The Initial Subscribing Shareholders and the Preemptive Offeror, as applicable, shall offer to sell such New Securities to each Other Eligible Shareholder within the Preemptive Period. In the event New Securities are sold to an Initial Subscribing Shareholder pursuant to this Section 3.4(d), the Preemptive Offeror shall not, and shall cause its applicable Subsidiary to not, declare or pay any dividend or enter into an Approved Sale until the completion of any transaction entered into with each Other Eligible Shareholder pursuant to clause (i) or (ii) above, without the consent of such Other Eligible Shareholder.

(e) Each Eligible Shareholder who elects not to purchase all or any portion of the New Securities made available to such Eligible Shareholder pursuant to this Section 3.4 hereby waives any and all rights and claims it may have with respect to or arising out of the New Securities not purchased by such Eligible Shareholder and the issuance thereof against the Preemptive Offeror, any other Shareholder, and each of their respective officers, directors, employees, agents and Affiliates.

(f) For purposes of this Section 3.4, each Eligible Shareholder may aggregate his, her or its Pro Rata Amount among other Shareholders of the applicable ACRA Investment Entity in his, her or its Group to the extent that other Shareholders of the applicable ACRA Investment Entity in his, her or its Group do not elect to purchase their respective Pro Rata Amounts.

(g) Notwithstanding the foregoing, the Preemptive Offerors shall not be required to comply with the provisions of this Section 3.4 (i) to the extent such compliance (i.e., such issuance pursuant to this Section 3.4) would (A) require registration of any New Securities where the Preemptive Offeror would not otherwise be required to do so but for this Section 3.4, (B) subject the Preemptive Offeror to general taxation in a jurisdiction in which it was not previously subject to taxation, (C) cause ACRA, ACRA HoldCo or any other relevant ACRA Investment Entity to fail to qualify for the benefits of the Treaty or (D) require the Preemptive Offeror to consent to general service of process in any jurisdiction where it is not then subject to such requirement or (ii) in the case of New Securities that are being issued by a Preemptive Offeror solely to another Preemptive Offeror.

3.5 Approved Sale; Sale of an ACRA Investment Entity; Approved Reorganization.

(a) If at any time (i) an Athene Investor proposes (A) a Sale of an ACRA Investment Entity to any Third Party, ALRe shall be entitled to deliver notice to the applicable ACRA Investment Entity that ALRe desires such ACRA Investment Entity and/or the Shareholders of the applicable ACRA Investment Entity to enter into agreements with one or more Persons that would result in a Sale of an ACRA Investment Entity or (B) a Reorganization of an ACRA Investment Entity, and (ii) the applicable ACRA Board has approved such Sale of an ACRA Investment Entity or Reorganization of an ACRA Investment Entity (subject to fulfillment of the conditions set forth in clause (i) and (ii), such Sale of an ACRA Investment Entity, an “Approved Sale” and such Reorganization of an ACRA Investment Entity, an “Approved Reorganization”), all Shareholders hereby agree to consent to and raise no objection against, and hereby agree that the applicable ACRA Investment Entity shall consent to and raise no objections against, the Approved Sale or the Approved Reorganization, and if the Approved Sale or Approved Reorganization is structured as a sale, contribution and/or exchange or issuance of the capital stock of the applicable ACRA Investment Entity (whether by merger, recapitalization, consolidation, Transfer of Equity Securities, or otherwise, as applicable), and each Shareholder shall waive, and hereby waives, any dissenter’s rights, appraisal rights or similar rights in connection with such Approved Sale or Approved Reorganization and (1) in the case of an Approved Sale, each Shareholder shall agree, and hereby agrees, to Transfer his, her or its Shares on the terms and conditions approved by ALRe, and hereby waives preemptive or other similar rights with respect to any share issuance to be effected in connection therewith, and (2) in the case of an Approved Reorganization, each Shareholder shall agree, and hereby agrees, to contribute, exchange and/or otherwise Transfer his, her or its Shares on the terms and conditions approved by ALRe and/or consent to any other transaction constituting

a Reorganization of an ACRA Investment Entity, and hereby waives preemptive or other similar rights with respect to any share issuance to be effected in connection therewith. All Shareholders of the applicable ACRA Investment Entity and the applicable ACRA Investment Entity shall take all necessary and desirable actions in connection with the consummation of the Approved Sale or Approved Reorganization, including the execution of such agreements and such instruments and other actions reasonably necessary to (I) provide the representations, warranties, indemnities, covenants, conditions, escrow agreements and other provisions and agreements relating to such Approved Sale or Approved Reorganization and (II) if applicable, to effectuate the allocation and distribution of the aggregate consideration upon any Approved Sale as set forth below; provided, that any Shareholders of the applicable ACRA Investment Entity (other than the Athene Investor) shall only be required to provide representations as to their ownership of the Common Shares, the absence of liens and encumbrances with respect to such Common Shares and their authority to enter into the Approved Sale and have it enforced; provided, further, that no Shareholder of the applicable ACRA Investment Entity (other than the Athene Investor) shall be required to (x) indemnify or contribute for any amount in excess of the gross proceeds received by such Shareholder in connection with any such Approved Sale and/or any Approved Reorganization, (y) indemnify the acquirer for the misrepresentations of any other Shareholder or (z) agree to any restrictive covenants requiring it not to compete with the acquirer or the ACRA Investment Entities or any of their respective Subsidiaries. The Shareholders shall not be required to comply with, and shall have no rights under, Sections 3.1 through 3.4 in connection with an Approved Sale or Approved Reorganization.

(b) The applicable ACRA Investment Entity shall provide the Shareholders of the applicable ACRA Investment Entity with written notice of any Approved Sale or Approved Reorganization at least five (5) business days prior to the consummation thereof. Upon the consummation of the Approved Sale, each Shareholder of the applicable ACRA Investment Entity shall receive a portion of the aggregate consideration from such Approved Sale equal to the Pecuniary Value of the Shares sold by such Shareholders as part of such Approved Sale.

(c) The obligations of the Shareholders to participate in any Approved Sale pursuant to this Section 3.5 are subject to the satisfaction of the following conditions:

(i) if any Shareholders of a class of Shares are given an option as to the form and amount of consideration to be received with respect to Shares in a class, all holders of Shares of such class will be given the same option; and

(ii) no Shareholder shall be obligated to pay more than his, her or its Pro Rata Amount of reasonable expenses incurred (based on the proportion of the aggregate transaction consideration received) in connection with a consummated Approved Sale, to the extent such expenses are incurred for the benefit of all Shareholders of the applicable ACRA Investment Entity and are not otherwise paid by the applicable ACRA Investment Entity or the acquiring party (with expenses incurred by or on behalf of a Shareholder for his, her or its sole benefit not being considered expenses incurred for the benefit of all Shareholders of the applicable ACRA Investment Entity).

(d) Each Shareholder of the applicable ACRA Investment Entity and the applicable ACRA Investment Entity hereby grants an irrevocable proxy and power of attorney to any nominee selected by a majority of all the outstanding Class B Common Shares (the “Nominee”) to take all necessary actions and execute and deliver all documents deemed necessary and appropriate by such Person to effectuate the consummation of any Approved Sale and/or any Approved Reorganization. The Shareholders of the applicable ACRA Investment Entity hereby indemnify, defend and hold the Nominee harmless (severally in accordance with their pro rata share of the consideration received in any such Approved Sale (and not jointly and severally)) against all liability, loss or damage, together with all reasonable costs and expenses (including reasonable legal fees and expenses), relating to or arising from its exercise of the proxy and power of attorney granted hereby, except to the extent relating to or arising from such Nominee’s gross negligence or willful misconduct; provided, that the Nominee may not obligate any Shareholder to indemnify or contribute for any amount in excess of the gross proceeds received by such Shareholder in connection with any such Approved Sale and/or any Approved Reorganization. Copies of any documents executed by the Nominee on behalf of any Shareholder and the applicable ACRA Investment Entity pursuant to this Section 3.5(d) shall be provided to such Shareholder and the applicable ACRA Investment Entity, as applicable, in accordance with Section 4.6.

3.6 Information Rights; Covenants.

(a) Financial Reports. Except as otherwise determined by the HoldCo Board and each ACRA Board, each ACRA Investment Entity shall deliver (in English) to each of its Shareholders:

(i) within seventy five (75) days after the end of each fiscal quarter of each ACRA Investment Entity, beginning with the quarter following the quarter in which this Agreement is executed (or, with respect to a New ACRA Investment Entity, the quarter following the quarter in which such New ACRA Investment Entity executes a Joinder Agreement), (A) consolidated unaudited balance sheet and income statement of each ACRA Investment Entity, each prepared in accordance with GAAP, except that the financial statements may omit the notes thereto, for such fiscal quarter and (B) such inputs as are reasonably required for an embedded value report for such fiscal quarter;

(ii) within four (4) calendar months after the end of each fiscal year of each ACRA Investment Entity, beginning with the fiscal year in which this Agreement is executed (or, with respect to a New ACRA Investment Entity, the fiscal year in which such New ACRA Investment Entity executes a Joinder Agreement), consolidated audited balance sheet, income statement and statement of cash flows of each ACRA Investment Entity, each prepared in accordance with GAAP (and including the notes thereto), for such fiscal year; and

(iii) to the extent the ACRA Investment Entities are required by law or pursuant to the terms of any outstanding indebtedness of the respective ACRA Investment Entity to prepare such reports, any annual reports, quarterly reports and other periodic reports pursuant to applicable securities laws or exchange listing requirements, and if such reports are actually filed with or delivered to the applicable Governmental Authority or other party, as soon as practical.

All financial statements to be delivered under this Section 3.6(a) shall be presented in a format in accordance with the books and records of the ACRA Investment Entities and their Subsidiaries and shall have been prepared in accordance with GAAP, except as otherwise noted therein, and subject to the absence of footnotes and to year-end adjustments for unaudited financial statements.

(b) Additional Information. Each Party shall provide the other Parties, upon request, with any information reasonably requested by such other Parties for purposes of determining the tax consequences to such other Parties, any of their Affiliates, any of their direct or indirect owners or any direct or indirect ceding company with respect to any of the foregoing of the transactions contemplated by this Agreement, including (i) the amount of income (if any) of any ACRA Investment Entity (or any of its Affiliates) that constitutes “related person insurance income,” (ii) whether any ACRA Investment Entity (or any of its Affiliates) qualifies for any of the exceptions in section 953(c)(3) of the Code, (iii) whether any ACRA Investment Entity (or any of its Affiliates) is a “controlled foreign corporation” or a “passive foreign investment company” within the meaning of the Code, (iv) information necessary to make a “qualified electing fund” election with respect to any ACRA Investment Entity (or any Subsidiary thereof) that is a “passive foreign investment company,” within the meaning of the Code, (v) information necessary to comply with tax reporting requirements, including under the rules applicable to “controlled foreign corporations” and “passive foreign investment companies,” or (vi) whether any person directly or indirectly making any payments to any ACRA Investment Entity (or any of its Affiliates) is subject to any tax under section 59A of the Code.

(c) Electronic Delivery. ACRA may establish a secure online dataroom on behalf of itself and/or any of the ACRA Investment Entities for the provision of information required under Sections 3.6(a) or 3.6(b) to Shareholders (including information related to the other ACRA Investment Entities), and access to such dataroom (including email notifications of the addition of a document to such dataroom) shall be provided to the person(s) designated by each Shareholder in writing. The inclusion of information in such dataroom or the filing or furnishing of any notices or reports in the manner required by any Applicable Law, or otherwise required by any securities exchange on which any ACRA Investment Entity’s securities are listed, that are publicly available shall be deemed to constitute delivery to the Shareholders of the applicable ACRA Investment Entity in compliance with Section 3.6(a) without any further action by ACRA or any of the other ACRA Investment Entities with respect to which such information relates.

(d) Confidentiality; Privilege. Notwithstanding the foregoing, the ACRA Investment Entities are not required to provide any information or documents pursuant to this Section 3.6 if doing so would violate any confidentiality obligation or would waive or diminish any attorney work-product protections, attorney-client privileges or similar protections.

(e) Feeder Fund Information. The Co-Investors shall provide ALRe with prompt written notice of: (i) any proposed amendments to (A) the limited partnership agreements of the Co-Investors and (B) the limited partnership agreements of the Feeder Funds, (ii) any side letters or other agreements proposed to be entered into between a Feeder Fund and a Limited Partner, including any proposed amendments to such side letter or other agreements, and (iii) any other actions proposed to be taken by any Co-Investor, Feeder Fund or Limited Partner that would reasonably be expected to have a material impact on the governance or operations of any ACRA Investment Entity.

(f) Independent Actuary. ACRA agrees that, in accordance with and subject to the terms and conditions of the Amended and Restated Fee and Capitalization Agreement, dated as of the date hereof, by and between ACRA and ALRe (the “Fee and Capitalization Agreement”), ACRA will engage an Independent Actuary (as defined in the Fee and Capitalization Agreement) to review the valuation of each Qualifying Transaction in which an ACRA Investment Entity (or any of its Subsidiaries) has exercised its participation right on an annual basis.

(g) Report of Certain Transactions. Each ACRA Investment Entity shall, within four (4) calendar months after the end of each fiscal year of such ACRA Investment Entity, provide the advisory board of the Feeder Funds and the Conflicts Committee of the applicable ACRA Investment Entity a report describing ordinary course transactions entered into between such ACRA Investment Entity and any member of the Apollo Group during such fiscal year.

3.7 ACRA HoldCo Class A Common Share Preference and ACRA HoldCo Class B Common Share Preference. In the event of a Liquidation, each Shareholder shall use his, her or its best efforts to ensure that the ACRA HoldCo Class A Common Shares and the ACRA HoldCo Class B Common Shares receive (out of the proceeds of such Liquidation distributable to each ACRA Investment Entity’s equityholders) the full amount that they are entitled to receive in

connection with the consummation at such time of a Liquidation for cash and the distribution of the proceeds thereof in accordance with the provisions of the applicable ACRA Investment Entity's Bye-laws.

3.8 Agreement to Provide Certain Information; AEOI.

(a) Each Shareholder agrees that upon request of the applicable ACRA Investment Entity, the Shareholder will provide to such ACRA Investment Entity any information requested that is necessary for such ACRA Investment Entity to prevent or reduce the rate of withholding on premiums or other payments it receives, to make payments to the Shareholder without or at a reduced rate of withholding, or to enable such ACRA Investment Entity (or any of its Subsidiaries) to satisfy any reporting or withholding requirements under the Code or other Applicable Law. Each Shareholder also agrees to provide, upon request by of the applicable ACRA Investment Entity, any certification or form required by law regarding such information that is requested by such ACRA Investment Entity, to the extent permissible to do so under Applicable Law. Each Shareholder acknowledges that such information may be required by law to be disclosed to taxing or Governmental Authorities or to Persons making payments to an ACRA Investment Entity (or any of its Subsidiaries), and each Shareholder hereby consents to such disclosure. Each Shareholder acknowledges that failure to provide the information requested by the applicable ACRA Investment Entity pursuant to this paragraph may result in withholding on payments made to the Shareholder consistent with Applicable Law.

(b) The U.S. tax provisions commonly known as the Foreign Account Tax Compliance Act, the regulations (whether proposed, temporary or final), including any subsequent amendments, and administrative guidance promulgated thereunder (or which may be promulgated in the future) and any applicable intergovernmental agreements in respect thereof (or any similar intergovernmental agreements which may be applicable to the ACRA Investment Entities or their Subsidiaries), including any implementing legislation, regulations and guidance promulgated (or which may be promulgated) thereunder and any subsequent amendments to any of the foregoing (“FATCA”) and similar withholding or information reporting provisions, including the “Common Reporting Standard” developed by the Organisation for Economic Co-operation and Development and any legislation, regulations, intergovernmental agreements and guidance in respect thereof (all such provisions, collectively with FATCA, the “AEOI Regimes”) impose or may impose a number of obligations on the ACRA Investment Entities or their Subsidiaries. In this regard:

(i) Each Shareholder acknowledges that, in order to comply with the provisions of the AEOI Regimes and avoid the imposition of U.S. federal withholding tax, the applicable ACRA Investment Entities may, from time to time and to the extent provided under the AEOI Regimes, (A) require further information and/or documentation from such Shareholder, which information and/or documentation may (1) include, but is not limited to, information and/or documentation relating to or concerning such Shareholder, the Shareholder's direct and indirect beneficial owners (if any), and any such Person's identity, residence (or jurisdiction of formation) and income tax status, and (2) need to be certified by such Shareholder under penalties of perjury, and (B) provide or disclose any such information and documentation to Governmental Authorities of the United States or other jurisdictions (including the U.S. Internal Revenue Service (the “IRS”)) and Persons from or through which the applicable ACRA Investment Entities or any of their Subsidiaries may receive payments or with which the ACRA Investment Entities or any of their Subsidiaries may have an account (within the meaning of the AEOI Regimes).

(ii) Each Shareholder agrees that it shall provide such information and/or documentation concerning itself and its direct and indirect beneficial owners (if any), as and when requested by any ACRA Investment Entity, as such ACRA Investment Entity, in its sole discretion, determines is necessary or advisable for such ACRA Investment Entity (or any of its Subsidiaries) to comply with its obligations under the AEOI Regimes, including, but not limited to, in connection with such ACRA Investment Entity or any of its Subsidiaries entering into or amending or modifying an FFI Agreement with the IRS and maintaining ongoing compliance with such agreement. Each Shareholder should consult its tax advisors as to the type of information that may be required from such Shareholder under this Section 3.8(b).

(iii) Consistent with the AEOI Regimes, each Shareholder agrees to waive any provision of law of any jurisdiction that would, absent a waiver, prevent the applicable ACRA Investment Entities' (or any of their Subsidiaries') compliance with their obligations under the AEOI Regimes, including under any FFI Agreement, and hereby consents to the disclosure by the applicable ACRA Investment Entities or any of their Subsidiaries of any information regarding such Shareholder (including information regarding its direct and indirect beneficial owners, if any) as such ACRA Investment Entities or their Subsidiaries determine is necessary or advisable to comply with the AEOI Regimes (including the terms of any FFI Agreement).

(iv) Each Shareholder acknowledges that if such Shareholder does not timely provide and/or update the requested information and/or documentation or waiver, as applicable (an “AEOI Compliance Failure”), the applicable ACRA Investment Entities may, in their sole and absolute discretion and in addition to all other remedies available at law, in equity or under this Agreement, cause such Shareholder to withdraw from the applicable ACRA Investment Entities in whole or in part.

(v) To the extent that the ACRA Investment Entities or any Affiliate thereof suffers any withholding taxes, interest, penalties or other expenses or costs on account of any Shareholder's AEOI Compliance Failure,

unless otherwise agreed by the applicable ACRA Investment Entity, (A) such Shareholder shall promptly pay upon demand by the applicable ACRA Investment Entity to such ACRA Investment Entity, or, at the applicable ACRA Investment Entity's direction, to the relevant Subsidiary, an amount equal to such withholding taxes, interest, penalties and other expenses and costs, or (B) the applicable ACRA Investment Entity may reduce the amount of the next distribution or distributions which would otherwise have been made to such Shareholder or, if such distributions are not sufficient for that purpose, reduce the proceeds of liquidation otherwise payable to such Shareholder by an amount equal to such withholding taxes, interest, penalties and other expenses and costs; provided, that (1) if the amount of the next succeeding distribution or distributions or proceeds of liquidation is reduced, such amount shall include an amount to cover interest on the amount of such withholding taxes, interest, penalties and other expenses and costs at the lesser of (I) the rate of two percent (2%) per annum over the rate of interest announced publicly from time to time by JPMorgan Chase Bank in New York, New York as such bank's prime rate, and (II) the maximum rate permitted by Applicable Law, and (2) should the applicable ACRA Investment Entity elect to so reduce such distributions or proceeds, the applicable ACRA Investment Entity shall use commercially reasonable efforts to notify such Shareholder of its intention to do so. Whenever the ACRA Investment Entities make any such reduction of the proceeds payable to a Shareholder pursuant to clause (ii) of the preceding sentence, for all other purposes such Shareholder may be treated as having received all distributions (whether before or upon liquidation) unreduced by the amount of such reduction. Unless otherwise agreed to by the applicable ACRA Investment Entity in writing, each Shareholder shall indemnify and hold harmless the ACRA Investment Entities and their Subsidiaries from and against any withholding taxes, interest, penalties or other expenses or costs with respect to such Shareholder's AEOI Compliance Failure.

(vi) Each Shareholder acknowledges that each applicable ACRA Investment Entity (or the applicable Subsidiary thereof) will determine in its sole discretion how to comply with the AEOI Regimes.

(vii) Each Shareholder acknowledges and agrees that it shall have no claim against the ACRA Boards or the ACRA Investment Entities (or their Subsidiaries) for any damages or liabilities attributable to any AEOI Regimes compliance-related determinations pursuant to Section 3.8(b)(vi).

3.9 Board of Directors.

(a) Subject to Section 3.9(b), each Shareholder shall take all actions necessary or desirable, including voting all Shares held by such Shareholder, so that:

(i) the authorized number of Directors on each ACRA Board shall be eleven (11), with each ACRA Board having the authority to designate a Chairman (as defined below) and a Vice Chairman;

(ii) seven (7) members of each ACRA Board shall be individuals nominated by ALRe, which shall include (A) the Chairman of each ACRA Board (the "Chairman"), (B) one (1) representative from Apollo (the "Apollo Representative"), (C) one (1) representative from Athene (the "Athene Representative"), (D) two (2) additional representatives from Apollo or Athene, as selected by Athene (the "Apollo/Athene Representatives") and (E) two (2) Independent Directors ((A) through (E), collectively, the "Athene Nominees");

(iii) four (4) members of each ACRA Board shall be individuals nominated by the Co-Investors (through Apollo ADIP Advisors, L.P., (the "General Partner") as general partner of the Co-Investors), at least three (3) of which shall be Independent Directors (the "ADIP Nominees");

(iv) each ACRA Board shall be separated into three (3) classes, with each class serving a five (5) year term;

(v) subject to the requirements of Section 3.9(b), at the end of each five (5) year term, ALRe shall re-nominate the Chairman, the Apollo Representative and the Athene Representative to serve for an additional five (5) year term;

(vi) the Board, immediately following the effectiveness of this Agreement, shall be composed of the members set forth on Schedule B;

(vii) subject to the requirements of the ACRA Bye-laws regarding vacancies on the Board, and any corresponding bye-law contained in each New ACRA Investment Entity Bye-laws, each ACRA Board shall, at all times, be comprised of at least four (4) Independent Directors; and

(viii) each ACRA Board shall have:

(A) a Conflicts Committee consisting of five (5) Directors selected by the applicable ACRA Board from among the Athene Nominees that are Independent Directors and the ADIP Nominees that are Independent Directors;

(B) an Audit Committee; and

(C) a Transaction Committee consisting of three (3) Directors, which shall be the Chairman, the Apollo Representative and the Athene Representative.

(b) Pursuant to the Twelfth Amended and Restated Bye-laws of Athene, any vote for the appointment, removal or remuneration of directors of a non-U.S. subsidiary of Athene must be referred to the shareholders of Athene. Following the expiration of each Director's term, ALRe shall use reasonable best efforts to cause the board of directors of Athene to recommend that the shareholders of Athene vote in favor of the proposal to authorize the election or re-election of the Athene Nominees and the ADIP Nominees, as the case may be. Subject to Bye-law 43.2(c) of the ACRA Bye-laws, and any corresponding bye-law contained in each New ACRA Investment Entity Bye-laws, in the event that the shareholders of Athene vote against the proposal to authorize the election of any Athene Nominee or ADIP Nominee, the then-existing Directors shall use reasonable best efforts to cause such vacancy to be filled so that, (a) any vacant seat that had been filled by an Athene Nominee shall be filled by an individual selected by the remaining Directors that are Athene Nominees and (b) any vacant seat that had been filled by an ADIP Nominee shall be filled by an individual selected by the remaining Directors that are ADIP Nominees; provided, that any vacant seat that had previously been filled by an ADIP Nominee that was nominated by the General Partner in accordance with that certain Letter Agreement, dated October 25, 2019, by and among ADIP E, the General Partner and the LP (as defined in such Letter Agreement) (the "Investor Letter Agreement"), shall be filled by an individual selected by the General Partner in accordance with the terms of the Investor Letter Agreement, such that the same proportion of Directors are Athene Nominees and ADIP Nominees as would be required pursuant to Section 3.9(a).

(c) Notwithstanding the foregoing, subject to the applicable Bye-laws, each ACRA Board may approve a change in the number of Directors on the Board or on any Committee thereof; provided, that no change in the number of Directors that constitutes the entire ACRA Board or any Committee thereof of one ACRA Board may be made without making corresponding changes to the number of Directors or Committee members of each other ACRA Board; provided, further, that no change in the number of Directors on the Board or any Committee thereof that would alter the proportion of ADIP Nominees as compared to Athene Nominees shall be permitted unless the applicable ACRA Board consults with and does not act contrary to the advice of the Class A Shareholders, received in writing, based on the affirmative vote of the advisory board of the Feeder Funds.

3.10 HoldCo Board of Directors.

(a) Each Shareholder shall take all actions necessary or desirable, including voting all Shares held by such Shareholder, so that:

(i) the authorized number of Directors on the HoldCo Board shall be equal to the authorized number of Directors on the Board, and the Chairman and Vice Chairman of the HoldCo Board shall be the Chairman and Vice Chairman of the Board, as applicable; and

(ii) the members of the HoldCo Board shall at all times be identical to the members of the Board, with identical classes and terms; and

(iii) the requirements of Section 3.9 are satisfied.

(b) The HoldCo Board shall delegate authority to review and approve all Apollo/Athene Conflicts (as defined in the ACRA HoldCo Bye-laws) to the Conflicts Committee of the Board, and all such Apollo/Athene Conflicts, including any exceptions thereto, shall be reviewed in accordance with the Conflicts Committee Charter and the Conflicts Committee Procedures.

(c) ACRA HoldCo and ALRe shall consult with and not act contrary to the advice of the applicable Class A Shareholders, received in writing, based on the affirmative vote of the advisory board of the Feeder Funds, with respect to any amendment of this Section 3.10.

3.11 Acquisitions and Capitalization. The ACRA Investment Entities agree that they will only deliver Call Notices and make Capital Calls (as each such term is defined in the Subscription Agreements) pursuant to the Subscription Agreements, the Master Agreement and the Fee and Capitalization Agreement.

3.12 Sales between Shareholders.

(a) Sales between Co-Investors.

(i) Notwithstanding anything to the contrary herein, if (A) during the Subscription Period, any Co-Investor delivers a Subscription Increase Notice to the ACRA Investment Entities in accordance with Section 1.1(b) of the ADIP Subscription Agreement or (B) upon an Investor Event of Default (as defined in the ADIP Subscription Agreement), each

Co-Investor agrees to sell a portion of its Shares to the other Co-Investors as necessary, such that, following the adjustment of each Co-Investor's Total Commitment or Capital Call pursuant to the Subscription Increase Notice or Section 3.6(c) of the ADIP Subscription Agreement, each Co-Investor holds the number of Shares of each ACRA Investment Entity in existence at such time and has contributed capital to the applicable ACRA Investment Entities equal to its pro rata portion of the Total Shares and the Total Commitment.

(ii) The sale and purchase of Shares pursuant to this Section 3.12(a) shall be made at the initial purchase price paid by the Co-Investors for such Shares *plus* a cost of carry equal to six percent (6%) (compounded annually) calculated from the Closing Date, unless there has been a material change or significant event relating to an ACRA Investment Entity that would, in the sole discretion of the General Partner, render it more appropriate to ascribe a different valuation to the cost of carry.

(iii) Immediately upon any Co-Investor's delivery of a Subscription Increase Notice or upon an Investor Event of Default, as applicable, the General Partner shall cause the applicable Co-Investors to execute any Share transfer required under this Section 3.12(a), and immediately upon such transfer each applicable ACRA Investment Entity shall update Schedule A-1 and shall make any necessary updates to the applicable register of Shareholders pursuant to the applicable By-laws. In addition, the Parties acknowledge and agree that Exhibit A-1 to the ADIP Subscription Agreement shall automatically be amended and restated to reflect any adjustments next to each Co-Investor's name as contemplated by this Section 3.12(a).

(b) Issuance of Additional Shares to Athene Investor.

(i) Notwithstanding anything to the contrary herein, if at any time ACRA (or any other relevant ACRA Investment Entity) determines, in its sole discretion, that the ownership or anticipated ownership of Shares by any Co-Investor could cause ACRA (or such other relevant ACRA Investment Entity) to fail to qualify for the benefits of the Treaty at any time while this Agreement is in effect, the parties hereto agree that an Athene Investor will be permitted to purchase from each applicable ACRA Investment Entity, and each applicable ACRA Investment Entity will be required to issue and sell new Shares to an Athene Investor (such Shares, the "True-up Shares" and the date such Athene Investor purchases such Shares, the "True-up Date"), in such amount as ACRA determines, in its sole discretion, is necessary or appropriate to ensure that, following the consummation of such purchase, sale and issuance, ACRA (and each other relevant ACRA Investment Entity) will qualify for the benefits of the Treaty.

(ii) The purchase, sale and issuance of the True-up Shares shall be made at the initial purchase price paid by the Co-Investors for the Shares, *minus* the amount of any dividends paid by the relevant ACRA Investment Entity (including, in the case of ACRA HoldCo, dividends paid by ACRA prior to the Reorganization) to the Shareholders prior to the True-up Date, *plus* the amount of any capital contributions made by the Shareholders to the relevant ACRA Investment Entity (including, in the case of ACRA HoldCo, such contributions to ACRA prior to the Reorganization) prior to the True-up Date, *plus* a cost of carry equal to six percent (6%) (compounded annually) calculated from the Closing Date, unless there has been a material change or significant event relating to an ACRA Investment Entity that would, in the sole discretion of ACRA, render it more appropriate to ascribe a different valuation to the cost of carry (the amount paid per True-up Share, the "True-up Share Price").

(iii) Notwithstanding anything to the contrary herein, if at any time following an issuance of True-up Shares pursuant to Section 3.12(b)(i) ACRA (or any other relevant ACRA Investment Entity) determines, in its sole discretion, that the issuance of True-up Shares exceeded the minimum amount of Shares necessary or appropriate to ensure that ACRA (and each other relevant ACRA Investment Entity) qualifies for the benefits of the Treaty, then the parties hereto agree that ACRA and each applicable ACRA Investment Entity will be required to redeem and purchase from the Athene Investors, and the Athene Investors will be required to return and sell to ACRA and each applicable ACRA Investment Entity a number of True-up Shares (such redeemed True-up Shares, the "Redemption Shares," and each date that ACRA redeems such True-up Shares, a "Redemption Date") as ACRA determines, in its sole discretion, is necessary or appropriate to reduce the Athene Investors' economic ownership to as close to, but not less than, thirty-three percent (33%) as possible without causing ACRA (or any other relevant ACRA Investment Entity) to fail (either as of the Redemption Date or any other future date) to qualify for the benefits of the Treaty.

(iv) The purchase, sale and issuance of the Redemption Shares shall be made at the True-up Share Price, *minus* the amount of any dividends paid by the relevant ACRA Investment Entity (including, in the case of ACRA HoldCo, dividends paid by ACRA prior to the Reorganization) to the Shareholders prior to the applicable Redemption Date, *plus* the amount of any capital contributions made by the Shareholders to the relevant ACRA Investment Entity (including, in the case of ACRA HoldCo, such contributions to ACRA prior to the Reorganization) prior to the applicable Redemption Date, *plus* a cost of carry equal to six percent (6%) (compounded annually) calculated from the True-up Date, unless there has been a material change or significant event relating to an ACRA Investment Entity that would, in the mutual agreement of ACRA and ALRe, render it more appropriate to ascribe a different valuation to the cost of carry.

(v) ACRA shall deliver notice to the Co-Investors and ALRe of any purchase, sale, issuance or redemption of Shares it determines is necessary or appropriate under this Section 3.12(b). Upon any issuance or redemption

pursuant to this Section 3.12(b), each applicable ACRA Investment Entity shall update Schedule A-1 and Schedule A-2, and shall make any necessary updates to the applicable register of Shareholders pursuant to the applicable Bye-laws. In addition, the Parties acknowledge and agree that Exhibit A-1 to the Athene Subscription Agreement shall automatically be amended and restated to reflect any adjustments next to the Athene Investors' names as contemplated by this Section 3.12(b).

(vi) The specific timing of any purchase, sale, issuance or redemption made pursuant to this Section 3.12(b) shall be determined by ACRA in its sole discretion.

3.13 Treaty. Notwithstanding any other provision of this Agreement, no Shareholder may (i) sell, assign, pledge, mortgage, charge or otherwise transfer in any manner whatsoever all or any part of its ownership interest in any ACRA Investment Entity or (ii) permit any person to sell, assign, pledge, mortgage, charge or otherwise transfer in any manner whatsoever all or any part of its direct or indirect ownership interest in such Shareholder, if in either case, ACRA or any ACRA Investment Entity determines, in its sole discretion, that such sale, assignment, pledge mortgage, charge or other transfer could reasonably be expected to cause ACRA or such ACRA Investment Entity to fail to qualify for the benefits of the Treaty.

ARTICLE IV MISCELLANEOUS

4.1 Termination. This Agreement shall automatically terminate and be of no further force or effect upon the repurchase of all of the Common Shares by each ACRA Investment Entity in accordance with Section 3.3 of the Subscription Agreements or at any such time that the only Shareholders of each ACRA Investment Entity are one (1) or more members of the Athene Group.

4.2 Governing Law; Consent to Jurisdiction and Venue; Waiver of Jury Trial.

This Agreement shall be governed by and construed in accordance Bermuda law, without giving effect to any law or rule that would cause the laws of any jurisdiction other than Bermuda to be applied.

ANY ACTION OR PROCEEDING AGAINST THE PARTIES RELATING IN ANY WAY TO THIS AGREEMENT MAY ONLY BE BROUGHT AND ENFORCED IN THE COURTS OF BERMUDA, AND THE PARTIES IRREVOCABLY SUBMIT TO THE JURISDICTION OF SUCH COURTS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING. EACH OF THE PARTIES IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH ACTION OR PROCEEDING IN THE COURTS OF BERMUDA AND ANY CLAIM THAT ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN ANY INCONVENIENT FORUM. THE PARTIES AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENTERED IN AND ENFORCED IN ANY COURT HAVING JURISDICTION THEREOF.

EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

4.3 Severability. It is the desire and intent of the Parties that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated by a court of competent jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

4.4 Assignments; Successors and Assigns. Except in connection with any Transfer of Shares in accordance with this Agreement, the rights of each Party under this Agreement may not be assigned. This Agreement shall bind and inure to the benefit of the Parties and their respective successors, permitted assigns, legal representatives and heirs.

4.5 Amendments; Waivers. Subject to Section 2.3, this Agreement may only be modified or amended by an instrument in writing signed by each of (a) each ACRA Investment Entity and (b) the holders of the Class B Common Shares; provided, however, that (i) any amendment or modification that is adverse to Class A Shareholders and does not adversely affect the Class B Shareholders in a similar and proportionate manner shall require the consent of at least a majority of the Class A Shareholders, (ii) any amendment or modification that would materially, adversely and disproportionately affect the rights, obligations, powers or preferences of any class of Common Shares without similarly affecting the rights, obligations, powers or preferences of all classes of Common Shares shall require the consent of the holders of at least a majority of Common Shares of such class so affected, (iii) any amendment or modification that would materially, adversely and disproportionately

affect the rights, obligations, powers or preferences of any Shareholder with respect to a class of Shares, in his, her or its capacity as a holder of such class of Shares without similarly affecting the rights, obligations, powers or preferences of all holders of such class of Shares, shall not be effective as to such Shareholder without his, her or its prior written consent, (iv) ACRA shall automatically amend Schedule A hereto without the consent of the Shareholders and shall distribute such amended Schedule A to each of the Shareholders upon any change in any Shareholder's information thereon, such as a change in the Shareholder's notice information and a Transfer of Shares by a Shareholder in accordance with this Agreement, (v) each New ACRA Investment Entity shall automatically amend the schedule of capital stock attached to its Joinder Agreement as Annex I thereto, and such schedule shall be incorporated as an exhibit to this Agreement without the consent of the Shareholders, and such New ACRA Investment Entity shall distribute such amended schedule of capital stock to each of the Shareholders upon any change in any Shareholder's information thereon, such as a change in the Shareholder's notice information and a Transfer of Shares by a Shareholder in accordance with this Agreement and (vi) any modification or amendment to the Shareholders Agreement may not lead to a joint control or an acting in concert by all or a group of Shareholders. The Parties agree to amend this Agreement to mitigate any undue regulatory burden resulting from the interpretation of this Agreement by any regulatory authority. In the event such amendment is required, the Parties agree to preserve the original intent of this Agreement to the extent possible. To be effective, any waiver of any provision of this Agreement requested by any Party must be granted in writing by the Party against whom such waiver is sought to be enforced. The holders of a majority of all then outstanding (A) Class B Common Shares may grant a waiver on behalf of all Class B Shareholders and (B) Class A Common Shares may grant a waiver on behalf of all Class A Shareholders.

4.6 Notices. All notices, requests, consents and other communications hereunder to any Party shall be deemed to be sufficient if contained in a written instrument delivered in person or sent by facsimile, electronic mail, nationally-recognized overnight courier or first class registered or certified mail, return receipt requested, postage prepaid, addressed to such Party at the address set forth below or such other address as may hereafter be designated in writing by such Party to the other Parties:

(i) if to ACRA, to:

Athene Co-Invest Reinsurance Affiliate 1A Ltd.
 Second Floor, Washington House
 16 Church Street
 Hamilton HM 11, Bermuda
 Attention: Chief Executive Officer; General Counsel
 Telephone: 441-279-8410
 Email: legalbda@athene.com

with a copy to:

Sidley Austin LLP
 One South Dearborn
 Chicago, IL 60603
 Attention: Perry J. Shwachman
 Telephone: (312) 854-7061
 Facsimile: (312) 853-7036
 Email: pshwachman@sidley.com

if to ACRA HoldCo, to:

Athene Co-Invest Reinsurance Affiliate Holding Ltd.
 Second Floor, Washington House
 16 Church Street
 Hamilton HM 11, Bermuda
 Attention: Chief Executive Officer; General Counsel
 Telephone: 441-279-8410
 Email: legalbda@athene.com

with a copy to:

Sidley Austin LLP
 One South Dearborn
 Chicago, IL 60603
 Attention: Perry J. Shwachman
 Telephone: (312) 854-7061
 Facsimile: (312) 853-7036
 Email: pshwachman@sidley.com

(ii) if to an Athene Investor, to:

Athene Life Re Ltd.
 Second Floor, Washington House
 16 Church Street
 Hamilton HM 11, Bermuda
 Attention: Chief Executive Officer; General Counsel
 Telephone: 441-279-8410
 Email: legalbda@athene.bm

(iii) if to the Co-Investors, to their respective addresses in the register of Shareholders pursuant to the applicable Bye-laws; and

(iv) if to any New ACRA Investment Entity, to the address set forth in such New ACRA Investment Entity's Joinder Agreement.

All such notices, requests, consents and other communications shall be deemed to have been delivered and received (a) in the case of personal delivery or delivery by facsimile or electronic mail, on the date of such delivery, (b) in the case of dispatch by nationally-recognized overnight courier, on the next business day following such dispatch and (c) in the case of mailing, on the third business day after the posting thereof.

4.7 Headings. The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

4.8 Nouns and Pronouns. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of names and pronouns shall include the plural and vice versa.

4.9 Entire Agreement; Inconsistency. This Agreement, together with the Exhibits and Schedules, and the Subscription Agreements and the other agreements contemplated herein and therein, contain the entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements and understandings, whether written or oral, with respect to such subject matter; provided, however, that any actions properly taken prior to the date hereof pursuant to the Original Agreement are not intended to be invalidated by this Agreement. Nothing in this Agreement shall be construed to amend, modify or change the Original Agreement (including any previous amendments thereto) for any period of time prior to the date hereof. The Parties represent and warrant that there are no other agreements or understandings, written or oral, regarding any of the subject matter hereof other than as set forth herein and covenant not to enter into any such agreements or understandings after the date hereof, except pursuant to an amendment, modification or waiver of the provisions of this Agreement. In the event that any provision of any Organizational Document is inconsistent with any provision in this Agreement, (a) the provisions of this Agreement shall govern and (b) the Shareholders shall take such action as may be necessary to amend the applicable provision in such Organizational Document in order to correct such inconsistency in favor of such provision of this Agreement. In the event that such provision is required to be set forth in any Organizational Document in order to be enforceable upon the ACRA Investment Entities and/or the Shareholders under Applicable Law, the Shareholders of the applicable ACRA Investment Entity shall take such action as may be necessary to amend such Organizational Document in order to reflect the applicable provision of this Agreement.

4.10 Counterparts. This Agreement may be executed in any number of original or facsimile counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

4.11 Further Assurances. Each Party shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments and documents as are required in order to carry out the provisions of this Agreement and the consummation of the transactions contemplated hereby.

4.12 Remedies. Each Party acknowledges and agrees that in the event he, she or it fails to perform, observe or discharge any of its obligations or liabilities under this Agreement, no remedy at law will provide adequate relief to the other Parties, and agrees that the other Parties shall be entitled to specific performance and/or temporary and permanent injunctive relief in any such case without the necessity of proving actual damages or without posting a bond.

4.13 No Conflicting Agreements. No Shareholder shall enter into any agreements or arrangements of any kind with any Person with respect to any Shares or other Equity Securities that prohibit such Shareholder from complying with the applicable provisions of this Agreement (whether or not such agreements or arrangements are with other Shareholders or with Persons that are not party to this Agreement).

4.14 Confidentiality.

(a) Subject to Section 4.14(d), each Shareholder agrees that it will use any Confidential Information (as defined in Section 4.14(b) below) solely for the purpose of monitoring and managing its investment in the ACRA Investment Entities and will use reasonable precautions in accordance with its established procedures to keep such information confidential; provided, however, that any such information may be disclosed to each Shareholder's affiliates, partners (which includes, with respect to each Co-Investor, the applicable Feeder Fund and Limited Partners) and its and their respective directors, officers, employees, agents, counsel, auditors, advisors, consultants and representatives (collectively, including such affiliates and partners, the "Representatives") who do not compete with the ACRA Investment Entities, have been informed of the confidentiality obligations under this Agreement and need to know such information for the purpose of monitoring and managing each Shareholder's investment in the ACRA Investment Entities (it being understood that such Representatives shall be informed by the applicable Shareholder of the confidential nature of such information and agree to abide by these confidentiality provisions). To the extent permitted by Applicable Law, each Shareholder agrees to be responsible for any breach of this Agreement that results from the actions or omissions of its Representatives. Each Shareholder agrees to enforce the provisions of this Section 4.14 with respect to its Representatives at the direction of any ACRA Investment Entity.

(b) The term "Confidential Information" means, subject to the following sentence, (i) all information related to the ACRA Investment Entities and any of their Subsidiaries or Affiliates provided to each Shareholder or any Representative thereof by or on behalf of the ACRA Investment Entities or their Affiliates (the "Furnishing Parties") and (ii) all analyses developed by such Shareholders or any of their Representatives using any information specified under clause (i) above. The term "Confidential Information" shall not include information that (A) is or becomes generally available to the public other than as a result of a disclosure by a Shareholder or any of its Representatives in violation of this Agreement, (B) was within the applicable Shareholder's possession prior to its being furnished to it by a Furnishing Party or a representative thereof; provided, that the source of such information was not known by the applicable Shareholder to be bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to a Furnishing Party or any other party with respect to such information or (C) is or becomes available to the applicable Shareholder on a non-confidential basis from a source other than a Furnishing Party or a representative thereof; provided, that such source is not known by the applicable Shareholder to be bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to a Furnishing Party, or any other party with respect to such information.

(c) Each Shareholder shall be permitted to disclose any Confidential Information in the event that such Shareholder is otherwise required by law, rule or regulation or receives a demand by any Governmental Authority or in connection with any legal proceedings (including pursuant to any special deposition, interrogation, request for documents, subpoena, civil investigative demand or arbitration). Each Shareholder agrees that it will immediately notify the ACRA Investment Entities in the event of any such disclosure (other than as a result of an examination by any regulatory agency), unless such notification shall be prohibited by Applicable Law or legal process and, to the extent permitted by law or regulation, reasonably cooperate with the applicable ACRA Investment Entity to obtain a protective order or other remedy or reasonable assurance that such Confidential Information will be afforded confidential treatment.

(d) Notwithstanding the foregoing, each Shareholder shall be permitted to disclose certain information that may constitute Confidential Information in order to comply with its reporting obligations to its direct and indirect investors and equity holders including: (i) the name and brief description of the ACRA Investment Entity and the date of the applicable Shareholder's investment in the ACRA Investment Entity, (ii) the amount of the applicable Shareholder's Total Commitment and such equity holder's indirect share of such Total Commitment and (iii) the quarterly valuation of the Shareholder's investment in the ACRA Investment Entities, except to the extent such Confidential Information would constitute material non-public information for U.S. securities law purposes; provided, that nothing in this Section 4.14(d) shall supersede the confidentiality obligations of each Shareholder set forth in any confidentiality agreement entered into in connection with the Private Placement including, but not limited to, any confidentiality obligations set forth in the Fund LPA (as defined in the Subscription Agreements). In addition, ALRe and its Affiliates may disclose certain information that may constitute Confidential Information in the ordinary course of their respective businesses.

(e) The ACRA Investment Entities acknowledge their confidentiality obligations, if any, to each Shareholder as set forth in each Shareholder's Subscription Agreement.

(f) Each Shareholder acknowledges and agrees that the Confidential Information may constitute material nonpublic information with respect to Athene, Apollo and, following the consummation of the Merger, Tango Holdings, and that such Confidential Information is proprietary to Athene, Apollo and, following the consummation of the Merger, Tango Holdings. Each Shareholder acknowledges and agrees on behalf of itself and its Representatives, that certain securities laws prohibit any person or entity who or that has received from or on behalf of an issuer or any of its affiliates material non-public information from purchasing or selling securities of such issuer or any of its subsidiaries or from communicating such information to any other person or entity under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities. Subject to this Section 4.14, each Shareholder agrees that it will not convey any of the material non-public information it may receive by receiving Confidential Information to any other person that is not its Representative and that it or its

Representatives will communicate such information within its respective firm(s) only on a need to know basis. Each Shareholder and its Representatives also agree to comply with Applicable Law in this regard.

(g) Nothing in this Agreement shall be construed as any Furnishing Party granting any other party any rights, interest or license to the Confidential Information or any copyrights, trademark, trade secret, patent right or any other property right related thereto.

SCHEDULE A-1

Shareholdings of ACRA – Class A Common Shares

SHAREHOLDER	TOTAL ACRA CLASS A COMMON SHARES	PERCENTAGE OWNERSHIP OF ACRA CLASS A COMMON SHARES
Athene Co-Invest Reinsurance Affiliate Holding Ltd.	167,500	100%
TOTAL	167,500	100%

SCHEDULE A-2

Shareholdings of ACRA – Class B Common Shares

SHAREHOLDER	TOTAL ACRA CLASS B COMMON SHARES	PERCENTAGE OWNERSHIP OF ACRA CLASS B COMMON SHARES
Athene Co-Invest Reinsurance Affiliate Holding Ltd.	96,500	100%
TOTAL	96,500	100%

SCHEDULE A-3

Shareholdings of ACRA HoldCo – Class A Common Shares

Shareholder	Class A-1 Common Shares	Class A-2 Common Shares	Class A-3 Common Shares	Total Class A Common Shares
ADIP Holdings (A), L.P.	20,589	0	5	20,594
ADIP Holdings (B), L.P.	28,413	0	82	28,495
ADIP Holdings (C), L.P.	16,496	0	2,220	18,716
ADIP Holdings (D), L.P.	2,123	0	17,404	19,527
ADIP Holdings (E), L.P.	1,030	77,208	5	78,243
ADIP Holdings (Lux), L.P.	1,920	0	5	1,925
TOTAL	70,571	77,208	19,721	167,500

SCHEDULE A-4

Shareholdings of ACRA HoldCo – Class B Common Shares

Shareholder	Class B Common Shares
Athene Asset L.P.	96,500
TOTAL	96,500

SCHEDULE B
ACRA DIRECTORS

	<u>Director</u>	<u>Class</u>	<u>End of Initial Term</u>
Chairman	Jamshid Ehsani	III	2024
Apollo Representative	Matthew R. Michelini	II	2023
Athene Representative	William J. Wheeler	I	2022
Apollo/Athene Representative (per Section 3.9(a)(ii))	Chip Gillis	III	2024
Apollo/Athene Representative (per Section 3.9(a)(ii))	Gary Parr	II	2023
Apollo/Athene Representative (per Section 3.9(a)(ii))	Salim Hirji	I	2022
Athene Independent Director (per Section 3.9(a)(ii))	Josh Mandel	III	2024
Athene Independent Director (per Section 3.9(a)(ii))	Karen Berman	II	2023
ADIP Independent Director (per Section 3.9(a)(iii))	Shaun Mathews	I	2022
ADIP Independent Director (per Section 3.9(a)(iii))	Paul Sweeting	III	2024
ADIP Independent Director (per Section 3.9(a)(iii))	Chris Fillo	II	2023
ADIP Independent Director (per Section 3.9(a)(iii))	Thomas Leonardi	III	2024
ADIP Nominee (per Section 3.9(a)(iii))	Vishal Sheth	I	2022

EXHIBIT A

FORM OF JOINDER AGREEMENT

Joinder Agreement to Shareholders Agreement

This **JOINDER AGREEMENT** (this “Joinder Agreement”) to the Amended and Restated Shareholders Agreement, dated as of December 31, 2021 (the “Shareholders Agreement”), by and among Athene Co-Invest Reinsurance Affiliate 1A Ltd., Athene Co-Invest Reinsurance Affiliate Holding Ltd., the Shareholders and each New ACRA Investment Entity that has executed a joinder agreement prior to the date hereof, is made effective as of [●] by the undersigned (the “New ACRA Investment Entity”) in favor and for the benefit of the existing Parties to the Shareholders Agreement. Any terms used but not otherwise defined herein have the meaning set forth in the Shareholders Agreement.

The New ACRA Investment Entity hereby acknowledges, agrees and confirms that:

(a) The capital stock of the New ACRA Investment Entity consists of (i) class A common shares, par value \$[●] per class A common share and (ii) class B common shares, par value \$[●] per class B common share.

(b) As of the date hereof, (i) each Co-Investor holds that number of New ACRA Investment Entity Class A Common Shares as is set forth on Annex I-1 hereto and (ii) the Athene Investor set forth on Annex I-2 holds that number of New ACRA Investment Entity Class B Common Shares as is set forth on Annex I-2 hereto.

(c) Immediately following the effectiveness of this Agreement, the board of directors of the New ACRA Investment Entity shall be composed of the members set forth on Annex II hereto.

(d) Any notice required to be delivered to the New ACRA Investment Entity pursuant to Section 4.6 of the Shareholders Agreement shall be delivered to the New ACRA Investment Entity at the following address:

[New ACRA Investment Entity]

[●]

[●]

Attention: [●]

Telephone: [●]

Email: [●]

(e) The New ACRA Investment Entity hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the Shareholders Agreement. By executing this Joinder Agreement, the New ACRA Investment Entity is hereby deemed to be a Party to the Shareholders Agreement, and the New ACRA Investment Entity will have all of the rights, and will be bound by all of the obligations, under the Shareholders Agreement. Upon execution of this Joinder Agreement, all of the information contained herein, including the information set forth on the Annexes hereto, shall be deemed to supplement, and to form part of, the Shareholders Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has executed this Joinder Agreement effective as of the date first written above.

By: _____
Name:
Title:

ANNEX I-1

Shareholdings of the New ACRA Investment Entity – Class A Common Shares

SHAREHOLDER	TOTAL NEW ACRA INVESTMENT ENTITY CLASS A COMMON SHARES	PERCENTAGE OWNERSHIP OF NEW ACRA INVESTMENT ENTITY CLASS A COMMON SHARES
ADIP Holdings (A), L.P.	[●]	[●]%
ADIP Holdings (B), L.P.	[●]	[●]%
ADIP Holdings (C), L.P.	[●]	[●]%
ADIP Holdings (D), L.P.	[●]	[●]%
ADIP Holdings (E), L.P.	[●]	[●]%
ADIP Holdings (Lux), L.P.	[●]	[●]%
TOTAL	[●]	100%

ANNEX I-2

Shareholdings of the New ACRA Investment Entity – Class B Common Shares

SHAREHOLDER	TOTAL NEW ACRA INVESTMENT ENTITY CLASS B COMMON SHARES	PERCENTAGE OWNERSHIP OF NEW ACRA INVESTMENT ENTITY CLASS B COMMON SHARES
[Athene Investor]	[•]	100%
TOTAL	[•]	100%

ANNEX II

NEW ACRA INVESTMENT ENTITY DIRECTORS

Chairman	[•]
Apollo Representative	[•]
Athene Representative	[•]
Apollo/Athene Representative (per Section 3.9(a)(ii))	[•]
Apollo/Athene Representative (per Section 3.9(a)(ii))	[•]
Athene Independent Director (per Section 3.9(a)(ii))	[•]
Athene Independent Director (per Section 3.9(a)(ii))	[•]
ADIP Independent Director (per Section 3.9(a)(iii))	[•]
ADIP Independent Director (per Section 3.9(a)(iii))	[•]
ADIP Nominee (per Section 3.9(a)(iii))	[•]
ADIP Nominee (per Section 3.9(a)(iii))	[•]

February 18, 2022

Bill Wheeler
 C/O Athene Holding, Ltd.
 7700 Mills Civic Parkway
 West Des Moines, IA 50266-3862

Dear Bill:

On behalf of Athene Holding Ltd. (the “Company”) and its Board of Directors (the “Board”), I want to thank you for your many years of service to the Company, during which you have demonstrated remarkable leadership and have made immeasurable contributions to the Company.

This letter agreement (“Agreement”) sets forth the terms agreed upon between the Company and you regarding your services to and positions with the Company from the date hereof through your eventual retirement from the Company and its affiliates.

Term and Duties: You will continue to serve as the President of the Company, under your current terms and conditions of employment, through March 31, 2022 (the “Transition Date”) on which date you will step down as President and will assume the role of Vice Chairman of the Company. Your initial term as Vice Chairman shall continue through March 31, 2024 (the “Initial Term”), with automatic renewals for additional one-year periods, unless either party provides written notice at least 90 days prior to the expiration of the Initial Term or any renewal term of such party’s desire to terminate your service as Vice Chairman. Notwithstanding the foregoing, either party may terminate your employment upon 90 days’ prior written notice and the Company may terminate your employment immediately upon a termination for cause. In the position of Vice Chairman, you shall have such duties and responsibilities as may be reasonably and lawfully requested by either the Board or the Chief Executive Officer of the Company from time to time, which shall include the duties and responsibilities separately provided to you on the date hereof. The parties expect that your duties hereunder generally shall require you to provide services at a level equal to or greater than 25% of the average level of services performed by you during your employment with the Company prior to the Transition Date and that you are not expected to incur a “separation from service” under Section 409A of the Internal Revenue Code of 1986, as amended, while serving as Vice Chairman.

Upon the expiration of your service as Vice Chairman, unless otherwise agreed to by the parties, you shall be deemed to have resigned, without any further action by you, from any and all positions that you, immediately prior to such termination, (i) held with the Company or any of its affiliates or (ii) held with any other entities at the direction of, or as a result of your affiliation with, the Company or any of its affiliates. If for any reason this Agreement is deemed to be insufficient to effectuate such resignations, then you shall, upon the Company’s request, execute any documents or instruments that the Company may deem necessary or desirable to effectuate such resignations.

Compensation: For service through the Transition Date, (i) your compensation and benefits arrangements will continue at the same level that they have been prior to the Transition Date, (ii) you shall remain eligible for an annual bonus with respect to the 2021 calendar year and payable no later than March 15, 2022, (iii) you shall receive a long-term incentive award granted in the first quarter of 2022, with a grant date fair value of \$2,250,000 and granted in the same vehicles as granted to other similarly situated executive officers of the Company and (iv) you shall receive a one-time grant of restricted stock units having a value of \$6,500,000, consistent with the terms of the letter describing such grant that you previously received from Apollo Global Management, Inc. While serving as Vice Chairman, (i) your annual base salary will be \$100,000, (ii) your outstanding equity awards and ADIP grant will continue to vest in accordance with their terms and the underlying equity plans, (iii) you shall continue to participate in the Company’s benefit plans and programs, subject to the terms of such plans, (iv) you shall continue to receive administrative support, reimbursement for travel expenses and airline status, each in the ordinary course subject to Company policy, and (v) you shall remain eligible to receive severance benefits in accordance with the terms of the Company’s severance policy upon a qualifying separation, based on your base salary in effect at the time of your termination from the Company.

Other Board and Consulting Service. While serving as Vice Chairman, you shall be entitled to serve as a member of the board of directors of a reasonable number of other companies, to serve on civic, charitable, educational, religious, public interest or public service boards, provide consulting services and to manage your personal and family investments, in each case, to the extent such activities are not competitive with the Company and are in accordance with the Company’s outside business interest policy and do not materially interfere with the performance of your duties and responsibilities hereunder.

Existing Employment Agreement. You and the Company agree that this Letter Agreement shall supersede your Employment and Confidentiality and Non-Compete Agreement, dated as of September 7, 2015, between you and the Company (the “Employment Agreement”), with the exception that you shall continue to be bound by the covenants set forth in Article VII of the Employment Agreement including, without limitation, the non-solicitation and confidentiality covenants set forth therein. In addition, you and the Company hereby acknowledge and agree that your assumption of the role of Vice Chairman on the

Transition Date does not entitle you to any severance benefits under the Company's severance policy or constitute Good Reason for purposes of your outstanding equity award agreements. Notwithstanding anything in this Agreement or any other agreement with the Company to the contrary, you understand that neither this letter nor any other agreement prohibits or limits your ability to communicate with any federal, state or local governmental agency or commission, or to otherwise participate in any investigation or proceeding that may be conducted by such an agency or commission, including providing documents or other information.

Again, thank you for your many years of dedicated service to the Company and your agreement to assist the Company in its leadership transition.

Athene Holding Ltd.

By: /s/ James R. Belardi
Name: James R. Belardi
Title: Chief Executive Officer

This letter agreement correctly reflects our understanding, and I hereby confirm my agreement to the same as of the date set forth above.

By: /s/ William J. Wheeler
William J. Wheeler

**Subsidiaries of the Registrant
As of December 31, 2021**

<u>Subsidiary</u>	<u>Jurisdiction of incorporation</u>
Athene Life Re Ltd.	Bermuda
Athene Life Re International Ltd.	Bermuda
Athene Bermuda Employee Company Ltd.	Bermuda
Athene IP Holding Ltd.	Bermuda
Athene Asset Holding Ltd.	Bermuda
Athene Asset L.P.	Bermuda
Athene USA Corporation	Iowa
Athene Annuity Re Ltd.	Bermuda
Athene Annuity Re II Ltd.	Bermuda
Athene HD Investor, L.P.	Cayman Islands
Athene Employee Services, LLC	Iowa
A-A Onshore Fund, LLC	Delaware
Apollo Asia Real Estate AAC Fund, L.P.	Delaware
Athene Annuity & Life Assurance Company	Delaware
ACM Trademarks, L.L.C	Iowa
ARPH (Headquarters Building), LLC	Iowa
Athene Assignment Corporation	Delaware
Athene London Assignment Corporation	Delaware
Athene Noctua, LLC	Delaware
Athene Re Services, LLC	New York
Athene Annuity and Life Company	Iowa
P.L. Assigned Services, Inc.	New York
Athene Annuity & Life Assurance Company of New York	New York
Structured Annuity Reinsurance Company	Iowa
Athene Securities, LLC	Iowa
Centralife Annuities Service, Inc.	Arizona
Athene Re USA IV, Inc.	Vermont
Athene Life Insurance Company of New York	New York
AADE RML, LLC	Iowa
AAIA RML, LLC	Iowa
Athene IP Development Limited	United Kingdom
Athene North Employment Service Corporation	Canada
Athene Co-Invest Reinsurance Affiliate Holding Ltd.	Bermuda
Athene Co-Invest Reinsurance Affiliate 1A Ltd.	Bermuda
Athene Co-Invest Reinsurance Affiliate 1B Ltd.	Bermuda
Athene Co-Invest Reinsurance Affiliate LP	Delaware
Athene Co-Invest Reinsurance Affiliate International Ltd.	Bermuda
Athene Risk Aggregator, LLC	Delaware
Athene AOG Holding I Ltd.	Bermuda
Athene AOG Holding II LLC	Bermuda
ADIP (Athene) Carry Plan, L.P.	Bermuda
AA Pencil Offshore Holdings, L.P.	Cayman Islands
Rosencrantz Depositor, LLC	Delaware
NNN AGP Opportunities GP, LLC	Delaware
AARE Structured Holdings, LLC	Delaware
A-A Mortgage Holdco LLC	Delaware
A-A Mortgage Investor LLC	Delaware
AARE Structured Holding LLC	Delaware
NNN AGP Opportunities GP, LLC	Delaware
NNN AGP Opportunities Fund II, L.P.	Delaware
NNN AGP Opportunities Fund III, L.P.	Delaware
NNN AGP Opportunities Fund, L.P.	Delaware

Subsidiary

A-A Debt Euro Investment Fund (Lux) SCSp
A-A Euro Investment Fund (Lux) SCSP
A-A Offshore Java 2021-1 L.P.
A-AC EBO Depositor, LLC
AOP Finance Partners, LP
Apollo Asia Real Estate Mast CoInvest Fund, L.P.
Apollo Asia Real Estate Shore CoInvest Fund, L.P.
AA GP Solutions Fund, L.P.
IRMT-DE1 Designated Activity Company

Jurisdiction of incorporation

Luxembourg
Luxembourg
Cayman Islands
Delaware
Delaware
Delaware
Delaware
Delaware
Ireland

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-261531) of Athene Holding Ltd. of our report dated February 25, 2022 relating to the financial statements and financial statement schedules and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Des Moines, Iowa
February 25, 2022

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY OF 2002

I, James R. Belardi, certify that:

1. I have reviewed this Annual Report on Form 10-K of Athene Holding Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2022

/s/ James R. Belardi

James R. Belardi

Chairman, Chief Executive Officer and Chief Investment Officer
(principal executive officer)

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY OF 2002

I, Martin P. Klein, certify that:

1. I have reviewed this Annual Report on Form 10-K of Athene Holding Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2022

/s/ Martin P. Klein

Martin P. Klein

Executive Vice President and Chief Financial Officer
(principal financial officer)

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY OF 2002

I, James R. Belardi, certify that Athene Holding Ltd.'s Annual Report on Form 10-K for the year ended December 31, 2021 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Athene Holding Ltd.

Date: February 25, 2022

/s/ James R. Belardi

James R. Belardi

Chairman, Chief Executive Officer and Chief Investment Officer

(principal executive officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY OF 2002

I, Martin P. Klein, certify that Athene Holding Ltd.'s Annual Report on Form 10-K for the year ended December 31, 2021 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Athene Holding Ltd.

Date: February 25, 2022

/s/ Martin P. Klein

Martin P. Klein

Executive Vice President and Chief Financial Officer

(principal financial officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.